

**Date and Time:** Monday 9 September 2024 17:27:00 CEST

**Job Number:** 233033347

**Documents (100)**

1. [*Defra preps 'manual workarounds' for major IT projects amid fears of no-deal Brexit*](https://advance.lexis.com/api/document?id=urn:contentItem:5S8P-XVR1-JD3S-J0M2-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

2. [*Emerging markets benefit from reinsurance programmes to protect against natural disasters*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4Y1-DXYV-7105-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

3. [*Ringkjoebing Landbobank Akt Publication of a -6-*](https://advance.lexis.com/api/document?id=urn:contentItem:5TMT-DHW1-F0CC-S2N9-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

4. [*Council of the European Union: Budget guidelines for 2019 Council conclusions (20 February 2018) ST 6315 2018 INIT*](https://advance.lexis.com/api/document?id=urn:contentItem:5RTH-M8J1-JDG9-Y1ND-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

5. [*Council of the European Union: COMMISSION STAFF WORKING DOCUMENT Accompanying the document REPORT FROM THE COMMISSION ON THE WORKING OF COMMITTEES DURING 2016 ST 13714 2017 ADD 1*](https://advance.lexis.com/api/document?id=urn:contentItem:5R66-CY61-F0YC-N001-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

6. [*Register of Commission documents:Agricultural education and lifelong training in the EU Document date: 2017-10-24 EPRS\_BRI(2017)608788 Briefing*](https://advance.lexis.com/api/document?id=urn:contentItem:5R5J-9J41-JDG9-Y3B9-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

7. [*INVESTMENT ADVISERS ACT OF 1940 Release No. 5061 / November 6, 2018 ADMINISTRATIVE PROCEEDING File No. 3-18884*](https://advance.lexis.com/api/document?id=urn:contentItem:5TNX-MCC1-JDG9-Y38Y-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

8. [*Washington: INTRODUCTION OF BILLS AND JOINT RESOLUTIONS ( Senate - April 26, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5S6J-86K1-F0YC-N1V5-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

9. [*Saguache/Rio Grande/Mineral/ Hinsdale County FSA Updates Upcoming 2019 Acreage Reporting Dates – November 15th*](https://advance.lexis.com/api/document?id=urn:contentItem:5TNX-MCC1-JDG9-Y3F9-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

10. [*Federal Register: Express Loan Programs; Affiliation Standards Pages 49001 - 49017 [FR DOC # 2018-20869]*](https://advance.lexis.com/api/document?id=urn:contentItem:5SCW-CNV1-JDG9-Y1R1-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

11. [*Washington: INTERIOR, ENVIRONMENT, FINANCIAL SERVICES, AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 2019 (Senate - July 24, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5S18-H1N1-F0YC-N135-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

12. [*Structural Fiscal Position*](https://advance.lexis.com/api/document?id=urn:contentItem:5RBM-6B01-F0J5-8054-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

13. [*Register of Commission documents: staff working document Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESMENT BANK A stronger and renewed strategic partnership with the EU's outermost regions Document date: 2017-10-25 COM\_SWD(2017)0349 SEC documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5R65-4NS1-F0YC-N1DW-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

14. [*Structural Fiscal Position*](https://advance.lexis.com/api/document?id=urn:contentItem:5PKV-TR81-JD33-J2TB-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

15. [*Fortunato T de la Peña, Secretary, Department of Science and Technology; Interview*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4Y1-DXYV-7064-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

16. [*DEFINITIVE ADOPTION (EU, Euratom) 2017/2121 of amending budget No 4 of the European Union for the financial year 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5R6N-BG51-F0YC-N0YG-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

17. [*Potter, Armstrong, & Oldham County FSA Updates FSA Items to Keep You Updated*](https://advance.lexis.com/api/document?id=urn:contentItem:5TNP-K041-F0YC-N0MT-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

18. [*Base Resources Limited Quarterly Activities -2-*](https://advance.lexis.com/api/document?id=urn:contentItem:5S4T-5B81-JCXB-217D-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

19. [*FEDERAL REGISTER: Common Crop Insurance Regulations; California Avocado Crop Insurance Provisions Pages 61129 - 61133 [FR DOC # 2017-27895]*](https://advance.lexis.com/api/document?id=urn:contentItem:5R8R-X2Y1-JDG9-Y1N3-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

20. [*-DSM reports 2017 results - CEO statement*](https://advance.lexis.com/api/document?id=urn:contentItem:5RNF-W9N1-JD3Y-Y3X6-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

21. [*-Europa-EU Budget: the Common Agricultural Policy beyond 2020*](https://advance.lexis.com/api/document?id=urn:contentItem:5SGG-JJT1-F0K1-N0YJ-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

22. [*FEDERAL REGISTER: Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support Pages 2075 - 2085 [FR DOC # 2018-00152]*](https://advance.lexis.com/api/document?id=urn:contentItem:5RF1-VC01-JDG9-Y256-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

23. [*Federal Register: Small Business HUBZone Program; Government Contracting Programs Pages 54812 - 54835 [FR DOC # 2018-23285]*](https://advance.lexis.com/api/document?id=urn:contentItem:5TMF-2C21-JDG9-Y0GS-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

24. [*FAA REAUTHORIZATION ACT OF 2018 (House of Representatives - September 26, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5TC6-MCM1-F0YC-N1MJ-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

25. [*A summary of legal legislation and regulations for investors in Algeria*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-73W0-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

26. [*Uzbekistan - Q3 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5SJ7-CP71-JD33-J4M7-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

27. [*New insurance programmes protect emerging markets against natural disasters*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4Y1-DXYV-7077-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

28. [*Uzbekistan Pharmaceuticals & Healthcare Competitive Landscape*](https://advance.lexis.com/api/document?id=urn:contentItem:5TDS-1VP1-JD33-J233-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

29. [*Driving to Scale: Bim’s Journey to Digital Financial Inclusion in Peru*](https://advance.lexis.com/api/document?id=urn:contentItem:5SPD-YWV1-JDG9-Y3F3-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

30. [*Register of Commission documents: Annex to Commission Implementing Decision adopting a Multi-country Action Programme for the year 2018, EUR 196 150 000 Document date: 2018-06-22 COM-AC\_DR(2018)D057363-01 Comitology - Right of scrutiny*](https://advance.lexis.com/api/document?id=urn:contentItem:5S1P-1D91-JDG9-Y4GV-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

31. [*FEDERAL REGISTER: 2017 Wildfires and Hurricanes Indemnity Program Pages 33795 - 33809 [FR DOC # 2018-15346]*](https://advance.lexis.com/api/document?id=urn:contentItem:5SV1-ND51-F0YC-N3H9-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

32. [*Washington: FURTHER SUPPLEMENTAL APPROPRIATIONS ACT, 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5R8R-X2Y1-JDG9-Y02D-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

33. [*Address of President of Kazakhstan : New possibilities of development in conditions of fourth industrial revolution*](https://advance.lexis.com/api/document?id=urn:contentItem:5RDD-M5T1-JDVR-020R-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

34. [*Register of Commission documents:COMMITTEE MEETING FOR AGRICULTURAL FUNDS - agenda Document date: 2018-04-27 COM-AC\_DI(2018)A056488-01 Comitology - Documents for information*](https://advance.lexis.com/api/document?id=urn:contentItem:5SBC-S331-JDG9-Y2XT-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

35. [*Washington: THREATS TO SNAP PROGRAM (House of Representatives - May 09, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5S9B-DPJ1-JDG9-Y3CC-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

36. [*Register of Commission documents: communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Commission Work Programme 2018 An agenda for a more united, stronger and more democratic Europe Document date: 2017-10-26 COM\_COM(2017)0650(ANN04) COM documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5R65-4NS1-F0YC-N1DM-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

37. [*Khabarovsk Territory media highlights 5-11 Nov 18*](https://advance.lexis.com/api/document?id=urn:contentItem:5TR7-BKS1-DYRV-31DT-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

38. [*Register of Commission documents: Document date: 2018-01-10 BUDG\_PR(2018)616543 Draft reports Open the document in a new window Open the document in a new window DRAFT REPORT on the next MFF: Preparing the Parliament’s position on the MFF post-2020 Document date: 2018-01-10 BUDG\_PR(2018)615478 Draft reports*](https://advance.lexis.com/api/document?id=urn:contentItem:5RG9-YJK1-F0YC-N0NP-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

39. [*DFID Digital Strategy 2018 to 2020: doing development in a digital world*](https://advance.lexis.com/api/document?id=urn:contentItem:5RGP-TH91-JDG9-Y117-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

40. [*MW Asset Rentals (RF) Ltd - New Rating Accorded and New Issuance Rating Accorded*](https://advance.lexis.com/api/document?id=urn:contentItem:5S0M-6HF1-F19S-P005-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

41. [*New reinsurance programmes bolster coverage against natural disasters in emerging markets*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4Y1-DXYV-70F4-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

42. [*New reinsurance programmes bolster coverage against natural disasters*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4Y1-DXYV-70TJ-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

43. [*Register of Commission documents: 2018 ACCOUNTING OFFICER'S STATUS REPORT Document date: 2018-09-14 EP-PE\_LTA(2018)007327 Mail (Official) - Incoming*](https://advance.lexis.com/api/document?id=urn:contentItem:5TDF-MWK1-JDG9-Y2SB-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

44. [*Register of Commission documents:European Parliament legislative resolution of 30 November 2017 on the joint text on the draft general budget of the European Union for the financial year 2018 approved by the Conciliation Committee under the budgetary procedure (14587/2017 – C8-0416/2017 – 2017/2044(BUD)) Document date: 2017-11-30 P8\_TA-PROV(2017)0458 Texts adopted (provisional edition*](https://advance.lexis.com/api/document?id=urn:contentItem:5R7G-CX11-JDG9-Y0TW-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

45. [*New reinsurance programmes are bolstering coverage against natural disasters in emerging markets*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4Y1-DXYV-70RV-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

46. [*Register of Commission documents: OPINION on the draft general budget of the European Union for the financial year 2019 Document date: 2018-08-30 AGRI\_AD(2018)623647 Opinions*](https://advance.lexis.com/api/document?id=urn:contentItem:5S8P-GPM1-JDG9-Y04K-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

47. [*Delegates Discuss Efforts to End Poverty amid Rising Inequality, Unprecedented Human Displacement, as Social Development Commission Continues Session*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJF-7FY1-F0YC-N28J-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

48. [*New reinsurance programmes bolstering coverage against natural disasters in emerging markets*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-7534-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

49. [*New reinsurance programmes bolstering coverage against natural disasters in emerging markets*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-74WJ-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

50. [*Kora Uses Blockchain to Unlock Financial Markets for the Un (der)banked Across the Globe*](https://advance.lexis.com/api/document?id=urn:contentItem:5SBS-BFB1-DXP3-R565-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

51. [*Reinsurance programmes bolster coverage against natural disasters in emerging markets*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4Y1-DXYV-700T-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

52. [*Delegates Discuss Efforts to End Poverty amid Rising Inequality, Unprecedented Human Displacement, as Social Development Commission Continues Session*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJF-4371-JDG9-Y278-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

53. [*Register of Commission documents: Open the document in a new window Open the document in a new window Commission staff working document Analysis of the Draft Budgetary Plan of Germany Accompanying the document Commission opinion on the Draft Budgetary Plan of Germany Document date: 2018-11-21 COM\_SWD(2018)0513 SWD/SEC documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5SS3-RTG1-JDG9-Y3CP-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

54. [*Reinsurance programmes offer cover against natural disasters in emerging economies*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-74J7-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

55. [*FEDERAL REGISTER: Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order; Change in Producer Eligibility Requirements and Implementation of Charges for Past Due Assessments Pages 11136 - 11139 [FR DOC # 2018-05063]*](https://advance.lexis.com/api/document?id=urn:contentItem:5RWJ-R201-F0YC-N37N-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

56. [*- FUTURE FARM CLOSES ON ACQUISITION OF 50% INTEREST IN CEPG CONSULTING AND DESIGN INC. NOW READY TO APPLY FOR A DEALER LICENSE IN CANADA*](https://advance.lexis.com/api/document?id=urn:contentItem:5T28-D961-JD3Y-Y3R8-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

57. [*FEDERAL REGISTER: Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order; Change in Producer Eligibility Requirements and Implementation of Charges for Past Due Assessments Pages 60687 - 60690 [FR DOC # 2017-27526]*](https://advance.lexis.com/api/document?id=urn:contentItem:5R7N-G5W1-F0YC-N1BW-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

58. [*GKN PLC - Annual Financial Report*](https://advance.lexis.com/api/document?id=urn:contentItem:5SBJ-CWS1-JB72-13DH-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

59. [*FEDERAL REGISTER: Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order; Change in Producer Eligibility Requirements and Implementation of Charges for Past Due Assessments Pages 60687 - 60690 [FR DOC # 2017-27526]*](https://advance.lexis.com/api/document?id=urn:contentItem:5R7N-G5W1-F0YC-N1BV-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

60. [*Federal Register: Organization; Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations; Farmer Mac Investment Eligibility Pages 55093 - 55099 [FR DOC # 2018-24045]*](https://advance.lexis.com/api/document?id=urn:contentItem:5TMV-RB71-JDG9-Y1F9-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

61. [*EU Budget: #CAP beyond 2020*](https://advance.lexis.com/api/document?id=urn:contentItem:5SGF-VPK1-JCMN-Y2T5-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

62. [*Council of the European Union: Annexes to the Commission Decision on non-automatic carryover of appropriatins and decommitted appropriations to be made available again from 2017 to 2018 ST 6011 2018 ADD 1*](https://advance.lexis.com/api/document?id=urn:contentItem:5RT2-KWM1-F0YC-N1C9-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

63. [*STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS (Senate - October 02, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5SDH-BDX1-JDG9-Y4NR-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

64. [*B. Sagintayev sets specific tasks before the Government members related to the implementation of the Address of the President of the Republic of Kazakhstan*](https://advance.lexis.com/api/document?id=urn:contentItem:5RCS-PCJ1-F19S-P4P6-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

65. [*Zimbabwean Reform Process To Proceed But Only Very Slowly*](https://advance.lexis.com/api/document?id=urn:contentItem:5T64-Y691-F0J5-83NM-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

66. [*Washington: TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL 8:30 A.M (Eastern) Thursday, August 2, 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5SY7-YGX1-JDG9-Y2H2-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

67. [*Italian companies in Slovakia drew EU-funds worth, 68M*](https://advance.lexis.com/api/document?id=urn:contentItem:5RX8-SR61-F00C-6144-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

68. [*Register of Commission documents: COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking Document date: 2018-01-11 COM\_SWD(2018)0006 SEC documents*](https://advance.lexis.com/api/document?id=urn:contentItem:5RG2-V641-F0YC-N2B0-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

69. [*Council of the European Union: COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking ST 5282 2018 ADD 2*](https://advance.lexis.com/api/document?id=urn:contentItem:5RGX-Y7T1-F0YC-N3JX-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

70. [*FEDERAL REGISTER: Inviting Applications for Rural Cooperative Development Grants Pages 24726 - 24735 [FR DOC # 2018-11482]*](https://advance.lexis.com/api/document?id=urn:contentItem:5SFK-8TH1-F0YC-N44F-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

71. [*New reinsurance programmes are bolstering coverage against natural disasters in emerging markets*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4Y1-DXYV-70GT-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

72. [*Council of the European Union: COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking ST 5282 2018 ADD 3*](https://advance.lexis.com/api/document?id=urn:contentItem:5RGX-Y7T1-F0YC-N3JY-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

73. [*Saudi Salic Plans To Complete Merger Of Mriya And CFG By 2020*](https://advance.lexis.com/api/document?id=urn:contentItem:5TSY-GJ71-DXMP-K08Y-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

74. [*Washington: PUBLIC BILLS AND RESOLUTIONS (House of Representatives - March 15, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5RWK-NB51-JDG9-Y555-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

75. [*Israel : Staff Concluding Statement of the 2018 Article IV Mission*](https://advance.lexis.com/api/document?id=urn:contentItem:5RWJ-R201-F0YC-N3JP-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

76. [*Washington: ADDITIONAL COSPONSORS (Senate - May 14, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5SBC-S331-JDG9-Y2DH-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

77. [*Devolution in action shows how place making in Cornwall is shaping the future*](https://advance.lexis.com/api/document?id=urn:contentItem:5RYY-3W91-F0YC-N01V-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

78. [*Washington: STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS (Senate - April 12, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5S40-JC21-F0YC-N406-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

79. [*Premium rates on offer for broadleaf and diverse conifers*](https://advance.lexis.com/api/document?id=urn:contentItem:5T91-SDY1-DYTY-C38S-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

80. [*Washington: Stabenow, Roberts Introduce Bipartisan Bill to Support Farmer Veterans*](https://advance.lexis.com/api/document?id=urn:contentItem:5S9B-DR61-F0YC-N2H6-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

81. [*Text of Nigerian leader's speech on Democracy Day*](https://advance.lexis.com/api/document?id=urn:contentItem:5SF7-3KM1-DYRV-303N-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

82. [*FEDERAL REGISTER: Records Schedules; Availability and Request for Comments Pages 58452 - 58453 [FR DOC # 2017-26694]*](https://advance.lexis.com/api/document?id=urn:contentItem:5R5J-9HW1-JDG9-Y1PH-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

83. [*How does the EU spend its money?*](https://advance.lexis.com/api/document?id=urn:contentItem:5RK3-GH11-JCMN-Y451-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

84. [*Structural Fiscal Position*](https://advance.lexis.com/api/document?id=urn:contentItem:5RCG-31G1-F0J5-81FT-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

85. [*Future Farm Closes on Acquisition of 50% Interest in Cepg Consulting and Design Inc. ; now Ready to Apply for a Dealer License in Canada*](https://advance.lexis.com/api/document?id=urn:contentItem:5T1R-RTS1-DXP3-R4TR-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

86. [*Washington: FEDERAL REGISTER PRINTING SAVINGS ACT OF 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5RFN-1XW1-JDG9-Y2PR-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

87. [*Noureddine Gnaou, CEO, Soremar Group: Interview*](https://advance.lexis.com/api/document?id=urn:contentItem:5WS6-C4X1-DXYV-748R-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

88. [*BBC Radio 4 - 01:05 AM GMT*](https://advance.lexis.com/api/document?id=urn:contentItem:5SW8-P3P1-DY08-34KS-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

89. [*Committee on Economic, Social and Cultural Rights examines report of Argentina*](https://advance.lexis.com/api/document?id=urn:contentItem:5TDF-MWN1-JDG9-Y1D5-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

90. [*Washington: TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL 8:30 A.M (Eastern) Thursday, January 25, 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5RHK-RWR1-JDG9-Y2TY-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

91. [*Council of the European Union: Draft Memorandum of Understanding on a strategic partnership on energy between the European Union and the Arab Republic of Egypt , 2018 - 2022 - Authorisation to sign on behalf of the European Union PDF document ST 7388 2018 INIT27-03-2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5SB0-DCY1-JDG9-Y06G-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

92. [*Tamil Nadu Generation and Distribution Corporation Limited: Provisional [ICRA]BBB+(SO) (Stable) assigned*](https://advance.lexis.com/api/document?id=urn:contentItem:5RKW-6DM1-JDVR-03TB-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

93. [*Washington: TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL 8:30 A.M (Eastern) Thursday, January 18, 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5RFG-21T1-JDG9-Y3V6-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

94. [*Washington: TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL 8:30 A.M (Eastern) Thursday, February 1, 2018*](https://advance.lexis.com/api/document?id=urn:contentItem:5RJD-DBS1-JDG9-Y1DD-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

95. [*Washington: PUBLIC BILLS AND RESOLUTIONS (House of Representatives - April 13, 2018)*](https://advance.lexis.com/api/document?id=urn:contentItem:5S40-JC21-F0YC-N431-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

96. [*25 YEARS OF EXCELLENT SERVICES AND INNOVATIVE PRODUCTS*](https://advance.lexis.com/api/document?id=urn:contentItem:5SPN-R001-JD3Y-Y0HV-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

97. [*25 YEARS OF EXCELLENT SERVICES AND INNOVATIVE PRODUCTS*](https://advance.lexis.com/api/document?id=urn:contentItem:5SPK-D9D1-JD3Y-Y3SF-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

98. [*Structural Fiscal Position*](https://advance.lexis.com/api/document?id=urn:contentItem:5PMG-RH51-F0J5-81JN-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

99. [*25 YEARS OF EXCELLENT SERVICES AND INNOVATIVE PRODUCTS*](https://advance.lexis.com/api/document?id=urn:contentItem:5SPN-R001-JD3Y-Y06G-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |

100. [*Washington: TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL 8:30 A.M (Eastern) Thursday, December 7, 2017*](https://advance.lexis.com/api/document?id=urn:contentItem:5R4H-3YW1-JDG9-Y1HM-00000-00&idtype=PID&context=1516831)

**Client/Matter:** -None-

**Search Terms:** payments and calendar or payments and transfer or payments and year or payments and programming or calendar and transfer or calendar and year or calendar and programming or transfer and year or transfer and programming or year and programming

**Search Type:** Terms and Connectors

**Narrowed by:**

|  |  |
| --- | --- |
| **Content Type** | **Narrowed by** |
| News | Timeline: 07 dec 2017 tot 07 dec 2018; Locatie: International; Plaats van publicatie: Europe; Taal: English |



# [***Defra preps 'manual workarounds' for major IT projects amid fears of no-deal Brexit***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S8P-XVR1-JD3S-J0M2-00000-00&context=1516831)

PublicTechnology (Online)

May 8, 2018 Tuesday 1:44 PM GMT

Copyright 2018 Dods Parliamentary Communications Limited All Rights Reserved

**Length:** 661 words

**Highlight:** Department warns that, if the UK exits the EU without a trade deal, it may need to make some 'clunky fixes' to deliver necessary IT systems

**Body**

Credit: Matt Faber/PA Archive/PA Images

The Department for Environment, Food and Rural Affairs is preparing "manual workarounds" and "clunky fixes" for its IT systems in the event that it has to cope with a no-deal Brexit.

Defra is currently working on 43 Brexit-related projects, 20 of which have an IT component. Four of these would require the department to build new IT platforms if the UK exits the EU without any form of trade deal with Europe.

According to new report from the Commons Public Accounts Committee, the "two most significant" projects are the delivery of an import control system for animals and related products, and the work to implement a platform for registering and authorising new chemical products.

Defra has already "commenced the build process" for both these projects, and plans to undertake user testing later this ***year***. But, if the projects encounter unanticipated setbacks, the department has already considered how it could make use of paper-based processes and other stopgap measures.

The PAC report said: "Defra also told us that, in the event of delays to these builds, it has built fall-back positions into its plans to be ready for a no-deal scenario in March 2019, which might include using some 'manual workarounds'. The department acknowledged that a no-deal scenario would result in some 'clunky fixes', and some functions would not be performed 'as slickly as they are at the moment'."

Related content​

Defra seeks suppliers to take over IBM and Capgemini contracts​

HMRC transformation ***programme*** a 'precarious high-wire act, battered by the winds of Brexit' - PAC

Defra seeks two £90k technology leaders as it centralises group IT function

Defra's comments were made as part of evidence given to the committee on 7 March 2018 - shortly before the publication of the government's Draft Withdrawal Agreement, which includes plans for a transition period lasting until 31 December 2020.

In its evidence, Defra said that such a transition period "would increase its confidence in its ability to deliver by enabling it to make changes over a longer time period, as well as providing more time to prepare businesses and people for the changes that would take place", the report indicated.

Nevertheless, PAC retains concerns about Defra's ability to successfully deliver its IT workstreams. The committee pointed to difficulties experienced during the department's rollout of a digital system for delivering ***payments*** to farmers under the government's Common ***Agricultural*** Policy.

Last ***year***, the committee undertook an inquiry into this project examining how "serious failings" saw the online application tool taken down in March 2015 and replaced by a paper-based process.

In the newly published report, PAC said: "Given its poor track record on IT delivery, Defra must ensure it has the necessary resources in place to complete its IT ***programmes*** on time and avoid costly and embarrassing contingencies involving manual completion and submission of forms."

The demands of its Brexit-related work were cited by Defra as a key reason behind the recent decision to extend the department's long-term engagement with IBM by a further 17 months. The IT vendor has worked with Defra since 2004, and is now under contract until 2021. The recent extension cost the government £30m, taking the total lifetime worth of the deal from £1.445bn to £1.475bn.

The department's ongoing UnITy project is dedicated to disaggregating the IBM contract, as well as the Environment Agency's long-term engagement with Capgemini.

The contract notice announcing the extension of the IBM deal pointed to the difficulty of ***transferring*** services from the company to other suppliers while Defra is focused on the "substantial application development and maintenance services required as a result of the United Kingdom's exit from the European Union".

PublicTechnologyhad contacted Defra requesting comment and was awaiting response at time of going to press.

**Load-Date:** May 8, 2018

**End of Document**



[***Emerging markets benefit from reinsurance programmes to protect against natural disasters***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4Y1-DXYV-7105-00000-00&context=1516831)

Oxford Business Group: Articles

November 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 3275 words

**Body**

While advanced economies generate the vast majority of insurance and reinsurance business, emerging markets are posting higher rates of growth. Complementing this underlying trend is a strong and expanding interest in catastrophic risk, which by nature tends to pertain to emerging markets. This is coming alongside fast-paced, sector-transforming innovation, which could provide a major boost to industries in less-developed economies.

"You have nothing but opportunity: big populations and tonnes of risks," Tom Johansmeyer, assistant vice-president of property claim services at ISO Claims Analytics, a division of Verisk Insurance Solutions, told OBG. "Look at the populations and the potential growth in financial sophistication - it is an easy call to make."

**By the Numbers**

In terms of simple throughput, insurance remains very much centred in North America, Europe and mature Asian markets. With long histories of trading risk, a general acceptance of the relevant products, and massive and increasingly vulnerable asset bases that need protection, developed economies generate steady volumes. According to insurance group Munich Re, in 2016 North America paid 31.1% of global premium, Western Europe paid 28.8% and the more advanced Asian markets, such as Japan, paid 19.8%.

However, growth rates in emerging markets outpace them by far: according to global accountancy EY, life premium in developing markets rose by 7.8% in 2014, while advanced markets grew by 4%. Those rates were 13.2% and 3.4% in 2015, respectively, 20.1% and 2% in 2016 and an estimated 14.9% against 2.1% in 2017. Particularly strong growth was noted in the life segments in Vietnam, Malaysia and Indonesia. Regarding non-life insurance, the growth in emerging markets has been in the range of 5-8.5% since 2012, while growth in developed markets has remained around 2%.

These trends are leading to a relative decline in the share of business in developed insurance markets. Munich Re has estimated that primary premium in North America will fall to 27.8% of the world's total by 2026, Western Europe to 24.5% and mature Asian markets to 17.5%. Meanwhile, emerging Asia's share will jump from 13.3% in 2016 to 21.4%, the MENA region's allocation will rise from 1.3% to 1.8%, and the share held by sub-Saharan Africa will remain at 1.1%. Swiss Re, another international reinsurer, forecasts the global rate of growth in reinsurance at 1% over the three ***years*** to 2019; by comparison, reinsurance in emerging markets is growing at about 10% per ***year***.

**Reinsurance Trends**

The global reinsurance market on the whole is healthy and on a firm footing, with capital reaching $605bn at the end of the second quarter of 2017. However, in the wake of hurricanes Irma, Maria, Harvey and Nate, among other natural disasters, the long period of relatively low claims appears to be coming to an end, inevitably altering the fundamentals of the existing market. In its "Global Insurance Trends Analysis" for the first half of 2017, EY noted this flip in the market, with average event occurrence rising above the mean. According to the report, 2016 was the biggest ***year*** for catastrophe (CAT) claims since 2012, with $54bn in insurance losses reported on $210bn worth of damage, a coverage rate of 26%; in the first half of 2017 this rose to 42%.

Reinsurance returns are already at or below the cost of capital: ratings agency Fitch expected return on equity to fall from 8.5% in 2016 to 2.1% in 2017, but forecast it would increase to 7.1% in 2018. The cost of capital for companies, meanwhile, was projected at 6-7% in 2017. As reinsurance recovers from a turbulent ***year***, emerging markets should help drive the rebound. Although conditions are likely to remain tight, there is considerable optimism as reinsurers and investors in related securities look for opportunities in fast-growing economies in Asia, Africa and the Gulf. Latin America is not to be ignored, however, as Mexican insurance authorities reported strong demand from international markets and healthy pricing in early 2018, despite recent global catastrophes. At present, 236 reinsurers are operating in Mexico, serving 113 insurance companies - more than two reinsurers for every insurer.

**Micro-insurance**

The growth of reinsurance in the developing world is mainly the result of economic expansion and increased awareness, though regulatory changes are playing a role as well. Many local authorities are attempting to raise public knowledge of the benefits of insurance and are calling for better coverage of risk, which is helping to boost policy demand. The rise in cessions is also being driven by innovations devised to address specific conditions, events and capacity constraints in various countries.

Micro-insurance, which has been targeted as one of the UN's Sustainable Development Goals, is one such innovation. In August 2017 an international partnership was forged between the UN and the global insurance industry, which will help boost sector activity. Swiss Re has forecast that the micro-insurance market could cover as many as 4bn people worldwide, and reinsurers will be vital to this expansion. As the market increases in size, added capacity will be needed beyond what domestic businesses can currently provide, and international players will be key in bridging the gap.

To date, however, engagement has been minimal and the two markets are barely connected. While major reinsurance companies are supportive of the offerings of micro-insurance - especially in terms of grants, research and promotion - their exact participation in the risk-***transfer*** part of the equation remains unclear. This is partially a structural issue: the insured amount is usually so low with micro-insurance that reinsurance rarely kicks in on a per policy basis.

**Index Linking**

For the most part, reinsurance companies are involved with the micro-segment indirectly via the index-linked market. These products utilise parametric triggers, deliver large payouts when the relevant criteria are met and offer clear visibility of the basis for any claims, making them well suited for reinsurers.

A number of ***programmes*** are under way to increase reinsurance participation in the index-linked market. For instance, Mongolia's ***Agriculture*** Reinsurance (AgRe), which provides index-based livestock cover, is supported by major international players, including SCOR, Swiss Re and Qatar Re. AgRe was originally formed with the assistance of the World Bank in 2005, becoming a fully fledged corporate entity in 2014. Despite early losses, the ***programme*** has been in positive territory every ***year*** since 2010, according to company data.

In 2015 the International Financial Corporation, part of the World Bank Group, opened the Global Index Insurance Facility (GIIF) with Swiss Re as its technical partner. The GIIF is a donor-funded ***programme*** to support index-linked insurance in developing countries. That same ***year***, French insurer AXA announced it would provide reinsurance capacity for weather-linked products introduced by the World Bank under the GIIF.

**Catastrophe Risk**

One of the main avenues to emerging markets for reinsurers is through CAT coverage. Developing countries are often compelled to turn abroad to cover major disasters, as they have limited domestic capacity due to the size of their economies and local insurance markets. It is also a product line where the modes of participation for international reinsurers are straightforward, with ample opportunity for innovation and product development. The triggers are transparent, the events are well defined and the duration of the cover tends to be short.

Although CAT coverage is needed and utilised everywhere, and most claims are paid in developed markets, the insurance is particularly suited to emerging economies. Because of their locations, populations and lack of infrastructure, these countries tend to be most affected by weather-related and seismic events. Thailand, the Philippines, Mexico, Indonesia, Papua New Guinea and a number of sub-Saharan African nations, for instance, are all highly vulnerable to natural disasters and are good candidates for coverage.

Development of the segment is ongoing, but a number of ***programmes*** are already in place. For example, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which is currently owned and operated by 16 governments from the region, was created in 2007 with international assistance. It is the first and only regional fund to date that pays out claims based on statistical parameters rather than actual losses incurred. Reinsurance is a key component of the coverage, as it allows for the purchase of CAT insurance at lower rates than would usually be available commercially. Payouts from the CCRIF totalled $100m as of late 2017.

Another such entity is the Pacific Catastrophe Risk Insurance Company (PCRIC), which covers the Cook Islands, the Republic of the Marshall Islands, Samoa, Tonga and Vanuatu. The entity was designed to pool risk and tap international reinsurance markets to cover key regional risks, such as tsunamis, earthquakes and cyclones. Established in June 2016 after the completion of a pilot ***programme*** from 2013 to 2015, the PCRIC mobilised $45m worth of coverage for the 2017/18 cyclone season, up from $38m a ***year*** earlier.

To cover the African market, African Risk Capital (ARC) was launched in 2014 as a sovereign CAT fund. It aims to have $1.5bn of coverage available by 2020, although it will likely require significant international support to meet this goal. In this regard, the ARC has reported that the response from the global reinsurance market has been positive so far.

**Innovation**

In addition to traditional reinsurance arrangements, CAT bonds and CAT swaps are becoming a bigger part of the landscape. Under a swap, the exposure is ***transferred*** to investors in return for a ***payment*** - similar to a bond or a reinsurance agreement, but with less structure. These developments allow for the quick identification of risk and deployment of capital, in turn resulting in highly competitive terms. As reinsurance becomes more oriented towards capital markets, some developing economies may be better served. For instance, Mexico's Fund for Natural Disasters (Fondo de Desastres Naturales, FONDEN) uses an index based on the Richter scale to provide reinsurance to cover costs after the country's earthquake insurance fund is tapped out. In 2017 FONDEN sold a $360m CAT bond, surpassing the $290m that was initially planned.

At a global level, the World Bank has initiated a pandemic CAT ***programme***, issuing a $320m bond and completing $105m worth of swap transactions in 2017. The pandemic emergency financing facility will provide cover for the flu; coronaviruses, such as SARS; filoviruses, including Ebola and Marburg; Crimean-Congo fever; Rift Valley fever; Lassa fever; and others. World Health Organisation data on the number of people affected by an outbreak is used to trigger ***payments***.

The size of the CAT bond market has more than doubled over the past decade. It reached record volumes in 2017, estimated at $12bn, with more than $30bn outstanding. There are signs that alternative financing is outpacing traditional reinsurance, which could have a major impact on developing economies, given the speed and flexibility of market-based solutions.

**Barriers to Risk**

The micro- and index lines have historically faced challenges, and it can be difficult to generate demand for these products. The Manggarai Water Gate micro-insurance ***programme***, for example, was established in 2009 with the help of Munich Re. It paid out a fixed amount when the level at the Manggarai Gate - built to help control floods in Jakarta - breached a predetermined level. However, the demand was not there: only 50 policies were sold, and as a result, the ***programme*** was discontinued in 2010.

In terms of index-linked initiatives, it is not clear whether these securities can be fully self-sustaining, as most rely on multilateral and donor support. In places like China and India, markets are able to fund the risk internally, but in smaller markets, the mismatch between the potential losses and the critical mass on the ground is substantial. Island nations in particular lack the domestic markets to fund the amount of reinsurance required to cover inevitable natural disasters.

Poor performance also threatens the sector, and one major loss can shift sentiment, which can freeze markets and make risk difficult to ***transfer***. For instance, an 8.1-magnitude earthquake in Mexico in August 2017 could have wiped out FONDEN's financing completely. Although the payout ended up being a manageable $150m, it highlighted potential problems.

**Protectionism**

Another challenge for reinsurers is the rise of protectionism. According to AM Best, an insurance ratings agency, the trend towards more open economies has hit a speed bump in recent times, as populist sentiment and isolationism increase around the globe. In insurance markets, these trends have resulted in new efforts to restrict entry, such as local incorporation rules and higher capitalisation levels. Reinsurance is often targeted directly. This can include mandatory cessions to state reinsurers, minimum retention levels and high capital requirements for overseas cessions. The Global Reinsurance Forum has identified 28 countries or regions that have restrictions on reinsurance or are in the process of putting them in place. While a number of developed countries are included - such as the US, Germany and France - mandatory cession and other similar requirements are more common in emerging markets. For instance, Kazakhstan and Russia have been particularly restrictive, with the latter forming the Russian National Reinsurance Company in 2016. "The introduction of local requirements is influencing international reinsurers," Solomon Lartey, CEO of Activa International Insurance in Ghana, told OBG. "The global view of the reinsurer is bittersweet. For the big players facing natural disasters, they are getting squeezed from every angle."

Similar requirements have been introduced in sub-Saharan Africa: 15% of life cessions and 10% of non-life cessions in Gabon must go to the Société Commerciale de Réassurance du Gabon; 15% of all reinsurance cessions in Uganda must be made to Uganda National Reinsurance; African Reinsurance Corporation (Africa Re) is entitled to 5% from underwriters in the African Union; and in Nigeria 5% goes to Africa Re and 5% is ceded to the West African Insurance Companies Association Reinsurance Corporation. Furthermore, Nigeria, Ghana and Uganda require that all local capacity be exhausted before placing risk overseas, but due to the small size of domestic markets this threshold is generally reached.

Protectionism is increasingly evident in Asian markets as well. So-called voluntary cessions to Malaysia Re will continue at a rate of 2.5% until the end of 2019 at least. In the Philippines, 10% must be ceded to the National Reinsurance Company of the Philippines, while in Sri Lanka 30% must go to National Insurance Trust Fund, up from 10% in 2013. Thailand has required 5% cessions to Thai Re since 2005, though this has not been enforced since the damaging 2011 floods. Vietnam, meanwhile, has had a mandatory 10% local cession since 2016.

Notably, Indonesia, via the Indonesian Financial Services Authority (OJK), has established a number of reinsurance rules to encourage more domestic cession. Motor, health, personal accident, credit, life and surety risk must remain in the country, though products for multinational companies underwritten by international insurers are allowed. Each insurer must prepare an insurance support strategy, which sets out a reinsurance and retention plan, while automatic reinsurance agreements must utilise domestic capacity first - going overseas only if the domestic market is unwilling or unable to fill the order, as long as proof of this is provided to the OJK. Furthermore, foreign insurers taking on risk must be rated above "BBB".

Indonesia has also set up a national reinsurer, Indonesia Re. Formally established in 2015, Indonesia Re is an amalgamation of the existing reinsurers: Reasuransi Umum Indonesia, Reasuransi Internasional Indonesia, ASEI Re, Asuransi Kredit Indonesia and Reasuransi Nasional Indonesia. It was created to keep premium in the domestic market and may be recapitalised to achieve this goal. European insurers are worried that the new company could result in a higher rate of mandatory cession. While Indonesia is starting to employ protectionist measures, its economic growth is leading to overexposure in the domestic insurance sector. JLT Re, global provider of reinsurance broking, noted that although premium grew at a 10% rate from 2011 to 2016, the pace is not fast enough to fully cover the rise in exposure, placing underwriters at more risk.

Interestingly, Mexico and most Latin American markets are free of such protectionist measures, with the exception of Argentina, with a 15% mandatory cession.

Forcing up retention rates may be difficult, as insurers in developing countries often do not have the capital to serve all business. A good portion of premium required to remain domestic already ends up overseas; national reinsurers often have no choice but to turn to international markets. "A lot of our local players are more distribution organisations," Mark Lwin, CEO of AIG Philippines Insurance, told OBG. "If you look at retention rates, they are between 1-2% and 6% at most. The gap between the desire to keep premium in the local market and the capacity to do so is significant."

**Structural Risks**

Local conditions can impose specific challenges for insurers and reinsurers. On the life side, EY anticipates a tapering of growth in East Asia, as demand shifts from investment-linked products to protection products. In terms of non-life, EY has forecast a pick-up following a period of slower growth stemming from macroeconomic concerns, although the rebound will likely be capped by competitive and regulatory pressures. There are common structural risks in emerging markets, such as limited data and underwriting experience; however, advances in technology should see these areas improve, and some developing economies already have a substantial amount of data available. For example, PNG has 50 ***years*** of cyclone data and Mongolia's livestock census dates to 1918.

Distribution is another issue in emerging markets, as extending coverage to both individuals and corporations can be challenging. Reinsurers becoming more involved at the local level is one potential solution; however, this sort of activity is outside the normal field of operations and responsibility.

Globally, the reinsurance market is becoming increasingly concentrated - the top-five players currently control around 90% of the market - but in some cases, local markets are becoming too competitive, which can lead to a mismatch in terms of pricing. In PNG, foreign exchange restrictions have led to reinsurance ***payment*** challenges, while in other markets, the fall in local currencies has led to a decline in the market size in dollar terms, despite strong business.

**Looking Ahead**

The reinsurance sector is changing in both developed and emerging economies all over the world. Although natural disasters have led to a tightening of the market, new technologies and innovation are assisting insurers and reinsurers in reaching historically underpenetrated areas. Alternative solutions are likely to create uncertainties as well as opportunities, but all indications suggest that reinsurance in emerging markets is set to grow in both absolute and relative terms.

**Load-Date:** March 12, 2020

**End of Document**



[***Ringkjoebing Landbobank Akt Publication of a -6-***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TMT-DHW1-F0CC-S2N9-00000-00&context=1516831)

London Stock Exchange Aggregated Regulatory News Service (ARNS)

November 2, 2018 Friday 3:07 PM GMT

Copyright 2018 London Stock Exchange All Rights Reserved



**Length:** 1297 words

**Body**

admitted to trading on the London Stock Exchange's

regulated market.

Applications may be made to list VP Systems Notes on

Nasdaq Copenhagen. Any such applications

will be in accordance with applicable laws and

regulations governing the listing of VP Systems

Notes on Nasdaq Copenhagen from time to time.

Governing Law: The Notes and any non--contractual obligations arising

out of or in connection with them will

be governed by, and construed in accordance with,

English law, except Conditions 1.2, 2.1

(Status of the Preferred Senior Notes), 2.2 (Status of

the Non-Preferred Senior Notes), 2.3

(Status of the Subordinated Notes), 2.4 (No right of

set-off or counterclaim), 7.2.2 (Early

redemption for regulatory reclassification reasons), 7.4

(Redemption upon the occurrence of

a MREL Disqualification Event), 10.2 (Events of Default

relating to Non-Preferred Senior Notes

and Subordinated Notes) and 19 (Recognition of the

Danish Bail-In Power), the registration

and dematerialisation of VP Notes in the VP which are

governed by, and shall be construed

in accordance with, the laws of the Kingdom of Denmark.

VP Systems Notes must comply with the relevant

regulations of the VP and the holders of VP

Systems Notes will be entitled to the rights and are

subject to the obligations and liabilities

which arise under the relevant Danish or Luxembourg

regulations and legislation.

Selling Restrictions: There are restrictions on the offer, sale and ***transfer***

of the Notes in the United States,

the European Economic Area (including the United Kingdom

and Denmark) and Japan and such other

restrictions as may be required in connection with the

offering and sale of a particular Tranche

of Notes, see "Subscription and Sale".

United States Selling Restrictions: Regulation S, Category 2. TEFRA C or D/TEFRA not

applicable, as specified in the applicable

Final Terms.

Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the ***Programme***. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the ***Programme*** are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the ***Programme***, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the ***Programme***

The Issuer is regulated by the Danish Financial Supervisory Authority (the "DFSA") which ensures a regulatory environment comparable to the regulatory environments of other Western European banks.

In the course of its business activities the Issuer is exposed to a variety of risks.

The Issuer's general policy with respect to assumption of risks is that the Issuer only assumes the risks, which are in accordance with the business principles under which the Issuer is operated, and which the Issuer possesses the competencies to manage. For an outline of how the Issuer manages risk please see "Description of the Issuer - Risks and risk management" which also is referred to in relation to the risk factors set out in this section.

Credit risk

Credit risk is defined as the risk that ***payments*** owed to the Issuer are judged not to be collectable because of certain customers' lack of ability or will to pay at the agreed time.

The Issuer generally assumes risks on the basis of a credit policy, the specified aim of which is that there must be a well-balanced relationship between risks assumed and the return achieved by the Issuer, that the Issuer's losses must be at an acceptable level relative to the Danish financial sector, and finally that losses must be able to be accommodated within the Issuer's results, even in extreme situations.

The Issuer has a relatively large exposure to financing of renewable energy but considers this to be a low risk exposure. The exposure can be characterised as first priority financing of various renewable energy plants placed primarily in Denmark and Germany, whereas the owners of Danish renewable energy plants receive a subsidy for a certain energy production and where the owners of wind turbines and solar plants erected in Germany receive the proceeds from a fixed price electricity ***payment*** scheme.

The Issuer is exposed to the ***agricultural*** sector in Denmark and may suffer losses that may be material in amount in relation to this sector. During recent ***years***, the ***agricultural*** sector has experienced difficult conditions. In 2017 the majority of the Issuers pig and dairy producers realised satisfactory results given the realised prices in 2017 to the producers. However, in 2018 the farmers have been experiencing a drought which will have an impact of the results of the farmers in 2018, but also is expected to impact the results of the farmer in 2019 due to uncertainty about the development in grain prices, because the grain shall be used as feed, and due to general uncertainty about the development of the prices of both milk and pork. Besides this, the sector is still characterised by a high debt burden. Although the Issuer has built up loss reserves relating to loans to the ***agricultural*** sector, there can be no assurance that the Issuer will not suffer more losses.

The Issuer also has exposure to the real estate sector, which generally falls within the following two categories:

(i) Loans with first mortgages on real property and construction financing without prior creditors. For the former loans, sizes for such mortgage loans are calculated on the basis of actual cash flow of the properties with allowances, inter alia, for maintenance, vacancies and administration.

(ii) Other forms of real estate financing, including loans with a second mortgage on real property and a strong lessee with an irrevocable lease and with scheduled repayment within the expiry of lease agreements. For the latter loans, sizes for such financing are calculated in the basis of cash flow analysis of the properties and a detailed examination of the financial status of the lessee and the investors.

The Issuer considers the real property portfolio to be well positioned against down turns in the real estate sector. However, an increased down turn in the real estate sector or an increase of the interest rate may affect the Issuer negatively.

The Issuer has set up a number of principles and procedures to manage the external and internal risks, which it is exposed to. However, notwithstanding the principles and procedures that the Issuer has put in place, there can be no assurance that the Issuer will not suffer losses from credit risk in the future that may be material in amount.

Liquidity risk

Liquidity risk refers to the ability of the Issuer to ensure the availability of appropriate cash funds to meet its ***payments*** obligations, stemming from mismatches between the maturities of assets and liabilities, and the liquidity risk arises in the general funding of the Issuer's activities and in the management of its operations.

**Load-Date:** November 2, 2018

**End of Document**



[***Council of the European Union: Budget guidelines for 2019 Council conclusions (20 February 2018) ST 6315 2018 INIT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RTH-M8J1-JDG9-Y1ND-00000-00&context=1516831)

Impact News Service

March 7, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 3795 words

**Body**

Brussels: Council of the European Union has issued the following document:

6315/18 ML/ab 1 DG G 2A EN Council of the European Union Brussels, 20 February 2018 (OR. en) 6315/18 FIN 139 INST 65 OUTCOME OF PROCEEDINGS From: General Secretariat of the Council To: Delegations No. prev. doc.: 5939/18 FIN 90 INST 47 PE-L 5 Subject: Budget guidelines for 2019 − Council conclusions (20 February 2018) Delegations will find in the annex the Council conclusions on the budget guidelines for 2019, adopted by the Council at its 3597th meeting held on 20 February 2018. 6315/18 ML/ab 2 ANNEX DG G 2A EN ANNEX COUNCIL CONCLUSIONS ON THE BUDGET GUIDELINES FOR 2019 Introduction 1. The Council considers that the budget for 2019 should ensure prudent budgeting and provide adequate resources to support clearly set priorities, while leaving sufficient margins under the ceilings. The EU budget should seek to boost growth, promote employment and create new jobs, enhance effective EU cohesion and ***agriculture***, foster competitiveness and tackle the internal and external dimension of the migration, security challenges and protection of the external borders. Prioritisation of objectives should be fostered, along with the allocation of sufficient resources to ***programmes*** and actions that contribute the most towards achieving these aims. In addition, the budget should allow commitments already made under the current and previous ***programming*** periods to be honoured in due time in order to avoid any unpaid claims.

Sufficient commitment margins under the ceilings are essential in order to be able to deal with unforeseen circumstances. 2. The Council considers that budgetary discipline must be maintained at all levels and that the MFF, the Mid-term Review of the MFF (MTR) and past commitments must be respected. 3. The Council recalls the need for solidarity and underlines that transparent and effective use of the EU budget will bolster the credibility of the Union with the European citizens. 4. The Council emphasizes the need for predictability of both Member States' contributions to the Union's budget and ***transfers*** from the EU budget to Member States. 6315/18 ML/ab 3 ANNEX DG G 2A EN 5. The Council takes note of the 'Joint report from the negotiators of the European Union and the United Kingdom government on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom's orderly withdrawal from the European Union' of 8 December 2017 and in particular its chapter on financial settlement. 6. The Council urges the Commission to present the draft estimates for the 2019 budget as early as possible, and preferably by the beginning of May, in order to avoid unnecessary overlapping with other budget-related processes which will take place in 2018. 7. The Council invites the Commission to prepare a budget in line with the aforementioned objectives, including a focus on areas that deliver EU added value. Key elements of the budget for 2019 8. The Council reiterates the need for a realistic budget respecting the principles of sound financial management and annuality. In drawing up the draft budget for 2019, the Commission should take into account the close relation between commitment and ***payment*** levels, the volume of outstanding commitments, the need to respect the MFF ceilings, the absorption capacity and past implementation rates and the acceleration of the implementation of the 2014-2020 ***programmes*** under shared management. 9. As for the commitment and ***payment*** appropriations, their level should be kept under strict control and should be based on actual needs. Establishing an adequate level of ***payment*** appropriations is of high importance and it should be based on accurate forecasts and reflect the ***payment*** profiles, which should be regularly updated, of all ***programmes*** with a clear focus on the expected needs for the current ***programming*** period. 6315/18 ML/ab 4 ANNEX DG G 2A EN 10. The Council emphasises that the budget for 2019 and corrective budgetary tools shall strictly respect the MTR and the relevant ceilings of the MFF Regulation for the period 2014-20201. In this context the Council calls on the Commission to clearly show the budget lines from and to which the appropriations have been and will be redeployed and/or granted as top-ups, in accordance with the MTR agreement, during the impacted period, and especially in 2019. The Council specifically calls on the Commission to clearly show how the top-ups in sub-heading 1a granted in the budgets 2017 and 2018 will be redeployed in the budget for 2019 and 2020. Moreover, the Council reiterates the need to leave sufficient margins under the ceilings in order to be able to deal with unforeseen events. 11. The Council calls on the Commission to continue monitoring the implementation of the 2014-2020 ***programmes*** in order to ensure an orderly progression of ***payment*** appropriations consistent with the authorised commitment appropriations, thereby pre-empting future accumulation of outstanding bills. 12. The Council expects the Commission to implement the budget within the allocations agreed in the annual budget, including the recourse to redeployments when appropriate. Corrective budgetary tools, such as amending budgets, should be kept to the justified minimum and in line with the Financial Regulation2, primarily financed by redeployments, and should be introduced in a timely manner in order to avoid disruptions on the functioning of the Union ***programmes***. The Council strongly invites the Commission to propose redeployments within the same heading, as foreseen in the Financial Regulation. The Council encourages the Commission to continue to rationalise the submission of draft amending budgets thereby contributing to increasing predictability within the budgetary cycle. If corrective measures prove to be necessary, the Council reaffirms its strong commitment to take a position on draft amending budgets as soon as possible. 1 Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the ***years*** 2014-2020 (OJ L 347, 20.12.2013, p.884). 2 Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1). 6315/18 ML/ab 5 ANNEX DG G 2A EN 13. As in the previous ***years***, the Council calls on the Commission to deliver high-quality forecasts concerning both revenue and expenditure in its draft budget and during the whole budgetary process, together with timely, precise and transparent information on the underlying assumptions and budgetary figures. It is crucial that the Commission's forecasts on all sources of revenue and the past and expected implementation are reliable and accurate in order to avoid either under- or over-budgeting, as well as unjustified and excessive carry-overs. This will allow the European Parliament and the Council to assess any possible requests for additional appropriations or redeployment of existing resources. 14. An accurate draft budget is essential to allow Member States to anticipate the level of their contributions to the Union's budget with a high degree of precision. The Council recalls that according to the Treaty the Commission has the possibility and the responsibility to review and adjust the estimates of expenditure for the following ***year*** provided by institutions before they are presented in the draft budget. In this context, the Council calls upon all actors, and notably the Commission, to undertake appropriate measures so that unexpected calls for increased or decreased contributions from the Member States, especially when the impact on national budgets could be high, can be avoided. 15. The Council recalls the principle of unity of the budget and calls on the Commission to cater for the necessary financial means in order to implement the Union's policies within the EU budget. Hence, full transparency with respect to assigned revenues and carry-overs is crucial for the sound financial management of Union funds. The Council calls on all institutions, agencies and other bodies to continue providing all the relevant information as soon as it is available and on a regular basis. 6315/18 ML/ab 6 ANNEX DG G 2A EN 16. The Council recalls that all fines, penalties and accrued interest imposed by the Commission shall be transparently recorded as budgetary revenue in line with the provisions of the Financial Regulation. 17. The Council is concerned about the level of outstanding commitments (RAL)3 and will continue to oversee its evolution. It calls on the Commission to continue monitoring the evolution of the RAL by heading and by ***programme*** on a regular basis and to settle or decommit them in a timely manner and in line with the relevant rules. The Council expects the Commission to present a ***payment*** forecast for the ***years*** 2019-2020 and beyond before July 2018 and to regularly update it. Specific issues Comprehensive budgetary documents 18. The Council encourages the Commission to continuously improve the content of its budgetary documents by making them simpler, concise and transparent, clearly justifying the requested appropriations, including their repercussion in terms of ***payment*** profiles for the following ***years*** until 2020 and beyond. In this regard, the Council invites the Commission to accompany any proposal modifying the agreed level of commitment appropriations and any proposal of mobilisation of special instruments with the corresponding impact in terms of ***payments*** over the current and next ***programming*** periods. Given that the new Financial Regulation, under discussion, foresees in its Article 39 that additional or more extensive information, compared to the current situation, is provided by the Commission when submitting the draft budget, the Council invites the Commission to consider to what extent it would be feasible to provide such information already in respect of the 2019 draft budget. 3 According to the Commission's implementation report of 18 January 2018, the level of Commission's outstanding commitments (RAL) amounted to EUR 267.1 billion at the end of 2017. 6315/18 ML/ab 7 ANNEX DG G 2A EN 19. The Council acknowledges the usefulness of the Commission's 'Active Monitoring and Forecast of Budget Implementation' system, with a view to, inter alia, prevent the possible build-up of a backlog. It recalls that this reporting exercise should include regularly updated ***payment*** forecasts to be discussed at dedicated interinstitutional meetings, in line with point 36§3 of the Annex to the Interinstitutional Agreement on budgetary discipline, on cooperation in budgetary matters and on sound financial management (IIA)4. 20. The Council invites the Commission to annex to the draft budget and to regularly update a comprehensive list of Commission proposals not yet adopted and which have a potential impact on the budget by budget line, including the level of appropriations concerned, and on the number of staff. 21. The Council also invites the Commission to accompany the draft budget with a comprehensive table for the ***year*** 2019 consolidating an estimate of all types of internal assigned revenues by budget line, an overview of the fines likely to be recorded as budgetary revenue, as well as comprehensive information on the implementation of the special instruments both in commitment and ***payment*** appropriations. 22. The Council welcomes the good practice of accompanying every proposal for a ***transfer*** of appropriations related to a mobilisation of the European Globalisation Adjustment Fund and the Emergency Aid Reserve with an update of the level of implementation of the maximum annual amounts set for the special instrument in the financial ***year***. Likewise, the Council invites the Commission to provide a regular update on the level of implementation of the advance ***payments*** related to the European Union Solidarity Fund. 4 Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (OJ C 373, 20.12.2013, p. 1). 6315/18 ML/ab 8 ANNEX DG G 2A EN 23. When proposing the mobilisation of a special instrument, the Council invites the Commission to include in its proposal an update of the level of implementation of both commitment and ***payment*** appropriations of the respective special instrument. 24. The Council underlines that high quality ***programme*** statements and timely financial information on spending proposals are crucial for the European Parliament and the Council to establish, confirm or modify budgetary priorities. ***Programme*** statements should, in particular, focus on performance information, including the results achieved, on the justification for the level of appropriations requested, and on the added value of EU activities. This analysis should be clearly linked to the relevant budget lines in order to support the budgetary decision-making process. Interinstitutional cooperation during the budgetary procedure 25. The Council encourages all institutions to collaborate efficiently and constructively, allowing for a smooth budgetary procedure and the establishment of the budget for 2019 within the deadlines set by the Treaty on the Functioning of the European Union (TFEU) and in line with the provisions of the IIA. 26. The Council calls on the Commission to ensure the timely presentation of the statement of estimates for 2019, allowing each institution enough time to undertake a detailed technical analysis of the disseminated estimates and to prepare thoroughly its position in accordance with an agreed pragmatic ***calendar***. 27. The Council stresses the need to preserve the annual character of the budgetary procedure and to avoid discussions on issues not directly linked to the annual budget negotiations. It recalls that the purpose of the Conciliation Committee, convened in respect of Article 314 TFEU, is to establish the budget for 2019. 28. The Council calls on the Commission to ensure the timely and equal access to transparent and objective information and documents at all the stages of the conciliation negotiations. 6315/18 ML/ab 9 ANNEX DG G 2A EN Administrative expenditure 29. The EU's administrative expenditure should be further rationalised. Therefore, the Council urges all institutions to reduce or freeze their administrative expenditure as much as possible and to request financing only for justified needs. The Council considers that a deeper cooperation among all institutions and EU bodies, including the sharing of services, is necessary to find other savings. 30. The Council calls on every institution and EU body to provide the Commission with clear, comprehensive and consolidated information of their administrative expenditure in a timely manner. In line with the Financial Regulation, the Commission shall attach to the draft budget the documents allowing the European Parliament and the Council to evaluate the situation and take well-founded decisions on the allocation of resources. Due attention should be paid to the comprehensibility and comparability over time and between institutions of the information provided. Every EU institution and body should provide clear and concise information on past implementation of their budgets for 2014, 2015 and 2016, specifying the amount of carry-overs and assigned revenue disbursed. 31. The Council considers that the level of staff of all institutions, bodies and agencies needs to be kept under continuous monitoring and control. In this context the Council takes note of the European Court of Auditors' rapid case review5 which is a quantitative assessment on how the European Union institutions, bodies and agencies implemented the commitment made in the Interinstitutional Agreement of 2 December 2013 to reduce posts in their establishment plans by 5 % during the period 2013-2017. In this respect, the Council considers it important that the 5 % reduction of posts based on the 2012 establishment plans is respected and urges those EU institutions, bodies and agencies that have not yet met the target to carry out the remaining reductions. 5 European Court of Auditors 'Rapid case review on the implementation of the 5 % reduction of staff posts': [*https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=44567*](https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=44567). 6315/18 ML/ab 10 ANNEX DG G 2A EN 32. While recognising that during the period 2013-2017 some EU institutions, bodies and agencies were tasked with new responsibilities, and equipped with appropriate new resources, the Council considers that the gap between the expectations and the outcome is significant. In this context, the Council acknowledges that by focusing solely on the headcount, the methodology chosen was not suited to achieve the goal of reducing administrative expenditure. 33. The Council invites the Commission to put forward appropriate follow-up measures in order to truly stabilize the administrative costs and to keep the overall number of staff, including contract agents, under control. Furthermore, the Council reiterates the need for a qualitative evaluation of the results of the 5 % target implementation by the Court as soon as possible. Decentralised agencies 34. While recognising the multiannual character of the actions carried out by some decentralised agencies, the Council recalls that over-budgeting has led in the past to a substantial and unjustified level of carry-overs. It reiterates the importance of keeping the funding of these agencies under firm control and limiting it only to justified needs. The Council calls on the Commission, when establishing its draft budget for 2019, to continue taking into account unused appropriations. It also calls on the Commission to carefully check, and if necessary revise, the requests for funds and posts proposed by the agencies taking into account past implementation, vacancy rates, and the compliance with the 5 % staff reduction target. 35. The Council expects the Commission to continue providing the European Parliament and the Council with a comprehensive picture concerning agencies, including their building policy, together with the draft budget for 2019. 6315/18 ML/ab 11 ANNEX DG G 2A EN Conclusion 36. The Council considers that the EU budget for 2019 should fully respect the existing framework, the MTR and commitments made in the past and calls for prudent budgeting and sufficient margins. The 2019 budget should provide sufficient resources in order to further strengthen the European economy by reinforcing smart and inclusive growth and jobs, to enhance effective EU cohesion and ***agriculture***, and to effectively respond to current and forthcoming challenges. The budget should in particular include measures to tackle the challenges related to internal and external dimension of migration and to protection of external borders, as well as to security crises, and to contribute to the political and economic stability in the EU's neighbouring countries. The Council underlines that a transparent, accurate and accountable use of Union's resources is an overarching principle to bring the EU citizens closer to the European project. 37. The Council will support a realistic budget for 2019, which is in right balance between fiscal prudence and new investments conducive to growth and jobs. It underlines that a timely, predictable, transparent and accurate assessment of needs based on comprehensive budgetary information is an essential tool to reach this objective. 38. The Council reiterates the need to respect the adjustments made in the context of the MTR and the relevant ceilings of the MFF Regulation for the period 2014-2020. Sufficient margins under the ceilings are essential in order to be able to deal with unforeseen circumstances while providing an adequate level of funding and respecting the commitments already made in the light of the acceleration of the implementation of the 2014-2020 period ***programmes***. Moreover, the Council emphasises the importance of providing reliable and precise forecasts of revenue, allowing Member States to assess in a timely manner their expected contributions to the EU budget. 6315/18 ML/ab 12 ANNEX DG G 2A EN 39. The Council reiterates the great importance it attaches to these guidelines and expects the Commission to duly take them into account in the preparation of the draft budget for 2019. 40. These guidelines will be forwarded to the European Parliament and the Commission, as well as to the other institutions. 6315/18 ML/ab 13 Annex to ANNEX DG G 2A EN Annex to ANNEX 6315/18 ML/ab 14 Annex to ANNEX DG G 2A EN EVOLUTION OF ***PAYMENT*** APPROPRIATIONS (2007-2017) (excluding assigned revenues) (EUR million)1 Budgetary procedure (P)DB (P)DB (ALs incl.) Council's position Parliament's position Budget voted Final budget (incl. ABs and net carry-overs)2 Implementation3 Final budget - implementation (figures) Final budget -implementation (%) Implementation /(P)DB (ALs incl.) (%) 1 2 3 4 5 6 (= 4 - 5) 7 (= 6/4) 8 (= 5/2) 2007 116 370 115 531 114 613 122 016 115 497 113 835 112 377 1 458 1,28% 97,27% 2008 121 533 120 347 119 410 124 196 120 347 114 835 113 070 1 765 1,54% 93,95% 2009 116 744 116 546 114 972 124 488 116 096 113 395 112 107 1 288 1,14% 96,19% 2010 122 316 123 061 120 521 127 526 122 937 123 203 120 490 2 713 2,20% 97,91% 2011 126 5274 126 527 126 527 126 527 126 527 127 219 126 497 722 0,57% 99,98% 2012 132 739 132 668 129 088 133 139 129 088 135 842 135 602 240 0,18% 102,21% 2013 137 7985 137 798 132 837 132 837 132 837 144 057 143 785 272 0,19% 104,34% 2014 136 066 136 061 135 005 136 444 135 505 138 577 138 440 137 0,10% 101,75% 2015 141 3376 141 337 141 214 141 214 141 214 141 769 141 586 183 0,13% 100,18% 2016 143 541 144 456 142 120 146 459 143 885 136 517 131 400 5 117 3,75% 90,96% 2017 134 899 135 422 133 790 138 029 134 490 126 8777 126 4167 461 0,36% 93,35% Total 1 429 870 1 429 754 1 410 096 1 452 876 1 418 424 1 416 125 1 401 770 14 356 1,01% 98,04% 1 All absolute figures in nominal prices. 2 Including the budget voted, as amended, and appropriations carried over from ***year*** N-1 and excluding appropriations carried forward to ***year*** N+1. 3 Implementation of the final budget, as amended, including carry-overs. 4 The initial DB for 2011 amounted to EUR 130 136 million. A new DB was presented by the Commission in November 2010. 5 The initial DB for 2013 amounted to EUR 137 924 million. A new DB was presented by the Commission in November 2012. 6 The initial DB for 2015 amounted to EUR 142 137 million. A new DB was presented by the Commission in November 2014. 7 Provisional figures.

**Load-Date:** March 7, 2018

**End of Document**



[***Council of the European Union: COMMISSION STAFF WORKING DOCUMENT Accompanying the document REPORT FROM THE COMMISSION ON THE WORKING OF COMMITTEES DURING 2016 ST 13714 2017 ADD 1***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R66-CY61-F0YC-N001-00000-00&context=1516831)

Impact News Service

December 15, 2017 Friday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 18108 words

**Body**

Brussels: Council of the European Union has issued the following document:

13714/17 ADD 1 JG/ft DRI EN Council of the European Union Brussels, 27 October 2017 (OR. en) 13714/17 ADD 1 INST 389 COVER NOTE From: Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director date of receipt: 16 October 2017 To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union No. Cion doc.: SWD(2017) 337 final Subject: COMMISSION STAFF WORKING DOCUMENT Accompanying the document REPORT FROM THE COMMISSION ON THE WORKING OF COMMITTEES DURING 2016 Delegations will find attached document SWD(2017) 337 final. Encl.: SWD(2017) 337 final EN EN EUROPEAN COMMISSION Brussels, 16.10.2017 SWD(2017) 337 final COMMISSION STAFF WORKING DOCUMENT Accompanying the document REPORT FROM THE COMMISSION ON THE WORKING OF COMMITTEES DURING 2016 {COM(2017) 594 final} 2 TABLE OF CONTENTS Introduction ................................................................................................................................ 3 ***Agriculture*** and Rural Development (AGRI) ............................................................................. 4 Budget (BUDG) ......................................................................................................................... 6 Climate Action (CLIMA) ........................................................................................................... 6 Communications Networks, Content and Technology (CNECT) .............................................. 7 Economic and Financial Affairs (ECFIN) ................................................................................. 9 Education and Culture (EAC) .................................................................................................... 9 Employment, Social Affairs and Inclusion (EMPL) .................................................................. 9 Energy (ENER) ........................................................................................................................ 11 Environment (ENV) ................................................................................................................. 12 European Anti-Fraud Office (OLAF) ...................................................................................... 16 Eurostat (ESTAT) .................................................................................................................... 16 Financial Stability, Financial Services and Capital Markets Union (FISMA) ......................... 19 Health and Food Safety (SANTE) ........................................................................................... 20 Humanitarian Aid and Civil Protection (ECHO) ..................................................................... 29 Informatics (DIGIT) ................................................................................................................. 29 Internal Market, Industry, Entrepreneurship and SMEs (GROW) ........................................... 29 International Cooperation and Development (DEVCO) .......................................................... 34 Justice and Consumers (JUST) ................................................................................................ 34 Maritime Affairs and Fisheries (MARE) ................................................................................. 37 Migration and Home Affairs (HOME) ..................................................................................... 38 Mobility and Transport (MOVE) ............................................................................................. 39 Neighbourhood and Enlargement Negotiations (NEAR) ......................................................... 44 Regional and Urban Policy (REGIO)....................................................................................... 44 Research and Innovation (RTD) .............................................................................................. 44 Secretariat-General (SG) .......................................................................................................... 48 Service for Foreign Policy Instruments (FPI) .......................................................................... 49 Taxation and Customs Union (TAXUD) ................................................................................. 49 Trade (TRADE) ........................................................................................................................ 52 3 This working document gives details of the committees that assist the Commission in each policy sector and snapshots of their activities in 2016. It lists all the committees for which each Commission department is responsible, whether they are still active or not, in order to provide transparency with regard to policy sector activities. The comments below the tables highlight any important changes (e.g the creation, ***transfer*** or abolition of committees or procedures) together with any cases referred to the appeal committee and, for the regulatory procedure with scrutiny, any cases referred to the Council (in cases where the committee issued a negative opinion or no opinion) or in which the European Parliament or the Council opposed the adoption of a measure during the ***year*** in question.

Details of each committee, such as basic legal acts and applicable comitology procedure(s), are available in the Comitology Register: [*http://ec.europa.eu/transparency/regcomitology/index\_en.htm*](http://ec.europa.eu/transparency/regcomitology/index_en.htm) Explanatory remarks The following explanations are intended to help the reader to better understand the statistical data, and in particular, why the total number of positive opinions may differ from the total number of implementing acts/measures adopted in a specific sector: Opinions delivered by the committees may concern various types of instruments: draft Commission acts (directives, regulations), decisions designed to regulate a specific legal situation, or decisions funding projects under one of the many EU ***programmes***. The impact of the committee’s opinion varies, depending on the procedure. Under the examination procedure, following a positive opinion the Commission adopts the implementing act. It may also adopt an implementing act if no opinion is given (although the committee has taken a vote1), with the exception of the following three cases: where the draft implementing act concerns certain sensitive areas2; where the basic legal act provides that the draft implementing act may not be adopted where no opinion is delivered; or where a simple majority of the members of the committee opposes the draft. Following a negative opinion, the Commission cannot adopt the implementing act. However, in cases of a negative opinion or ‘no opinion’ with a blocking effect, if the Commission deems the act necessary it can continue the procedure by either amending the draft implementing act and submitting the revised version to the (same) committee or by referring the original draft to the appeal committee. If the Commission refers the draft implementing act to the appeal committee and the appeal committee delivers a positive opinion, the Commission adopts the implementing act. The Commission may also adopt the implementing act if the appeal committee gives no opinion. If the appeal committee delivers a negative opinion, the Commission cannot adopt the implementing act. Under the advisory procedure, the committee’s opinion is not legally binding, but the Commission must take the utmost account of the conclusions drawn from the discussions within the committee and of the opinion delivered before deciding on the draft implementing act. Under the regulatory procedure with scrutiny, following a positive opinion, the Commission adopts the measure. If a negative opinion or no opinion is given, the Commission submits a proposal on the measure to the Council, which then has the power to decide (see Cases referred to the Council). In addition, the European Parliament and the Council can oppose the adoption of a draft measure, even if the committee has given a positive opinion. The total number of positive opinions delivered by committees may differ from the number of implementing acts/measures adopted by the Commission in a given sector, if opinions are delivered one ***year*** but the instruments are not adopted until the following ***year***. 1 This is the situation if no majority is obtained for either a positive or a negative opinion. 2 Taxation, financial services, the protection of the health or safety of humans, animals or plants, or definitive multilateral safeguard measures. 4 A number of committees had no activity at all in the reporting ***year***. This is indicated by the figure ‘0’ in all columns. ***AGRICULTURE*** AND RURAL DEVELOPMENT (AGRI) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C03800 Committee on ***Agricultural*** Structures and Rural Development (STAR Committee) Council Regulation (EC) No 1083/2006 Council Regulation (EC) No 1085/2006 Examination Advisory 2 0 0 0 0 0 0 0 0 0 0 C03900 Committee on the conservation, characterisation, collection and utilisation of genetic resources in ***agriculture*** Council Regulation (EC) No 870/2004 Examination 0 0 0 0 0 0 0 0 0 0 0 C04000 COMMITTEE FOR THE FARM ACCOUNTANCY DATA NETWORK (FADN) Council Regulation (EC) No 1217/2009 Examination 3 0 1 0 0 0 0 0 0 1 0 C04200 Implementation Committee on aromatised wine-based drinks Council Regulation (EEC) No 1601/91 Examination 0 0 0 0 0 0 0 0 0 0 0 C04300 Committee for Spirit Drinks Regulation (EC) No 110/2008 Examination Regulatory w/scrutiny 4 0 2 0 0 0 0 0 0 1 1 C06500 Committee on Organic Production Council Regulation (EEC) No 2092/91 Council Regulation (EC) No 834/2007 2002/309/EC,Euratom: Decision Examination 6 1 6 0 0 0 0 0 0 6 0 C06700 Standing Forestry Committee (SFC) 89/367/EEC: Council Decision Examination 4 0 0 0 0 0 0 0 0 0 0 C26300 Committee on the ***Agricultural*** Funds Council Regulation (EC) No 1290/2005 Regulation (EC) No 1760/2000 Council Regulation (EC) No 1258/1999 Council Regulation (EC) No 320/2006 Commission Regulation (EC) No 718/2007 Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C26500 Rural Development Committee Council Regulation (EC) No 1698/2005 Council Regulation (EC) No 1085/2006 Examination 0 0 0 0 0 0 0 0 0 0 0 5 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C35000 Management Committee for the Common Organisation of ***Agricultural*** Markets Council Decision 2006/232/EC Council Regulation (EC) No 1234/2007 Council Regulation (EC) No 247/2006 Council Regulation (EC) No 1964/2005 Council Regulation (EC) No 1095/96 Council Regulation (EC) No 732/2008 Council Regulation (EC) No 1528/2007 Council Regulation (EC) No 1493/1999 Council Regulation (EC) No 3/2008 Decision 2002/309/EC,Euratom Examination 0 0 0 0 0 0 0 0 0 0 0 C38000 Regulatory Committee for the Common Organisation of ***Agricultural*** Markets Council Decision 2006/232/EC Council Regulation (EC) No 491/2009 Council Regulation (EC) No 1234/2007 Examination 0 0 0 0 0 0 0 0 0 0 0 C40900 Committee for the Common Organisation of ***Agricultural*** Markets Council Regulation (EC) No 1234/2007 Examination 0 0 0 0 0 0 0 0 0 0 0 C41600 ***Agricultural*** Product Quality Policy Committee REGULATION (EU) No 1151/2012 Examination 1 1 3 0 0 0 0 0 0 3 0 C42900 Committee for the Common Organisation of the ***Agricultural*** Markets Regulation (EU) No 1308/2013 Council Regulation (EU) No 1370/2013 COUNCIL REGULATION (EC) No 3/2008 Regulation (EU) No 1144/2014 2002/309/EC,Euratom: Decision Examination Advisory 58 0 38 0 1 0 0 0 0 37 0 C43200 Rural Development Committee Regulation (EU) No 1305/2013 Regulation (EU) No 1306/2013 Examination 7 1 4 0 0 0 0 0 0 4 0 C43400 Committee for direct ***payments*** Regulation (EU) No 1307/2013 Regulation (EU) No 1306/2013 Regulation (EU) No 228/2013 Examination Advisory 11 2 7 0 1 0 0 0 0 7 0 C43500 Committee on the ***Agricultural*** Funds Regulation (EU) No 1306/2013 Examination Advisory 15 2 47 0 0 0 0 0 0 46 0 Total 111 7 108 0 2 0 0 0 0 105 1 6 BUDGET (BUDG) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C25500 Advisory Committee on the Communities' Own Resources (ACOR) Council Regulation (EC, Euratom) No 1150/2000 Council Regulation (EEC, Euratom) No 1553/89 Advisory 4 0 7 0 0 0 0 0 0 0 0 C25600 Committee for Executive Agencies Council Regulation (EC) No 58/2003 Examination 0 0 0 0 0 0 0 0 0 0 0 Total 4 0 7 0 0 0 0 0 0 0 0 CLIMATE ACTION (CLIMA) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C12700 Committee for the application of the directive relating to the availability of consumer information on fuel economy and CO2 emissions in respect of the marketing of new passenger cars Directive 1999/94/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C13600 Climate Change Committee Directive 2003/87/EC Decision No 280/2004/EC 2002/358/EC: Council Decision Directive 2009/31/EC Decision No 406/2009/EC REGULATION (EC) No 443/2009 REGULATION (EU) No 510/2011 COMMISSION DECISION Regulation (EU) No 525/2013 Regulation (EU) 2015/757 Examination Advisory Regulatory w/scrutiny 4 0 4 0 0 0 0 0 0 4 0 C13800 Committee on ozone depleting substances Regulation (EC) No 2037/2000 Regulation (EC) No 842/2006 Regulation (EC) No 1005/2009 Examination Regulatory w/scrutiny 1 1 2 0 0 0 0 0 0 1 0 7 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C37800 The Committee on Fuel Quality Directive 2009/30/EC Advisory Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C47200 Committee on fluorinated greenhouse gases Regulation (EU) No 517/2014 Examination 2 0 1 0 0 0 0 0 0 1 0 Total 7 1 7 0 0 0 0 0 0 6 0 COMMUNICATIONS NETWORKS, CONTENT AND TECHNOLOGY (CNECT) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C14800 SOGIS - Advisory Committee on information systems security (SOG-IS) 92/242/EEC: Council Decision Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C15400 COCOM - Communications Committee (COCOM) - framework directive 2002/21/EC DIRECTIVE 2002/19/EC DIRECTIVE 2002/22/EC Decision No 626/2008/EC REGULATION (EC) No 733/2002 Directive 2002/21/EC Directive 2002/58/EC Regulation (EU) No 531/2012 Advisory Examination Regulatory w/scrutiny 6 0 1 0 1 0 0 0 0 0 0 C15500 eSignature - Electronic Signatures Committee Directive 1999/93/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C15600 RSC Radio Spectrum Committee - Decision n° 676/2002/EC Decision No 676/2002/EC Decision No 243/2012/EU Examination Advisory 4 2 3 0 0 0 0 0 0 0 0 C42504 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘Information and communication technologies (ICT) 2013/743/EU COUNCIL DECISION Examination 6 10 14 0 0 0 0 0 0 14 0 C47300 eIDAS Committee Regulation (EU) No 910/2014 Examination 1 0 1 0 0 0 0 0 0 0 0 8 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C49400 Network and Information Systems Security Committee Directive (EU) 2016/1148 Examination 1 0 0 0 0 0 0 0 0 0 0 C49600 WEB ACCESSIBILITY DIRECTIVE COMMITTEE Directive (EU) 2016/2102 Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 Total 18 12 19 0 1 0 0 0 0 14 0 \*C42504 — Configuration ‘Information and communication Technologies (ICT)’ is a section of C42500 — The ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) reported under ‘RESEARCH AND INNOVATION (RTD’. For other configurations of this committee, see ‘RESEARCH AND INNOVATION (RTD’ and ‘INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMES (GROW)'. Newly created (or ***transferred***) committee(s): – C49400 - Network and Information Systems Security Committee Basic legal act: Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union. Entered into force 08/08/2016 – C49600 - WEB ACCESSIBILITY DIRECTIVE COMMITTEE Basic legal act: Directive (EU) 2016/2102 of the European Parliament and of the Council of 26 October 2016 on the accessibility of the websites and mobile applications of public sector bodies. Entered into force 22/12/2016 Abolished (or ***transferred***) committee(s): – C15500 - eSignature - Electronic Signatures Committee Baic legal act: Directive 1999/93/EC of the European Parliament and of the Council of 13 December 1999 on a Community framework for electronic signatures. End of validity 30/06/2016 ECONOMIC AND FINANCIAL AFFAIRS (ECFIN) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C45000 Committee on macrofinancial assistance Council Decision No 2014/215/EU Decision No 534/2014/EU Decision No 1351/2013/EU Decision No 1025/2013/EU Decision No 778/2013/EU Decision (EU) 2015/601 Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 9 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted Total 0 0 0 0 0 0 0 0 0 0 0 EDUCATION AND CULTURE (EAC) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C43900 'Creative Europe' ***Programme*** Regulation (EU) No 1295/2013 Examination Advisory 2 1 3 0 0 0 0 0 0 2 0 C44200 Erasmus+ Committee Regulation (EU) No 1288/2013 Examination 3 2 1 0 0 0 0 0 0 2 0 Total 5 3 4 0 0 0 0 0 0 4 0 EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION (EMPL) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C03200 Committee for the technical adaptation of legislation on the introduction of measures to encourage improvements in the safety and health of workers at work Council Directive 89/391/EEC Council Directive 98/24/EC Directive 2002/44/EC Directive 2004/40/EC Council Directive 92/104/EEC Council Directive 93/103/EC Council Directive 98/24/EC Directive 1999/92/EC Directive 2003/10/EC DIRECTIVE 2006/25/EC Directive 2009/148/EC Council Directive 89/654/EEC Directive 2000/54/EC Directive 2004/37/EC Council Directive 90/270/EEC Council Directive Regulatory w/scrutiny 1 0 1 0 0 0 0 0 0 0 0 10 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted 90/269/EEC Council Directive 89/656/EEC DIRECTIVE 2009/104/EC Council Directive 92/57/EEC Council Directive 92/58/EEC Council Directive 92/91/EEC C03300 Committee for the technical adaptation of legislation on the minimum safety and health requirements for improved medical treatment on board vessels Council Directive 92/29/EEC Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C42600 Committee (EaSI) Regulation (EU) No 1296/2013 Examination Advisory 2 1 2 0 0 0 0 0 0 2 0 C45500 Committee for the Fund for European Aid to the Most Deprived Regulation (EU) No 223/2014 Examination Advisory 1 0 1 0 0 0 0 0 0 1 0 C48700 Committee (EURES) Regulation (EU) 2016/589 Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 Total 4 1 4 0 0 0 0 0 0 3 0 Newly created (or ***transferred***) committee(s): – C48700 - Committee (EURES) Basic legal act: Regulation (EU) 2016/589 of the European Parliament and of the Council of 13 April 2016 on a European network of employment services (EURES), workers' access to mobility services and the further integration of labour markets, and amending Regulations (EU) No 492/2011 and (EU) No 1296/2013. Entered into force 12/05/2016 11 ENERGY (ENER) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C06800 Advisory Committee for the technical adaptation of the Community procedure to improve the transparency of gas and electricity prices charged to industrial end-users Council Directive 90/377/EEC Directive 2008/92/EC Advisory Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C07900 Committee on the Ecodesign and Energy Labelling of Energy-using Products Council Directive 92/75/EEC Directive 2005/32/EC Directive 2009/125/EC Examination Regulatory w/scrutiny 1 0 1 0 0 0 0 0 0 0 2 C08100 Committee on the implementation of common rules on the transport, distribution, supply and storage of natural gas Directive 2003/55/EC Regulation (EC) No 1775/2005 Regulation (EC) No 715/2009 Directive 2009/73/EC Advisory Examination Regulatory w/scrutiny 2 0 2 0 0 0 0 0 0 0 0 C08200 Electricity cross-border committee Regulation (EC) No 714/2009 Directive 2009/72/EC Regulatory w/scrutiny 5 0 1 0 0 0 0 0 0 0 4 C09300 Energy Performance of Buildings Committee Directive 2002/91/EC Directive 2006/32/EC Directive 2010/31/EU Examination Advisory 1 0 0 0 0 0 0 0 0 0 0 C09700 Committee overseeing the conditions governing imports of ***agricultural*** products originating in third countries following the accident at the Chernobyl nuclear power station Council Regulation (EEC) No 737/90 Examination 0 0 0 0 0 0 0 0 0 0 0 C33100 Committee for the nuclear decommissioning assistance ***programme*** Council Regulation (Euratom) No 1369/2013 Council Regulation (Euratom) No 1368/2013 Examination 1 1 1 0 0 0 0 0 0 1 0 C37300 Committee on Renewable Energy Sources Directive 2009/28/EC Examination 0 0 0 0 0 0 0 0 0 0 0 12 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C37500 Committee on the Sustainability of Biofuels and Other Bioliquids Directive 2009/28/EC Examination 0 3 3 0 0 0 0 0 0 3 0 C38500 Committee on the labelling of tyres Regulation (EC) No 1222/2009 Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C41000 Committee for the oil stocks directive (2009/119/EC) COUNCIL DIRECTIVE 2009/119/EC Examination 0 0 0 0 0 0 0 0 0 0 0 C41200 Energy Efficiency Directive Committee (Directive 2012/27/EU) Directive 2012/27/EU Advisory 2 0 0 0 0 0 0 0 0 0 0 C42100 THE COMMITTEE ON THE IMPLEMENTING RULES OF REGULATION (EU) No 1227/2011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON WHOLESALE ENERGY MARKET INTEGRITY AND TRANSPARENCY Regulation (EU) No 1227/2011 Examination 0 0 0 0 0 0 0 0 0 0 0 C45100 Committee on safety of offshore oil and gas operations Directive 2013/30/EU Advisory 0 0 0 0 0 0 0 0 0 0 0 Total 12 4 8 0 0 0 0 0 0 4 6 ENVIRONMENT (ENV) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C11100 Committee for implementation of the directive on packaging and packaging waste European Parliament and Council Directive 94/62/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C11300 Committee for implementing the directive establishing a Community policy regarding water Directive 2007/60/EC Directive 2000/60/EC Directive 2006/118/EC Directive 2008/105/EC Examination Regulatory w/scrutiny 1 0 0 0 0 0 0 0 0 0 0 13 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C11400 Committee for the adaptation to scientific and technical progress and implementation of the directive on protection of waters against pollution caused by nitrates from ***agricultural*** sources Council Directive 91/676/EEC Examination Regulatory w/scrutiny 4 0 1 0 0 0 0 0 0 1 0 C11500 Committee for the adaptation to scientific and technical progress and implementation of the directive on the incineration of waste Directive 2000/76/EC Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C11600 Committee for the adaptation to scientific and technical progress and implementation of the directive on urban waste water treatment Council Directive 91/271/EEC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C11800 Committee for the adaptation to scientific and technical progress of the directive on conservation of wild birds (ORNIS) Council Directive 79/409/EEC Directive 2009/147/EC Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C11900 Committee for the adaptation to technical and scientific progress of the directive on the quality of water intended for human consumption Council Directive 98/83/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C12400 Committee for the adaptation to technical progress of legislation to remove technical barriers to trade in dangerous substances and preparations Council Directive 67/548/EEC Regulation (EC) No 850/2004 Advisory Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 1 C12500 Committee for the adaptation to technical progress of the directive on the control of volatile organic compound emissions resulting from the storage of petrol and its distribution from terminals to service stations (VOC) European Parliament and Council Directive 94/63/EC Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C13100 Committee for the protection of species of wild fauna and flora by regulating trade therein Council Regulation (EC) No 338/97 Regulation (EC) No 1007/2009 Examination Regulatory w/scrutiny 3 2 2 0 0 0 0 0 0 0 1 14 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C13400 Committee on the conservation of natural habitats and of wild fauna and flora (HABITAT) Council Directive 92/43/EEC Examination 1 0 8 0 0 0 0 0 0 8 0 C13700 Management Committee for application of the directive on the standardisation and rationalisation of reports on the implementation of certain directives relating to the environment Council Directive 91/692/EEC Directive 2008/1/EC Council Directive 1999/13/EC Directive 2000/76/EC Council Directive 96/82/EC Examination Advisory Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C14000 Committee of Competent Authorities established under the directive on the control of major-accident hazards involving dangerous substances (Seveso Directive 2012/18/EU) Council Directive 96/82/EC Directive 2012/18/EU Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C30200 Regulatory Committee on the implementation of the European PRTR Regulation (EC) No 166/2006 Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C33500 Committee for the implementation of the Directive on Sulphur content in Marine Fuels Council Directive 1999/32/EC Examination Advisory Regulatory w/scrutiny 1 0 0 0 0 0 0 0 0 0 0 C33600 Committee on Infrastructure for Spatial Information in the European Community (INSPIRE) Directive 2007/2/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C33800 Forest Law Enforcement Governance and Trade (FLEGT) Committee Council Regulation (EC) No 2173/2005 REGULATION (EU) No 995/2010 Examination 0 0 0 0 0 0 0 0 0 0 0 C34300 Committee for the adaptation to technical progress of Directive 2006/7/EC concerning the management of bathing water quality Directive 2006/7/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C35500 The Ambient Air Quality Committee Directive 2008/50/EC DIRECTIVE 2004/107/EC DIRECTIVE 2001/81/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C36400 Committee for implementing the marine strategy framework directive Directive 2008/56/EC Examination Regulatory w/scrutiny 5 0 2 0 0 0 0 0 0 0 0 15 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C37000 The Committee for the adaptation to scientific and technical progress and implementation of Directive 2008/98/EC on waste Directive 2008/98/EC Directive 2012/19/EU Directive 2011/65/EU Directive 2002/95/EC Council Directive 96/59/EC Regulation (EC) No 1013/2006 Regulation (EC) No 850/2004 Council Directive 1999/31/EC Council Directive 91/689/EEC Directive 2006/66/EC Directive 2000/53/EC Directive 2006/21/EC Directive 2002/96/EC Directive 2006/12/EC Examination Regulatory w/scrutiny 1 1 1 0 1 0 0 0 0 0 2 C38700 Committee for the adaptation to technical progress and application of the Community award scheme for an eco-label (ECO-LABEL) Regulation (EC) No 66/2010 Regulatory w/scrutiny 3 3 13 0 0 0 0 0 0 0 5 C38800 Committee on the Community eco-management and audit scheme (EMAS) Regulation (EC) No 1221/2009 Advisory Regulatory w/scrutiny 2 4 4 0 0 0 0 0 0 0 2 C40000 Industrial Emissions Directive (IED) Article 75 Committee DIRECTIVE 2010/75/EU Directive 2004/42/CE Examination Regulatory w/scrutiny 1 0 1 0 0 0 0 0 0 2 0 C40800 Animals in Science Committee DIRECTIVE 2010/63/EU Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C42200 Committee for the adaptation to technical progress of the directive on the Stage II control of volatile organic compound emissions resulting from the refuelling of motor vehicles at service stations (VOC) Directive 2009/126/EC Regulatory w/scrutin

y 0 0 0 0 0 0 0 0 0 0 0 C43600 LIFE Committee for Environment and Climate Action Regulation (EC) No 1293/2013 Examination 0 0 0 0 0 0 0 0 0 0 0 C46900 'Access and benefit sharing' Committee Regulation (EU) No 511/2014 Examination 0 0 0 0 0 0 0 0 0 0 0 C47600 Committee on invasive alien species Regulation (EU) No 1143/2014 Examination 3 0 0 0 0 0 0 0 0 2 0 C48100 Ship Recycling Regulation Committee Regulation (EU) N°1257/2013 Examination 1 1 5 0 0 0 0 0 0 0 0 Total 26 11 37 0 1 0 0 0 0 13 11 16 Cases referred to the Council\*, specification of outcome of Council meeting and date/reference of adoption: (\* Due to unfavourable or absence of opinion (under Regulatory procedure with scrutiny) – C37000 - The Committee for the adaptation to scientific and technical progress and implementation of Directive 2008/98/EC on waste The committee did not deliver an opinion on the draft Commission Regulation (EU) amending Annex III to Directive 2008/98/EC of the European Parliament and of the Council as regards the hazardous property HP 14 (ʻEcotoxic’), at its meeting on 25 October 2016. Under the RPS procedure, a proposal for a Council Regulation was submitted to the Council and forwarded to the European Parliament (COM/2017/23) in 2017. EUROPEAN ANTI-FRAUD OFFICE (OLAF) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C25700 The Regulation 515/97 Committee Council Regulation (EC) No 515/97 Examination 1 1 2 0 0 0 0 0 0 2 0 Total 1 1 2 0 0 0 0 0 0 2 0 EUROSTAT (ESTAT) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C24900 Committee on statistics relating to the trading of goods with non-member countries Regulation (EC) No 471/2009 Examination Regulatory w/scrutiny 0 2 2 0 0 0 0 0 0 1 1 C25000 Committee on the harmonisation of gross national income at market prices (GNI Committee) Council Regulation (EC, Euratom) No 1287/2003 Examination 2 0 0 0 0 0 0 0 0 0 0 C25100 Committee on the harmonisation of the compilation of gross national product at market prices (GNP) Council Directive 89/130/EEC, Euratom Examination 0 0 0 0 0 0 0 0 0 0 0 C25300 Standing Committee for ***Agricultural*** Statistics (SCAS) 72/279/EEC: Council Decision Regulation (EC) No 1166/2008 Regulation (EU) No 1337/2011 Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C25800 Balance of ***Payments*** Committee Regulation (EC) No 184/2005 Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 17 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C37100 European Statistical System Committee (ESS Committee) Regulation (EC) No 223/2009 Regulation (EC) No 862/2007 Regulation (EC) No 763/2008 Council Regulation (EC) No 1165/98 Regulation (EC) No 808/2004 Regulation (EC) No 1338/2008 Regulation (EC) No 452/2008 Regulation (EC) No 437/2003 Regulation (EC) No 1365/2006 Council Regulation (EC) No 530/1999 Regulation (EC) No 450/2003 Regulation (EC) No 453/2008 Regulation (EC) No 1177/2003 Regulation (EC) No 458/2007 Decision No 1608/2003/EC Regulation (EC) No 1552/2005 Regulation (EC) No 1185/2009 Regulation (EC) No 295/2008 Decision No 1297/2008/EC Regulation (EC) No 2150/2002 Council Regulation (EEC) No 3924/91 Regulation (EC) No 177/2008 Regulation (EC) No 1059/2003 Regulation (EC) No 91/2003 Directive 2009/42/EC Regulation (EC) No 1099/2008 Council Regulation (EC) No 1172/98 Council Regulation (EC) No 577/98 Regulation (EC) No 1161/2005 Regulation (EC) No 716/2007 Examination Advisory Regulatory w/scrutiny 4 3 9 0 0 0 0 0 0 2 4 18 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted Regulation (EC) No 1445/2007 Regulation (EU) No 691/2011 Regulation (EU) No 692/2011 Council Directive 96/16/EC Regulation (EC) No 762/2008 Regulation (EU) No 70/2012 Regulation (EC) No 451/2008 Regulation (EC) No 1921/2006 Regulation (EU) No 549/2013 Regulation (EU) No 1260/2013 Regulation (EC) No 638/2004 Regulation (EC) No 184/2005 Regulation (EC) No 471/2009 Regulation (EU) No 2016/792 Regulation (EU) No 2016/1952 Total 6 5 11 0 0 0 0 0 0 3 5 Abolished (or ***transferred***) committee(s): – C25800 - Balance of ***Payments*** Committee Basic legal act: Regulation (EC) No 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of ***payments***, international trade in services and foreign direct investment. Following the amendment of Regulation (EC) No 184/2005 and in accordance with its Aticle 12 the BOP Committee is abolished as from 19/07/2016. – C24900 - Committee on statistics relating to the trading of goods with non-member countries Basic legal act: Regulation (EC) No 471/2009 of the European Parliament and of the Council of 6 May 2009 on Community statistics relating to external trade with non-member countries and repealing Council Regulation (EC) No 1172/95 (Text with EEA relevance ). Following the amendment of Regulation (EC) No 471/2009 and in accordance with its Article 11 the Extrastat Committee is abolished as from 21/10/2016. 19 FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL MARKETS UNION (FISMA) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C16200 Accounting Regulatory Committee Regulation (EC) No 1606/2002 Regulatory w/scrutiny 4 2 3 0 0 0 0 0 0 3 0 C16400 European Banking Committee Commission Decision 2004/10/EC Directive 2006/49/EC Directive 2006/48/EC Regulation (EU) No 575/2013 Directive 2013/36/EU Examination Advisory Regulatory w/scrutiny 0 3 3 0 0 0 0 0 0 3 0 C16900 European Securities Committee Directive 2003/6/EC Directive 2004/109/EC Directive 2001/34/EC Directive 2003/71/EC Directive 2009/65/EC Regulation (EC) No 1060/2009 Directive 2004/25/EC Directive 2011/61/EU Regulation (EU) No 648/2012 Regulation (EU) No 596/2014 Regulation (EU) 2016/1011 Examination Regulatory w/scrutiny 3 2 13 0 0 0 0 0 0 13 0 C17000 European Insurance and Occupational Pensions Committee First Council Directive 73/239/EEC Council Directive 91/675/EEC Council Directive 92/49/EEC Directive 98/78/EC Directive 2002/83/EC Directive 2009/138/EC Examination Advisory 0 4 4 0 0 0 0 0 0 4 0 C17100 Financial Conglomerates Committee Directive 2002/87/EC Examination 0 0 0 0 0 0 0 0 0 0 0 C26700 Audit Regulatory Committee Directive 2006/43/EC Examination Regulatory w/scrutiny 1 2 4 0 0 0 0 0 0 4 0 C37200 ***Payments*** Committee DIRECTIVE 2007/64/EC Directive 2009/110/EC Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C48400 Accounting Directive Committee Directive 2013/34/EU Examination 3 0 1 0 0 0 0 0 0 1 0 Total 11 13 28 0 0 0 0 0 0 28 0 20 HEALTH AND FOOD SAFETY (SANTE) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C01300 Committee for the adaptation to technical progress of the directives on the removal of technical barriers to trade in colouring matters which may be added to medicinal products Council Directive 78/25/EEC Examination 0 0 0 0 0 0 0 0 0 0 0 C02500 Standing Committee on medicinal products for human use Regulation (EC) No 1394/2007 Regulation (EC) No 1901/2006 Regulation (EC) No 726/2004 Directive 2001/20/EC Regulation (EC) No 141/2000 Directive 2001/83/EC Directive 2001/82/EC Examination Regulatory w/scrutiny 0 363 356 0 0 0 0 0 0 325 0 C02900 Standing Committee on veterinary medicinal products Council Regulation (EEC) No 2377/90 Regulation (EC) No 726/2004 Directive 2001/82/EC Regulation (EC) No 470/2009 Examination Regulatory w/scrutiny 1 46 44 0 0 0 0 0 0 46 0 C12200 Committee for the adaptation to technical progress and implementation of the directive on the deliberate release into the environment of genetically modified organisms Directive 2001/18/EC Regulation (EC) No 1830/2003 Examination Advisory Regulatory w/scrutiny 4 0 0 0 1 1 0 0 1 1 0 C13900 Standing Committee on Biocidal Products Directive 98/8/EC Regulation (EU) No 528/2012 Examination Advisory Regulatory w/scrutiny 4 4 36 0 0 0 0 0 0 45 0 C19300 Tobacco Products Regulatory Committee Directive 2001/37/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C19800 Regulatory Committe on the quality and safety of blood Directive 2002/98/EC Examination Regulatory w/scrutiny 0 1 1 0 0 0 0 0 0 0 1 21 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C19900 Standing Committee for Community protection of plant variety rights Council Regulation (EC) No 2100/94 Examination 2 0 2 0 0 0 0 0 0 2 0 C20000 Standing Committee on plant health (SCPH) Council Directive 2000/29/EC Council Regulation (EC) No 247/2006 2002/309/EC,Euratom: Decision Regulation (EU) No 228/2013 Examination 0 0 0 0 0 0 0 0 0 0 0 C20100 Standing Committee on propagating material and ornamental plants Council Directive 98/56/EC Examination 0 0 0 0 0 0 0 0 0 0 0 C20200 Standing Committee on propagating material and plants of fruit genera and species Council Directive 92/34/EEC Council Directive 2008/90/EC Examination 0 0 0 0 0 0 0 0 0 0 0 C20300 Standing Committee on seeds and propagating material for ***agriculture***, horticulture and forestry (SCS) Council Directive 2002/53/EC Council Directive 2002/55/EC Council Directive 2002/56/EC Council Directive 66/402/EEC Council Directive 66/401/EEC Council Directive 2008/72/EC Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C20400 Standing Committee on Plants, Animals, Food and Feed Regulation (EC) No 178/2002 Regulation (EU) No 652/2014 Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C20401 Standing Committee on Plants, Animals, Food and Feed - Section 'Phytopharmaceuticals- Pesticide residues' Regulation (EC) No 396/2005 Regulation (EC) No 178/2002 Examination Regulatory w/scrutiny 7 0 21 0 0 0 0 0 0 1 24 22 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C20402 Standing Committee on Plants, Animals, Food and Feed - Section: 'Animal health and animal welfare' Regulation (EC) No 1774/2002 Regulation (EC) No 854/2004 Regulation (EC) No 998/2003 Regulation (EC) No 2160/2003 Regulation (EC) No 178/2002 Council Directive 82/894/EEC Council Directive 2001/89/EC Council Directive 2004/68/EC Council Directive 2002/99/EC Regulation (EC) No 1760/2000 Regulation (EC) No 1069/2009 Council Decision 2009/470/EC Council Directive 2000/75/EC Regulation (EC) No 882/2004 Council Regulation (EC) No 21/2004 Council Directive 92/65/EEC Regulation (EC) No 853/2004 Council Directive 89/662/EEC Council Directive 2003/85/EC Council Directive 2005/94/EC Council Directive 2006/88/EC Council Directive 2009/158/EC Council Directive 90/429/EEC COUNCIL REGULATION (EC) No 1/2005 Council Directive 94/28/EC Council Directive 90/427/EEC Council Directive 2009/156/EC Council Regulation (EC) No 1234/2007 Examination Advisory Regulatory w/scrutiny 13 14 62 0 0 0 0 0 0 55 0 23 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted Council Directive 88/407/EEC Council Directive 91/68/EEC Council Directive 64/432/EEC 2000/258/EC: Council Decision Council Directive 90/425/EEC Council Directive 2002/60/EC Regulation (EU) No 652/2014 Council Directive 2008/71/EC Council Directive 92/119/EEC C20403 Standing Committee on Plants, Animals, Food and Feed - Section: 'Animal nutrition' Regulation (EC) No 1831/2003 Directive 2002/32/EC Regulation (EC) No 178/2002 Regulation (EC) No 767/2009 Council Directive 93/74/EEC Regulation (EC) No 882/2004 Regulation (EC) No 183/2005 Examination Advisory Regulatory w/scrutiny 10 0 47 0 0 0 0 0 0 38 0 C20404 Standing Committee on Plants, Animals, Food and Feed - Section: 'Biological safety of the food chain' REGULATION (EC) No 852/2004 Regulation (EC) No 853/2004 Regulation (EC) No 854/2004 Regulation (EC) No 2160/2003 DIRECTIVE 2003/99/EC Regulation (EC) No 178/2002 Regulation (EC) No 999/2001 Regulation (EC) No 882/2004 Council Directive 89/108/EEC 2009/470/EC: Council Decision Directive 1999/2/EC Council Directive 64/432/EEC Council Directive 2004/68/EC Council Directive Examination Advisory Regulatory w/scrutiny 9 2 15 0 0 0 0 0 0 12 1 24 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted 2002/99/EC Regulation (EU) No 652/2014 Council Directive 97/78/EC C20405 Standing Committee on Plants, Animals, Food and Feed - Section: 'Controls and import conditions' Regulation (EC) No 854/2004 Regulation (EC) No 882/2004 Regulation (EC) No 853/2004 REGULATION (EC) No 852/2004 Regulation (EC) No 178/2002 Regulation (EC) No 1069/2009 Council Directive 96/23/EC Regulation (EC) No 1774/2002 Council Directive 2004/68/EC Council Directive 97/78/EC Council Directive 2009/156/EC Council Directive 92/65/EEC Council Directive 90/429/EEC Council Directive 2009/158/EC Council Directive 2002/99/EC Council Directive 89/556/EEC Council Directive 88/407/EEC Regulation (EC) No 998/2003 97/132/EC: Council Decision Council Directive 91/496/EEC Council Decision 2000/258/EC Council Directive 92/118/EEC Council Directive 2006/88/EC REGULATION (EU) No 576/2013 COUNCIL DECISION 1999/201/EC Examination Advisory Regulatory w/scrutiny 11 2 30 0 0 0 0 0 0 28 0 25 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C20406 Standing Committee on Plants, Animals, Food and Feed - Section: 'General food law' Regulation (EC) No 1924/2006 Directive 2000/13/EC Regulation (EC) No 882/2004 Regulation (EC) No 258/97 Directive 2009/39/EC Regulation (EC) No 1925/2006 Directive 2002/46/EC Regulation (EC) No 178/2002 Directive 2009/54/EC Directive 1999/4/EC Directive 2000/36/EC Regulation (EC) No 2065/2003 Council Directive 90/496/EEC Regulation (EU) No 1169/2011 Examination Advisory Regulatory w/scrutiny 8 0 18 0 0 0 0 0 0 7 9 C20407 Standing Committee on Plants, Animals, Food and Feed - Section: 'Phytopharmaceuticals - Legislation' Regulation (EC) No 178/2002 Regulation (EC) No 1107/2009 Council Directive 91/414/EEC Examination Advisory Regulatory w/scrutiny 14 0 30 0 2 2 0 0 1 32 0 C20408 Standing Committee on Plants, Animals, Food and Feed - Section: 'Toxicological safety of the food chain' Regulation (EC) No 1935/2004 Regulation (EC) No 178/2002 Regulation (EC) No 1333/2008 Regulation (EC) No 882/2004 COUNCIL REGULATION (EEC) No 315/93 Regulation (EC) No 1331/2008 Directive 2009/32/EC Directive 1999/2/EC Council Directive 96/23/EC Regulation (EC) No 1332/2008 Regulation (EC) No 1334/2008 REGULATION Examination Advisory Regulatory w/scrutiny 7 0 15 0 0 0 0 0 0 4 20 26 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted (EC) No 852/2004 Regulation (EC) No 2065/2003 C20409 Standing Committee on Plants, Animals, Food and Feed - Section on Genetically modified food and feed and environmental risk REGULATION (EC) No 1829/2003 Regulation (EC) No 178/2002 Regulation (EC) No 882/2004 Examination Advisory Regulatory w/scrutiny 5 0 1 0 3 6 0 0 0 8 0 C20410 Standing Committee on Plants, Animals, Food and Feed - section 'Plant Health' Regulation (EU) No 652/2014 2002/309/EC,Euratom: Decision Regulation (EU) No 228/2013 Council Directive 2000/29/EC Examination Regulatory w/scrutiny 10 0 17 0 0 0 0 0 0 15 0 C20411 Standing Committee on Plants, Animals, Food and Feed - section 'Propagating Material of Ornamental Plants' Council Directive 98/56/EC Examination 0 0 0 0 0 0 0 0 0 0 0 C20412 Standing Committee on Plants, Animals, Food and Feed - section 'Propagating Material and Plants of Fruit Genera and Species' Council Directive 92/34/EEC Council Directive 2008/90/EC Examination 3 0 1 0 0 0 0 0 0 0 0 C20413 Standing Committee on Plants, Animals, Food and Feed - section 'Seeds and Propagating Material for ***Agriculture*** and Horticulture' Council Directive 2002/57/EC Council Directive 66/402/EEC Council Directive 2002/56/EC Council Directive 2002/53/EC Council Directive 2002/55/EC Council Directive 2008/72/EC Council Directive 66/401/EEC Council Directive 2002/54/EC Examination Advisory 4 0 7 0 0 0 0 0 0 9 0 27 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C20414 Standing Committee on Plants, Animals, Food and Feed - section 'Forest Reproductive Material' Council Directive 1999/105/EC Examination 1 0 1 0 0 0 0 0 0 1 0 C20415 Standing Committee on Plants, Animals, Food and Feed - section Vine COUNCIL DIRECTIVE Examination 0 0 0 0 0 0 0 0 0 0 0 C20500 Standing Committee on Zootechnics Council Directive 77/504/EEC Council Directive 94/28/EC Council Directive 90/427/EEC Council Directive 2009/156/EC Examination 0 0 0 0 0 0 0 0 0 0 0 C26100 Tissues and Cells Committee Directive 2004/23/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C40200 Committee on cross-border healthcare Directive 2011/24/EU Examination 0 0 0 0 0 0 0 0 0 0 0 C40600 Committee on organ transplantation Directive 2010/53/EU Examination 0 0 0 0 0 0 0 0 0 0 0 C42300 COMMITTEE ON SERIOUS CROSS-BORDER THREATS TO HEALTH DECISION No 1082/2013/EU Examination 1 1 1 0 0 0 0 0 0 1 0 C46600 Committee of the third ***Programme*** of Community action in the field of health (2014-2020) Regulation (EU) No 282/2014 Examination 2 0 2 0 0 0 0 0 0 1 0 C47500 Committee for the adaptation to technical progress and implementation of the directive on the contained use of genetically modified micro-organisms Directive 2009/41/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C47900 Tobacco Products Committee DIRECTIVE 2014/40/EU Examination 1 4 4 0 0 0 0 0 0 1 0 Total 117 437 711 0 6 9 0 0 0 632 55 Cases referred to the appeal committee, specification of the outcome of the appeal committee vote: – C12200 - Committee for the adaptation to technical progress and implementation of the directive on the deliberate release into the environment of genetically modified organisms 28 – AC 02/06/2016 - Draft Commission Implementing Decision of XXX as regards the placing on the market of a genetically modified carnation (Dianthus caryophyllus L., line SHD-27531-4) – NO OPINION – C 20407 - Standing Committee on Plants, Animals, Food and Feed - Section: 'Phytopharmaceuticals - Legislation' – AC 24/06/2016 - Draft Commission Implementing Regulation (EU) …/... of XXX amending Implementing Regulation (EU) No 540/2011 as regards the extension of the approval period of the active substance glyphosate – NO OPINION – AC 15/09/2016 - Draft Commission Implementing Regulation (EU) …/... of XXX concerning the non-approval of the active substance tricyclazole, in accordance with Regulation (EC) No 1107/2009 of the European Parliament and of the Council concerning the placing of plant protection products on the market – NO OPINION – C20409 - Standing Committee on Plants, Animals, Food and Feed - Section on Genetically modified food and feed and environmental risk – AC 11/01/2016 - Draft Commission Implementing Decision of XXX authorising the placing on the market of products containing, consisting of, or produced from genetically modified soybean MON 87705 × MON 89788 (MON-877Ø5-6 × MON-89788-1) pursuant to Regulation (EC) No 1829/2003 of the European Parliament and of the Council – NO OPINION – AC 11/01/2016 - Draft Commission Implementing Decision of XXX authorising the placing on the market of products containing, consisting of, or produced from genetically modified soybean MON 87708 × MON 89788 (MON-877Ø8-9 × MON-89788-1) pursuant to Regulation (EC) No 1829/2003 of the European Parliament and of the Council – NO OPINION – AC 11/01/2016 - Draft Commission Implementing Decision of XXX authorising the placing on the market of products containing, consisting of, or produced from genetically modified soybean FG72 (MST-FGØ72-2) pursuant to Regulation (EC) No 1829/2003 of the European Parliament and of the Council – NO OPINION – AC 02/06/2016 - Draft Commission Implementing Decision of XXX authorising the placing on the market of products containing, consisting of, or produced from genetically modified maize Bt11 × MIR162 × MIR604 × GA21, and genetically modified maizes combining two or three of the events Bt11, MIR162, MIR604 and GA21, and repealing Decisions 2010/426/EU, 2011/892/EU, 2011/893/EU and 2011/894/EU – NO OPINION – AC 15/09/2016 - Draft Commission Implementing Decision of XXX authorising the placing on the market of products containing, consisting of, or produced from genetically modified cotton 281-24-236 × 3006-210-23 × MON 88913 (DAS-24236-5×DAS-21Ø23-5×MON-88913-8) pursuant to Regulation (EC) No 1829/2003 of the European Parliament and of the Council – NO OPINION – AC 15/09/2016 - Draft Commission Implementing Decision of XXX renewing the authorisation for the placing on the market of genetically modified maize MON 810 (MON-ØØ81Ø-6) products pursuant to Regulation (EC) No 1829/2003 of the European Parliament and of the Council – NO OPINION Oppositions by EP to the adoption of measures under RPS: – C20406 - Standing Committee on Plants, Animals, Food and Feed - Section: 'General food law' Commission Regulation (EU) amending Regulation (EU) No 432/2012 establishing a list of permitted health claims made on foods other than those referring to the reduction of disease risk and to children’s development and health. (April 2016) - Commission is currently reflecting on the next steps 29 HUMANITARIAN AID AND CIVIL PROTECTION (ECHO) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C24700 Humanitarian Aid Committee Council Regulation (EC) No 1257/96 Examination Regulatory w/scrutiny 1 4 6 0 0 0 0 0 0 4 0 C43800 Civil Protection Committee Decision No 1313/2013/EU Examination 3 0 1 0 0 0 0 0 0 0 0 Total 4 4 7 0 0 0 0 0 0 4 0 INFORMATICS (DIGIT) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C48600 Committee on Interoperability Solutions for European Public Administrations, Businesses and Citizens (ISA² Committee) Decision (EU) 2015/2240 Examination 2 0 1 0 0 0 0 0 0 1 0 Total 2 0 1 0 0 0 0 0 0 1 0 INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMES (GROW) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C00200 Machinery Committee Directive 2006/42/EC Advisory Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C00300 Committee on the approximation of the laws of the Member States relating to medical devices Council Directive 93/42/EEC Directive 98/79/EC Council Directive 90/385/EEC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C00400 Committee for harmonisation of national regulations relating to cableway installations designed to carry persons Directive 2000/9/EC Advisory 0 0 0 0 0 0 0 0 0 0 0 30 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C00600 Committee for the adaptation to technical progress of legislation on the removal of technical barriers to trade in detergents (CATP-DETERGENTS) Regulation (EC) No 648/2004 Examination 0 0 0 0 0 0 0 0 0 0 0 C00700 Committee for the adaptation to technical progress of legislation on the removal of technical barriers to trade in fertilisers (CATP-FERTILISERS) Regulation (EC) No 2003/2003 Examination Regulatory w/scrutiny 1 0 1 0 0 0 0 0 0 0 1 C00900 Committee for the adaptation to technical progress of legislation to remove technical barriers to trade in aerosol dispensers (CATP/AEROSOLS) Council Directive 75/324/EEC Regulatory w/scrutiny 0 1 1 0 0 0 0 0 0 0 0 C01100 Committee for the adaptation to technical progress of legislation to remove technical barriers to trade in measuring instruments Council Directive 71/316/EEC Directive 2009/34/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C01400 Standing Committee on Cosmetic Products Council Directive 76/768/EEC Regulation (EC) No 1223/2009 Examination Regulatory w/scrutiny 3 1 6 0 0 0 0 0 0 0 7 C01500 Committee for the harmonisation of national legislation relating to recreational craft Directive 94/25/EC Advisory Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C02000 Committee on the harmonisation of the provisions relating to the placing on the market and supervision of explosives for civil uses (EXPLOSIVES) Council Directive 93/15/EEC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C02200 Committee on horizontal questions concerning trade in processed ***agricultural*** products not listed in Annex I Council Regulation (EC) No 3448/93 Council Regulation (EC) No 1216/2009 Examination 0 1 1 0 0 0 0 0 0 1 0 C02600 Committee on equipment and protective systems intended for use in potentially explosive atmospheres (EXAT) Directive 2014/34/EU Advisory Examination 0 0 0 0 0 0 0 0 0 0 0 C02700 Standing Committee on the approximation of the laws of the Member Directive 97/23/EC Advisory 0 0 0 0 0 0 0 0 0 0 0 31 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted States concerning pressure equipment C03000 Telecommunications Conformity Assessment and Market Surveillance Committee (TCAM) Directive 1999/5/EC Examination Advisory Regulatory w/scrutiny 3 0 0 0 0 0 0 0 0 0 0 C12900 Committee for the approximation of the laws of the Member States relating to noise emission in the environment by equipment for use outdoors Directive 2002/49/EC Directive 2000/14/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C16300 Advisory Committee for Public Contracts Directive 2004/18/EC Directive 2004/17/EC Directive 2009/81/EC Directive 2014/25/EU Directive 2014/24/EU Directive 2014/23/EU Advisory Examination Regulatory w/scrutiny 0 6 3 0 0 0 0 0 0 3 0 C16500 Committee for application of the legislation concerning common rules for the development of the internal market of Community postal services and the improvement of quality of service Directive 97/67/EC Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C16700 COMMITTEE ON IMPLEMENTATION RULES Council Regulation (EC) No 40/94 Council Regulation (EC) No 6/2002 COUNCIL REGULATION (EC) No 207/2009 Regulation (EU) 2015/2424 Examination 3 0 0 0 0 0 0 0 0 0 0 C26900 Committee on the recognition of professional qualifications Directive 2005/36/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C27100 Measuring Instruments Committee Directive 2014/32/EU Examination Advisory Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C34200 Committee established under the Regulation concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation (EC) No 1272/2008 Regulation (EC) No 689/2008 Regulation (EC) No 1907/2006 Regulation (EU) No 649/2012 Examination Advisory Regulatory w/scrutiny 9 5 34 0 0 0 0 0 0 13 8 32 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted (Joint responsibility with DG ENV) C35300 Technical Committee - Motor Vehicles Directive 2007/46/EC Regulation (EC) No 79/2009 Regulation (EC) No 661/2009 Directive 97/68/EC Regulation (EC) No 715/2007 Directive 2002/24/EC Regulation (EC) No 595/2009 97/836/EC: Council Decision Regulation (EU) No 168/2013 Regulation (EU) 2015/758 Regulation (EU) 2016/1628 Examination Regulatory w/scrutiny 10 4 11 0 0 0 0 0 0 5 4 C36200 Mutual Recognition Committee Regulation (EC) No 764/2008 Advisory 1 0 0 0 0 0 0 0 0 0 0 C36300 Firearms-deactivation committee Directive 2008/51/EC Examination 1 0 0 0 0 0 0 0 0 0 0 C36800 Services Directive Committee Directive 2006/123/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C37400 Committee on EU ***Transfers*** of Defence-related Products Directive 2009/43/EC Regulatory w/scrutiny 1 1 1 0 0 0 0 0 0 0 1 C37700 Safety of toys Committee Directive 2009/48/EC Regulatory w/scrutiny 1 0 2 0 0 0 0 0 0 0 0 C38600 Committee on the placing on the market of pyrotechnic articles Directive 2007/23/EC Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C40100 Standing Committee on Construction Regulation (EU) No 305/2011 Advisory 2 0 0 0 0 0 0 0 0 0 0 C41300 Internal Market Information System Committee Regulation (EU) No 1024/2012 Examination Advisory 1 0 0 0 0 0 0 0 0 0 0 C41700 Committee on Standards Regulation (EU) No 1025/2012 Examination Advisory 3 4 6 0 0 0 0 0 0 9 0 C42506 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘Space’ 2013/743/EU COUNCIL DECISION Examination 4 6 6 0 0 0 0 0 0 4 0 33 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C44000 European GNSS ***Programmes*** Committee Regulation (EU) No 1285/2013 Examination Advisory 6 3 4 0 0 0 0 0 0 3 0 C44900 (COSME) Competitiveness of Enterprises and small and medium-sized enterprises Committee (2014 - 2020) Regulation (EU) No 1287/2013 Examination 2 0 2 0 0 0 0 0 0 2 0 C45300 Technical Committee — ***Agricultural*** Vehicles Regulation (EU) No 167/2013 Examination 1 0 1 0 0 0 0 0 0 1 0 C46700 Copernicus Committee Regulation (EU) No 377/2014 Examination Advisory 4 2 3 0 0 0 0 0 0 3 0 C46800 Space Surveillance and Tracking Support Framework Committee Decision No 541/2014/EU Examination 3 1 1 0 0 0 0 0 0 1 0 C47700 Committee on Electrical Equipment Directive 2014/35/EU Examination 2 0 0 0 0 0 0 0 0 0 0 C48000 LIFTS COMMITTEE Directive 2014/33/EU Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C48200 Committee for the harmonisation of national legislation relating to recreational craft Directive 2013/53/EU Advisory Examination 1 1 1 0 0 0 0 0 0 0 0 C48300 Committee on Electromagnetic Compatibility Directive 2014/30/EU Advisory 0 0 0 0 0 0 0 0 0 0 0 C48900 Committee on personal protective equipment Regulation (EU) 2016/425 Advisory Examination 1 0 0 0 0 0 0 0 0 0 0 Total 63 36 84 0 0 0 0 0 0 45 21 \*C42506 — Configuration ‘Space’ is a section of C42500 — The ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) reported under ‘RESEARCH AND INNOVATION (RTD)’. For other configurations of this committee, see ‘RESEARCH AND INNOVATION (RTD)’ and 'MIGRATION AND HOME AFFAIRS (HOME)'. \*\*5 measures originate from DG ENV Abolished (or ***transferred***) committee(s): – C01500 - Committee for the harmonisation of national legislation relating to recreational craft Basic legal act: Directive 94/25/EC of the European Parliament and of the Council of 16 June 1994 on the approximation of the laws, regulations and administrative provisions of the Member States relating to recreational craft. End of validity 17/01/2016 34 INTERNATIONAL COOPERATION AND DEVELOPMENT (DEVCO) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C45600 EIDHR Committee Regulation (EU) No 235/2014 Regulation (EU) No 236/2014 Examination Advisory 1 0 1 0 0 0 0 0 0 1 0 C45700 INSC Committee Council Regulation (EURATOM) No 237/2014 Examination 1 0 1 0 0 0 0 0 0 1 0 C46000 Greenland Committee Council Decision 2014/137/EU Examination 0 1 1 0 0 0 0 0 0 1 0 C46100 IcSP Committee (Stability and Peace Instrument Committee) Regulation (EU) No 236/2014 Regulation (EU) No 230/2014 Examination Advisory 2 4 5 0 0 0 0 0 0 5 0 C46200 DCI Committee Regulation (EU) No 236/2014 Regulation (EU) No 233/2014 Examination Advisory 14 6 47 0 2 0 0 0 0 47 0 Total 18 11 55 0 2 0 0 0 0 55 0 JUSTICE AND CONSUMERS (JUST) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C19500 Committee of the Directive on General Product Safety (2001/95/EC) Directive 2001/95/EC Examination Advisory Regulatory w/scrutiny 0 2 1 0 0 0 0 0 0 1 0 C21300 Committee on the service in the Member States of judicial and extrajudicial documents in civil and commercial matters Regulation (EC) No 1393/2007 Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C21400 Advisory Committee on legal aid in cross-border disputes in civil and commercial matters Council Directive 2002/8/EC Advisory 0 0 0 0 0 0 0 0 0 0 0 C21500 Advisory Committee concerning jurisdiction, recognition and enforcement of judgments in civil and commercial matters – Brussels I Regulation (EC) No 805/2004 Council Regulation (EC) No 44/2001 Regulation (EC) No 1896/2006 Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 35 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C21800 Crime victims committee Council Directive 2004/80/EC Advisory 0 0 0 0 0 0 0 0 0 0 0 C25900 Consumer Protection Cooperation Committee (Reg. (EC) No 2006/2004) Regulation (EC) No 2006/2004 Examination 5 0 0 0 0 0 0 0 0 0 0 C26800 Committee on the Prevention of Money Laundering and Terrorist Financing Regulation (EC) No 1781/2006 Directive 2005/60/EC Regulation (EU) 2015/847 Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C27000 Committee on the protection of individuals with regard to the processing of personal data and on the free movement of such data Directive 95/46/EC Examination 10 0 3 0 0 0 0 0 0 3 0 C35200 Committee concerning applicable law, jurisdiction and enforcement in matrimonial matters, parental responsibility and maintenance obligations Council Regulation (EC) No 2201/2003 Council Regulation (EC) No 4/2009 Advisory Examination 0 0 0 0 0 0 0 0 0 0 0 C35800 Committee on cooperation between the courts of the Member States in the taking of evidence in civil or commercial matters Council Regulation (EC) No. 1206/2001 Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C39600 Committee on credit agreements for consumers Directive 2008/48/EC Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C41100 Succession committee Regulation (EU) No 650/2012 Advisory 0 0 0 0 0 0 0 0 0 0 0 C41900 Committee on mutual recognition of protection measures in civil matters Regulation (EU) No 606/2013 Examination 0 0 0 0 0 0 0 0 0 0 0 C42700 Committee on Online Dispute Resolution (Reg. (EU) No 524/2013) Regulation (EU) No 524/2013 Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C44600 Rights, Equality and Citizenship ***Programme*** Committee Regulation (EU) No 1381/2013 Examination Advisory 1 1 0 0 0 0 0 0 0 0 0 C44700 Justice ***Programme*** Committee Regulation (EU) No 1382/2013 Examination 1 0 0 0 0 0 0 0 0 0 0 C45800 Consumer Financial ***Programme*** Committee 2014-2020 (CFPC) Regulation (EU) No 254/2014 Advisory 1 0 1 0 0 0 0 0 0 1 0 C47000 Committee on Interconnection of Central, Commercial and Companies' Registers Directive 2009/101/EC Directive 2012/17/EU Examination 0 0 0 0 0 0 0 0 0 0 0 36 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C47100 European Account Preservation Order Committee Regulation (EU) No 655/2014 Advisory 0 1 1 0 0 0 0 0 0 1 0 C48500 Committee on insolvency proceedings Regulation (EU) 2015/848 Examination Advisory 4 0 0 0 0 0 0 0 0 0 0 C49000 Committee on the protection of individuals with regard to the processing of personal data and on the free movement of such data (2018) Regulation (EU) 2016/679 Directive (EU) 2016/680 Examination 0 0 0 0 0 0 0 0 0 0 0 C49200 Property regimes of international couples: marriages Council Regulation (EU) 2016/1103 Advisory 0 0 0 0 0 0 0 0 0 0 0 C49300 Property regimes of international couples: registered partnerships Council Regulation (EU) 2016/1104 Advisory 0 0 0 0 0 0 0 0 0 0 0 Total 22 4 6 0 0 0 0 0 0 6 0 Newly created (or ***transferred***) committee(s): – C49000 - Committee on the protection of individuals with regard to the processing of personal data and on the free movement of such data (2018) Basic legal acts: Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation). Entered into force 27/04/2016 Directive (EU) 2016/680 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA. Entered into force 27/04/2016 – C49200 - Property regimes of international couples: marriages Basic legal act: Council Regulation (EU) 2016/1103 of 24 June 2016 implementing enhanced cooperation in the area of jurisdiction, applicable law and the recognition and enforcement of decisions in matters of matrimonial property regimes. Entered into force 28/07/2016 – C49300 - Property regimes of international couples: registered partnerships Basic legal act: Council Regulation (EU) 2016/1104 of 24 June 2016 implementing enhanced cooperation in the area of jurisdiction, applicable law and the recognition and enforcement of decisions in matters of the property consequences of registered partnerships. Entered into force 28/07/2016 37 MARITIME AFFAIRS AND FISHERIES (MARE) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C16000 Management Committee for Fisheries Products (MCFP) Council Regulation (EC) No 104/2000 Examination 0 0 0 0 0 0 0 0 0 0 0 C16100 Committee for Fisheries and Aquaculture Council Regulation (EC) No 2371/2002 COUNCIL REGULATION (EC) No 1100/2007 Regulation (EU) No 1236/2010 Council Regulation (EC) No 1224/2009 COUNCIL REGULATION (EU) No 57/2011 Council Regulation (EC) No 1005/2008 Council Regulation (EU) No 43/2012 Council Regulation (EC) No 1967/2006 Council Regulation (EC) No 1098/2007 COUNCIL REGULATION (EC) No 861/2006 Council Regulation (EC) No 847/96 Council Regulation (EU) No 44/2012 Council Regulation (EU) No 39/2013 Regulation (EU) No 1026/2012 Council Regulation (EC) No 199/2008 Regulation (EU) No 1380/2013 Council Regulation (EC) No 1415/2004 Council Regulation (EU) 2015/104 Examination 4 4 10 0 0 0 0 0 0 10 0 C30700 Committee for the European Maritime and Fisheries Fund (EMFF) Council Regulation (EC) No 1198/2006 Regulation (EU) No 508/2014 Examination Advisory 2 1 4 0 0 0 0 0 0 4 0 C40400 Committee for the Integrated Maritime Policy Regulation (EU) No 1255/2011 Examination 0 0 0 0 0 0 0 0 0 0 0 Total 6 5 14 0 0 0 0 0 0 14 0 38 MIGRATION AND HOME AFFAIRS (HOME) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C20800 Committee on a uniform visa format Council Regulation (EC) No 2252/2004 Council Regulation (EC) No 1683/95 Council Regulation (EC) No 1030/2002 Examination 3 0 0 0 0 0 0 0 0 0 0 C34400 The second generation Schengen Information System and Visa Information System committee (SIS-VIS committee) Regulation (EC) No 767/2008 Regulation (EC) No 1987/2006 Council Decision 2007/533/JHA Council Decision 2008/839/JHA Council Regulation (EC) No 1104/2008 Examination 10 0 2 0 0 0 0 0 0 0 0 C35700 Schengen Borders Code Regulation (EC) No 562/2006 Examination Regulatory w/scrutiny 1 1 1 0 0 0 0 0 0 1 0 C37600 The Visa Committee Regulation (EC) N° 810/2009 Examination Regulatory w/scrutiny 3 0 3 0 0 0 0 0 0 3 0 C40500 Travel Document Committee Decision No 1105/2011/EU Advisory 1 0 0 0 0 0 0 0 0 0 0 C42000 DUBLIN III Committee REGULATION (EU) No 604/2013 Examination 0 0 0 0 0 0 0 0 0 0 0 C42400 Schengen Committee Council Regulation (EU) No 1053/2013 Examination 8 40 38 0 0 0 0 0 0 31 0 C42514 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘Secure societies – Protecting Freedom and security of Europe and its citizens’ 2013/743/EU COUNCIL DECISION Examination 5 20 27 0 0 0 0 0 0 25 0 C46400 'Europe for Citizens' Committee COUNCIL REGULATION (EU) No 390/2014 Advisory 1 0 1 0 0 0 0 0 0 1 0 C46500 Asylum, Migration and Integration and Internal Security Funds Committee REGULATION (EU) No 514/2014 REGULATION (EU) No 515/2014 REGULATION (EU) No 516/2014 REGULATION (EU) No 513/2014 Examination Advisory 4 4 4 0 0 0 0 0 0 0 0 C47400 Visa reciprocity and visa suspension committee Regulation (EU) No 1289/2013 Examination 0 0 0 0 0 0 0 0 0 0 0 39 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C48800 Schengen Borders Code Regulation (EU) 2016/399 Examination 0 0 0 0 0 0 0 0 0 0 0 C49100 Committee on common protocols and data formats for ***transferring*** PNR data Directive (EU) 2016/681 Examination 0 0 0 0 0 0 0 0 0 0 0 Total 36 65 76 0 0 0 0 0 0 61 0 \*For other configurations of this committee, see 'RESEARCH AND INNOVATION (RTD)', ‘INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMES (GROW)', and 'COMMUNICATIONS NETWORKS, CONTENT AND TECHNOLOGY (CNECT)' Newly created (or ***transferred***) committee(s): – C48800 - Schengen Borders Code Basic legal act: Regulation (EU) 2016/399 of the European Parliament and of the Council of 9 March 2016 on a Union Code on the rules governing the movement of persons across borders (Schengen Borders Code). Entered into force 12/04/2016 – C49100 - Committee on common protocols and data formats for ***transferring*** PNR data Basic legal act: Directive (EU) 2016/681 of the European Parliament and of the Council of 27 April 2016 on the use of passenger name record (PNR) data for the prevention, detection, investigation and prosecution of terrorist offences and serious crime. Entered into force 24/05/2016 Abolished (or ***transferred***) committee(s): – C35700 - Schengen Borders Code Basic legal act: Regulation (EC) No 562/2006 of the European Parliament and of the Council of 15 March 2006 establishing a Community Code on the rules governing the movement of persons across borders (Schengen Borders Code). End of validity 11/04/2016 MOBILITY AND TRANSPORT (MOVE) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C06900 Advisory Committee on application of the legislation on access for Community air carriers to intra-Community air routes Regulation (EC) No 1008/2008 Regulation (EC) No 847/2004 Regulation (EC) No 785/2004 Regulation (EC) No 868/2004 Directive 2002/30/EC Advisory Examination Regulatory w/scrutiny 0 2 2 0 0 0 0 0 0 2 0 40 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C07000 Advisory Committee on measures taken in the event of a crisis in the market in the carriage of goods by road and for laying down the conditions under which non-resident carriers may operate national road haulage services within a Member State (cabotage) Council Regulation (EEC) No 3916/90 Advisory 0 0 0 0 0 0 0 0 0 0 0 C07200 Advisory Committee on unfair pricing practices in maritime transport Council Regulation (EEC) No 4057/86 Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C07400 Committee for the interoperability of electronic road toll systems Directive 2004/52/EC Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C07800 Committee on adaptation to technical progress and the possible adoption of a harmonised risk analysis method concerning the minimum safety requirements for tunnels in the European road network Directive 2004/54/EC Examination Regulatory w/scrutiny 1 0 0 0 0 0 0 0 0 0 0 C08000 Committee for the establishment of conditions for the interoperability of the trans-European high-speed rail system DIRECTIVE 2004/49/CE Council Directive 96/48/EC Directive 2008/57/CE Directive 2007/59/CE Directive (EU) 2016/798 Directive (EU) 2016/797 Examination Advisory Regulatory w/scrutiny 3 0 4 0 0 0 0 0 0 2 4 C08400 Committee on adaptation of the legislation concerning reciprocal recognition of national boatmasters' certificates for the carriage of goods and passengers by inland waterway Council Directive 91/672/EEC Council Directive 96/50/EC Council Directive 96/75/EC Directive 2005/44/EC 2006/87/EC Directive 2006/137/EC Directive 2016/1629 Examination Advisory Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C08600 Committee on application of the legislation on access to the groundhandling market at Community airports Council Directive 96/67/EC Advisory 0 0 0 0 0 0 0 0 0 0 0 41 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C08700 Committee on the implementation of legislation on improving ship and port installation security Regulation (EC) No 725/2004 Directive 2005/65/EC Examination Regulatory w/scrutiny 5 0 1 0 0 0 0 0 0 1 0 C08800 Committee on application of the legislation on harmonisation of technical requirements and administrative procedures in the field of civil aviation Council Regulation (EEC) No 3922/91 Regulation (EC) No 2111/2005 Directive 2004/36/CE Regulation 2014/376 Examination Advisory Regulatory w/scrutiny 2 0 2 0 0 0 0 0 0 2 0 C09100 Committee on the application of legislation and common rules on the security of civil aviation Regulation (EC) No 300/2008 Examination Regulatory w/scrutiny 5 1 2 0 0 0 0 0 0 1 1 C09200 Committee on driving licences Directive 2006/126/EC Regulatory w/scrutiny 2 1 1 0 0 0 0 0 0 0 1 C09400 Committee on Safe Seas and prevention of pollution from ships (COSS) Council Directive 96/98/EC Regulation (EC) No 789/2004 Directive 2003/25/EC Regulation (EC) No 782/2003 Directive 2002/59/EC Directive 2005/35/EC Regulation (EC) No 336/2006 Directive 2001/96/EC Council Directive 97/70/EC Council Directive 98/41/EC Council Directive 1999/35/EC Directive 2000/59/EC Directive 2009/16/EC Directive 2009/17/EC Directive 2009/15/EC Directive 2009/18/EC Directive 2009/21/EC Regulation (EC) No 392/2009 Regulation (EC) No 391/2009 Directive 2008/106/EC Regulation (EC) No 2099/2002 Council Directive 1999/32/EC Regulation (EC) No 1371/2007 Examination Advisory Regulatory w/scrutiny 3 0 3 0 0 0 0 0 0 2 2 42 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted Directive 2009/45/EC Directive 2014/90/EC Directive 2016/802/EC C09500 Committee on Road Transport Regulation (EC) No 561/2006 Directive 2006/22/EC Regulation (EC) No 1073/2009 Regulation (EC) No 1072/2009 Regulation (EC) No 1071/2009 Regulation (EU) No 165/2014 Advisory Examination Regulatory w/scrutiny 2 0 2 0 0 0 0 0 0 3 2 C09600 Committee on the transport of dangerous goods Directive 2008/68/EC Council Directive 95/50/EC Examination Regulatory w/scrutiny 2 2 2 0 0 0 0 0 0 1 1 C09800 Community/Switzerland Transport Committee (rail and road) 2002/309/EC,Euratom: Decision Examination 0 0 0 0 0 0 0 0 0 0 0 C10000 Committee for the application of common safety rules in the field of civil aviation Council Regulation (EEC) No 3922/91 Regulation (EC) No 216/2008 Regulation (EU) No 376/2014 Examination Advisory Regulatory w/scrutiny 3 4 8 0 0 0 0 0 0 1 6 C10200 Marco Polo Committee Regulation (EC) No 1692/2006 Examination 0 0 0 0 0 0 0 0 0 0 0 C10300 Single Sky Committee Council Regulation (EC) No 219/2007 Regulation (EC) No 549/2004 Regulation (EC) No 552/2004 Regulation (EC) No 551/2004 Regulation (EC) No 550/2004 Examination Advisory Regulatory w/scrutiny 6 7 8 0 5 2 0 0 2 7 0 C10400 Technical Adaptation Committee on Roadworthiness Testing Directive 2009/40/EC Directive 2000/30/EC Examination Regulatory w/scrutiny 1 0 0 0 0 0 0 0 0 0 0 C10600 Transport infrastructure charging Directive 1999/62/EC Council Decision Regulation (EEC) No 1108/70 Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C38200 Committee for the compulsory use of safety belts and child-restraint systems in vehicles Directive 2003/20/EC Examination 0 0 0 0 0 0 0 0 0 0 0 C38300 Committee for road infrastructure safety management Directive 2008/96/EC Regulatory w/scrutiny 1 0 0 0 0 0 0 0 0 0 0 43 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C39100 Committee on application of the common rules for the allocation of slots at Community airports Council Regulation (EEC) No 95/93 Examination 0 0 0 0 0 0 0 0 0 0 0 C39400 European ITS Committee - (EIC) Directive 2010/40/EU Advisory 2 0 0 0 0 0 0 0 0 0 0 C39700 Committee on the promotion of clean and energy-efficient road transport vehicles Directive 2009/33/EC Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C41500 Single European Rail Area Committee Directive 2012/34/EU Regulation (EU) No 913/2010 Examination Advisory 3 2 7 0 0 0 0 0 0 5 0 C41800 Committee on initial qualification and periodic training of drivers of certain road vehicles for the carriage of goods or passengers Directive 2003/59/EC Examination 0 0 0 0 0 0 0 0 0 0 0 C43700 Connecting Europe Facility Coordination Committee Regulation (EU) No 1316/2013 Examination 8 6 18 0 0 0 0 0 0 17 0 C44800 Trans-European Transport Network Committee Regulation (EU) No 1315/2013 Examination 3 0 0 0 0 0 0 0 0 0 0 C49500 Committee on alternative fuels infrastructure Directive 2014/94/EU Examination 0 0 0 0 0 0 0 0 0 0 0 Total 52 25 60 0 5 2 0 0 2 44 17 Cases referred to the appeal committee, specification of the outcome of the appeal committee vote: – C10300 - Single Sky Committee – AC 30/08/2016 - Draft Implementing Decision of the Commission concerning certain revised performance targets and appropriate measures included in the national or functional airspace block plans submitted pursuant to Regulation (EC) No 549/2004 that are not adequate in respect to the Union-wide performance targets for the second reference period and setting out obligations for corrective measures – NO OPINION – AC 30/08/2016 - Draft Implementing Decision of the Commission concerning revised performance targets and appropriate measures included in the national or functional airspace block plan submitted by Switzerland pursuant to Regulation (EC) No 549/2004 that are not adequate in respect to the Union-wide performance targets for the second reference period and setting out obligations for corrective measures – NO OPINION 44 NEIGHBOURHOOD AND ENLARGEMENT NEGOTIATIONS (NEAR) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C39900 The Line Regulation Committee Council Regulation (EC) No 866/2004 Advisory 0 0 0 0 0 0 0 0 0 0 0 C45400 IPA II Committee Regulation (EU)No 231/2014 Examination 3 7 30 0 0 0 0 0 0 31 0 C45900 ENI Committee Regulation (EU) No 232/2014 Regulation (EU) No 236/2014 Examination Advisory 4 5 34 0 0 0 0 0 0 34 0 Total 7 12 64 0 0 0 0 0 0 65 0 REGIONAL AND URBAN POLICY (REGIO) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C43300 Coordination Committee for the European Structural and Investment Funds (COESIF) Regulation (EU) No 1303/2013 Advisory Examination 1 0 2 0 0 0 0 0 0 1 0 Total 1 0 2 0 0 0 0 0 0 1 0 RESEARCH AND INNOVATION (RTD) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C14400 Standing Committee on ***Agricultural*** Research (SCAR) Regulation (EEC) No 1728/74 Examination 2 0 0 0 0 0 0 0 0 0 0 C35400 Coal and Steel Committee 2008/376/EC: Council Decision Examination 1 1 1 0 0 0 0 0 0 1 0 C37900 Committee for the implementation of the Regulation on the Community legal framework for a European Research Infrastructure Council Regulation (EC) No 723/2009 Examination 4 3 3 0 0 0 0 0 0 1 0 45 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted Consortium (ERIC) C42500 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) 2013/743/EU COUNCIL DECISION Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C42501 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Strategic configuration 2013/743/EU COUNCIL DECISION Examination 6 17 26 0 0 0 0 0 0 16 0 C42502 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘European Research Council (ERC), Future and Emerging Technologies (FET) and Marie Skłodowska-Curie Actions (MSCA) 2013/743/EU COUNCIL DECISION Examination Advisory 3 42 42 0 0 0 0 0 0 6 0 C42503 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘Research infrastructures’ 2013/743/EU COUNCIL DECISION Examination 4 19 19 0 0 0 0 0 0 11 0 C42505 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2013/743/EU COUNCIL DECISION Examination 5 35 35 0 0 0 0 0 0 32 0 46 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted 2020) - Configuration ‘Nanotechnologies, Advanced materials, Biotechnology, Advanced manufacturing and processing’ C42507 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘SMEs and Access to risk finance’ 2013/743/EU COUNCIL DECISION Examination 4 7 6 0 1 0 0 0 0 0 0 C42508 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘Health, demographic change and well-being’ 2013/743/EU COUNCIL DECISION Examination 4 19 19 0 0 0 0 0 0 16 0 C42509 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘Food security, sustainable ***agriculture*** and forestry, marine, maritime and inland water research, and the bioeconomy’ 2013/743/EU COUNCIL DECISION Examination 3 16 16 0 0 0 0 0 0 14 0 C42510 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘Secure, clean and efficient energy’ Regulation (EC) No 663/2009 2013/743/EU COUNCIL DECISION Examination 5 24 24 0 0 0 0 0 0 21 0 47 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C42511 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘Smart, green and integrated transport’ 2013/743/EU COUNCIL DECISION Examination 5 13 13 0 0 0 0 0 0 11 0 C42512 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘Climate action, environment, resource efficiency and raw materials’ 2013/743/EU COUNCIL DECISION Examination 5 14 14 0 0 0 0 0 0 11 0 C42513 ***Programme*** Committee for the specific ***programme*** implementing Horizon 2020 - the Framework ***Programme*** for Research and Innovation (2014-2020) - Configuration ‘Europe in a changing world – Inclusive, innovative and reflective societies’ 2013/743/EU COUNCIL DECISION Examination 4 51 50 0 0 0 0 0 0 50 0 C44300 ***Programme*** Committee for the Research and Training ***Programme*** of the European Atomic Energy Community (2014-2018) complementing the Horizon 2020 Framework ***Programme*** for Research and Innovation Council Regulation (Euratom) No 1314/2013 Examination 0 0 0 0 0 0 0 0 0 0 0 C44301 ***Programme*** Committee for the Research and Training ***Programme*** of the European Atomic Energy Community (2014-2018) complementing Council Regulation (Euratom) No 1314/2013 Examination 1 0 0 0 0 0 0 0 0 0 0 48 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted the Horizon 2020 Framework ***Programme*** for Research and Innovation - Configuration ‘Fission’ C44302 ***Programme*** Committee for the Research and Training ***Programme*** of the European Atomic Energy Community (2014-2018) complementing the Horizon 2020 Framework ***Programme*** for Research and Innovation - Configuration ‘Fusion’ Council Regulation (Euratom) No 1314/2013 Examination 1 2 1 0 0 0 0 0 0 1 0 Total 57 263 269 0 1 0 0 0 0 191 0 \*For other configurations of this committee, see ‘INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMES (GROW)’, 'MIGRATION AND HOME AFFAIRS (HOME)' and 'COMMUNICATIONS NETWORKS, CONTENT AND TECHNOLOGY (CNECT)'. SECRETARIAT-GENERAL (SG) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C39300 Citizens' Initiative Committee Regulation (EU) No 211/2011 Examination 0 0 0 0 0 0 0 0 0 0 0 C39800 Appeal Committee Regulation (EU) No 182/2011 Examination 5 0 0 0 11 0 0 0 11 9 0 C47800 Committee on the statute and funding of European political parties and European political foundations Regulation (EU, Euratom) No 1141/2014 Examination 0 0 0 0 0 0 0 0 0 0 0 Total 5 0 0 0 11 0 0 0 11 9 0 \* Information on the work of the appeal committee is provided under the detailed information on the relevant Commission department (Information for Mobility and Transport and Health and Food Safety) that referred an implementing act to the appeal committee. 49 SERVICE FOR FOREIGN POLICY INSTRUMENTS (FPI) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C21900 Committee for implementation of the Kimberley Process certification scheme for the international trade in rough diamonds Council Regulation (EC) No 2368/2002 Examination 3 2 0 0 0 0 0 0 0 0 0 C22000 Committee on protection against the effects of the extraterritorial application of legislation adopted by a third country, and actions based thereon or resulting there-from Council Regulation (EC) No 2271/96 Examination 0 0 0 0 0 0 0 0 0 0 0 C38100 Committee for Review of Listings under Regulation 881/2002 Council Regulation (EU) No 1286/2009 Examination 0 0 0 0 0 0 0 0 0 0 0 C46300 Partnership Instrument Committee Regulation (EU) No 236/2014 Regulation (EU) No 234/2014 Examination 2 0 2 0 0 0 0 0 0 0 0 Total 5 2 2 0 0 0 0 0 0 0 0 TAXATION AND CUSTOMS UNION (TAXUD) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C17500 Committee on Drug Precursors Council Regulation (EC) No 111/2005 Regulation (EC) No 273/2004 Examination Regulatory w/scrutiny 0 0 0 0 0 0 0 0 0 0 0 C17600 Committee for Mutual Assistance on Recovery of Claims (Assistance) Council Directive 2008/55/EC Council Directive 2010/24/EU Examination 1 0 0 0 0 0 0 0 0 0 0 C17700 Committee on Economic Outward Processing Arrangements for Textiles Council Regulation (EC) No 3036/94 Examination 0 0 0 0 0 0 0 0 0 0 0 C18000 Committee on the Movement of Air or Sea Passengers' Baggage (Principles) Council Regulation (EEC) No 3925/91 Examination 0 0 0 0 0 0 0 0 0 0 0 50 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C18100 Customs Code Committee Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 0 0 0 0 0 0 0 0 0 0 0 C18101 Customs Code Committee – Enforcement of Intellectual Property Rights Council Regulation (EEC) No 2913/92 Regulation (EU) No 608/2013 Regulation (EU) No 952/2013 Advisory Examination 0 0 0 0 0 0 0 0 0 0 0 C18102 Customs Code Committee - Special Procedures Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 3 0 0 0 0 0 0 0 0 0 0 C18103 Customs Code Committee - Customs Value Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 1 0 0 0 0 0 0 0 0 0 0 C18105 Customs Code Committee - Duty Relief Council Regulation (EEC) No 2913/92 Council Regulation (EC) No 1186/2009 Regulation (EU) No 952/2013 Advisory Examination 1 0 0 0 0 0 0 0 0 0 0 C18106 Customs Code Committee - Tariff and Statistical Nomenclature Council Regulation (EEC) No 2658/87 Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 12 11 61 0 5 0 0 0 0 59 0 C18107 Customs Code Committee - Tariff Measures Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 0 4 4 0 0 0 0 0 0 3 0 C18109 Customs Code Committee - General Customs Legislation Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 11 1 2 0 0 0 0 0 0 2 0 51 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C18111 Customs Code Committee - Origin Council Regulation (EEC) No 2913/92 COUNCIL DECISION (2001/822/EC) 2009/832/EC: Council Decision Commission Regulation (EEC) No 2454/93 Council Decision 2013/755/EU Council Regulation (EC) No 1528/2007 Regulation (EU) No 952/2013 Regulation (EU) 2016/1076 Advisory Examination 2 2 2 0 0 0 0 0 0 0 0 C18112 Customs Code Committee - Customs Debt and Guarantees Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 2 0 0 0 0 0 0 0 0 0 0 C18113 Customs Code Committee - Data Integration and Harmonisation Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 4 0 0 0 0 0 0 0 0 0 0 C18114 Customs Code Committee - Customs Status and Transit Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 1 0 0 0 0 0 0 0 0 0 0 C18115 Customs Code Committee - Customs Controls and Risk Management Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 2 0 0 0 0 0 0 0 0 0 0 C18116 Customs Code Committee - Import and Export Formalities Council Regulation (EEC) No 2913/92 Regulation (EU) No 952/2013 Advisory Examination 1 0 0 0 0 0 0 0 0 0 0 C18200 Standing Committee on Administrative Cooperation Council Regulation (EU) No 904/2010 Examination 1 0 0 0 0 0 0 0 0 0 0 C38900 Committee on the Export and Return of Cultural Goods Council Regulation (EC) No 116/2009 Council Directive 93/7/EEC Advisory 0 0 0 0 0 0 0 0 0 0 0 C39000 Committee on Excise Duty Council Directive 2003/96/EC Examination 1 4 3 2 0 0 0 0 0 0 0 52 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted Council Directive 2008/118/EC Council Regulation (EU) No 389/2012 C40300 Committee on Administrative Cooperation for Taxation Council Directive 2011/16/EU Examination 3 0 1 0 0 0 0 0 0 1 0 C44400 Fiscalis 2020 Committee Regulation (EU) No 1286/2013 Examination 2 0 1 0 0 0 0 0 0 1 0 C44500 Customs 2020 Committee Regulation (EU) No 1294/2013 Examination 2 0 1 0 0 0 0 0 0 1 0 Total 50 22 75 2 5 0 0 0 0 67 0 TRADE (TRADE) Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted C22200 Advisory Committee on the implementation of activities relating to the Community market access strategy 98/552/EC: Council Decision Advisory 11 0 0 0 0 0 0 0 0 0 0 C22600 Committee on common rules for imports of textile products from certain third countries (autonomous regime) Council Regulation (EC) No 517/94 Regulation (EU) 2015/936 Examination Advisory 1 0 1 0 0 0 0 0 0 1 0 C22700 Committee on defence against obstacles to trade which affect the market of the Community or a non-member country (TBR) Council Regulation (EC) No 3286/94 Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C22800 Committee on harmonisation of the provisions concerning export credit insurance for transactions with medium and long-term cover Council Directive 98/29/EC Examination 0 0 0 0 0 0 0 0 0 0 0 C22900 GENERALISED PREFERENCES COMMITTEE Council Regulation (EC) No 980/2005 COUNCIL REGULATION (EC) No 732/2008 Regulation (EU) No 978/2012 Regulation (EU) No Examination Advisory 0 1 1 0 0 0 0 0 0 1 0 53 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted 512/2011 C23000 Management Committee on quantitative import or export quotas Council Regulation (EC) No 520/94 Examination 0 0 0 0 0 0 0 0 0 0 0 C23400 Committee on Access to Medicines Council Regulation (EC) No 953/2003 Examination Advisory 0 0 0 0 0 0 0 0 0 0 0 C23500 Committee on trade retaliation Council Regulation (EC) No 673/2005 Examination 0 0 0 0 0 0 0 0 0 0 0 C40700 Wood Committee REGULATION (EU) No 1217/2012 Council Decision 2012/105/EU Examination 1 0 1 0 0 0 0 0 0 1 0 C41400 Committee for Investment Agreements Regulation (EU) nº 1219/2012 Advisory 2 3 7 0 0 0 0 0 0 7 0 C44100 Trade Defence Instruments Committee Council Regulation (EC) No 1225/2009 Council Regulation (EC) No 597/2009 Council Regulation (EC) No 452/2003 Council Regulation (EC) No 1515/2001 Council Regulation (EC) No 385/96 Regulation (EU) 2015/476 Regulation (EU) 2016/1036 Regulation (EU) 2016/1037 Regulation (EU) 2015/477 Regulation (EU) 2016/1035 Advisory Examination 9 29 51 0 11 0 0 0 0 61 0 C45200 Committee on Safeguards and Common Rules for Exports Council Regulation (EC) No 1061/2009 Council Regulation (EC) No 625/2009 Council Regulation (EC) No 260/2009 Council Regulation (EC) No 594/2008 Council Regulation (EC) No 55/2008 Council Regulation (EC) No 140/2008 Council Regulation (EC) No 1528/2007 Council Regulation (EC) No 1616/2006 Regulation (EEC) No 1692/73 Regulation (EEC) No Advisory Examination 0 5 3 0 0 0 0 0 0 4 0 54 Code Committee Title Basic Legal Act Committee Procedure Meetings Written procedures Positive opinions Negative opinions No opinions Measures referred to appeal committee Positive opinion by appeal committee Negative opinion by appeal committee No opinion by appeal committee Implementing acts adopted RPS measures adopted 2843/72 Regulation (EEC) No 2841/72 Regulation (EU) No 19/2013 Regulation (EU) No 20/2013 Regulation (EU) No 511/2011 Regulation (EU) 2015/752 Regulation (EU) 2015/755 Regulation (EU) 2015/479 Regulation (EU) 2016 Regulation (EU) 2015/1145 Regulation (EU) 2015/475 Regulation (EU) 2015/938 Regulation (EU) 2015/939 Regulation (EU) 2015/940 Regulation (EU) 2015/478 Total 24 38 64 0 11 0 0 0 0 75 0

**Load-Date:** December 16, 2017

**End of Document**



[***Register of Commission documents:Agricultural education and lifelong training in the EU Document date: 2017-10-24 EPRS\_BRI(2017)608788 Briefing***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R5J-9J41-JDG9-Y3B9-00000-00&context=1516831)

Impact News Service

December 12, 2017 Tuesday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 6342 words

**Body**

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

Briefing October 2017 EPRS | European Parliamentary Research Service Author: Marie-Laure Augère-Granier Members' Research Service PE 608.788 EN ***Agricultural*** education and lifelong training in the EU SUMMARY European farmers fulfil a vital role in providing safe and affordable food to nearly 500 million European citizens, and maintaining their countries' landscapes. However, the farming population is ageing and generational renewal has become a crucial issue. The farming sector needs to attract a new generation of farmers with the necessary skills to live and work in a challenging context. They will have to produce more efficiently while protecting the environment; contribute to the fight against climate change; meet society's demands regarding healthy and balanced diets; and keep up with increasingly rapid scientific and technological progress. It is therefore essential that farmers benefit from adequate ***agricultural*** education and training and acquire the various skills needed to adapt to a changing environment.

On average, only 8.5 % of the present generation of European farmers have received full ***agricultural*** training, and 70 % have only practical experience. Initial training is a national competence and ***agricultural*** education systems vary widely throughout the EU. They provide the path to a wide range of careers in ***agriculture*** and forestry and deliver degrees in a number of disciplines, from diploma courses with a vocational orientation to bachelor degrees or doctorates in applied sciences. The current common ***agricultural*** policy places strong emphasis on knowledge sharing and innovation. It provides for specific measures to help farmers access advice and training throughout their working lives. Support is also provided for innovation via the European innovation partnership network for ***agricultural*** productivity and sustainability (EIP-Agri). In several recent resolutions, the European Parliament has stressed the importance of education and training for farmers, in particular as a way to foster their ability to work in an ever-evolving sector. In this briefing:  Background  Overview of European farming education  Training to be a farmer in the EU  Lifelong farming training  CAP support for knowledge ***transfer*** and innovation  European Parliament and institutional actors' positions  Main references EPRS ***Agricultural*** education in the EU Members' Research Service Page 2 of 12 Background The need for young farmers ***Agriculture*** plays a vital role in many regards. By producing sufficient safe, affordable and high quality food, European farmers ensure food security for the more than 500 million European inhabitants. Farmers also provide many public services and goods, such as maintaining landscapes, producing renewable energy, protecting biodiversity, and generally keeping rural communities alive. However, in Europe today, the farming population is ageing steadily. The majority are aged above 55 ***years***, and only 6.9 % are younger than 35 ***years***. Moreover, nearly one third of all farmers are older than the normal retirement age of 65 ***years***. The proportion of young people in ***agriculture*** is lower than in any other economic sector and their number is declining faster than the older farming population. Figure 1 – Farming population by age, 2013 Data source: European Commission. Several factors may explain why young people are reluctant to enter the farming sector. The difficulties often associated with a farmer's job: hard working conditions, low incomes, long hours, and the many risks and uncertainties in an economic environment where the globalisation of markets and the concentration in retail chains put strong pressure on producer prices are deterrents. The limited access to land and credit for the investments they need to make when they begin their careers is another hurdle. With decreasing numbers of young farmers, the sector will not be able to fulfil its vital functions for society. Ensuring generational renewal is therefore essential. The EU, through its common ***agricultural*** policy (CAP), supports young farmers through various measures to help them in their jobs and encourage potential candidates to enter the farming sector. Farmers also need further training and to upskill throughout their careers, which is why the CAP also provides funds for training and the operation of farm advisory systems. Education and training needs However, while the aim of CAP measures is to ensure continuity from one generation of farmers to the next, it is essential that newcomers are adequately trained to be able to adapt to evolving and increasingly specialised ***agricultural*** techniques. They also need to cope with a challenging economic context and meet society's new requirements on environmental protection, the fight against climate change, and healthy and balanced diets. More experienced farmers also need to adapt constantly to economic and 6% 15% 23% 25% 31% Less than 35 ***years*** From 35 to 44 ***years*** From 45 to 54 ***years*** From 55 to 64 ***years*** 65 ***years*** or over EPRS ***Agricultural*** education in the EU Members' Research Service Page 3 of 12 technological developments and to new consumer trends. Well-trained farmers are better equipped to succeed in the daily management of their farms and adapt more easily to new economic circumstances or environmental considerations. ***Agricultural*** information, knowledge, and the ability to learn are preconditions to coping successfully with change. The reformed 2013 CAP emphasises knowledge and information sharing. Specific measures help farmers to constantly update their knowledge. They respond to the need for new skills for all those who are already engaged in ***agricultural*** activities. Initial ***agricultural*** training remains a national competence and is provided within national education systems. Overview of European farming education The EU farming population Around 22.2 million people work regularly in ***agriculture*** (or 8.7 million full-time equivalent workers), and 58.2 % of this labour force is male. The countries with the highest proportion of female farmers are Lithuania (48.2 %), followed by Romania, Latvia, Hungary and Poland. The farming population is ageing: for each farmer in Europe younger than 35 ***years***, there are 9 farmers older than 55 ***years***, a ratio even less favourable in the 15 'older' Member States, where it is 11 to 1. A large majority of European farmers have not received any formal training in ***agriculture***. ***Agricultural*** training levels in the EU The European Union statistical office, Eurostat, defines three levels of ***agricultural*** training:  Practical ***agricultural*** experience: experience acquired through work on a farm.  Basic ***agricultural*** training: any courses completed at a general ***agricultural*** college or an institution specialising in certain subjects (horticulture, viticulture, sylviculture, pisciculture, veterinary science, ***agricultural*** technology); a completed ***agricultural*** apprenticeship is considered basic training.  Full ***agricultural*** training: any course continuing for the equivalent of at least two ***years*** full-time training after the end of compulsory education, completed at an ***agricultural*** college or at university, in ***agriculture***, horticulture, viticulture, sylviculture, pisciculture, veterinary science, ***agricultural*** technology. Eurostat data from 2013 show that the vast majority of European farmers (69.8 %) learned their skills through practical experience alone, whilst 8.5 % received full ***agricultural*** training, and 28.7 % followed some kind of ***agricultural*** training. Countries with the highest shares of fully-trained farm managers include Luxembourg (50 %), the Czech Republic (34.6 %), France (29.3 %), Latvia (28.4 %), Poland (27.6 %), and Austria (27.2 %). In the countries that joined the Union in 2004 and after, practical experience as the only basis for managing a farm is particularly prevalent: 80.7 % of farmers have not been formally trained in ***agriculture*** (see Figure 2). EPRS ***Agricultural*** education in the EU Members' Research Service Page 4 of 12 Figure 2 – Share of farm managers with basic training, practical experience or full ***agricultural*** training (as their highest level), 2013, EU-28 Data source: Eurostat (the figures above for Italy are not reliable due to a lack of comparability in the data). The share of fully-trained farmers is higher amongst the youngest EU farmers (under 35 ***years*** old), especially in the 'older' Member States: 70.8 % in France and 66.7 % in Luxembourg (see Figure 3). In the Member States that joined the Union in 2014 and after, more than 61 % of young farmers on average rely on practical experience alone, this figure reaching 93.1 % in Romania. Figure 3 – Training level by age group, 2013 Data source: European Commission. Conversely, older farm managers (over 55 ***years*** old) rely overwhelmingly on practical experience alone. In Romania, Greece, Bulgaria, Cyprus and Malta, more than 90 % have no formal ***agricultural*** training. There is also a correlation between farmers' training levels and farm size: the share of farm managers with practical experience only decreases when farm size increases: in 2010, 88 % of the farm managers of smallholdings (standard output between €1-14 999) in the EU-28 had practical experience only, whereas this share was 26 % for large holdings (standard output €250 000). Conversely, full ***agricultural*** training increases with the size 0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100% RO HR EL BG CY MT PT ES HU SK EU-28 SE UK LT EE BE LV PL FI IE AT SI DK CZ FR LU DE NL IT Practical experience only Basic training Full ***agricultural*** training 0% 10% 20% 30% 40% 50% 60% 70% 80% 90% Practical experience only Basic training Full ***agricultural*** training Less than 35 ***years*** From 35 to 44 ***years*** From 45 to 54 ***years*** From 55 to 64 ***years*** EPRS ***Agricultural*** education in the EU Members' Research Service Page 5 of 12 of the farm: the share of farm managers with full ***agricultural*** training level was only 4 % on small farms and 34 % on large farms. Among farm managers, educational attainment is lower for women than for men (see Figure 4). Figure 4 – Share of farm managers with practical experience only, basic training or full training as highest training level, differentiated by sex, 2013, EU-28 Data source: Eurostat. More generally, the educational level of the ***agricultural*** labour force is often below the national average. Some of the obstacles faced are distance to education establishments and training venues, lack of adequate transport for young people, and the costs of education and training. A British study exploring barriers to education, training and employment in rural areas in the United Kingdom found that young people face a number of uniquely rural barriers, particularly as regards access to transport, careers advice, employment and training support, and youth services. To access education, they are more dependent than their urban counterparts on public transport, the high cost and low availability of which, in rural areas, can act as a barrier to post-16 education. Training to be a farmer in the EU Overview of ***agricultural*** education in the EU As demonstrated by Eurostat figures, young farmers tend to start their careers equipped with the relevant diploma, acquired in their country's ***agricultural*** education system. In all EU Member States, ***agricultural*** education is an integral part of general education and training. It is mainly aimed at students who wish to pursue a career in the land-based sector, either as an employee or a manager. There are different levels of attainment, ranging from basic certificates to engineering degrees or PhDs in agronomy. The organisation of ***agricultural*** education varies according to the various national educational systems. It can be centralised or partly devolved to regions (as in Germany). It includes initial vocational training, apprenticeship, undergraduate and postgraduate higher education. ***Agricultural*** education usually falls under the remit of either the Ministry of ***Agriculture*** or the Ministry of Education. The arrangements in France are illustrated below. 68% 79% 22% 16% 10% 5% Males Females Practical experience only Basic training Full ***agricultural*** training EPRS ***Agricultural*** education in the EU Members' Research Service Page 6 of 12 French ***agricultural*** education Although the Ministry of ***Agriculture*** has been responsible for ***agricultural*** education since 1848, it forms an active part of the national education system, as the diplomas delivered are signed by both the ***agricultural*** and educational administrations. Students are trained for careers in sectors such as: ***agricultural*** production, forestry and aquaculture; processing and marketing of products; the agrifood industry; animal and plant health and protection, food hygiene, quality and safety; rural development (rural areas, forests, water, landscapes); services to people and territories. Within the whole range of training courses, only a few specifically prepare students to become farmers. Qualifications range from the Certificate of professional competence in ***agriculture*** (CAPA) to engineering degrees and PhDs. There is a dense network of training establishments, with 806 secondary schools, 371 apprenticeship sites, 495 continuing vocational training sites, 19 higher education establishments – in particular for veterinary and agronomy studies, 192 farms, 32 technological workshops, 18 900 cultivated hectares; and more than 465 000 students, apprentices, trainees (including those in continuing vocational training). ***Agricultural*** education is considered as a tool of ***agricultural*** policy and a driver of modernisation/adaptation of ***agriculture*** and the transformation of rural areas. Source: French Ministry of Food and ***Agriculture***. ***Agricultural*** colleges provide students with professional training encompassing different types of skills: job-specific (such as plant cultivation, care and breeding of animals, equestrian activities), generic (time management, resource planning, entrepreneurial skills), IT, green (awareness of sustainability issues), and technological skills. In general, careers in ***agriculture*** and forestry typically cover farm work, working with livestock, forest management, advisory work, and research. ***Agriculture*** is a researchintensive area, in particular in fields such as sustainable development, environmental protection, the fight against climate change, disease and pest control, organic farming, and land erosion. Students can also find opportunities within the ***agricultural*** product industry, and work in the marketing of feed, fertilisers, or forestry equipment. Food sciences also offer career opportunities. Students learn through a combination of theory and practice, attending classes in colleges and gaining practical experience on farms. They can be encouraged to take part in international exchanges, so as to widen their horizons. University students willing to study abroad can take part in Erasmus+, the EU's ***programme*** supporting education, training, youth and sport in Europe. Other student exchange schemes exist, as part of educational ***programmes*** supervised by lecturers, as shown in a comprehensive study commissioned by the European Commission (2015). The study includes an inventory of exchange schemes for young farmers in the EU and several countries outside the EU. For young people already working in ***agriculture***, there is also a host of exchange schemes enabling them to travel abroad and work on a different farm in order to improve their knowledge and get acquainted with different methods, technologies, machines and processes. Among these is the Erasmus for Young Entrepreneurs ***programme*** (a crossborder exchange ***programme*** which allows new or aspiring entrepreneurs to move to another participating country to acquire new skills from more experienced entrepreneurs). Today, the majority of young farmers have a family background in ***agriculture***. However, growing numbers of newcomers to farming are entering the sector. These new entrants are more likely than the average to engage in agro-ecological projects: small-size organic farms, direct sales to consumers, or on-farm processing. Among many obstacles, such as EPRS ***Agricultural*** education in the EU Members' Research Service Page 7 of 12 access to land and credit, they can face several knowledge issues: gaining the right technical knowledge, finding networks, and knowing where to find information. An example of an innovative way for would-be farmers to learn is given below. Farming on trial Farm incubators are ***programmes*** enabling would-be farmers to test their business project at full size before getting started. They make entry into farming easier by addressing barriers to prospective farmers, including access to land, capital and credit, and opportunities to learn and develop skills in farm management and business planning. These farm incubators enable prospective farmers to develop a life-size farming activity in an autonomous way, during a limited period of time (two to three ***years***), in an environment presenting limited risks. They are particularly adapted to newcomers to ***agriculture***, who are provided with land, buildings and equipment, and receive training, support and advice, as well as access to networks. They are assisted by mentors (farmers or former farmers) who show them how to work. At the end of the trial period, the prospective farmers assess their project and their performance, in order to decide whether to carry on, to amend, or to give up the project. Farm incubators are a recent phenomenon and can be found in several EU countries, under different names: Point Vert in Belgium, the Kindling Trust/FarmStart in the United Kingdom, the RENETA network in France (with around 200 ongoing projects). Source: EIP-AGRI Focus Group 'new entrants into farming'. Lifelong farming training Adapting to changing conditions in ***agriculture*** To run a successful business, farmers require knowledge in a variety of areas which they acquire as part of their formal training, on the job but also later through various means, in particular vocational training courses. The evolution and specialisation of ***agriculture***, linked to the rapid evolution of scientific knowledge in all fields relevant to ***agriculture*** and forestry, requires an appropriate level of technical and economic training. Farmers need the means and skills to meet the new ***agriculture*** and forestry challenges. Those include improving productivity while ensuring the sustainable management of natural resources, coping with climate change, providing ecosystem services and public goods, ensuring the sustainable management of forests and adapting to shifting consumer demand. Producing enough food for an increasing world population in a sustainable way, 'to produce more with less', requires innovative technologies. An example is the development of precision ***agriculture***, a new farm management concept that uses digital technologies to monitor and optimise production processes while limiting the amount of necessary input (water, energy, fertilisers). It relies mainly on a combination of sensor technologies, satellite navigation and the internet of things. According to a European Parliament scientific foresight study, achieving significant progress with precision ***agriculture*** would require increased education in farming, in particular in high-tech skills, as well as a greater level of life-long learning to keep up with the speed of technological developments. The technological expertise needed would include working with automation technology, as well as computer data and diverse hightech production skills. Data management would become an important aspect of farming practice. Network approach to lifelong learning for farmers A 2012 study on the creation of a farmer-university network in Brandenburg, Germany, indicates that farmers need information on new developments, opportunities and EPRS ***Agricultural*** education in the EU Members' Research Service Page 8 of 12 strategies for adaptation. The study findings highlight the need for farmers to have a very good knowledge of innovative processes and technics, especially when they plan to increase the productivity of a traditional production system, to diversify by producing new crops, animals or services, to specialise by reducing the scope of farm products or to change the orientation of production, for example towards organic farming. Lifelong learning is about gaining new skills and competences, extending knowledge and obtaining qualifications. It relies and builds upon prior learning by working adults and focuses on learning outcomes, regardless of the learning path (formal or non-formal). In a large part of the traditional ***agricultural*** knowledge and information system, knowledge flows still move in a top down direction, from industry or research to farmers. However, experience shows that more networked approaches are needed. The German study concludes that some farmers are difficult to reach with lifelong learning offers, but will accept those which are immediately relevant to their needs. Learning methods have to be adapted to farmers' needs and the various levels of their ***agricultural*** education. Importantly, farmer-university networks1 function effectively if all participants are considered as equal partners. Knowledge needs of young farmers According to a study2 conducted for the European Commission in 2015, young farmers' knowledge needs differ widely according to the country where they live, the ***agricultural*** sector (whether specialised or not), their level of education and their farm situation (farm owner or employee, for example). Young farmers living in Member States which joined the EU after 2004 seem to have greater knowledge needs. They appear more eager to develop skills and gain knowledge from different sources, and have a more positive attitude to exchange schemes. Young farmers working in a specialist sector (for example, olive and olive oil production) also seem to have greater knowledge needs. Those who have already acquired a high level of education are more eager to develop different skills, while young farmers who own their farms appear to be less open to developing new skills. A majority of young farmers are interested in gaining specific technological knowledge for the farm and skills for the development of a farm strategy. They also wish to gain entrepreneurial skills such as marketing, networking, communication and financial skills, as well as managerial skills. CAP support for knowledge ***transfer*** and innovation The current common ***agricultural*** policy emphasises knowledge ***transfer*** and provides farmers and trainers with support in this area.3 Farm advisory systems According to Articles 12 to 14 of Regulation (EU) No 1306/2013 on the financing, management and monitoring of the common ***agricultural*** policy (the 'Horizontal Regulation'), Member States are obliged to provide a farm advisory system (FAS) to advise all farmers on land and farm management. The FAS raises awareness of the relationship between ***agricultural*** practices and management of farms on the one hand, and standards relating to the environment, climate change, good ***agricultural*** condition of land, food safety, public health, animal and plant health, and animal welfare on the other. It helps farmers meet the obligations resulting from cross-compliance standards (see box below). It includes advice, training, information provision, extension services and research, which farmers use on a voluntary basis. EPRS ***Agricultural*** education in the EU Members' Research Service Page 9 of 12 The FAS is operated by public or private bodies and may also provide advice on other subjects such as farm conversion or diversification, risk management, or green direct ***payments***. It may receive funding from the CAP (rural development), according to Article 15 of Regulation (EU) No 1305/2013 on support for rural development by the European ***Agricultural*** Fund for Rural Development. Farm advisory services are an essential part of what is generally known as AKIS: ***Agricultural*** Knowledge and Information Systems. A recent project, PRO AKIS, funded through the EU's 7th Framework ***Programme***, provides an overview and an inventory of AKIS in Europe. They are defined as 'a system concept that links people and institutions to promote mutual learning, to generate, share, and utilise ***agriculture*** related technology, knowledge, and information. The system integrates farmers, ***agricultural*** educators, researchers, and advisors to harness knowledge and information from various sources for improved livelihoods.' The project shows the considerable diversity of AKIS and advisory systems, as each country has developed a system adapted to its particular situation, needs and actors. In most countries, the public sector supplies information, advice and funding. Research and education actors from both private and public sectors create knowledge, encourage innovation and provide education and advisory services. Rural development measures supporting knowledge ***transfer*** and innovation Within the EU rural development policy (second pillar of the CAP), strong emphasis is placed on knowledge acquisition and innovation in ***agriculture***. The EU rural development policy framework provides important training, information and advisory services. The first of the six main priorities providing the basis for rolling out support from the EAFRD to EU rural areas is entitled 'Fostering knowledge ***transfer*** and innovation in ***agriculture***, forestry and rural areas'. It is considered a cross-cutting priority, insofar as the budget under the five other priorities contributes to the achievement of Priority I targets. The legal basis for the present EU rural development policy 2014-2020 is Regulation (EU) No 1305/2013 on support for rural development by the European ***Agricultural*** Fund for Rural Development (the EAFRD regulation).4 The first priority is sub-divided into three focus areas: 1A: Fostering innovation, cooperation and the development of the knowledge base in rural areas; 1B: Strengthening the links between ***agriculture***, food production and forestry and research and innovation; 1C: Fostering lifelong learning and vocational training in the ***agricultural*** and forestry sectors. Among the measures provided for in the EAFRD regulation, some are particularly relevant for the implementation of these focus areas. Measure 01 'Knowledge ***transfer*** and information actions' (Article 14 of the EAFRD Regulation) provides information and training to increase the performance , social and environmental sustainability of farms and other rural businesses. Projects supported include: vocational training and skills acquisition; demonstrations and information; shortterm farm and forest management exchanges as well as farm and forest visits, for the Rules on cross-compliance (Annex II of regulation (EU) No 1306/2013) Cross compliance is a set of rules that link CAP ***payments*** to the farmers' compliance with a number of standards. It is implemented under two main areas: Statutory Management Requirements (SMRs), which refer to 13 legislative requirements in the fields of environment, food safety, animal and plant health and animal welfare; and Good ***Agricultural*** and Environmental Condition (GAEC), which refers to seven standards for soil, water and biodiversity protection and maintenance of landscapes. Cross-compliance ensures that support granted to farmers under the CAP contributes to promoting sustainable ***agriculture***. It has the potential to create greater synergies between ***agricultural*** and environmental policies. EPRS ***Agricultural*** education in the EU Members' Research Service Page 10 of 12 benefit of farmers and other rural actors. EAFRD funding is allocated to the providers of training or information actions.5 Measure 02 'Advisory services, farm management and farm relief services' (Article 15 EAFRD) aims at providing tailored advice to individual farmers, young farmers and other rural stakeholders. Such advice should be linked to at least one rural development priority and cover at least one of several topics listed in the EAFRD Regulation (such as safety standards, greening practices). As for Measure 01, funding goes to the providers of advice or training and can also be used for the training of advisors. Measure 16 'Cooperation' (Article 35 EAFRD) can serve several of the six rural development priorities. As far as the first priority is concerned, the cooperation measure can be used to support the establishment and operation of groups under the European Innovation Partnership for ***agricultural*** productivity and sustainability (EIP-AGRI, see box below) as well as pilot projects and the development of new products, practices, processes and technologies. European Innovation Partnership Network for ***agricultural*** productivity and sustainability (EIP-AGRI) EIP AGRI is one of five European Innovation Partnerships contributing to the Europe 2020 Strategy. One of its missions is to 'build bridges between cutting-edge research knowledge and technology and farmers, forest managers, rural communities, businesses, NGOs and advisory services'. The idea is to better link research and farming practice and encourage dissemination of innovation measures. Member States can include this feature in their RDPs as a tool to support innovation projects in ***agriculture*** carried out by operational groups, which bring together the various innovation actors: farmers, researchers, advisers, businesses, NGOs and others. EIP-AGRI pools funding from the EAFRD and, for multinational innovation projects, from Horizon 2020, the EU research and innovation ***programme***. Current EU rural development policy – expectations The vast majority of the 118 regional and national rural development ***programmes*** address focus areas 1A and 1C: Some 3.9 % of total RDP public funds (EAFRD and national funding) will be devoted to Measures 01, 02 and 16, for a total amount of €156.3 billion. A total of 3.9 million people will be trained under the knowledge ***transfer*** measure (262 000 in Poland alone). The total public expenditure for the period 2014-2020 amounts to €1 870 million for Measure 01 and €1 422 million for Measure 02. Belgium, Austria and Spain have the highest numbers of participants trained under Measure 01. The countries planning to set up the highest numbers of EIP operational groups are Spain, Italy, Greece and France. Support for EIP Operational Groups is provided in 25 Member States by 95 rural development ***programmes***, 3 230 of which are expected to be established under the approved RDPs. The 'Mapping and analysis of the implementation of the CAP' (November 2016) shows how the various CAP measures have been used by Member States. For example, Bulgaria implements Measure 01 to develop farmers and foresters' skills and knowledge. Slovenia uses Measure 01 to improve ***agricultural*** education. European Parliament and institutional actors' positions European Parliament Parliament has stressed the importance of education and training in ***agriculture*** in several resolutions. In its resolution of 27 October 2016 on how the CAP can improve job creation in rural areas, Parliament calls on the Commission and Member States to grant support for training that would enable farmers, ***agricultural*** and rural workers to learn new skills EPRS ***Agricultural*** education in the EU Members' Research Service Page 11 of 12 and diversify their activities and initiatives. Parliament considers it will be necessary to promote continuing vocational training for farmers and ***agricultural*** workers in future, and to promote the dissemination of scientific knowledge and innovation, to ensure adaptability to a changing economic environment. In its resolution of 7 June 2016 on technological solutions for sustainable ***agriculture*** in the EU, Parliament notes that centres for education, training and innovation throughout the EU have declined or do not adequately cater for transdisciplinary approach

es in emerging fields, such as ***agricultural*** engineering. It considers that farmers' qualifications are still limited in some Member States, which makes access to new technologies more difficult. It therefore calls on the Commission to draw up a European plan for investment in technical or higher-level ***agricultural*** training and education. An earlier resolution on the future of small ***agricultural*** holdings (4 February 2014), called on the Member States to ensure that their education systems include appropriate infrastructure for vocational education and training in ***agriculture***. European Committee of the Regions In a 2017 opinion on supporting young European farmers, the European Committee of the Regions considers that the training and information needs of young farmers are considerable and very varied. Young farmers should be made more aware of the training opportunities and the benefits of upskilling. In this regard, the Erasmus for young entrepreneurs ***programme*** has considerable potentialfor young farmers. Furthermore, the European Committee of the Regions recommends that vocational training provided in rural regions should be modernised and adapted to global competitive conditions and the needs of local businesses. Stakeholders' positions In 2015, the European Council of Young Farmers (CEJA) launched a manifesto focusing on the issues most relevant to young farmers. For CEJA, young farmers are well-educated and informed on issues of ***agricultural*** sustainability. Research is indispensable to the ***agricultural*** sector and communication links between researchers and farmers are essential for research to meet the genuine needs of farmers on the ground. There is also a need for education and information services for young people entering the farming sector, as well as continued professional development throughout their careers. With lifelong learning, young farmers who are naturally innovative can optimise their use of technology, innovation and best practices at farm level. The Cork 2.0 Declaration 20166 entitled 'A better life in rural areas' sets out ten policy orientations for an innovative, integrated and inclusive EU rural and ***agricultural*** policy. In particular, it recommends boosting knowledge and innovation (point 7) by placing greater policy focus on social innovation, learning, education, advice and vocational training. It also stresses the need to strengthen peer-to-peer exchange, networking and cooperation amongst farmers and rural entrepreneurs. EPRS ***Agricultural*** education in the EU Members' Research Service Page 12 of 12 Main references EIP-Agri (European Innovation Partnership for ***Agricultural*** productivity and Sustainability) Focus Group, New entrants into farming: lessons to foster innovation and entrepreneurship – Final report, 3 May 2016. Precision ***agriculture*** and the future of farming in Europe, EPRS Scientific Foresight Unit (STOA), European Parliament, December 2016. European Commission, Needs of young farmers – Report I of the pilot project: Exchange ***programmes*** for young farmers, November 2015. Von Münchhausen S. and Häring A.M , Lifelong learning for farmers: enhancing competitiveness, knowledge ***transfer*** and innovation in the eastern German state of Brandenburg, Studies in ***Agricultural*** Economics 114 (2012), pp. 86-92. Endnotes 1 The study presents three innovative research projects led by Eberswalde University for Sustainable Development (HNEE) and aimed at establishing a farmer-university knowledge and innovation network in Brandenburg, where economic and farming conditions are unfavourable. These projects, which address the training and knowledge needs of Brandenburg's farmers, are a very good example of a tertiary level educational body 'reaching out' to a local community. 2 The study includes individual reports on young farmers' needs in the 28 Member States. 3 The justification and context for the rural development measures dedicated to knowledge ***transfer*** and innovation are given in the recitals of the rural development regulation (Regulation (EU) No 1305/2013 on support for rural development by the European ***Agricultural*** Fund for Rural Development (EAFRD): 'Knowledge ***transfer*** and information actions should not only take the form of traditional training courses but should also be adapted to the needs of rural actors. Workshops, coaching, demonstration activities, information actions and also short-term farm and forest exchange schemes and visits should therefore also be supported'. 4 While this briefing focuses more particularly on CAP and especially EAFRD support, it should be noted that other European structural funds (EFRD, ESF, Cohesion Fund) can also support ***agricultural*** training, research and innovation projects. 5 However, according to Article 14.3 of Regulation (EU) No 1305/2013, 'Support under this measure shall not include courses of instruction or training, which form part of normal education ***programmes*** or systems at secondary or higher levels'. 6 The Cork 2.0 Declaration 2016 was the result of a major European conference on rural development, held in Cork, Ireland, in September 2016, which gathered more than 300 stakeholders from throughout Europe who discussed their vision for rural areas and considered policy responses. Disclaimer and Copyright This document is prepared for, and addressed to, the Members and staff of the European Parliament as background material to assist them in their parliamentary work. The content of the document is the sole responsibility of its author(s) and any opinions expressed herein should not be taken to represent an official position of the Parliament. 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: © Goodluz / Fotolia. [*eprs@ep.europa.eu*](mailto:eprs@ep.europa.eu) [*http://www.eprs.ep.parl.union.eu*](http://www.eprs.ep.parl.union.eu) (intranet)   [*http://www.europarl.europa.eu/thinktank*](http://www.europarl.europa.eu/thinktank) (internet)   [*http://epthinktank.eu*](http://epthinktank.eu) (blog)

**Load-Date:** December 13, 2017

**End of Document**



[***INVESTMENT ADVISERS ACT OF 1940 Release No. 5061 / November 6, 2018 ADMINISTRATIVE PROCEEDING File No. 3-18884***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TNX-MCC1-JDG9-Y38Y-00000-00&context=1516831)

Impact News Service

November 7, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 5653 words

**Body**

Washington,DC :  US Securities and Exchange Commission  has issued the following news release:

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) against Pennant Management, Inc. (“Respondent” or “Pennant”). II. In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease – and – Desist Proceedings, Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease – and – Desist Order (“Order”), as set forth below. III.

2 On the basis of this Order and Respondent’s Offer, the Commission finds1 that: Summary 1. Pennant, an investment adviser, negligently failed to perform adequate due diligence and monitoring of certain investments contrary to representations in its Form ADV Part 2A and in certain communications with its clients, ultimately contributing to substantial losses. From May 2013 to September 2014, Pennant advised clients to purchase interests in facilities and other investments containing repurchase agreements (“repo(s)”) originated by a repo counterparty, First Farmers Financial (“First Farmers” or “FFF”). The investments underlying the FFF repos consisted of 26 loans that Pennant believed were guaranteed by the U.S Department of ***Agriculture*** (“USDA”). During the initial due diligence of First Farmers, certain concerning information was not escalated to Pennant’s Investment Committee or senior management, and although Pennant represented that it would advise clients of ongoing due diligence and monitoring of repo counterparties, it failed to adequately do so. In particular, despite concerns regarding the legitimacy of the investments starting in April 2014, Pennant continued to offer the FFF repos to clients. By the end of September 2014, Pennant determined that FFF had forged paperwork and that all of the FFF repos were fraudulent. 2. In addition to the due diligence and monitoring failures, from January 2012 to June 2014, Pennant’s compliance ***program*** lacked sufficient resources and Pennant failed to reasonably design and implement certain policies and procedures. Further, between at least April 2013 and April 2014, Pennant did not consistently follow its repo allocation policy disclosed in its Form ADV Part 2A and failed to maintain records related to repo client indications of interest and trade allocations. Respondent 3. Pennant, a Milwaukee, Wisconsin based corporation, was registered with the Commission as an investment adviser from April 1995 until May 2015. In 2004, Pennant became a wholly owned subsidiary of an Illinois holding company, (the “Holding Company”). Pennant filed Form ADV-W on May 28, 2015 to de-register with the Commission. Due Diligence and Monitoring Pennant’s Repo ***Program*** 4. Pennant’s most significant line of business was its repo ***program***, which offered investment advisory clients the opportunity to purchase pro rata shares in nine facilities containing repurchase agreements for portions of loans guaranteed by various government entities, including the USDA. Each facility contained repos sourced exclusively from any one of four sellers (“repo counterparties”). Pennant marketed the facilities as a higher yield alternative to money market 1 The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding. 3 accounts, representing that they “provid[e] daily liquidity and flexibility to match an investor’s specific cash flow needs.” Pennant also purchased the repos for the registered investment company it managed (“Investment Company A”). By the end of 2013, Pennant clients had invested a total of almost $800 million in the repo ***program***. 5. Pennant clients that invested in the repo facilities executed an Investment Advisory Agreement with Pennant to provide non-discretionary advisory services. The agreements provided that the clients would pay Pennant an annual fee of between 40 and 55 basis points of the total amount actually invested in the facilities. 6. Pennant disclosed in its Form ADV Part 2A that it conducted “initial and ongoing due diligence and monitoring” of repo counterparties and would “advise [repo clients] regarding the ongoing due diligence and monitoring performed by Pennant Management on the repo counterparty sellers…” In marketing materials provided to clients, Pennant represented that it obtained quarterly and annual financial statements from repo counterparties. 7. Pennant also disclosed in its Form ADV Part 2A that its repo ***program*** had liquidity risk because collateral might be illiquid if a counterparty seller defaulted. One way that Pennant assessed this risk was through initial and ongoing due diligence and monitoring of a repo counterparty’s financial condition. 8. During this time, however, Pennant did not have reasonably designed written policies and procedures regarding initial and ongoing counterparty due diligence. Rather, Pennant employees had a general practice and used a checklist of documents they were to obtain as part of Pennant’s initial due diligence. That checklist included obtaining the most current audited financial statements and tax returns (among other things) for a potential repo counterparty. There was no written guidance advising Pennant employees about what information within the documents was important to consider, or what to do with information they thought might be problematic. 9. Pennant’s Investment Committee was responsible for approving relationships with repo counterparties, reviewing counterparty financial statements, and authorizing increases of facility credit limits. 10. Repo counterparties approved by Pennant’s Investment Committee entered into Master Repurchase Agreements with Pennant, which obligated the counterparties to provide certain financial information as Pennant “may reasonably request,” including unaudited quarterly financial statements within 30 days of the close of the quarter, and annual audited financial statements within 120 days of the close of the fiscal ***year***. Failure to furnish these financial statements after a written request gave Pennant the right to force an audit of the counterparty at the counterparty’s expense. Pennant’s Due Diligence of First Farmers 11. In 2012, the USDA had approved First Farmers as a non-traditional lender to originate loans issued pursuant to the USDA’s Rural Development Business and Industry ***program***. 4 12. At the end of February 2013, one of Pennant’s existing counterparties introduced Pennant to First Farmers. First Farmers sought to use Pennant to finance what it claimed would be USDA-guaranteed loans. Pennant began to gather information for the initial due diligence of First Farmers. 13. The information First Farmers provided to Pennant included (among other things) unaudited 2012 financial statements for First Farmers, a 2013 unaudited balance sheet through February 2013 and that it had between five and seven employees. First Farmers told Pennant that it was hiring a new auditor so it did not yet have its 2012 audited financial statements and it would be filing for an extension of its 2012 federal tax return. 14. First Farmers told Pennant that it planned to originate $140 million in loans during 2013. According to USDA annual reports, that would be more than twice what the top USDA lender originated in 2011 and almost four times what the top USDA lender originated in 2012. 15. Pennant tasked certain employees with conducting the due diligence and monitoring of First Farmers. During its initial due diligence, Pennant hired a private investigation firm to conduct a background check on First Farmers and its principals. The private investigation firm issued a report that the First Farmers CEO had not graduated from college, as he represented to Pennant, and that he had a poor credit history. The background check also showed that, between 2010 and 2012, the First Farmers’ CEO had pleaded no contest to assaulting a police officer, been convicted of two DUIs, and been sued multiple times for breach of contract. 16. The Pennant employees tasked with due diligence consulted outside counsel about the First Farmers CEO background information, Other than the DUIs, these employees never reported the First Farmers CEO background information to the Investment Committee or other senior management. 17. Pennant confirmed First Farmers’ status as an approved USDA lender, but did not attempt to further verify other representations made by First Farmers or contact references other than the counterparty that introduced Pennant to First Farmers. 18. During the initial due diligence, Pennant’s legal counsel told Pennant that the USDA should honor its guarantee unless there was fraud or misrepresentation that Pennant had actual knowledge of or in which Pennant participated. Pennant’s legal counsel further recommended that as a best practice, Pennant should obtain USDA Certificates of Incumbency from First Farmers, which are intended to affirm the authority of the USDA officer executing a guarantee. Ultimately, Pennant’s Master Repurchase Agreement with First Farmers required that it include a USDA Certificate of Incumbency in each loan package. 19. On May 9, 2013, Pennant’s Investment Committee approved the repo facility with First Farmers (“FFF Repo B”) with a limit of $75 million. 20. Shortly after the Investment Committee’s approval, Pennant started advising clients to invest in the FFF Repo B facility. None of Pennant’s clients were told about the First Farmers 5 CEO background information or that First Farmers had not provided 2012 audited financial statements as part of Pennant’s initial due diligence. Pennant’s Monitoring of First Farmers 21. Three months later, in August 2013, Pennant’s Investment Committee raised the FFF Repo B facility limit from $75 million to $125 million. At this time, Pennant’s Investment Committee still did not have First Farmers’ 2012 audited financial statements, 2012 tax return, or any 2013 quarterly financial statements. Pennant employees continued to offer FFF Repo B to its clients but did not tell them Pennant had not received these financial statements. 22. On December 9, 2013, First Farmers provided Pennant with its 2012 audited financial statements. The 2012 audited financial statements contained discrepancies with the 2012 unaudited financial information First Farmers had provided during the initial due diligence, but Pennant did not seek any further explanation from First Farmers. At this time, First Farmers also had not provided Pennant with any of its three 2013 quarterly financial statements. 23. By this time, Pennant clients had invested more than $91 million in the First Farmers facilities. In addition, on December 13, 2013, Pennant purchased a $2,614,634.15 repo from First Farmers for Investment Company A, a registered investment company it managed. This investment represented approximately 7% of the fund’s value. Pennant did not disclose to Investment Company A any of the First Farmers CEO background information or First Farmers’ failure to provide timely financial information. 24. In April 2014, First Farmers provided Pennant with a 2013 audited financial statement purportedly audited by a new auditor (“First Farmers Auditor”). A new Pennant employee (“Employee A”) raised concerns about the First Farmers Auditor because he could not find evidence on the internet that the First Farmers Auditor existed. Another Pennant employee asked First Farmers for additional information about the First Farmers Auditor and in return received a short background statement purportedly written by the new auditor. 25. Despite the concerns about the existence of the First Farmers Auditor, and First Farmers’ failure to provide Pennant with its 2014 first quarter financial statement, on April 17, 2014, the Pennant Investment Committee raised the FFF Repo B facility limit to $150 million. The Investment Committee asked a Pennant employee to follow-up with the First Farmers Auditor, which that employee failed to do. 26. On June 19, 2014, the Pennant Investment Committee again raised the FFF Repo B facility limit to $200 million even though it had not resolved the concerns over the existence of the First Farmers Auditor or obtained the 2014 first quarter financial statement from First Farmers. Throughout this time, Pennant continued offering FFF Repo B to clients and did not disclose to clients any of the concerns about First Farmers. 27. At the end of July 2014, Employee A held an on-site visit at First Farmers’ offices. After that meeting, Employee A advised Pennant’s CEO that he had concerns about First Farmers. 6 As a result, Pennant’s CEO authorized additional due diligence by a private investigation firm on both First Farmers and the First Farmers Auditor. 28. On August 28, 2014, several Pennant clients purchased an additional $5 million of FFF Repo B. Later that day, after the transactions had occurred, the private investigation firm confirmed to Pennant that it could not locate a CPA in Florida with the First Farmers Auditor’s name. 29. Pennant asked the private investigation firm to perform further due diligence on First Farmers and conducted an audit of the loans it had purchased from First Farmers. In mid-September, the private investigation firm informed Pennant that it could not locate the purported underlying borrowers for several of the First Farmers loans. Pennant also learned that First Farmers had not provided USDA Certificates of Incumbency as recommended by its legal counsel and required by the Master Repurchase Agreement. At the direction of Pennant’s CEO, Pennant contacted the USDA and law enforcement personnel and began consulting an outside law firm. 30. In order to maintain the confidentiality of its investigative efforts and to avoid alerting First Farmers’ CEO, only a limited number of people within Pennant were aware of Pennant’s investigation into First Farmers. As a result, Pennant did not disclose what it was learning about First Farmers to clients invested in First Farmers repo, which included a private fund. During September 2014, this fund received new investments of $24 million. 31. On September 25, 2014, the USDA confirmed to Pennant that a representative sample of the loans purchased from First Farmers were fraudulent and subsequently informed Pennant that it would not honor the guarantees. On September 29, 2014, Pennant filed a complaint against First Farmers and its CEO in the Northern District of Illinois. On September 30, 2014, the FBI arrested First Farmers’ CEO and Pennant informed its clients about the fraud. Compliance and Other Violations Pennant’s Compliance ***Program*** 32. In January 2012, Pennant’s CEO asked one of Pennant’s portfolio managers to assume the role of interim CCO for Pennant (“the CCO”). The CCO had no compliance experience, but accepted the position contingent upon having access to outside counsel and compliance consultants as needed. At that time, the CCO was already working extended hours to keep up with his portfolio manager duties, which he retained. 33. After educating himself about the compliance requirements of a registered investment adviser, and reviewing Pennant’s compliance policies and procedures, the CCO concluded that Pennant’s compliance ***program*** was deficient and advised Pennant’s CEO of his concerns. For example, in a March 2012 e-mail to Pennant’s CEO and others, the CCO raised questions about Pennant’s policies and procedures manual and advised: 7 In my opinion, we need the experience of an outside resource right now to help us evaluate the status of our compliance ***program***, including our investment adviser policies and procedures manual. Pennant, however, did not retain additional outside resources at that time. 34. In May 2012, after attending a compliance conference, the CCO notified Pennant’s CEO that Pennant had never completed a formal risk assessment, which he believed was necessary for an effective compliance ***program***. The CCO also noted his understanding was that the Commission was looking closely at compliance policies and procedures and warned that, “inadequate policies could lead to enforcement action.” Consequently, the CCO indicated his “primary objective” would be to review the policies and procedures and complete a risk assessment. The CCO completed his review of the policies and procedures during 2012, and he completed a risk assessment for Pennant by September 2012. 35. In August 2012, Pennant’s CEO offered to make the CCO’s interim position permanent. The CCO accepted on the condition that he would have access to outside counsel, Pennant would engage compliance consultants as needed to improve the compliance ***program***, and he would relinquish his portfolio management duties to eliminate inherent conflicts. Pennant’s CEO agreed to these conditions, but soon afterwards gave the CCO additional compliance duties. Pennant did not add compliance resources at that time. 36. In December 2012, the CCO and Pennant’s President and COO (“President A”) gave Pennant’s CEO a list of high priority compliance projects that needed to be completed and requested more compliance resources. The CCO reported directly to President A, who reported to Pennant’s CEO. Pennant’s CEO rejected the request and told the CCO and President A to “re-task” Pennant’s existing staff to help with compliance. Initially the CCO told Pennant’s CEO that the staff was very supportive and cooperating with the re-tasking, but later told Pennant’s CEO that he did not think the re-tasking was sufficient. Pennant’s CEO did not change his position to add more resources at that time. Therefore, the CCO went forward with re-tasking the staff. 37. Soon thereafter, based on Pennant’s CEO’s and the Holding Company management’s decision not to add compliance resources, Pennant cut $80,000 from Pennant’s proposed 2013 budget, which had been earmarked to hire another compliance staff member. 38. In January 2013, Pennant’s CEO and the Holding Company management expanded the CCO’s compliance obligations and diverted the CCO’s resources to new tasks. In particular, on January 16, 2013, Pennant’s CEO and the Holding Company management appointed the CCO as the CCO of the newly registered Investment Company A. In addition, in late January 2013, Pennant’s CEO and the Holding Company management decided to use Pennant’s staff, including the CCO, to launch a new mutual fund (“Investment Company B”) and a new investment adviser (“Adviser A”). 39. In February 2013, the CCO presented his 2012 annual compliance review to Pennant’s Board of Directors, including Pennant’s CEO. Although the CCO stated that executive management at Pennant had demonstrated its commitment to the compliance culture by the 8 creation of a dedicated CCO position and the hiring of a Chief Legal Officer at the Holding Company, he identified several weaknesses in Pennant’s compliance ***program***, including, but not limited to, compliance ***program*** testing and training. The CCO also noted his limited experience, which necessitated his reliance on outside resources, and that he expected this need to increase in 2013 because of the additional demands placed on him. He closed by noting: In my professional opinion, there is a risk that a compliance issue may go unnoticed due to limited resources available for testing and auditing of the numerous areas of the firm’s compliance ***program***. In 2012, I urged the firm’s executive management to add a position for a compliance officer to the staff of Pennant to focus on compliance ***program*** testing, training and other issues. I will continue to suggest this in 2013. Despite these warnings, Pennant did not hire additional compliance resources in 2013. 40. On multiple occasions during 2013, Pennant’s CEO denied requests from the CCO and President A for additional resources. 41. By the end of 2013, the CCO had compliance responsibilities for four registered entities: Pennant, Investment Company A, Investment Company B and Adviser A. 42. In October 2013, Pennant hired a new President and COO (“President B”) to replace President A and Pennant’s CEO as CIO. The CCO reported to President B and the Chief Legal Officer of the Holding Company, who reported to Pennant’s CEO. Soon thereafter, President B also asked Pennant’s CEO for more compliance resources for 2014. While Pennant’s CEO and the Holding Company management approved the hiring of new business staff at Pennant for 2014, they did not approve additional resources for compliance at that time. 43. On January 28, 2014, the CCO presented his 2013 annual compliance review to Pennant’s Board of Directors, including Pennant’s CEO. This review stated that in 2013 the CCO was involved in the day-to-day administration of Pennant’s operations and two other affiliated entities (Investment Company A and Investment Company B), led the reorganization of two mutual funds, reorganized a short-term investment fund, and worked on aspects of operational system conversions, among other responsibilities. The report noted that since the last review, the CCO assumed responsibility for compliance oversight of three other entities (Investment Company A, Investment Company B and Adviser A) in addition to his role as Pennant’s CCO. Consequently, the report noted that, “[s]ince the [compliance] ***program*** was recently updated, and because of limited resources and increased demands on my time, the review of Pennant’s compliance ***program*** was not as in-depth in 2013 as it was in 2012.” 44. As in the 2012 report, the CCO’s 2013 report reiterated his concerns about the risk resulting from insufficient resources: As stated in the Annual Review for 2012, there is a risk that a compliance issue may go unnoticed due to limited resources available for testing and auditing of the numerous areas of the firm’s compliance ***program***. 9 The CCO further explained that while 2013 was a ***year*** of transition for Pennant, his understanding was that there were plans in place to strengthen Pennant’s compliance functions. The CCO also detailed the compliance actions that Pennant planned to take in 2014, including hiring another business person to allow a current staff member to focus on compliance related projects; and the engagement of an outside compliance consultant. At this time, however, no money was budgeted for additional compliance resources. 45. In February 2014, the CCO raised the need for additional compliance resources with the trustees of Investment Company A and Investment Company B. The independent trustees raised the issue with Pennant’s CEO. In June 2014, Pennant hired a compliance analyst, and in July 2014, Pennant engaged an outside compliance consultant to evaluate its compliance ***program***. Pennant’s compliance failures 46. The denial of resources undermined the effectiveness of Pennant’s compliance ***program*** resulting in compliance failures. 47. For example, Pennant did not regularly monitor staff e-mails as required by its written policies and procedures. As a result, Pennant failed to detect that one of its employees had repeatedly engaged in unauthorized activities, including violating Pennant’s gift reporting policy. 48. Pennant also failed to test whether its staff was following its policies and procedures. For example, in April 2013, Pennant disclosed in its Form ADV Part 2A that it had implemented a new policy requiring allocation of investment opportunities in repurchase agreement facilities to clients on a strict “first come, first serve” basis. Pennant kept track of the order in which clients expressed interest in purchasing repo on an erasable “white board,” but did not maintain permanent records of those indications of interest or the basis for how it allocated repo. 49. Due to the scope of his duties and lack of resources, the CCO was unable to test compliance with the repo allocation procedure. 50. The CCO learned in January 2014 that: (i) the employee responsible for repo allocation likely was not following the allocation policy, and therefore certain clients may have received preferential treatment; and (ii) Pennant was not maintaining records formally documenting repo client indications of interest and the basis for allocation decisions. 51. As a result, from at least April 2013 through April 2014, at least one Pennant employee did not consistently follow the repo allocation policy. 52. Further, Pennant’s most significant line of business was its repo ***program***, which offered investment advisory clients the opportunity to purchase pro rata shares in nine facilities containing portions of loans intended to be guaranteed by either the SBA or USDA, backed by the full faith and credit of the federal government. Each facility contained loans sourced exclusively 10 from any one of four counterparties. By the end of 2013, clients had invested a total of almost $800 million in the ***program*** based on Pennant’s advice. 53. As part of Pennant’s ongoing due diligence of counterparties, the repo agreements required counterparties to provide Pennant with quarterly unaudited and annual audited financial statements. 54. From 2012 through 2014, Pennant had a process, developed by Pennant’s CEO, for performing counterparty initial and ongoing due diligence and monitoring in its repo ***program***, which included a written checklist setting forth the information that would be obtained from prospective counterparties during initial due diligence. However, Pennant did not have a process in its written policies and procedures regarding initial and ongoing counterparty due diligence and monitoring. 55. Pennant’s CCO stated that counterparty risk was a significant risk to Pennant in his 2012 and 2013 annual risk assessments, which he escalated to Pennant’s CEO and the Board of Directors. 56. In April 2013, after the CCO provided the risk assessment raising this concern, Pennant’s CEO contacted an officer at an affiliated entity to inquire if this individual would be willing to manage repo counterparty activities for Pennant. Pennant’s CEO’s inquiry included advising this individual that he would be involved in developing the repo counterparty due diligence practices into a “process that requires absolute adherence.” This did not occur, and Pennant’s CEO did not engage in any other efforts to amend Pennant’s written policies and procedures to include counterparty due diligence and monitoring. Subsequent compliance efforts by Pennant 57. In June and July 2014, Pennant hired a full-time compliance analyst to report directly to and support Pennant’s CCO, and engaged an outside compliance consultant to conduct a gap analysis of the firm’s regulatory compliance ***program***. Violations 58. As a result of the conduct described above, Pennant willfully2 violated Section 204 of the Advisers Act and Rule 204-2(a)(3) thereunder, which require a registered investment adviser to make and keep true, accurate and current books and records relating to its investment advisory business, including a memorandum of each order given by the investment adviser for the purchase or sale of any security, of any instruction received by the investment adviser concerning the purchase, sale, receipt or delivery of a particular security, and of any modification or cancellation of any such order or instruction. 2 A willful violation of the securities laws means merely “‘that the person charged with the duty knows what he is doing.’” Wonsover v. SEC, 205 F.3d 408, 414 (D.C Cir. 2000) (quoting Hughes v. SEC, 174 F.2d 969, 977 (D.C Cir. 1949)). There is no requirement that the actor “‘also be aware that he is violating one of the Rules or Acts.’” Id. (quoting Gearhart & Otis, Inc. v. SEC, 348 F.2d 798, 803 (D.C Cir. 1965)). 11 59. As a result of the conduct described above, Pennant willfully violated Section 206(2) of the Advisers Act, which prohibits an investment adviser, directly or indirectly, from engaging “in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.” A violation of Section 206(2) may rest on a finding of simple negligence. SEC v. Steadman, 967 F.2d 636, 643 n.5 (D.C Cir. 1992) (citing SEC v. Capital Gains Research Bureau, Inc., 375 U.S 180, 195 (1963)). Proof of scienter is not required to establish a violation of Section 206(2) of the Advisers Act. Id. 60. As a result of the conduct described above, Pennant willfully violated Section 206(4) and Rule 206(4)-7 thereunder, which require a registered investment adviser to adopt and implement written compliance policies and procedures reasonably designed to prevent violations of the Advisers Act and the rules thereunder, and to review, no less frequently than annually, the adequacy of the policies and procedures and the effectiveness of their implementation. Proof of scienter is not required to establish a violation of Section 206(4) of the Advisers Act and the rules thereunder. Steadman, 967 F.2d at 647. 61. As a result of the conduct described above, Pennant willfully violated Section 207 of the Advisers Act, which makes it “unlawful for any person willfully to make any untrue statement of material fact in any registration application or report filed with the Commission…or willfully omit to state in any such application or report any material fact which is required to be stated therein.” IV. In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Pennant’s Offer. Accordingly, pursuant to Sections 203(e) and 203(k) of the Advisers Act, it is hereby ORDERED that: A. Respondent Pennant cease and desist from committing or causing any violations and any future violations of Sections 204, 206(2), 206(4), and 207 of the Advisers Act and Rules 204-2(a)(3) and 206(4)-7 promulgated thereunder. B. Respondent Pennant is censured. C. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of $400,000 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), ***transfer*** them to the general fund of the United States Treasury. If timely ***payment*** is not made, additional interest shall accrue pursuant to 31 U.S.C §3717. 12 D. ***Payment*** must be made in one of the following ways: (1) Respondent may transmit ***payment*** electronically to the Commission, which will provide detailed ACH ***transfer***/Fedwire instructions upon request; (2) Respondent may make direct ***payment*** from a bank account via Pay.gov through the SEC website at [*http://www.sec.gov/about/offices/ofm.htm;*](http://www.sec.gov/about/offices/ofm.htm;) or (3) Respondent may pay by certified check, bank cashier’s check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to: Enterprise Services Center Accounts Receivable Branch HQ Bldg., Room 181, AMZ-341 6500 South MacArthur Boulevard Oklahoma City, OK 73169 ***Payments*** by check or money order must be accompanied by a cover letter identifying Pennant as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Paul A. Montoya, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 175 West Jackson Blvd., Suite 1450, Chicago, IL, 60604. E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the penalty referenced in paragraph C above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent’s ***payment*** of a civil penalty in this action ('Penalty Offset'). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a ***payment*** shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a 'Related Investor Action' means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

**Load-Date:** November 8, 2018

**End of Document**



[***Washington: INTRODUCTION OF BILLS AND JOINT RESOLUTIONS (Senate - April 26, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S6J-86K1-F0YC-N1V5-00000-00&context=1516831)

Impact News Service

April 27, 2018 Friday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 1414 words

**Body**

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

 The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated: By Mr. PAUL: S. 2760. A bill to amend the Clean Air Act to exclude energy efficiency projects, pollution control projects, and reliability projects from the definition of a modification; to the Committee on Environment and Public Works. By Mr. PAUL: S. 2761. A bill to amend the Clean Air Act to clarify when a physical change in, or change in the method of operation of, a stationary source constitutes a modification, and for other purposes; to the Committee on Environment and Public Works. By Ms. HEITKAMP (for herself, Ms. Collins, Mr. Jones, and Ms. Smith): S. 2762. A bill to amend the Farm Security and Rural Investment Act of 2002 to support opportunities for beginning farmers and ranchers, and for other purposes; to the Committee on ***Agriculture***, Nutrition, and Forestry. By Mr. BROWN (for himself, Mr. Markey, Mr. Rubio, Mr. Portman, Mr. Schumer, and Mrs. Capito): S. 2763. A bill to provide grants to State, local, territorial, and tribal law enforcement agencies to purchase chemical screening devices and train personnel to use chemical screening devices in order to enhance law enforcement efficiency and protect law enforcement officers; to the Committee on the Judiciary. By Mr. RUBIO (for himself and Ms. Murkowski): S. 2764. A bill to amend and enhance the High Seas Driftnet Fishing Moratorium Protection Act to improve the conservation of sharks, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. KENNEDY (for himself and Mr. Jones): S. 2765. A bill to amend the Investment Advisers Act of 1940 to exempt investment advisers who solely advise certain rural business investment companies, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs. By Mr. SCHATZ (for himself, Mr. Moran, and Mr. Reed): S. 2766. A bill to require congressional notification related to current and future planning and construction of federally funded military construction projects located within 100-***year*** floodplains; to the Committee on Armed Services. By Mrs. MURRAY: S. 2767. A bill to make improvements to certain wildfire and disaster recovery ***programs*** of the Federal Government, and for other purposes; to the Committee on Homeland Security and Governmental Affairs. By Mr. RUBIO (for himself and Ms. Hassan): S. 2768. A bill to amend title 38, United States Code, to establish the Veterans Economic Opportunity and Transition Administration, and for other purposes; to the Committee on Veterans' Affairs. By Mr. HELLER (for himself, Mr. Menendez, and Mr. Isakson): S. 2769. A bill to require the Secretary of Health and Human Services to provide for an action plan on recommendations for changes under Medicare and Medicaid to prevent opioids addictions and enhance access to medication- assisted treatment, and for other purposes; to the Committee on Finance. By Ms. CORTEZ MASTO (for herself, Mr. Blumenthal, and Mr. Van Hollen): S. 2770. A bill to direct the Attorney General to submit to Congress investigative materials in the event of certain pardons granted by the President, and for other purposes; to the Committee on the Judiciary. By Mr. BOOKER (for himself, Mrs. Capito, and Mr. Jones): S. 2771. A bill to amend the Federal Water Pollution Control Act to require the Administrator of the Environmental Protection Agency to provide grants for the construction, refurbishing, and servicing of individual household decentralized wastewater systems to individuals with low or moderate income; to the Committee on Environment and Public Works. By Mr. BOOKER (for himself, Mrs. Capito, and Mr. Jones): S. 2772. A bill to amend the Consolidated Farm and Rural Development Act to modify provisions relating to the household water well system grant ***program***; to the Committee on ***Agriculture***, Nutrition, and Forestry. By Mrs. FEINSTEIN (for herself, Mrs. Capito, and Ms. Harris): S. 2773. A bill to improve the management of driftnet fishing; to the Committee on Commerce, Science, and Transportation. By Ms. KLOBUCHAR (for herself, Ms. Murkowski, Mrs. Feinstein, Mr. Tillis, Mr. Coons, and Mr. Graham): S. 2774. A bill to reauthorize the COPS ON THE BEAT grant ***program***; to the Committee on the Judiciary. By Ms. SMITH: S. 2775. A bill to award career pathways innovation grants to local educational agencies and consortia of local educational agencies, to provide technical assistance within the Office of Career, Technical, and Adult Education to administer the grants and support the local educational agencies with the [[Page S2485]] preparation of grant applications and management of grant funds, to amend the Higher Education Act of 1965 to support community college and industry partnerships, and for other purposes; to the Committee on Health, Education, Labor, and Pensions. By Mr. BARRASSO (for himself and Mr. Risch): S. 2776. A bill to modernize the Public Utility Regulatory Policies Act of 1978, and for other purposes; to the Committee on Energy and Natural Resources. By Mr. CASSIDY (for himself and Mr. Kennedy): S. 2777. A bill to exempt State and county ***payments*** under the Gulf of Mexico Energy Security Act of 2006 from sequestration; to the Committee on the Budget. By Mr. CRUZ: S. 2778. A bill to amend the Endangered Species Act of 1973 to include a prohibition on the listing of a living nonnative species as a threatened species or an endangered species, and for other purposes; to the Committee on Environment and Public Works. By Mr. FLAKE (for himself and Mr. Coons): S. 2779. A bill to amend the Zimbabwe Democracy and Economic Recovery Act of 2001; to the Committee on Foreign Relations. By Mr. GARDNER (for himself and Mr. Menendez): S. 2780. A bill to require a determination on designation of the Russian Federation as a state sponsor of terrorism; to the Committee on Foreign Relations. By Mr. LANKFORD (for himself, Mrs. Shaheen, and Mr. Tillis): S. 2781. A bill to limit the ***transfer*** of F-35 aircraft to Turkey; to the Committee on Foreign Relations. By Mr. MURPHY (for himself, Ms. Warren, and Mr. Wyden): S. 2782. A bill to prohibit covenants not to compete and require employers to notify employees of such prohibition, and for other purposes; to the Committee on Health, Education, Labor, and Pensions. By Mr. NELSON: S. 2783. A bill to improve the resilience of the built and natural environment to natural disasters and climate change using, among other measures, natural and nature-based features, and for other purposes; to the Committee on Commerce, Science, and Transportation. By Mr. HELLER (for himself, Mr. Casey, Mr. Grassley, Mr. Coons, and Mr. Cornyn): S. 2784. A bill to reauthorize the Family Violence Prevention and Services Act; to the Committee on Health, Education, Labor, and Pensions. By Mr. DURBIN (for himself and Mr. Graham): S. 2785. A bill to designate foreign persons who improperly interfere in United States elections as inadmissible aliens, and for other purposes; to the Committee on the Judiciary. By Mrs. GILLIBRAND (for herself, Mr. Young, Mr. Risch, Mrs. Shaheen, Mr. Booker, Ms. Collins, and Mr. Cardin): S. 2786. A bill to expand opportunities to available employee-owned business concerns through Small Business Administration loan ***programs***, and for other purposes; to the Committee on Small Business and Entrepreneurship. By Mr. HATCH: S. 2787. A bill to amend the Child Nutrition Act of 1966 to clarify and expand food donation under the Bill Emerson Good Samaritan Food Donation Act, and for other purposes; to the Committee on ***Agriculture***, Nutrition, and Forestry. By Ms. HEITKAMP: S. 2788. A bill to repeal the Act entitled ``An Act to confer jurisdiction on the State of North Dakota over offenses committed by or against Indians on the Devils Lake Indian Reservation''; to the Committee on Indian Affairs. By Mr. CORNYN (for himself and Mrs. Feinstein): S. 2789. A bill to prevent substance abuse and reduce demand for illicit narcotics; to the Committee on the Judiciary. By Mrs. SHAHEEN (for herself and Ms. Collins): S. 2790. A bill to amend the Farm Security and Rural Investment Act of 2002, to require the Secretary of ***Agriculture*** to establish a community wood energy and wood innovation ***program***, and for other purposes; to the Committee on ***Agriculture***, Nutrition, and Forestry.

**Load-Date:** April 28, 2018

**End of Document**



[***Saguache/Rio Grande/Mineral/Hinsdale County FSA Updates Upcoming 2019 Acreage Reporting Dates – November 15th***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TNX-MCC1-JDG9-Y3F9-00000-00&context=1516831)

Impact News Service

November 7, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 404 words

**Body**

Washington,DC: USDA Farm Service Agency has issued the following news release:

 In order to comply with FSA ***program*** eligibility requirements, all producers are encouraged to visit the Saguache County FSA office to file an accurate crop certification report by the applicable deadline.

The following acreage reporting dates are applicable for Saguache, Rio Grande, Mineral & Hinsdale Counties:

November 15, 2018 is the deadline to submit a crop ***year*** 2019 acreage report for all fall seeded small grain.

Noninsured Crop Disaster Assistance ***Program*** (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the dates listed above or 15 ***calendar*** days before grazing or harvesting of the crop begins.

For questions regarding crop certification and crop loss reports, please contact the Saguache County FSA office at 719-754-3400, option 2. FSA Offers Joint Financing Option on Direct Farm Ownership Loans

 The USDA Farm Service Agency’s (FSA) Direct Farm Ownership loans are a resource to help farmers and ranchers become owner-operators of family farms, improve and expand current operations, increase ***agricultural*** productivity, and assist with land tenure to save farmland for future generations.

Depending on the applicant’s needs, there are three types of Direct Farm Ownership Loans: regular, down ***payment*** and joint financing. FSA also offers a Direct Farm Ownership Microloan option for smaller financial needs up to $50,000.

Joint financing allows FSA to provide more farmers and ranchers with access to capital. FSA lends up to 50 percent of the total amount financed. A commercial lender, a State ***program*** or the seller of the property being purchased, provides the balance of loan funds, with or without an FSA guarantee. The maximum loan amount for a Joint Financing loan is $300,000 and the repayment period for the loan is up to 40 ***years***.

To be eligible, the operation must be an eligible farm enterprise. Farm Ownership loan funds cannot be used to finance nonfarm enterprises and all applicants must be able to meet general eligibility requirements. Loan applicants are also required to have participated in the business operations of a farm or ranch for at least three ***years*** out of the 10 ***years*** prior to the date the application is submitted. The applicant must show documentation that their participation in the business operation of the farm or ranch was not solely as a laborer.

**Load-Date:** November 8, 2018

**End of Document**



[***Federal Register: Express Loan Programs; Affiliation Standards Pages 49001 - 49017 [FR DOC # 2018-20869]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SCW-CNV1-JDG9-Y1R1-00000-00&context=1516831)

Impact News Service

September 28, 2018 Friday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 20026 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

SMALL BUSINESS ADMINISTRATION 13 CFR Parts 103, 120 and 121 RIN 3245-AG74 Express Loan ***Programs***; Affiliation Standards AGENCY: U.S Small Business Administration. ACTION: Proposed rule. ----------------------------------------------------------------------- SUMMARY: The U.S Small Business Administration (SBA or Agency) is proposing to amend various regulations governing its business loan ***programs***, including the SBA Express and Export Express Loan ***Programs*** and the Microloan and Development Company (504) loan ***programs***. DATES: SBA must receive comments to the proposed rule on or before November 27, 2018. ADDRESSES: You may submit comments, identified by RIN: 3245-AG74, by any of the following methods:  Federal eRulemaking Portal:

[*http://www.regulations.gov*](http://www.regulations.gov) Follow the instructions for submitting comments.      Mail: Kimberly Chuday or Thomas Heou, Office of Financial Assistance, Office of Capital Access, Small Business Administration, 409 Third Street SW, Washington, DC 20416.      Hand Delivery/Courier: Kimberly Chuday or Thomas Heou, Office of Financial Assistance, Office of Capital Access, Small Business Administration, 409 Third Street SW, Washington, DC 20416.     SBA will post all comments on   [*www.regulations.gov*](http://www.regulations.gov) If you wish to submit confidential business information (CBI) as defined in the User Notice at   [*www.regulations.gov*](http://www.regulations.gov), please submit the information to Kimberly Chuday or Thomas Heou, Office of Financial Assistance, Office of Capital Access, 409 Third Street SW, Washington, DC 20416. Highlight the information that you consider to be CBI and explain why you believe SBA should hold this information as confidential. SBA will review the information and make the final determination whether it will publish the information.

FOR FURTHER INFORMATION CONTACT: Robert Carpenter, Acting Chief, 7(a) ***Program*** and Policy Branch, Office of Financial Assistance, Office of Capital Access, Small Business Administration, 409 Third Street SW, Washington, DC 20416; telephone: (202) 205-7654; [*email://robert.carpenter@sba.gov*](mailto:email://robert.carpenter@sba.gov)

SUPPLEMENTARY INFORMATION:

I. Background Information

    The SBA Express Loan ***Program*** (SBA Express) is established in section 7(a)(31) of the Small Business Act (the Act) (15 U.S.C 636(a)(31)). Under SBA Express, designated Lenders (SBA Express Lenders) are permitted to use, to the maximum extent practicable, their own analyses, procedures, and documentation in making, closing, servicing, and liquidating SBA Express loans. They also have reduced requirements for submitting documentation to SBA and obtaining the Agency's prior approval. These loan analyses, procedures, and documentation must meet prudent lending standards; be consistent with those the Lenders use for their similarly-sized, non-SBA guaranteed commercial loans; and conform to all requirements imposed upon Lenders generally and SBA Express Lenders in particular by Loan ***Program*** Requirements (as defined in 13 CFR 120.10), as such requirements are issued and revised by SBA from time to time, unless specifically identified by SBA as inapplicable to SBA Express loans. In exchange for the increased authority and autonomy provided under the SBA Express ***Program***, SBA Express Lenders agree to accept a maximum guaranty of 50 percent.     The Export Express Loan ***Program*** (Export Express) is established in section 7(a)(34) of the Act (15 U.S.C 636(a)(34)). This ***program*** is designed to help SBA meet the export financing needs of small businesses. Although it is a separate ***program***, Export Express is generally subject to the same loan processing, making, closing, servicing, and liquidation requirements as well as the same interest rates and applicable fees as SBA Express. However, Export Express loans have a higher maximum loan amount than is available under SBA Express, and a maximum guaranty percentage of 75 or 90 percent, depending on the amount of the Export Express loan.

A. Proposed Amendments

    This proposed rule would:     1. Incorporate into the regulations governing the 7(a) Loan ***Program*** the requirements specifically applicable to the SBA Express and Export Express Loan ***Programs*** in order to provide additional clarity for SBA Express and Export Express Lenders;     2. Add a new regulation to require certain owners of the small business Applicant to inject excess liquid assets into the business to reduce the amount of SBA-guaranteed funds that otherwise would be needed;

[[Page 49002]]

    3. Revise the regulations concerning allowable fees for the 7(a) Loan ***Program*** to limit the fees payable by the small business Applicant and to clarify what SBA considers reasonable with respect to such fees;     4. Amend the regulation that explains the Agency's policy governing SBA-guaranteed loans to qualified employee trusts to require that all such applications be processed under non-delegated procedures;     5. Incorporate a change to implement SBA's long-standing policy regarding the responsibility of a Lender for the contingent liabilities (including repairs and denials) for Lenders purchasing 7(a) loans from the Federal Deposit Insurance Corporation (FDIC) (as receiver, conservator, or other liquidator of a failed insured depository institution), whether such loans are acquired through a loan sale where SBA has not already purchased the guaranty or through a whole bank ***transfer***;     6. Revise the regulations governing the use of microloan grant funds by Microloan Intermediaries and extend the maximum maturity of a microloan;     7. Modify the affiliation principles applicable to SBA's financial assistance ***programs*** to include additional circumstances when a small business Applicant will be deemed to be affiliated with another entity for purposes of determining the small business Applicant's size;     8. Amend the regulation identifying when the size status of an Applicant for financial assistance is determined with respect to applications under the SBA Express and Export Express Loan ***Programs***; and     9. Make technical corrections to the regulation identifying prohibited fees in the 7(a) Loan ***Program*** and the regulation discussing the application for the Accredited Lenders ***Program*** (ALP) in the 504 Loan ***Program***, as well as conforming amendments to two existing regulations for consistency with the proposed regulations governing SBA Express and Export Express, and a conforming amendment to one existing regulation for consistency with the proposed changes to the allowable fees that may be charged in connection with a 7(a) loan.

B. Affected ***Programs***

    The SBA ***programs*** affected by this proposed rule are:     1. The 7(a) Loan ***Program*** authorized pursuant to Section 7(a) of the Act (15 U.S.C 636(a));     2. The Business Disaster Loan ***Programs*** (collectively, the Economic Injury Disaster Loans, Military Reservist Economic Injury Disaster Loans, and Physical Disaster Business Loans) authorized pursuant to Section 7(b) of the Act;     3. The Microloan ***Program*** authorized pursuant to Section 7(m) of the Act (15 U.S.C 636(m));     4. The Intermediary Lending Pilot (ILP) ***Program*** authorized pursuant to Section 7(l) of the Act (15 U.S.C 636(l));     5. The Surety Bond Guarantee ***Program*** authorized pursuant to Part B of Title IV of the Small Business Investment Act of 1958 (15 U.S.C 694b et seq.); and     6. The Development Company ***Program*** (the 504 Loan ***Program***) authorized pursuant to Title V of the Small Business Investment Act of 1958 (15 U.S.C 695 et seq.).

(The 7(a), Microloan, ILP, and 504 Loan ***Programs*** are collectively referred to as the Business Loan ***Programs***.)

    The Agency requests comments on all aspects of the regulatory revisions in this proposed rule and on any related issues affecting the Business Loan, Surety Bond Guarantee, and Business Disaster Loan ***Programs***.

II. Summary of Proposed Changes

A. Business Loan ***Programs***

1. SBA Express and Export Express Loan ***Programs*** Sections 120.441 through 120.447 SBA Express and Export Express Loan ***Programs***     SBA proposes adding a new undesignated center heading entitled ``SBA Express and Export Express Loan ***Programs***'' and several new regulations that describe the two loan ***programs*** and the specific requirements applicable to them, as described more fully below. These proposed regulations are drafted based on the current statutory limits applicable to the SBA Express and Export Express Loan ***Programs***. In the event that the SBA Express or Export Express statutory loan limits are increased by Congress, SBA will revise the regulations, including making necessary changes to mitigate any additional risk associated with an increase in loan size.     Section 120.441 SBA Express and Export Express Loan ***Programs***. SBA proposes adding a regulation providing general descriptions of the SBA Express and Export Express Loan ***Programs***.     Section 120.442 Process to obtain or renew SBA Express or Export Express authority. SBA proposes adding a regulation that sets forth the criteria and process to obtain or renew SBA Express or Export Express authority. In evaluating an existing 7(a) Lender's application for SBA Express or Export Express authority, SBA will consider the delegated authority criteria and follow the procedures set forth in Sec.   120.440 Lending institutions that do not currently participate with SBA may apply to be SBA Express and/or Export Express Lenders, but must become 7(a) Lenders in order to participate in SBA Express and/or Export Express. Such institutions may request SBA 7(a) lending and SBA Express and/or Export Express authority simultaneously. In evaluating such institutions, in addition to the criteria set forth in Sec. Sec.   120.410 (requirements for all participating Lenders) and 120.440 (delegated authority criteria), SBA will consider whether the institution has acceptable experience making small commercial loans, and whether its employees have received appropriate training on SBA's policies and procedures. Currently, SBA considers a Lender to have acceptable experience making small commercial loans when the Lender has at least 20 commercial loans of $350,000 or less with acceptable performance.     As set forth in Sec.  120.440, the decision to grant SBA Express or Export Express authority will be made by the appropriate SBA official in accordance with Delegations of Authority, and is final. If SBA Express or Export Express authority is approved, SBA will provide the Lender with the appropriate supplemental guarantee agreement, which the Lender must execute and return to SBA before the Lender's SBA Express or Export Express authority will become effective.     In renewing a Lender's SBA Express or Export Express authority and determining the term of the renewal, SBA will consider the criteria and follow the process set forth in Sec.  120.440 Currently, in renewing a Lender's Export Express authority, SBA also will consider whether the Export Express Lender can effectively process, make, close, service, and liquidate Export Express loans; has received a major substantive objection regarding renewal from the Field Office(s) covering the territory where the Lender generates significant numbers of Export Express loans; and has received acceptable review results on the Export Express portion of any SBA-administered Lender reviews. In this rule, SBA proposes to incorporate the additional considerations identified above for Export Express authority, but modify them to apply to both SBA Express and Export Express authority. Thus, in addition to the criteria set out in Sec.  120.440, SBA also would consider whether the Lender can effectively process, make, close, service, and liquidate SBA Express or Export Express

[[Page 49003]]

loans, as applicable; has received a major substantive objection regarding renewal from the Field Office(s) covering the territory where the Lender generates significant numbers of SBA Express or Export Express loans, as applicable; and has received acceptable review results on the SBA Express or Export Express portion, as applicable, of any SBA-administered Lender reviews.     SBA may approve a Lender's initial application for authority to participate in SBA Express or Export Express for a maximum term of two ***years***. SBA may approve a lesser term or limit a Lender's maximum SBA Express or Export Express loan volume if, in SBA's sole discretion, a Lender's qualifications, performance, experience with SBA lending, or other factors so warrant (e.g , Lenders with little or no experience with SBA lending).     SBA is proposing to include in the regulations that the Agency may renew a Lender's authority to participate in SBA Express for a maximum term of three ***years*** if, in SBA's sole discretion, a Lender's qualifications, performance, SBA experience, or other factors so warrant. Although renewals of other types of delegated authority (e.g , Preferred Lender ***Program*** (PLP)) are for a maximum term of two ***years***, SBA is proposing a longer renewal term for Lenders participating in SBA Express because SBA Express Lenders have accepted more of the risk in their SBA Express loans than other SBA Lenders, including Export Express Lenders.     SBA may renew a Lender's authority to participate in Export Express for a maximum term of two ***years***. SBA may approve a shorter renewal term or limit a Lender's maximum SBA Express or Export Express loan volume if, in SBA's sole discretion, a Lender's qualifications, performance, experience with SBA lending, or other factors so warrant.     SBA is proposing a conforming amendment to the delegated authority criteria regulation at Sec.  120.440(c) to clarify that a Lender's authority to participate in SBA Express may be renewed for a maximum term of three ***years***. In addition, SBA is proposing some technical corrections to Sec.  120.440(c).     Section 120.443 SBA Express and Export Express loan processing requirements. SBA proposes adding a regulation that sets forth the requirements for loan processing under the SBA Express and Export Express loan ***programs***. The regulations applicable to all Business Loans in Subparts A and B of Part 120, and 7(a) Loans specifically, govern the making of SBA Express and Export Express loans, unless specifically identified by SBA as inapplicable. For example, the same types of businesses that are ineligible for 7(a) loans under Sec.  120.110 also are ineligible for SBA Express and Export Express loans. SBA Express and Export Express Lenders must follow all 7(a) eligibility requirements and maintain appropriate documentation supporting their eligibility determination in the loan file.     Certain types of loans and loan ***programs*** are not eligible for processing under a Lender's delegated authority (including under a Lender's SBA Express or Export Express authority), as described in SBA's Standard Operating Procedure (SOP) 50 10 (Lender and Development Company Loan ***Programs***). These loans currently include, but are not limited to: Special purpose loans (e.g , Disabled Assistance Loans, loans to Employee Stock Ownership Plans or equivalent trusts, Pollution Control Loans, or CAPLines); a loan that would reduce an SBA Express or Export Express Lender's existing credit exposure for a single Borrower, including its affiliates as defined in 13 CFR 121.301(f); a loan to a business that has an outstanding 7(a) loan where the Applicant is unable to certify that the loan is current at the time the SBA Express or Export Express Lender approves the SBA Express or Export Express loan; a loan that would have as its primary collateral real estate or personal property that will not meet SBA's environmental requirements; and complex loan structures or eligibility situations.     For all other loans, SBA has authorized SBA Express and Export Express Lenders to make the credit decision without prior SBA review (i.e , using the Lender's delegated authority). As with all 7(a) loans, Lenders must not make an SBA-guaranteed loan that would be available on reasonable terms from either the Lender itself or another non-federal source without an SBA guaranty. In addition, the Lender's credit analysis must demonstrate that there is reasonable assurance of repayment. SBA Express and Export Express Lenders must use appropriate and prudent credit analysis processes and procedures that are generally accepted in the commercial lending industry and consistent with those used for their similarly-sized, non-SBA guaranteed commercial loans. As part of their prudent credit analysis, SBA Express and Export Express Lenders may use a business credit scoring model (such a model cannot rely solely on consumer credit scores) to assess the credit history of the Applicant and/or repayment ability if they do so for their similarly-sized, non-SBA guaranteed commercial loans. If used, the business credit scoring results must be documented in each loan file and available for SBA review. Lenders that do not use credit scoring for their similarly-sized, non-SBA guaranteed commercial loans may not use credit scoring for SBA Express or Export Express. Although Small Business Lending Companies (SBLCs), as defined in Sec.  120.10, do not make non-SBA guaranteed loans, SBA has determined that they may use credit scoring as part of their prudent credit analysis for their SBA Express or Export Express loans.     All SBA Express and Export Express Lenders must validate (and document) with appropriate statistical methodologies that their credit analysis procedures are predictive of loan performance, and they must provide that documentation to SBA upon request. SOP 50 10 includes the requirement that SBLCs provide credit scoring model validation to SBA for review and approval on an annual basis.     The credit decision, including for example, how much to factor in a past bankruptcy and whether to require an equity injection (outside of any injection of excess personal resources under the proposed new Sec.   120.102, as discussed below), is left to the business judgment of the SBA Express or Export Express Lender. Also, if the SBA Express or Export Express Lender requires an equity injection and, as part of its standard processes for its similarly-sized, non-SBA guaranteed loans verifies the equity injection, it must do so for its SBA Express or Export Express loans. SBLCs must follow the written policies and procedures that have been reviewed by SBA. While the credit decision is left to the business judgment of the SBA Express or Export Express Lender, early loan defaults will be reviewed by SBA pursuant to SOP 50 57 (7(a) Loan Servicing and Liquidation).     SBA Express and Export Express Lenders are responsible for all loan decisions, including eligibility for 7(a) loans (including size), creditworthiness and compliance with all Loan ***Program*** Requirements (as defined in Sec.  120.10). SBA Express and Export Express Lenders also are responsible for confirming that all loan closing decisions are correct and that they have complied with all requirements of law and Loan ***Program*** Requirements.     SBA Express and Export Express Lenders must ensure all required forms are obtained and are complete and properly executed. Appropriate documentation must be maintained in the Lender's loan file, including

[[Page 49004]]

adequate information to support the eligibility of the Applicant and the loan.     Section 120.444 Eligible uses of SBA Express and Export Express loan proceeds. SBA is proposing to add a regulation to identify the eligible uses of loan proceeds for SBA Express and Export Express loans. Under SBA Express, loan proceeds must be used exclusively for eligible business-related purposes, as described in 13 CFR 120.120 and 120.130, which set forth the eligible uses of loan proceeds for 7(a) loans. In addition, it is the SBA Express Lender's responsibility to take reasonable steps to ensure and document that the loan proceeds are used exclusively for business-related purposes.     Notwithstanding 13 CFR 120.130(c), revolving lines of credit are eligible for SBA Express, subject to certain conditions related to maturities and disbursement as set forth in SOP 50 10. Currently, SBA Express revolving loans have a maximum maturity of 10 ***years*** and must be structured with a term-out period that is not less than the draw period, with no draws permitted during the term-out period. For example, an SBA Express loan can have an eight ***year*** maturity with a two ***year*** draw period and a term-out period of six ***years***. Conversely, a loan with an eight ***year*** maturity cannot have a draw period of six ***years*** and term-out period of two ***years***. Further, as set forth in 13 CFR part 120, subpart F, revolving loans cannot be sold on the secondary market. (SBA is proposing a conforming amendment to Sec.  120.130(c) (``Restrictions on uses of proceeds'') to include a reference to this new Sec.  120.444 to clarify that revolving lines of credit are an eligible use of 7(a) loan proceeds under SBA Express and Export Express.)     SBA Express and Export Express Lenders may refinance certain outstanding debts with SBA Express or Export Express loans, under the conditions set forth in SOP 50 10. An SBA Express Lender may refinance an existing non-SBA guaranteed loan held by another lender with an SBA Express loan if the Lender determines that the existing debt no longer meets the needs of the Applicant and, for certain types of debt, the new loan will provide a 10 percent improvement in the debt service coverage ratio. An SBA Express Lender may refinance its own non-SBA guaranteed debt, provided that: (1) The Lender determines that the existing debt no longer meets the needs of the Applicant; (2) the new loan will provide a 10 percent improvement in the debt service coverage ratio (for certain types of loans as explained in SOP 50 10); (3) the debt to be refinanced is, and has been, current for the past 36 months (``current'' means no required ***payment*** has been more than 29 days past due); and (4) the Lender's credit exposure to the Applicant will not be reduced. Existing SBA-guaranteed loans may not be refinanced under SBA Express, unless: (1) The transaction is the purchase of an existing business that has an existing SBA loan that is not with the requesting SBA Express Lender; or (2) the Applicant needs additional financing and the existing Lender is unable or unwilling to increase the existing SBA loan or make a second loan, and (3) the new loan will provide a 10 percent improvement in debt service coverage. An SBA Express Lender may not refinance its own existing SBA-guaranteed debt under SBA Express.     Export Express loans must be used for an export development activity, which is defined in section 7(a)(34)(A)(i) of the Act and includes the following:     (1) Obtaining a Standby Letter of Credit when required as a bid bond, performance bond, or advance ***payment*** guarantee;     (2) Participation in a trade show that takes place outside the United States;     (3) Translation of product brochures or catalogues for use in markets outside the United States;     (4) Obtaining a general line of credit for export purposes;     (5) Performing a service contract for buyers located outside the United States;     (6) Obtaining transaction-specific financing associated with completing export orders;     (7) Purchasing real estate or equipment to be used in the production of goods or services for export;     (8) Providing term loans and other financing to enable a small business concern, including an export trading company and an export management company, to develop a market outside the United States; and     (9) Acquiring, constructing, renovating, modernizing, improving or expanding a production facility or equipment to be used in the United States in the production of goods or services for export.     As noted above, Export Express loans may be used to refinance certain outstanding debts, under the conditions set forth in SOP 50 10. Specifically, Export Express loans may be used to refinance existing non-SBA guaranteed debt, whether held by another lender or by the Export Express Lender, if the Export Express Lender follows the guidance for refinancing under SBA Express and verifies and documents that the new loan will be used to finance an export development activity. Export Express loans may be used to refinance an existing Export Express loan held by another Export Express Lender only if the original Export Express Lender is unable or unwilling to increase or make a second Export Express loan, which must be documented in the loan file. An Export Express Lender may not refinance one of its own Export Express loans with a new Export Express loan.     Export Express loans may not be used to finance overseas operations, except for the marketing and/or distribution of products/ services exported from the United States.     Export Express Lenders are responsible for ensuring that U.S companies are authorized to conduct business with the Persons and countries to which the Borrower will be exporting. Specific guidance as to how Export Express Lenders will be expected to do so will be included in SOP 50 10.     Specific documentation requirements related to the use of proceeds for Export Express loans are described more fully in SOP 50 10.     Section 120.445 Terms and conditions of SBA Express and Export Express loans. While generally the terms and conditions applicable to 7(a) loans also apply to SBA Express and Export Express loans, there are some differences. SBA is proposing to add a new regulation to identify those terms and conditions of SBA Express and Export Express loans that are unique to these two ***programs***, including maximum loan amounts and guaranty percentages, maturities, interest rates, collateral and insurance requirements, allowable fees and requirements concerning loan increases. With respect to the maximum loan amounts, the proposed rule refers to the maximum loan amount for each ***program*** as set forth in the applicable section of the Small Business Act (sections 7(a)(31)(D) and 7(a)(34)(C)(i), respectively). Currently, the maximum loan amount for SBA Express is $350,000 and the maximum loan amount for Export Express is $500,000.     With respect to collateral, currently, for loans of $25,000 or less, SBA Express and Export Express Lenders are not required to take collateral to secure the loan. For loans over $25,000, SBA Express and Export Express Lenders must, to the maximum extent practicable, follow the written collateral policies and procedures that they have established and implemented for their similarly-sized, non-SBA guaranteed commercial loans, except for Export Express lines of credit over $25,000 used to support the issuance of a

[[Page 49005]]

standby letter of credit. Export Express lines of credit over $25,000 used to support the issuance of a standby letter of credit must have collateral (cash, cash equivalent or project) that will provide coverage for at least 25% of the issued standby letter of credit amount.     SBA proposes to incorporate these collateral requirements into new Sec.  120.445(e), with the exception of the dollar thresholds. Rather than include the current thresholds in the proposed rule, SBA is proposing to include language in the regulation giving the Agency the ability to establish a threshold below which SBA Express and Export Express Lenders will not be required to take collateral to secure an SBA Express or Export Express loan. The threshold would be described more fully in SOP 50 10. This will provide the Agency with the flexibility to adjust the threshold if necessary.     Additionally, this proposed regulation provides that SBA Express and Export Express Lenders may sell the guaranteed portions of SBA Express and Export Express term loans on the secondary market in accordance with 13 CFR subpart F, but may not sell the guaranteed portions of SBA Express or Export Express revolving lines of credit on the secondary market.     SBA Express and Export Express Lenders must pay the same fees to SBA that all 7(a) Lenders pay, which are identified in Sec.  120.220 The fees and expenses that 7(a) Lenders may collect from an Applicant or Borrower are set forth in the regulation at Sec.  120.221 Currently, with the exception of renewal fees, SBA Express and Export Express Lenders may charge an Applicant or Borrower on an SBA Express or Export Express loan the same types of fees they charge on their similarly-sized, non-SBA guaranteed commercial loans, provided that the fees are directly related to the service provided and are reasonable and customary for the services performed. The fees charged on SBA Express or Export Express loans may not be higher than those charged on the Lender's similarly-sized, non-SBA guaranteed commercial loans. In this rule, SBA proposes to require SBA Express and Export Express Lenders to comply with the same rules that apply to all other 7(a) Lenders with respect to the fees that may be collected from an Applicant or Borrower on SBA Express and Export Express loans. As noted above, the regulation at Sec.  120.221 sets forth the fees and expenses that 7(a) Lenders may collect from an Applicant or Borrower. In addition, 13 CFR part 103 of the regulations governs Agents, including their fees and provision of services. As discussed more fully in Section 3 below, SBA is proposing changes to Sec. Sec.  120.221, 103.4(g), and 103.5 with respect to the fees that may be collected from an Applicant or Borrower by a 7(a) Lender or Agent. These changes will be applicable to all 7(a) loans, including SBA Express and Export Express loans.     Consistent with SBA Loan ***Program*** Requirements, if an SBA Express or Export Express Lender requests that SBA honor its guaranty, the Agency will not purchase any portion of the loan balance that consists of fees charged to the borrower, with the exception of the SBA guaranty fee. Also, as set forth in Sec.  120.222, SBA Express and Export Express Lenders and their Associates are prohibited from sharing any premium received from the sale of an SBA guaranteed loan in the secondary market with a Service Provider, packager, or other loan-referral source. Lenders may be subject to enforcement or other appropriate action, including suspension or revocation of their privilege to sell loans in the secondary market, in the event of a violation of this prohibition.     Because SBA will require SBA Express and Export Express Lenders to comply with the same rules that apply to all other 7(a) Lenders with respect to the fees and expenses that may be collected from an Applicant or Borrower in connection with an SBA-guaranteed loan (including SBA Express and Export Express loans), SBA is not including language regarding fees in proposed Sec.  120.445     Section 120.446 SBA Express and Export Express loan closing, servicing, liquidation, and litigation requirements. SBA proposes to add a new regulation providing that SBA Express and Export Express Lenders must close, service, liquidate, and litigate their SBA Express and Export Express loans using the same documentation and procedures they use for their similarly-sized, non-SBA guaranteed commercial loans, which must comply with law, prudent lending practices, and Loan ***Program*** Requirements. Additionally, the proposed regulation provides that SBA Express and Export Express Lenders must comply with the loan servicing and liquidation responsibilities set forth for 7(a) Lenders in 13 CFR part 120, subpart E and other Loan ***Program*** Requirements. Additional guidance on loan closing, servicing, liquidation and litigation is provided in SOPs 50 10 and 50 57.     The proposed regulation also describes the circumstances under which SBA will honor the guaranty on SBA Express and Export Express Loans. As is true for 7(a) loans generally, SBA will purchase the guaranteed portion of an SBA Express or Export Express loan in accordance with Sec.  120.520 and other Loan ***Program*** Requirements, in particular SOP 50 57. In accordance with Sec.  120.520(a)(1), for loans approved on or after May 14, 2007, unless the Borrower filed for bankruptcy, the SBA Express or Export Express Lender may request that SBA honor the guaranty on the loan if there is an uncured ***payment*** default of more than 60 days and the Lender has liquidated the business personal property collateral securing the defaulted loan. In accordance with Sec.  120.520(a)(2) and SOP 50 57, for loans approved before May 14, 2007, an SBA Express Lender must liquidate all collateral for the loan and pursue all cost-effective means of recovery to collect the debt before the Lender can request that SBA honor its guaranty. For Export Express loans, however, the Lender does not have to liquidate all of the collateral and pursue all cost-effective means of recovery prior to requesting that SBA honor its guaranty if the outstanding principal balance is $50,000 or less or there is protracted litigation or other circumstances that will extend the liquidation process. It is important to note that, while non-financial default provisions are allowed under SBA Express and Export Express under certain conditions set forth in SOP 50 10, an SBA Express or Export Express Lender may not request purchase of the guaranty based solely on a violation of a non- financial default provision.     SBA will be released of its liability on an SBA Express or Export Express loan guaranty in accordance with Sec.  120.524     Section 120.447 Lender oversight of SBA Express and Export Express Lenders. SBA proposes to add a new regulation explaining that SBA Express and Export Express Lenders are subject to the same risk-based lender oversight as 7(a) Lenders, including supervision and enforcement provisions, in accordance with 13 CFR part 120, subpart I. Additional guidance concerning Lender supervision and enforcement is provided in SOPs 50 53 (Lender Supervision and Enforcement) and 51 00 (On-Site Lender Reviews/Examinations). 2. Credit Elsewhere and the Personal Resources of Owners of the Small Business Applicant     Section 120.102 Funds not available from alternative sources, including the personal resources of owners. Effective April 21, 2014, SBA removed Sec.  120.102 from the regulations, thereby eliminating what was commonly known as the ``personal resources test'' from the

[[Page 49006]]

requirements to determine eligibility for the Business Loan ***Programs***. This regulation required certain owners of the Applicant business to inject personal liquid assets into the business to reduce the amount of SBA-guaranteed funds that would otherwise be needed. The Agency eliminated this requirement in 2014 because it was concerned, at that time, that even borrowers whose principals had significant personal resources may have been unable to obtain long-term fixed asset financing from private sources at reasonable rates. The Agency also questioned whether the existence of personal resources directly correlated to the ability to obtain commercial credit on reasonable terms. In addition, the Agency determined that financing more robust borrowers in the ***program*** would offset some of the risks to SBA. However, SBA is now concerned that borrowers with large amounts of personal assets are receiving government-backed loans. In order to ensure that SBA financial assistance is provided only to those small businesses that are unable to obtain credit from alternative sources without a government guaranty, including the personal resources of the owners of the small business, SBA proposes to reinstitute a personal resources test.     SBA proposes to add a regulation that would require SBA Lenders (i.e , both 7(a) Lenders and Certified Development Companies (CDCs)) to analyze the resources of individuals and entities that own 20 percent or more of the Applicant business in order to determine if any of the owners have liquid assets available that can provide some or all of the desired financing. (The resources of an owner who is an individual include the resources of the owner's spouse and minor children.) When an owner of 20 percent or more has liquid assets that exceed stated thresholds, SBA is proposing to require an injection of cash from any such owner to reduce the SBA loan amount. Specifically, when the total financing package (i.e , any SBA loans and any other financing, including loans from any other source, requested by the Applicant business at or about the same time):     (1) Is $350,000 or less, each 20 percent owner of the Applicant must inject any liquid assets that are in excess of one and three- quarter times the total financing package, or $200,000, whichever is greater;     (2) Is between $350,001 and $1,000,000, each 20 percent owner of the Applicant must inject any liquid assets that are in excess of one and one-half times the total financing package, or $1,000,000, whichever is greater;     (3) Exceeds $1,000,000, each 20 percent owner of the Applicant must inject any liquid assets that are in excess of one times the total financing package, or $2,500,000, whichever is greater.     SBA, in its sole discretion, may permit exceptions to the required injection of an owner's excess liquid assets only in extraordinary circumstances, such as when the excess funds are needed for medical expenses of a family member or education/college expenses for children. 3. Permissible Fees That a Lender or Agent May Collect From an Applicant or Borrower in Connection With a 7(a) Loan Application.     The regulations governing permissible fees a Lender may collect from a loan Applicant or Borrower in connection with an SBA-guaranteed loan are set forth in Sec.  120.221 In addition, the regulations governing Agents, including their fees and provision of services, are set forth in 13 CFR part 103. Based on feedback obtained when conducting lender oversight activities and the numerous questions SBA receives concerning permissible fees, it is apparent that there is a significant amount of confusion surrounding who may charge an Applicant fees in connection with an SBA-guaranteed loan, what fees may be charged to the Applicant, what fees may be charged to the Lender, and what is a ``reasonable fee.'' In addition, in many cases, Applicants are being charged multiple fees by multiple providers (e.g , the Lender and a third party), on the same loan. On numerous occasions, SBA has had to require that a Lender or Agent refund amounts to an Applicant or Borrower that the Agency deemed were unreasonable or prohibited.     The regulations governing Agents, including their fees and provision of services to either an Applicant or a Lender are set forth in Part 103, not in Part 120 of the regulations. The regulations in Part 103 provide key definitions, including but not limited to Agents, Lender Service Providers, Packagers and Referral Agents. (See Sec.   103.1 ) The definition of a Referral Agent in Sec.  103.1(f) states that a Referral Agent may be compensated by either an Applicant or a Lender. Thus, Agents are permitted to charge an Applicant a referral fee, while Lenders are not. In addition, while SBA permits Lenders to engage with Lender Service Providers (LSPs) (as defined in Sec.   103.1(d)) to assist the Lender with lender functions in connection with SBA-guaranteed loans, the cost of the LSP services may not be charged to the Applicant or Borrower. (See Sec.  103.5(c).) To further complicate matters, the regulation at Sec.  103.4(g) states that a Lender Service Provider may not act as both a Lender Service Provider or Referral Agent and a Packager for an Applicant on the same SBA business loan and receive compensation for such activity from both the Applicant and Lender. However, that regulation provides a limited exception to this ``two master'' prohibition when an Agent acts as a Packager and is compensated by the Applicant for packaging services, and the same Agent also acts as a Referral Agent and is compensated by the Lender for referral activities in connection with the same loan application, provided the packaging services are disclosed to the Lender and the referral services are disclosed to the Applicant.     In order to simplify who may charge fees to the Applicant and/or the Lender, and to limit the total amount of fees that an Applicant may be charged in order to obtain an SBA-guaranteed loan, SBA proposes to revise certain portions of the regulations at Sec. Sec.  120.221, 103.4, and 103.5     Section 120.221 Fees and expenses which the Lender may collect from a loan Applicant or Borrower. Currently, Sec.  120.221(a) permits a Lender to charge an Applicant reasonable fees (customary for similar Lenders in the geographic area where the loan is being made) for packaging and other services. Under the current regulation, SBA permits Lenders to charge an Applicant a reasonable fee to assist the Applicant with the preparation of the application and supporting materials. However, SBA does not permit Lenders (or their Associates) to charge an Applicant a commitment, broker, referral, or similar fee.     SBA proposes to amend Sec.  120.221(a) to limit the total fees an Applicant can be charged by a Lender for assistance in obtaining an SBA-guaranteed loan. Regardless of what the fee is called (e.g , a packaging fee, application fee, etc.), the Lender would be permitted to collect a fee from the Applicant that is no more than $2,500 for a loan up to and including $350,000 and no more than $5,000 for a loan over $350,000. With the exception of necessary out-of-pocket costs, such as filing or recording fees permitted in Sec.  120.221(c), this is the only fee that a Lender may collect directly or indirectly from an Applicant for assistance with obtaining an SBA-guaranteed loan. In addition, the Lender may not split a loan into two loans for the purpose of charging an additional fee to an Applicant. If there is a

[[Page 49007]]

legitimate business need for the Applicant's loan request to be split into two loans (e.g , a term loan and a line of credit), the Lender may only charge the Applicant one fee within the maximums set forth above, based on the combined loan amounts. For example, if the Applicant needs a $2 million term loan to purchase real estate and a building and a $350,000 line of credit for working capital, the Lender may charge one fee for both loans not to exceed $5,000.     SBA considers these fees to be reasonable for the services provided by a Lender to an Applicant for assistance with obtaining an SBA- guaranteed loan. SBA will monitor these fees and, if adjustments are necessary, SBA may revise these amounts from time to time.     If the Lender charges the Applicant a fee for assistance with obtaining an SBA-guaranteed loan, the Lender must disclose the fee to the Applicant and SBA by completing the Compensation Agreement (SBA Form 159) in accordance with the regulation at Sec.  103.5 and the procedures set forth in SOP 50 10.     SBA also proposes to amend Sec.  120.221(b) to permit extraordinary servicing fees in excess of 2 percent for Export Working Capital ***Program*** (EWCP) loans and Working Capital CAPLines that are disbursed based on a Borrowing Base Certificate. In these ***programs***, the fees charged must be reasonable and prudent based on the level of extraordinary effort required, and cannot be higher than the fees charged on the Lender's similarly-sized, non-SBA guaranteed commercial loans. In addition, the fees charged cannot exceed the actual cost of the extra service provided. (SBA is proposing a conforming amendment to Sec.  120.344(b) to ensure extraordinary servicing fees charged on EWCP loans are reasonable and prudent.)     The remaining sections of Sec.  120.221 (sections (c) through (e)) remain unchanged. Thus, in appropriate circumstances as set forth in current Sec. Sec.  120.221(c) through (e) and further clarified in SOP 50 10, a Lender may charge an Applicant or Borrower out of pocket expenses, a late ***payment*** fee, and for legal services charged on an hourly basis.     Section 103.4 What is ``good cause'' for suspension or revocation? As noted above, the regulation at Sec.  103.4(g) currently permits a limited exception to the ``two master'' prohibition when an Agent acts as a Packager and is compensated by the Applicant for packaging services, and the same Agent also acts as a Referral Agent and is compensated by the Lender for those activities in connection with the same loan application. SBA believes there is, at a minimum, an appearance of a conflict of interest when an Agent represents both the Applicant and the SBA Lender on the same loan application. In addition, the definition of an ``Associate'' of a SBA Lender set forth in Sec.   120.10 includes ``an agent involved in the loan process.'' Therefore, an LSP or Referral Agent acting on behalf of the SBA Lender meets the definition of an Associate of the SBA Lender and is prohibited under current Loan ***Program*** Requirements from charging the Applicant certain fees or expenses in connection with an SBA-guaranteed loan. Further, when conducting Lender oversight activities, SBA has observed numerous instances where Applicants have been erroneously charged for services that were provided for the SBA Lender, not the Applicant. In order to prevent any conflicts of interest from arising and to ensure the Applicants are not improperly charged for services provided to the SBA Lender, SBA proposes to eliminate the limited exception to the ``two master prohibition'' and prevent an Agent, including an LSP, from providing services to both the Applicant and the SBA Lender and being compensated by both parties in connection with the same loan application. SBA proposes to use the defined term ``SBA Lender'' in the revised regulation to clarify that it applies to both 7(a) Lenders and CDCs. SBA also proposes to revise the remaining text of Sec.  103.4(g) for clarity.     Section 103.5 How does SBA regulate an Agent's fees and provision of service? The regulation at Sec.  103.5 sets forth, among other things, the requirement for all Agents to disclose to SBA the compensation received for services provided to an Applicant and requires that fees charged must be considered reasonable by SBA. In an effort to clarify what SBA considers reasonable and to prevent Applicants from being overcharged by Agents, SBA proposes to amend this section to limit the total fees that an Agent may charge an Applicant in connection with obtaining an SBA-guaranteed loan.     SBA proposes the following limitations on the fees that an Agent may charge an Applicant:     (1) For loans up to and including $350,000: A maximum of up to 2.5% of the loan amount, or $7,000, whichever is less;     (2) For loans $350,001-$1,000,000: A maximum of up to 2% of the loan amount, or $15,000, whichever is less; and     (3) For loans over $1,000,000: A maximum of up to 1.5% of the loan amount, or $30,000, whichever is less.     If an Agent provides more than one service (e.g , packaging and referral services), only one fee would be permitted for all services performed by the Agent. Further, if more than one Agent (e.g , a Packager and a Referral Agent) provides assistance to the Applicant in obtaining the loan, the amount of all fees that the Applicant may be required to pay would be combined to meet the maximum allowable fee set by SBA. (However, a fee charged to the Applicant by the Lender in accordance with proposed Sec.  120.221(a) will not be counted toward the maximum allowable fee for an Agent or Agents.) These maximum limits would apply regardless of whether the Agent's fee is based on a percentage of the loan amount or on an hourly basis.     SBA considers these fees to be reasonable for the services provided by an Agent or Agents to an Applicant in connection with obtaining an SBA-guaranteed loan. SBA will monitor these fees and, if adjustments are necessary, SBA may revise these amounts from time to time by publishing a notice with request for comments in the Federal Register.     If an Agent or Agents charge an Applicant fees in connection with obtaining an SBA-guaranteed loan, the Agent or Agents must disclose the fees to SBA by completing a Compensation Agreement (SBA Form 159) in accordance with the regulation at Sec.  103.5 and must provide supporting documentation as set forth in SOP 50 10.     Additionally, SBA proposes to remove the word ``directly'' from the last sentence of Sec.  103.5(c) to clarify that compensation paid by the Lender to a Lender Service Provider may not be charged to Applicants, either directly or indirectly. 4. Loans to Qualified Employee Trusts     The regulations governing SBA-guaranteed loans to qualified employee trusts or ``ESOPs'' are set forth in Sec. Sec.  120.350 through 120.354 Currently, the regulation at Sec.  120.350 describes the Agency's policy concerning such loans and states that SBA is authorized under section 7(a)(15) of the Act to provide guaranteed loans to ESOPs to help finance the growth of the employer small business or to purchase ownership or voting control of the employer. Because of the complex nature of these transactions, SBA is proposing to amend the regulation at Sec.  120.350 to require such applications to

[[Page 49008]]

be processed only on a non-delegated basis. 5. A Lender's Responsibility When Purchasing 7(a) Loans From the FDIC as Receiver, Conservator, or Other Liquidator of a Failed Financial Institution     Generally, when the FDIC takes over a failed insured depository institution, it sells the 7(a) loan assets of the institution to either an Assuming Institution (through a purchase and assumption transaction) or to an investor in one or more FDIC loan sales. SBA has a long- standing policy of holding Assuming Institutions and investors responsible for the contingent liabilities (including repairs and denials) associated with 7(a) loans originated by failed insured depository institutions, whether the 7(a) loans are purchased by a Lender through an FDIC loan sale where SBA has not already purchased the guaranty or to an Assuming Institution through a whole bank ***transfer***.     Under Sec.  120.432(a), for 7(a) loan sales that do not involve the FDIC (i.e , the sale of a Lender's entire interest in a 7(a) loan to another Lender), SBA holds a purchasing Lender responsible for the contingent liabilities associated with the 7(a) loans acquired (even if the guaranteed portion of the loan has already been sold on the secondary market). SBA is proposing to amend the regulation at Sec.   120.432(a) to implement its long-established policy for 7(a) loans acquired by Lenders from the FDIC (as receiver, conservator, or other liquidator of a failed insured depository institution). 6. Microloan ***Program***     Section 120.707 What conditions apply to loans by Intermediaries to Microloan borrowers? In order to provide more flexibility for the Microloan borrower, SBA proposes to revise the regulation at Sec.   120.707(b) to increase the maximum maturity of a loan from an Intermediary to a Microloan borrower from six ***years*** to seven ***years***. This change would allow for a longer repayment period for these small loans.     Section 120.712 How does an Intermediary get a grant to assist Microloan borrowers? SBA proposes to revise the regulation at Sec.   120.712(b) to incorporate recent statutory changes to the percentage of grant funds that may be used by the Intermediary for marketing, managerial, and technical assistance to prospective Microloan borrowers from 25 percent to 50 percent. The balance of grant funds must be used to provide technical assistance to actual borrowers (i.e , small businesses that have received loan funds from the Intermediary). In Sec.  120.712(d), SBA proposes to incorporate an identical recent statutory change to the percentage of grant funds the Intermediary may use to contract with third parties to provide technical assistance to Microloan borrowers. In addition, SBA proposes to revise Sec.   120.712(b) to limit the amount of grant funds that an Intermediary may use to market or advertise the Microloan ***program*** to prospective borrowers to no more than 5 percent of the amount of the grant. None of the grant funds may be used by the Intermediary to market or advertise its non-SBA products or services. Furthermore, in accordance with the Office of Management and Budget guidance for grants and agreements set forth in 2 CFR 200.403 and 200.404, the amount of grant funds used by the Intermediary to market or advertise the Microloan ***program*** to prospective borrowers must be reasonable. 7. Technical Corrections     Section 120.222 Prohibition on sharing premiums for secondary market sales. SBA proposes a technical correction to Sec.  120.222 to remove an extra word (``in'') that was inserted in error.     Section 120.840 Accredited Lenders ***Program*** (ALP). In Sec.   120.840(b), SBA is proposing to replace the reference to the Director, Office of Financial Assistance with ``appropriate SBA official in accordance with Delegations of Authority.''

B. Affiliation Principles for the Business Loan, Business Disaster Loan, and Surety Bond Guarantee ***Programs***

    Section 121.301 What size standards and affiliation principles are applicable to financial assistance ***programs***? SBA proposes to amend the affiliation principles applicable to Applicants for assistance in the financial assistance ***programs*** set forth in Sec.  121.301(f). Specifically, SBA proposes to expand the principle of affiliation arising from ``identity of interest'' to include common investments and economic dependence through contractual or other relationships between any two or more individuals or businesses, reinstate the ``newly organized concern'' rule, reinstate the ``totality of the circumstances'' analysis when determining affiliation between an Applicant for financial assistance and other entities, and clarify affiliation based on a franchise or license agreement.     Currently, the regulation at Sec.  121.301(f)(4) defines affiliation based on ``identity of interest'' for the Business Loan, Business Disaster Loan, and Surety Bond Guarantee ***Programs*** as arising only when there are ``close relatives'' with identical or substantially identical business or economic interests (such as where the close relatives operate concerns in the same or similar industry in the same geographic area). Prior to 2016, this regulation also defined affiliation to include identity of interest based on other grounds, including common investments or economic dependence among other parties (not just close relatives). The current regulation also differs from the principles of affiliation SBA uses for all its other ***programs***, all of which include common investments and economic dependence as grounds for affiliation. By limiting the regulation to close relatives only, SBA has allowed businesses that are economically dependent on one another to be treated as independent businesses (i.e , not affiliated) for the purposes of the ***programs*** referenced in this paragraph. SBA has also allowed individuals with multiple common investments to have their ownership interests be considered separately in the Business Loan ***Programs***, whereas other SBA ***programs*** would find those individuals to have an identity of interest. SBA believes the 2016 regulatory change should be reversed in order to better reflect the controlling effect of an identity of interest through common investments or economic dependence and to conform more closely to other SBA ***programs***. Accordingly, SBA is now proposing to expand this regulation to include affiliation between individuals or firms that have identical or substantially identical business or economic interests (individuals or firms with common investments, or firms that are economically dependent through contractual or other relationships).     Under the proposed rule, SBA would find affiliation based on common investments under the identity of interest rule when multiple entities are owned by the same individuals or firms, and the entities owned by such investors conduct business with each other or share resources. In order to find an identity of interest between investors, the common investments would need to be substantial, either in number of investments or total value. As an example, in the Size Appeal of W. Harris, Government Services Contractor, Inc., SBA No. SIZ-5717 (2016), SBA found two individuals to have an identity of interest based on common

[[Page 49009]]

investments where they each owned 50% of one firm, and split the ownership of a second firm on a 55%/45% basis. While there were only two common investments, based on the fact that the two individuals' combined ownership of the two firms was 100%, their common investments were deemed to be substantial in value. Because of the substantial common investments, the two firms were affiliated with each other and with a firm wholly owned by one of the individuals. The proposed rule adopts the standard in W. Harris with the following modification: Under the proposed rule, SBA would consider businesses to be affiliated based on common investments only if they conduct business with each other, or share resources, equipment, locations or employees; or provide loan guaranties or other financial or managerial support to each other.     As a hypothetical example, ABC Company is owned by four unrelated individuals: Ann owns 60% of the business; Barbara owns 15%; Charlie owns 15%; and David owns 10%. ABC Company applies for a 504 loan to acquire land and build a hotel. XYZ Company is owned by the same four unrelated individuals, but in different ownership percentages: Ann owns 10% of the business; Barbara owns 60%; Charlie owns 15%; and David owns 15%. XYZ Company, a management company, applies for a 7(a) loan for working capital. DEF Company also is owned by the same four unrelated individuals in different ownership percentages, but with a new member as well: Ann owns 5% of the business; Barbara owns 10%; Charlie owns 55%; David owns 15%; and Ella owns 15%. DEF Company applies for a 504 loan to acquire land and build a hotel. XYZ Company has agreements with ABC Company and DEF Company to manage both of the hotels. Under the proposed rule, SBA will consider Ann, Barbara, Charlie and David to have an identity of interest because of their substantial common investments in the three companies, and the fact that XYZ Company manages the hotels owned by ABC Company and DEF Company. Any firm in which Ann, Barbara, Charlie, or David individually or collectively own more than 50% also will be considered affiliated with ABC Company, XYZ Company, and DEF Company, if the business owned by Ann, Barbara, Charlie, or David conducts business or shares resources with, or provides financial or managerial support to, any of the co-owned firms. Any other businesses in which Ella may have an ownership interest, however, will not be considered affiliated because Ella only has a small ownership percentage in DEF Company.     Also under the proposed identity of interest rule, if a small business Applicant derived more than 85% of its revenue from another business over the previous three fiscal ***years***, SBA would find that the small business Applicant is economically dependent on the other business and, therefore, that the two businesses are affiliated. For example, Company A manufactures tires and has a contract with Company B to supply the vast majority of Company B's tires. The sales to Company B accounted for 86%-88% of Company A's revenues over the previous three fiscal ***years***. Under the proposed rule, Company A would be economically dependent on Company B and the two businesses would be deemed affiliated. The proposed rule departs from SBA's other ***programs*** in using a higher threshold of 85% of the Applicant's revenues to establish economic dependence, rather than 70%. SBA believes the higher threshold is more appropriate to establish affiliation in the ***programs*** discussed in this Section II.B As in SBA's other ***programs***, this basis of affiliation would include an exception for a business that is new or a start-up. New or start-up businesses may only have a few customers or obtained a few contracts, and do not have as many partners and clients as established businesses. In order to be eligible for the exception for new or start-up businesses, these businesses would need to have a plan to diversify and become less dependent on one entity. For example, in the matter of Size Appeal of Argus And Black, Inc., SBA No. SIZ- 5204, 2011 WL 1168302 (February 22, 2011), the SBA Office of Hearings and Appeals held that where a small business has only recently begun operations either initially or after a period of dormancy, and is dependent upon its alleged affiliate for only one small contract of short duration, which by itself could not sustain a business, a finding of economic dependence is not warranted.     SBA recognizes that, if the proposed identity of interest rule is adopted as final, SBA Lenders may need assistance in applying the rule to certain ***agricultural*** business relationships or agreements. In particular, the agreement between a poultry farmer and a large poultry producer (integrator) may be critical to the determination of whether the farmer is an independent small business but, due to the complexity of the typical integrator agreement, SBA Lenders may be uncertain as to the correct outcome of the affiliation analysis for such a business relationship. SBA is considering reviewing these agreements and making the affiliation determination itself so that SBA Lenders will not be reluctant to make loans to small poultry farmers operating under such agreements. SBA will provide further information on this in the final rule, if necessary.     Additionally, SBA proposes to add the newly organized concern rule to Sec.  121.301(f), which will create uniformity among SBA's various affiliation rules. The newly organized concern rule applied to the Business Loan ***Programs*** prior to the 2016 rule change, but was removed at SBA's own initiative. Under the proposed newly organized concern rule, a newly organized spin-off company may be found affiliated with the original company where all of the following conditions are met: (1) Former or current officers, directors, principal stockholders, managing members, general partners, or key employees of one concern organize a new concern; (2) the new concern is in the same or related industry or field of operation; (3) the individuals who organized the new concern serve as the new concern's officers, directors, principal stockholders, managing members, general partners, or key employees; and (4) the original concern is furnishing or will furnish the new concern with contracts, financial or technical assistance, indemnification on bid or performance bonds, and/or other facilities, whether for a fee or otherwise. The proposed rule would define a key employee to be an employee who, because of his or her position in the concern, has a critical influence in or substantive control over the operations or management of the concern. The proposed rule further defines a ``newly organized'' concern to be one that has been actively operating continuously for two ***years*** or less. The proposed newly organized concern basis of affiliation would be a rebuttable presumption that may be rebutted if there is a clear line of fracture between the new concern and the other firm.     Finally, SBA proposes to amend Sec.  121.301(f) by adding a new paragraph 6 to explain that, when making affiliation determinations, SBA will consider the totality of the circumstances, and may find affiliation even though no single factor is sufficient to constitute affiliation. The totality of the circumstances criterion for determining affiliation was removed in 2016 in response to comments received on the proposed revisions to the affiliation rules. Commenters requested that SBA either eliminate the criterion

[[Page 49010]]

or provide examples of when it would be used. SBA stated that, generally, examples of when this criterion was used involved negative control or control through management agreements. Rather than include examples in the rule, SBA provided additional specific guidance in Sec. Sec.  121.301(f)(1) and (f)(3) to address negative control and control through management agreements. However, SBA now believes that there are other examples of when affiliation may be present and, therefore, is reinstating the totality of the circumstances criterion.     Examples of affiliation between small businesses based on the totality of the circumstances include:     (1) SBA found a newly established firm to be affiliated with the firm owned by its 40% owner where both firms were construction companies; they had similar names (Specialized Services, Inc. and Specialized Veterans, LLC); the 40% owner provided a $300,000 initial capital contribution compared to the 60% owner's $1,000 contribution; the majority owner was previously the Chief Operating Officer of the affiliate; the majority owner had no construction experience; and the affiliate provided indemnification to the firm's surety. (Size Appeal of Specialized Veterans, LLC, SBA No. SIZ-5138 (2010).)     (2) SBA found a newly established firm to be affiliated with its minority owner, an entity in the same line of business, where the other owners were previously key employees of the affiliate; the affiliate provided guarantees for the firm's financing and required the firm to seek the affiliate's approval before undertaking long-term commitments; the affiliate supplied the firm with machines and equipment for free; the affiliate promised the firm a large amount of business; and the sales the firm made to the affiliate accounted for the vast majority, 86%-88%, of its revenues. (Size Appeal of Pointe Precision, LLC, SBA No. SIZ-4466 (2001).)     SBA notes that a business found affiliated under the totality of the circumstances test (or any other ground of affiliation) in the Business Loan ***Programs*** may challenge the determination by requesting a formal size determination from SBA's Office of Government Contracting in accordance with 13 CFR 121.1001(b)(1)(i). A business can appeal a formal size determination to SBA's Office of Hearings and Appeals in accordance with 13 CFR 121.1101     Finally, SBA proposes to revise Sec.  121.301(f)(5) to clarify that the term ``franchise'' has the meaning given by the Federal Trade Commission (FTC) in its definition of ``franchise'' as set forth in 16 CFR 436. SBA proposes to cross reference the FTC definition of ``franchise'' in the regulation to clarify that the regulation applies to all agreements or relationships, whatever they may be called, that meet the FTC definition of a franchise. All such agreements will be referred to in the regulation as ``franchise agreements'' and the parties to such agreements will be referred to as ``franchisor'' and ``franchisee.'' Further, SBA proposes to add to this regulation a statement that SBA will maintain a centralized list of franchise and other similar agreements that are eligible for SBA financial assistance. SBA will make this centralized list available to SBA Lenders and the public. The proposed changes discussed in this paragraph are consistent with SBA's current policy and procedure.     Although not included in the regulations, SBA is providing below a description of the franchise procedures currently in effect for lending to franchisees in the Business Loan ***Programs***. As of January 1, 2018, SBA created the SBA Franchise Directory (the ``Directory'') of all franchise and other brands reviewed by SBA that are eligible for SBA financial assistance. The Directory only includes business models that SBA determines are eligible under SBA's affiliation rules and other eligibility criteria. If the Applicant's brand meets the FTC definition of a franchise, it must be on the Directory in order to obtain SBA financing. (To help minimize confusion over brands that may appear to be franchises but that do not meet the FTC definition, SBA includes such brands on the Directory at their request if they are eligible in all other respects.) SBA Lenders are able to rely on the Directory and no longer need to review franchise or other brand documentation for affiliation or eligibility.     The Directory will continue to be maintained on SBA's website at [*www.sba.gov*](http://www.sba.gov) It will contain the following information:     (1) Whether the brand meets the FTC definition of a franchise;     (2) The SBA Franchise Identifier Code, if applicable (a code will only be issued if the agreement meets the FTC definition of a franchise);     (3) Whether an addendum is needed in order to resolve any affiliation issues as a result of provisions in the franchise agreement and, if so, whether the franchisor will use the SBA Addendum to Franchise Agreement (SBA Form 2462) or an SBA Negotiated Addendum (with respect to an SBA Negotiated Addendum, the Directory will reference the addendum most recently negotiated with SBA, which will not be earlier than 2015); and     (4) Whether there are additional issues the Lender must consider with respect to the brand (e.g , documentation that the business will be open to all, review of any third party management agreement to ensure Applicant is not a passive business or affiliated with the management company).     For applications involving a franchise or similar relationship that meets the FTC definition of a franchise, before submitting the application to SBA for non-delegated processing or approving the loan under the SBA Lender's delegated authority, the SBA Lender must check the Directory to determine if it includes the Applicant's brand. If the Applicant's brand is on the Directory, the SBA Lender may proceed with submitting the application to SBA for non-delegated processing, or approving the loan under its delegated authority. If the Applicant's brand is not on the Directory, the SBA Lender cannot submit the application to SBA for non-delegated processing, or approve the loan under its delegated authority. (See, SOP 50 10 for a full discussion of the procedures for processing franchise loans.)     Section 121.302 When does SBA determine the size status of an applicant? SBA proposes to incorporate the SBA Express and Export Express ***programs*** into this regulation to clarify that, with respect to applications for financial assistance under these ***programs***, size is determined as of the date of approval of the loan by the SBA Express or Export Express Lender.

Compliance With Executive Orders 12866, 12988, 13132, 13563, and 13771, the Paperwork Reduction Act (44 U.S.C , Ch. 35), and the Regulatory Flexibility Act (5 U.S.C 601-612).

Executive Order 12866

    The Office of Management and Budget (OMB) has determined that this proposed rule is not a ``significant'' regulatory action for the purposes of Executive Order 12866. However, SBA has drafted a Regulatory Impact Analysis in the next section. This is not a major rule under the Congressional Review Act, 5 U.S.C 800.

Regulatory Impact Analysis

1. Is there a need for this regulatory action?     The Agency believes it is necessary to provide regulatory guidance for SBA Express and Export Express loans, which are authorized by statute. Current

[[Page 49011]]

regulatory guidance provides an extensive framework for the delivery of SBA's 7(a) guaranteed loans through participating private sector lenders. However, currently there are not regulations identifying the specific Loan ***Program*** Requirements applicable to SBA Express and Export Express. Congress has authorized SBA to permit qualified lenders to make SBA Express and Export Express loans using, to the maximum extent practicable, their own analyses, procedures, and documentation. It is necessary to provide clear and succinct regulatory guidance for lenders to encourage participation in extending these smaller dollar loans, and to enable these lenders to extend credit with confidence in their ability to rely on ***payment*** by SBA of the guaranty if necessary.     The Small Business 7(a) Lending Oversight Reform Act of 2018 was signed into law on June 21, 2018. As part of this legislation, Congress has authorized the Agency to direct the methods by which Lenders determine whether a borrower is able to obtain credit elsewhere. SBA will be implementing that legislation in a separate rulemaking, but in this rule SBA proposes to reinstate a personal resources test in an effort to provide clear direction to SBA Lenders when analyzing whether a borrower has credit available elsewhere on reasonable terms from non- Federal or alternative sources.     The statutory changes in the Consolidated Appropriations Act of 2018 (Pub. L. 115-141) regarding the Microloan ***Program*** require amendments to existing regulations for the percentage of grant funds that may be used by the Microloan Intermediary for marketing, managerial, and technical assistance to prospective Microloan borrowers. Existing regulations must be revised as proposed to reflect the statutory changes.     Further, the Agency believes it needs to streamline and reduce regulatory burdens to facilitate robust participation in the business loan ***programs*** that assist small and underserved U.S businesses. For that reason, SBA is proposing the changes to the regulatory provisions related to allowable fees that a Lender or Agent may collect from an Applicant for financial assistance. The proposed changes are needed to simplify the regulations regarding fees that may be collected from an Applicant. The proposal would establish clear limits on the amount of fees that may be charged by a Lender and/or an Agent. In addition, the proposed changes to the affiliation principles applicable to the Business Loan, Disaster Loan, and Surety Bond Guarantee ***Programs*** are needed in order to simplify and clarify the determination of eligibility of a business as a small concern. 2. What are the potential benefits and costs of this regulatory action?     SBA does not anticipate any additional costs or impact on the subsidy to operate the business loan ***programs*** under these proposed regulations. SBA anticipates that providing clear regulatory guidance for the SBA Express and Export Express Loan ***Programs*** will result in an increase in the number of participating lenders and loans in both ***programs***, which would mean increased access to capital for small businesses. SBA does not anticipate any additional cost from the addition of the SBA Express and Export Express regulations because both ***programs*** have been in use and performing for over 5 ***years***. Additionally, portfolio performance of both ***programs***, including prepayment, default and recovery behaviors is already being captured in the 7(a) ***program***'s annual subsidy calculation.     In return for the additional autonomy and authority granted under SBA Express, Lenders who participate in the SBA Express ***program*** agree to receive a maximum guaranty of 50% on loans of $350,000 or less. The ability for SBA Express Lenders to use the same forms, procedures and policies that they already follow for their similarly-sized, non-SBA guaranteed commercial loans removes an additional layer of documents and permits a lender to move more quickly to a decision and funding of small dollar small business loans. This reduces the time and costs, as well as the paperwork involved in making these smaller loans (up to $350,000 for SBA Express and up to $500,000 for Export Express).     The Export Express Loan ***Program*** provides lenders with a maximum guaranty of 90% for loans of $350,000 or less and 75% for loans over $350,000 up to $500,000, as well as the authority to use their own forms, procedures and policies to the maximum extent possible. As with SBA Express, the increased autonomy and authority reduces redundancy in documentation, time and costs associated with underwriting smaller export loans.     Cost to deliver is an important consideration for lenders when assessing the benefits of participating with SBA ***programs***. Streamlined rules result in increased lender participation, particularly for community banks, credit unions and other mission-based lenders who generally serve more rural communities and underserved populations with smaller dollar loans. While SBA does not have specific statistics, cost savings to the lender generally trickle down to the small business Applicant. Further, providing plain language regulatory guidance for the SBA Express and Export Express Loan ***Programs*** will reduce improper ***payment*** risk for lenders and SBA by ensuring that lenders are fully informed and understand the ***program*** requirements. 3. What alternatives have been considered?     SBA has provided guidance on the SBA Express and Export Express Loan ***Programs*** in SOP 50 10, Lender and Development Company ***Programs***, SOP 50 57, 7(a) Loan Servicing and Liquidation, SOP 50 53, Lender Supervision and Enforcement, and 51 00, On-Site Reviews and Examinations, and official Agency notices. The Agency recognizes, however, that regulations are important for the proper implementation of the two ***programs***.

Executive Order 13563

    This executive order supplements and reaffirms the principles and requirements in E.O 12866, including the requirement to provide the public with an opportunity to participate in the regulatory process. In compliance with the executive order, a description of the need for this regulatory action and benefits and costs associated with this action, including possible distributional impacts are included above in the Regulatory Impact Analysis. The Agency has participated in public forums and meetings, which have included outreach to many of its ***program*** participants to seek valuable insight, guidance, and suggestions for ***program*** reform. Some of the proposed changes in this rule are a direct result of the feedback SBA has received from ***program*** participants.

Executive Order 13771

    This proposed rule is not expected to be an E.O 13771 regulatory action because this proposed rule is not significant under E.O 12866.

Executive Order 12988

    This action meets applicable standards set forth in Sections 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden. The action does not have retroactive or preemptive effect.

Executive Order 13132

    SBA has determined that this proposed rule would not have substantial, direct effects on the States,

[[Page 49012]]

on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, for the purposes of Executive Order 13132, SBA has determined that this proposed rule has no federalism implications warranting preparation of a federalism assessment.

Paperwork Reduction Act, 44 U.S.C , Ch. 35

    SBA has determined that this proposed rule would impose additional reporting or recordkeeping requirements under the Paperwork Reduction Act (PRA). Applicants for SBA Express and Export Express loans, as well as SBA Express and Export Express Lenders, use the same forms as all other 7(a) loans in order to apply for an SBA guaranteed loan. These forms include: SBA Form 1919, Borrower Information Form; SBA Form 1920, Lender's Application for Guaranty; SBA Form 1971, Religious Eligibility Worksheet (for those businesses that may have a religious aspect); and SBA Form 2237 (to request modifications to an approved loan). These forms are all OMB-approved forms under OMB Control number 3245-0348. SBA Form 1920 would need to be revised due to the proposed new regulation at Sec.  120.102, which would require Lenders to analyze the personal resources of certain owners of the Applicant business to determine if they have liquid assets that can provide some or all of the desired financing. The change would have a de minimis impact on Lenders since the personal resource analysis is already part of the credit analysis Lenders currently conduct in determining an Applicant's eligibility for SBA financial assistance. SBA Form 1920 is completed by the Lender, not by the Applicant.     The rule also proposes changes that would require revisions to SBA Form 159, Fee Disclosure and Compensation Agreement (OMB Control number 3245-0201), which is used to collect information from Lenders and Agents on the fees that they charge to Applicants for assistance with obtaining an SBA-guaranteed loan. SBA Form 159 is also used to collect information from Lenders on referral fees that it pays to Referral Agents in connection with an SBA-guaranteed loan. The specific proposed revisions to SBA Form 159 would implement the proposed changes to Sec. Sec.  120.221, 103.4(g), and 103.5 that limit the amount and types of fees that may be charged to an Applicant. The proposed revisions to SBA Form 159 would reduce the hour burden for Lenders because they will no longer have to itemize the fees charged to Applicants in excess of $2,500, but merely disclose the amount charged. The revisions would have no material effect on the reporting burden for Agents. They will continue to report on all fees imposed on Applicants as they do now. The proposed changes to SBA Forms 1920 and 159 will be submitted to OMB as part of a broader, comprehensive revision of the forms that is not affected by this proposed rule, but is part of the Agency's efforts to streamline and simplify the information collected from Applicants and Lenders. SBA will make it clear in the final rule that the specific revisions affected by this proposed rule will not take effect until the rule is finalized. SBA invites comments on the proposed changes to the underlying regulations that would impact these forms by the deadline for comments noted in the DATES section.     Finally, this proposed rule proposes to put into the regulations the existing requirement for SBLCs to submit to SBA for review and approval on an annual basis the validation of any credit scoring model they are using in connection with SBA Express and Export Express loans. This reporting requirement will be included in OMB-approved collection, SBA Lender Reporting Requirements (OMB Approval Number 3245-0365). This information collection expires September 30, 2018 and will be submitted to OMB for renewal prior to that date. The proposed regulatory change does not impact that requirement; it merely codifies the requirement in the regulation instead of the SOP.

Regulatory Flexibility Act, 5 U.S.C 601-612

    When an agency issues a rulemaking proposal, the Regulatory Flexibility Act (RFA), 5 U.S.C 601-612, requires the agency to ``prepare and make available for public comment an initial regulatory analysis'' which will ``describe the impact of the proposed rule on small entities.'' Section 605 of the RFA allows an agency to certify a rule, in lieu of preparing an analysis, if the proposed rulemaking is not expected to have a significant economic impact on a substantial number of small entities. Although the rulemaking will impact all of the approximately 4,500 7(a) Lenders, all of the approximately 214 CDCs, all of the approximately 146 Microloan Intermediaries, all of the approximately 33 ILP Intermediaries, and all of the approximately 32 Sureties that participate in the SBG ***Program***, SBA does not believe the impact will be significant because this proposal modifies existing regulations and procedures to provide bright-line guidance.     SBA has determined that by proposing a limit to fees that a Lender or an Agent may charge to a small business Applicant or Borrower for SBA 7(a) loans, small business borrowers will be protected from incurring excessive expense to obtain a loan. SBA issued guaranties on 288,398 7(a) loans from fiscal ***year*** 2013 through fiscal ***year*** 2017. Fees charged to the Borrower or Applicant for packaging or other services were disclosed on 21% of the total 7(a) loans approved in that period. Applicants or Borrowers were charged fees that exceed the limits proposed in this rulemaking on 3.8% of total 7(a) loans approved.     Based on the analysis above, SBA has determined that the proposed fee limits will not cause undue financial burden to the Lenders or Agents. Having this bright-line test, Lenders, Borrowers, and Agents will, in fact, save time and costs in analyzing and documenting that fees charged to the Applicant are reasonable.     SBA's proposal to reinstate a personal resources test will have no impact, either directly or indirectly, to Applicants for 7(a) or 504 loans. Currently, the regulation (13 CFR 120.101) and ***program*** guidance require SBA Lenders to analyze the ability of the business to obtain credit from non-federal sources, including the personal resources of individuals and entities that own 20 percent or more of the Applicant business. The proposed change reinstates a bright-line test for SBA Lenders to appropriately consider the personal resources of the principals.     SBA's proposal to presume affiliation between a small business Applicant and another business from which the Applicant has derived more than 85% of its revenue over the previous three fiscal ***years*** includes an exception for new or start-up businesses. The exception will require the new or start-up Applicant to prepare a diversification plan demonstrating how it plans to become less dependent on any single source of income. This requirement to create a diversification plan may create an additional regulatory burden on those Applicants eligible for the exception. However, SBA considers this impact to be de minimis to the overall cost and time burden of the Applicant in preparing an application and business plan.     SBA believes that this proposed rule encompasses best practice guidance that aligns with the Agency's mission to increase access to capital for small businesses and facilitate American job preservation and creation with the

[[Page 49013]]

removal of unnecessary regulatory requirements. For these reasons, SBA has determined that there is no significant economic impact on a substantial number of small entities. SBA invites comment from members of the public who believe there will be a significant impact on sureties, microloan intermediaries, participant lenders, CDCs, or small businesses.

List of Subjects

13 CFR Part 103

    Administrative practice and procedure.

13 CFR Part 120

    Community development, Environmental protection, Equal employment opportunity, Exports, Loan ***programs***--business, Reporting and recordkeeping requirements, Small businesses.

13 CFR Part 121

    Loan ***programs***--business, Reporting and recordkeeping requirements, Small businesses.

    For the reasons stated in the preamble, SBA proposes to amend 13 CFR parts 103, 120 and 121 as follows:

PART 103--STANDARDS FOR CONDUCTING BUSINESS WITH SBA

0 1. The authority citation for part 103 is revised to read as follows:

    Authority:  15 U.S.C 634, 642.

0 2. Amend Sec.  103.4 by revising paragraph (g) to read as follows:

Sec.  103.4  What is ``good cause'' for suspension or revocation?

\* \* \* \* \*     (g) Acting as an Agent (including a Lender Service Provider) for an SBA Lender and an Applicant on the same SBA business loan and receiving compensation from both the Applicant and SBA Lender. \* \* \* \* \* 0 3. Amend Sec.  103.5 by revising paragraph (b) and the last sentence of paragraph (c) to read as follows:

Sec.  103.5  How does SBA regulate an Agent's fees and provision of service?

\* \* \* \* \*     (b) Total compensation charged by an Agent or Agents to an Applicant for services rendered in connection with obtaining an SBA- guaranteed loan must be reasonable. In cases where the compensation exceeds the amount SBA deems reasonable, the Agent(s) must reduce the charge and refund to the Applicant any sum in excess of the amount SBA deems reasonable. SBA considers the following amounts to be reasonable for the total compensation that an Applicant can be charged by an Agent or Agents:     (1) For loans up to and including $350,000: A maximum of up to 2.5% of the loan amount, or $7,000, whichever is less;     (2) For loans $350,001-$1,000,000: A maximum of up to 2% of the loan amount, or $15,000, whichever is less; and     (3) For loans over $1,000,000: A maximum of up to 1.5% of the loan amount, or $30,000, whichever is less.     (c) \* \* \* However, such compensation may not be charged to an Applicant or Borrower.

PART 120--BUSINESS LOANS

0 4. The authority citation for part 120 continues to read as follows:

    Authority:  15 U.S.C 634(b)(6), (b)(7), (b)(14), (h), and note, 636(a), (h) and (m), 650, 687(f), 696(3), and 697(a) and (e); Pub. L. 111-5, 123 Stat. 115; Pub. L. 111-240, 124 Stat. 2504.

0 5. Add Sec.  120.102 to read as follows:

Sec.  120.102  Funds not available from alternative sources, including the personal resources of owners.

    (a) An Applicant for a business loan must show that the desired funds are not available from the resources of any individual or entity owning 20 percent or more of the Applicant. SBA will require the use of liquid assets from any such owner as an injection to reduce the SBA loan amount when that owner's liquid assets exceed the amounts specified in paragraphs (a)(1) through (3) of this section. When the total financing package (i.e , any SBA loans and any other financing, including loans from any other source, requested by the Applicant business at or about the same time):     (1) Is $350,000 or less, each 20 percent owner of the Applicant must inject any liquid assets that are in excess of one and three- quarter times the total financing package, or $200,000, whichever is greater;     (2) Is between $350,001 and $1,000,000, each 20 percent owner of the Applicant must inject any liquid assets that are in excess of one and one-half times the total financing package, or $1,000,000, whichever is greater;     (3) Exceeds $1,000,000, each 20 percent owner of the Applicant must inject any liquid assets that are in excess of one times the total financing package, or $2,500,000, whichever is greater.     (b) Any liquid assets in excess of the applicable amount set forth in paragraph (a) of this section must be used to reduce the SBA loan amount. These funds must be injected prior to the disbursement of the proceeds of any SBA financing. In extraordinary circumstances, SBA may, in its sole discretion, permit exceptions to the required injection of an owner's excess liquid assets.     (c) For purposes of this section, ``liquid assets'' means cash or cash equivalents, including savings accounts, CDs, stocks, bonds, or other similar assets. Equity in real estate holdings and other fixed assets are not to be considered liquid assets. In addition, the liquid assets of any 20 percent owner who is an individual include the liquid assets of the owner's spouse and any minor children.     (d) SBA Lenders must document their analysis and determination in the loan file. 0 6. Amend Sec.  120.130 by revising paragraph (c) to read as follows:

Sec.  120.130  Restrictions on uses of proceeds.

\* \* \* \* \*     (c) Floor plan financing or other revolving line of credit, except under Sec.  120.340, Sec.  120.390, or Sec.  120.444; \* \* \* \* \* 0 7. Amend Sec.  120.221 by revising the section heading and paragraphs (a) and (b) to read as follows:

Sec.  120.221  Fees and expenses that the Lender may collect from an Applicant or Borrower.

\* \* \* \* \*     (a) Fees that can be collected from the Applicant for assistance in obtaining a loan. The Lender may collect a fee from an Applicant for assistance with obtaining an SBA-guaranteed loan. The fee may not exceed $2,500 for a loan up to and including $350,000 and may not exceed $5,000 for a loan over $350,000. The Lender must advise the Applicant in writing that the Applicant is not required to obtain or pay for unwanted services. In cases where the compensation exceeds what SBA deems reasonable, the Lender must reduce the charge and refund to the Applicant any amount in excess of what SBA deems reasonable. If the Lender charges the Applicant a fee for assistance with obtaining an SBA-guaranteed loan, the fee must be disclosed to SBA in accordance with Sec.  103.5 and documented in accordance with Loan ***Program*** Requirements.     (b) Extraordinary servicing. Subject to prior written SBA approval, if all or part of a loan will have extraordinary servicing needs, the Lender may charge extraordinary servicing fees in excess of 2 percent per ***year*** on the outstanding

[[Page 49014]]

balance of the part requiring special servicing for certain revolving lines of credit made under Sec.  120.390 and on Export Working Capital ***Program*** loans (as allowed under Sec.  120.344(b)), provided the fees are reasonable and prudent. \* \* \* \* \*

Sec.  120.222  [Amended]

0 8. Amend Sec.  120.222 by removing the word ``in'' before the words ``any premium received''.

Sec.  120.344  [Amended]

0 9. Amend Sec.  120.344(b) by removing the period at the end of the paragraph and adding ``, provided the fees are reasonable and prudent.'' 0 10. Revise Sec.  120.350 to read as follows:

Sec.  120.350  Policy.

    (a) Section 7(a)(15) of the Act authorizes SBA to guarantee a loan to a qualified employee trust (``ESOP'') to:     (1) Help finance the growth of the employer small business; or     (2) Purchase ownership or voting control of the employer.     (b) Applications for SBA-guaranteed loans to a qualified employee trust may not be processed under a Lender's delegated authority. 0 11. Amend Sec.  120.432 by adding a sentence at the end of paragraph (a) to read as follows:

Sec.  120.432  Under what circumstances does this subpart permit sales of, or sales of participating interests in, 7(a) loans?

    (a) \* \* \* This paragraph applies to all 7(a) loans purchased from the FDIC (as receiver, conservator, or other liquidator of a failed insured depository institution), whether through a loan sale where SBA has not already purchased the guarantee or through a whole bank ***transfer***. \* \* \* \* \* 0 12. Amend Sec.  120.440 by revising paragraph (c) to read as follows:

Sec.  120.440   How does a 7(a) Lender obtain delegated authority?

\* \* \* \* \*     (c) If delegated authority is approved or renewed, Lender must execute a supplemental guarantee agreement, which will specify a term not to exceed two ***years***. As provided in Sec.  120.442(c)(2)(i), when SBA renews a Lender's authority to participate in SBA Express, SBA may grant a longer term, but not to exceed three ***years***. For approval or renewal of any delegated authority, SBA may grant shortened approvals or renewals based on risk or any of the other delegated authority criteria. Lenders with less than three ***years*** of SBA lending experience will be limited to an initial term of one ***year*** or less. 0 13. Add a new undesignated center heading after Sec.  120.440 to read as follows:     ``SBA EXPRESS AND EXPORT EXPRESS LOAN ***PROGRAMS***''. 0 14. Add Sec. Sec.  120.441 through 120.447 to read as follows:

Sec.  120.441   SBA Express and Export Express Loan ***Programs***.

    (a) SBA Express. Under the SBA Express Loan ***Program*** (SBA Express), designated Lenders (SBA Express Lenders) process, close, service, and liquidate SBA-guaranteed 7(a) loans using their own loan analyses, procedures, and documentation to the maximum extent practicable, with reduced requirements for submitting documentation to, and prior approval by, SBA. These loan analyses, procedures, and documentation must meet prudent lending standards; be consistent with those an SBA Express Lender uses for its similarly-sized, non-SBA guaranteed commercial loans; and conform to all requirements imposed upon Lenders generally and SBA Express Lenders in particular by Loan ***Program*** Requirements, as such requirements are issued and revised by SBA from time to time, unless specifically identified by SBA as inapplicable to SBA Express loans. In return for the expanded authority and autonomy provided by the ***program***, SBA Express Lenders agree to accept a maximum SBA guaranty of 50 percent of the SBA Express loan amount.     (b) Export Express. The Export Express Loan ***Program*** (Export Express) is designed to help current and prospective small exporters. It is subject to the same loan processing, making, closing, servicing, and liquidation requirements, as well as the same interest rates and applicable fees, as SBA Express, except as otherwise provided in Loan ***Program*** Requirements.

Sec.  120.442   Process to obtain or renew SBA Express or Export Express authority.

    The decision to grant or renew SBA Express or Export Express authority will be made by the appropriate SBA official in accordance with Delegations of Authority, and is final. If SBA Express or Export Express authority is approved or renewed, the Lender must execute a supplemental guarantee agreement before the Lender's SBA Express or Export Express authority will become effective.     (a) Criteria and process for initial approval of SBA Express or Export Express authority. A Lender that wishes to participate in SBA Express or Export Express must submit a written request to SBA.     (1) Existing 7(a) Lenders. In evaluating an existing 7(a) Lender's application for SBA Express or Export Express authority, SBA will consider the criteria and follow the procedures set forth in Sec.   120.440     (2) Lending institutions that do not currently participate with SBA. Lending institutions that do not currently participate with SBA must become 7(a) Lenders to participate in SBA Express and/or Export Express. Such institutions may request SBA 7(a) lending and SBA Express and/or Export Express authority simultaneously. In evaluating such institutions, in addition to the criteria set forth in Sec. Sec.   120.410 and 120.440, SBA will consider whether the institution:     (i) Has acceptable experience with small commercial loans, including an acceptable number of performing small commercial loans outstanding at its most recent fiscal ***year*** end; and     (ii) Has received appropriate training on SBA's policies and procedures.     (b) Criteria and process for renewal of SBA Express or Export Express authority. In renewing a Lender's SBA Express or Export Express authority and determining the term of the renewal, SBA will consider the criteria and follow the process set forth in Sec.  120.440 and also will consider whether the Lender:     (1) Can effectively process, make, close, service, and liquidate SBA Express or Export Express loans, as applicable;     (2) Has received a major substantive objection regarding renewal from the Field Office(s) covering the territory where the Lender generates significant numbers of SBA Express or Export Express loans, as applicable; and     (3) Has received acceptable review results on the SBA Express or Export Express portion, as applicable, of any SBA-administered Lender reviews.     (c) Term.--(1) Initial Approval. SBA may approve a Lender's authority to participate in SBA Express or Export Express for a maximum term of two ***years***. SBA may approve a shorter term or limit a Lender's maximum SBA Express or Export Express loan volume if, in SBA's sole discretion, a Lender's qualifications, performance, experience with SBA lending, or other factors so warrant.     (2) Renewal.--(i) SBA Express. SBA may renew a Lender's authority to participate in SBA Express for two ***years*** or, in SBA's sole discretion, a maximum of three ***years*** if a Lender's qualifications, performance, experience

[[Page 49015]]

with SBA lending, or other factors so warrant.     (ii) Export Express. SBA may renew a Lender's authority to participate in Export Express for a maximum term of two ***years***.     (iii) SBA may renew a Lender's authority to participate in SBA Express or Export Express for a shorter term or limit a Lender's maximum SBA Express or Export Express loan volume if, in SBA's sole discretion, a Lender's qualifications, performance, experience with SBA lending, or other factors so warrant.

Sec.  120.443   SBA Express and Export Express loan processing requirements.

    (a) SBA Express and Export Express loans are subject to all of the requirements set forth in Subparts A and B of this part, unless such requirements are specifically identified by SBA as inapplicable.     (b) Certain types of loans and loan ***programs*** are not eligible for SBA Express or Export Express, as detailed in official SBA policy and procedures, including but not limited to:     (1) A loan that would reduce the Lender's existing credit exposure to a single Borrower, including its affiliates as defined in Sec.   121.301(f) of this chapter;     (2) A loan to a business that has an outstanding 7(a) loan where the Applicant is unable to certify that the loan is current at the time of approval of the SBA Express or Export Express loan;     (3) A loan that would have as its primary collateral real estate or personal property that do not meet SBA's environmental requirements; and     (4) Complex loan structures or eligibility situations.     (c) SBA has authorized SBA Express and Export Express Lenders to make the credit decision without prior SBA review. Lenders must not make an SBA guaranteed loan that would be available on reasonable terms from either the Lender itself or another source without an SBA guaranty. The credit analysis must demonstrate that there is reasonable assurance of repayment. SBA Express and Export Express Lenders must use appropriate and prudent credit analysis processes and procedures that are generally accepted in the commercial lending industry and are consistent with those used for their similarly-sized, non-SBA guaranteed commercial loans. As part of their prudent credit analysis, SBA Express and Export Express Lenders may use a business credit scoring model (such a model cannot rely solely on consumer credit scores) to assess the credit history of the Applicant and/or repayment ability if they do so for their similarly-sized, non-SBA guaranteed commercial loans. SBA Express and Export Express Lenders must validate (and document) with appropriate statistical methodologies that their credit analysis procedures are predictive of loan performance, and they must provide that documentation to SBA upon request. SBLCs must provide such credit scoring model validation and documentation to SBA for review and approval on an annual basis.     (d) SBA Express and Export Express Lenders are responsible for all loan decisions, including eligibility for 7(a) loans (including size), creditworthiness and compliance with Loan ***Program*** Requirements. SBA Express and Export Express Lenders also are responsible for confirming that all loan closing decisions are correct and that they have complied with all requirements of law and Loan ***Program*** Requirements.     (e) SBA Express and Export Express Lenders must ensure all required forms are obtained and are complete and properly executed. Appropriate documentation must be maintained in the Lender's loan file, including adequate information to support the eligibility of the Applicant and the loan.

Sec.  120.444   Eligible uses of SBA Express and Export Express loan proceeds.

    (a) SBA Express.--(1) SBA Express loan proceeds must be used exclusively for eligible business-related purposes, as described in Sec. Sec.  120.120 and 120.130     (2) Revolving lines of credit are eligible for SBA Express, provided they comply with official SBA policy and procedures.     (b) Export Express. (1) Export Express loans must be used for an export development activity, which includes the following:     (i) Obtaining a Standby Letter of Credit when required as a bid bond, performance bond, or advance ***payment*** guarantee;     (ii) Participation in a trade show that takes place outside the United States;     (iii) Translation of product brochures or catalogues for use in markets outside the United States;     (iv) Obtaining a general line of credit for export purposes;     (v) Performing a service contract for buyers located outside the United States;     (vi) Obtaining transaction-specific financing associated with completing export orders;     (vii) Purchasing real estate or equipment to be used in the production of goods or services for export;     (viii) Providing term loans and other financing to enable a small business concern, including an export trading company and an export management company, to develop a market outside the United States; and     (ix) Acquiring, constructing, renovating, modernizing, improving or expanding a production facility or equipment to be used in the United States in the production of goods or services for export.     (2) Revolving lines of credit for export purposes are eligible for Export Express, provided they comply with official SBA policy and procedures.     (3) Export Express loans may not be used to finance overseas operations, except for the marketing and/or distribution of products/ services exported from the U.S     (4) Export Express Lenders are responsible for ensuring that U.S companies are authorized to conduct business with the Persons and countries to which the Borrower will be exporting.     (c) An SBA Express or Export Express Lender may use loan proceeds to refinance certain outstanding debts, subject to official SBA policy and procedures. However, an SBA Express or Export Express Lender may not refinance its own existing SBA-guaranteed debt under SBA Express or Export Express.

Sec.  120.445   Terms and conditions of SBA Express and Export Express loans.

    SBA Express and Export Express loans are subject to the same terms and conditions as other 7(a) loans except as set forth in this section:     (a) Maximum loan amount and maximum aggregate loan amount.     (1) SBA Express. The maximum loan amount for an SBA Express loan is set forth in section 7(a)(31)(D) of the Small Business Act. The aggregate amount of all outstanding SBA Express loans to a single Borrower, including the Borrower's affiliates as defined in Sec.   121.301(f) must not exceed the statutory maximum.     (2) Export Express. The maximum loan amount for an Export Express loan is set forth in section 7(a)(34)(C)(i) of the Small Business Act. The aggregate amount of all outstanding Export Express loans to a single Borrower, including the Borrower's affiliates as defined in Sec.  121.301(f), must not exceed the statutory maximum.     (b) Maximum SBA guarantee.--(1) SBA Express. The maximum SBA guarantee on an SBA Express loan is 50 percent of the SBA Express loan amount. In addition, the guaranteed amount of all SBA Express loans to a single Borrower, including the Borrower's affiliates, counts toward the

[[Page 49016]]

maximum guaranty amount as described in Sec.  120.151     (2) Export Express. The maximum SBA guarantee on an Export Express loan of $350,000 or less is 90 percent and for a loan over $350,000 is 75 percent of the Export Express loan amount. In addition, the guaranteed amount of all Export Express loans to a single Borrower, including the Borrower's affiliates, counts toward the maximum guaranty amount as described in Sec.  120.151     (c) Maturity.--(1) SBA Express. SBA Express loans must have a stated maturity and the maximum maturities are the same as any other 7(a) loan, except that revolving SBA Express loans are limited to a maximum of 10 ***years***, as described more fully in official SBA policy and procedures.     (2) Export Express. Export Express loans must have a stated maturity and the maximum maturities are the same as any other 7(a) loan, except that revolving Export Express loans are limited to a maximum maturity of 7 ***years***, as described more fully in official SBA policy and procedures.     (d) Interest rates.--(1) SBA Express and Export Express Lenders may charge up to 4.5% over the prime rate on loans over $50,000 and up to 6.5% over the prime rate for loans of $50,000 or less, regardless of the maturity of the loan. The prime rate will be that which is in effect on the first business day of the month, as printed in a national financial newspaper published each business day.     (2) For variable interest rate loans, SBA Express and Export Express Lenders are not required to use the base rate identified in Sec.  120.214(c). SBA Express and Export Express Lenders may use the same base rate of interest they use on their similarly-sized, non-SBA guaranteed commercial loans, as well as their established change intervals, ***payment*** accruals, and other interest rate terms. However, the interest rate must never exceed the maximum allowable interest rate stated in paragraph (d)(1) of this section. Additionally, the loan may be sold on the Secondary Market only if the base rate is one of the base rates allowed in Sec.  120.214(c).     (3) The amount of interest SBA will pay to a Lender following default of an SBA Express or Export Express loan is capped at the maximum interest rates for the standard 7(a) loan ***program*** set forth in Sec. Sec.  120.213 through 120.215     (e) Collateral.--(1) With the exception of paragraphs (e)(2) and (e)(3) of this section, to the maximum extent practicable, SBA Express and Export Express Lenders must follow the same collateral policies and procedures that they have established and implemented for their similarly-sized, non-SBA guaranteed commercial loans, including those concerning identification of collateral. Such policies and procedures must be commercially reasonable and prudent.     (2) SBA may establish a threshold below which SBA Express and Export Express Lenders will not be required to take collateral to secure an SBA Express or Export Express loan. Such a threshold will be described more fully in official SBA policy and procedures.     (3) Export Express lines of credit over $25,000 used to support the issuance of a standby letter of credit must have collateral (cash, cash equivalent or project) that will provide coverage for at least 25% of the issued standby letter of credit amount.     (f) Insurance. SBA Express and Export Express Lenders must follow the same policies they have established and implemented for their similarly-sized, non-SBA guaranteed commercial loans.     (g) Sale on the secondary market. SBA Express and Export Express Lenders may sell the guaranteed portion of an SBA Express or Export Express term loan on the secondary market under the policies and procedures described in Subpart F of this part. SBA Express or Export Express Lenders may not sell the guaranteed portion of an SBA Express or Export Express revolving line of credit on the secondary market.     (h) Loan increases. With SBA's prior written consent, an SBA Express or Export Express Lender may increase an SBA Express or Export Express loan based on the needs of the Borrower and its credit situation, as further specified in Loan ***Program*** Requirements.

Sec.  120.446   SBA Express and Export Express loan closing, servicing, liquidation and litigation requirements.

    (a) Closing. Except as set forth in this paragraph, SBA Express and Export Express Lenders must close their SBA Express and Export Express loans using the same documentation and procedures that they use for their similarly-sized, non-SBA guaranteed commercial loans. Such documentation and procedures must comply with law, prudent lending practices, and Loan ***Program*** Requirements. When closing an SBA Express or Export Express loan, the Lender must require the Borrower to execute a promissory note that is legally enforceable and assignable. Before the first disbursement of any SBA Express or Export Express loan proceeds, the Lender must obtain all required collateral, including obtaining valid and enforceable security interests in such collateral, and also must meet all other required pre-closing loan conditions as set forth in official SBA policy and procedures.     (b) Servicing, Liquidation, and Litigation. Servicing, liquidation, and litigation responsibilities for SBA Express and Export Express Lenders are set forth in Subpart E of this Part.     (c) SBA's purchase of the guaranteed portion of an SBA Express or Export Express loan. (1) SBA will purchase the guaranteed portion of an SBA Express or Export Express loan in accordance with Sec.  120.520 and official SBA policy and procedures. An SBA Express or Export Express Lender may not request purchase of the guaranty based solely on a violation of a non-financial default provision.     (2) How much SBA will pay upon purchase?--(i) SBA Express. SBA will pay a maximum of 50 percent of the total principal balance of the SBA Express loan outstanding after liquidation, including up to 120 days of interest at the rate in effect at the time of the earliest uncured default (if liquidation proceeds collected by the SBA Express Lender were insufficient for the Lender to recover a full 120 days of interest).     (ii) Export Express. SBA will pay a maximum of 75 or 90 percent (as applicable) of the total principal balance of the Export Express loan outstanding after liquidation, including up to 120 days of interest at the rate in effect at the time of the earliest uncured default (if liquidation proceeds collected by the Export Express Lender were insufficient for the Lender to recover a full 120 days of interest).     (3) Release of SBA liability under its guarantee. SBA will be released from its liability to purchase the guaranteed portion of an SBA Express or Export Express loan, either in whole or in part, in SBA's sole discretion, under any of the circumstances described in Sec.  120.524

Sec.  120.447   Lender oversight of SBA Express and Export Express Lenders.

    SBA Express and Export Express Lenders are subject to the same risk-based lender oversight as 7(a) Lenders, including the supervision and enforcement provisions, in accordance with Subpart I of this Part.

Sec.  120.707   [Amended]

0 15. Amend the last sentence of Sec.  120.707(b) by removing the word ``six'' and add in its place ``seven''. 0 16. Amend Sec.  120.712 as follows: 0 a. Revise paragraph (b)(1); and 0 b. In paragraph (d) remove the number ``25'' and add in its place the number ``50''.

[[Page 49017]]

    The revision and addition read as follows:

Sec.  120.712   How does an Intermediary get a grant to assist Microloan borrowers?

\* \* \* \* \*     (b) \* \* \*     (1) Up to 50 percent of the grant funds may be used to provide information and technical assistance to prospective Microloan borrowers; provided, however, that no more than 5 percent of the grant funds may be used to market or advertise the products and services of the Microloan Intermediary directly related to the Microloan ***Program***; and \* \* \* \* \*

Sec.  120.840   [Amended]

0 17. Amend Sec.  120.840 by removing the term ``D/FA'' from the second sentence of paragraph (b) and adding in its place the phrase ``appropriate SBA official in accordance with Delegations of Authority''.

PART 121--SMALL BUSINESS SIZE REGULATIONS

0 18. The authority citation for Part 121 continues to read as follows:

    Authority:  15 U.S.C 632, 634(b)(6), 662, and 649a(9).

0 19. Amend Sec.  121.301 by: 0 a. Revising paragraph (f)(4); 0 b. Redesignating paragraphs (f)(5), (f)(6), and (f)(7) as paragraphs (f)(7), (f)(8), and (f)(9) respectively; 0 c. Adding new paragraphs (f)(5) and (f)(6) and revising the redesignated (f)(7).     The revisions and additions read as follows:

Sec.  121.301   What size standards and affiliation principles are applicable to financial assistance ***programs***?

\* \* \* \* \*     (f) \* \* \*     (4) Affiliation based on identity of interest. (i) Affiliation may arise among two or more individuals or firms with an identity of interest. Individuals or firms that have identical or substantially identical business or economic interests (such as close relatives, individuals or firms with common investments, or firms that are economically dependent through contractual or other relationships) may be treated as one party with such interests aggregated. Where SBA determines that such interests should be aggregated, an individual or firm may rebut that determination with evidence showing that the interests deemed to be one are in fact separate.     (ii) Affiliation arises when there is an identity of interest between close relatives, as defined in Sec.  120.10 of this chapter, with identical or substantially identical business or economic interests (such as where the close relatives operate concerns in the same or similar industry in the same geographic area).     (iii) Affiliation arises through common investments where the same individuals or firms together own a substantial portion of multiple concerns, and concerns owned by such investors conduct business with each other (such as subcontracts or joint ventures), or share resources, equipment, locations or employees with one another, or provide loan guaranties or other financial or managerial support to each other.     (iv) SBA will find affiliation based upon economic dependence if the concern in question derived more than 85% of its receipts from another concern over the previous three fiscal ***years***, unless the concern has been in business for a short amount of time and has a plan to lessen its dependence on the other concern.     (5) Affiliation based on the newly organized concern rule. Affiliation may arise where current or former officers, directors, principal stockholders, managing members, or key employees of one concern organize a new concern in the same or related industry or field of operation, and serve as the new concern's officers, directors, principal stockholders, managing members, or key employees, and the original concern is furnishing or will furnish the new concern with contracts, financial or technical assistance, indemnification on bid or performance bonds, and/or other facilities, whether for a fee or otherwise. A concern may rebut such an affiliation determination by demonstrating a clear line of fracture between the two concerns. For the purpose of this rule, a ``key employee'' is an employee who, because of his/her position in the concern, has a critical influence in or substantive control over the operations or management of the concern. A concern will be considered ``new'' for the purpose of this rule if it has been actively operating continuously for two ***years*** or less.     (6) Affiliation based on totality of the circumstances. In determining whether affiliation exists, SBA will consider the totality of the circumstances, and may find affiliation even though no single factor is sufficient to constitute affiliation.     (7) Affiliation based on franchise agreements. (i) The restraints imposed on a franchisee by its franchise agreement generally will not be considered in determining whether the franchisor is affiliated with an applicant franchisee provided the applicant franchisee has the right to profit from its efforts and bears the risk of loss commensurate with ownership. SBA will only consider the franchise agreements of the applicant concern. SBA will maintain a centralized list of franchise and other similar agreements that are eligible for SBA financial assistance, which will identify any additional documentation necessary to resolve any eligibility or affiliation issues between the franchisor and the small business applicant.     (ii) For purposes of this section, ``franchise'' means any continuing commercial relationship or arrangement, whatever it may be called, that meets the Federal Trade Commission definition of ``franchise'' in 16 CFR 436. \* \* \* \* \* 0 20. Amend Sec.  121.302 by revising paragraphs (a) and (b) to read as follows:

Sec.  121.302   When does SBA determine the size status of an applicant?

    (a) The size status of an applicant for SBA financial assistance is determined as of the date the application for financial assistance is accepted for processing by SBA, except for applications under the Preferred Lenders ***Program*** (PLP), the SBA Express Loan ***Program*** (SBA Express), the Export Express Loan ***Program*** (Export Express), the Disaster Loan ***Program***, the SBIC ***Program***, and the New Markets Venture Capital (NMVC) ***Program***.     (b) For PLP, SBA Express, and Export Express, size is determined as of the date of approval of the loan by the Lender. \* \* \* \* \*

    Dated: September 18, 2018. Linda E. McMahon, Administrator. [FR Doc. 2018-20869 Filed 9-27-18; 8:45 am]  BILLING CODE 8025-01-P

**Load-Date:** November 5, 2018

**End of Document**



[***Washington: INTERIOR, ENVIRONMENT, FINANCIAL SERVICES, AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 2019 (Senate - July 24, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S18-H1N1-F0YC-N135-00000-00&context=1516831)

Impact News Service

July 26, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 14764 words

**Body**

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

 The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R 6147, which the clerk will report. The senior assistant legislative clerk read as follows: A bill (H.R 6147) making appropriations for the Department of the Interior, environment, and related agencies for the fiscal ***year*** ending September 30, 2019, and for other purposes. Pending: Shelby amendment No. 3399, in the nature of a substitute. Murkowski amendment No. 3400 (to amendment No. 3399), of a perfecting nature.

The PRESIDING OFFICER. The Senator from Alabama. Mr. SHELBY. Madam President, this week the Senate takes another step toward regular order in the appropriations process in the Senate. The package before the Senate today contains the fiscal ***year*** 2019 appropriations bills for the Subcommittees on Interior; Financial Services; ***Agriculture***; and Transportation, Housing and Urban Development. We have not debated an interior appropriations bill on the floor of the U.S Senate in nearly 10 ***years***. The Financial Services appropriations bill has not seen floor action in several ***years*** either. Why? Because ***year*** after ***year***, party-line votes in committees represented the end of the line in the legislative process. Yet here we are today debating both of these appropriations bills and more on the Senate floor. So what changed? What changed was the mindset of appropriators on both sides of the aisle who embraced a willingness to sacrifice partisan riders and priorities outside the committee's jurisdiction for the good of the process. Together we have committed to do what is good for the process because we want to do what is right by the American people. This approach is yielding meaningful results thus far. The Interior and Financial Services bills in this package both won the unanimous approval of the Appropriations Committee, which is generally unheard of--unanimous, Madam President. We haven't seen that level of support for these bills in quite some time around here. The ***Agriculture*** and Transportation, Housing and Urban Development bills also garnered unanimous support of the Appropriations Committee. I want to take a minute to commend the chairmen of these subcommittees--Senator Murkowski, Senator Collins, Senator Hoeven, and Senator Lankford--for their leadership in the process. I also, again, thank Vice Chairman Leahy and the ranking members of these subcommittees for their hard work. These Senators have worked together to produce strong and, I believe, bipartisan bills. This broad bipartisan support paved the way for the full Senate's consideration of these bills, and I thank Leaders McConnell and Schumer for agreeing to bring this package to the floor. As we begin debate this week, we can leverage our recent success in passing appropriations bills. Just last month, the Senate passed a package of three fiscal ***year*** 2019 appropriations bills with overwhelming support. This support was facilitated by an open amendment process and a willingness to work together to address legitimate Member concerns. As a result, the process was both open and, I believe, disciplined. More importantly, it was successful, passing by a vote of 86 to 5-- yes, 86 to 5. The bill managers on both sides of the aisle will seek to replicate this process and success with the package now before the Senate. We ask for the continued cooperation of all Senators in this effort. Critical mass, that is what we are building in the Senate--critical mass for returning to regular order in the appropriations process. By completing our work in a deliberate and timely manner on this package, we can turn next to the Defense and Labor-HHS-Education package. While completion of our work on the current package will mean we have passed more than half of the 2019 appropriations bills, the lion's share of discretionary spending, as my colleagues know, is contained in the Defense and Labor-HHS bills. That is very important to all of us here, very important to our constituents, and very important to our country. Again, I encourage our colleagues to participate in this process and help sustain the momentum we have generated thus far. We have a lot of work to do, but we are making real progress. I hope my colleagues find this encouraging. I certainly do. With that, I yield the floor. The PRESIDING OFFICER. The Senator from Vermont. Mr. LEAHY. Madam President, I am pleased to join my friend, the senior Senator from Alabama, Chairman Shelby, as we prepare to debate the second set of appropriations bills to reach the Senate floor this session. Senator Shelby has noted that this is a change in recent ***years***. I commend him, and I commend both Republicans and Democrats who have worked together in the way we used to and now are again. This minibus contains four important bills for fiscal ***year*** 2019: the Interior, Environment, and Related Agencies bill; the Financial Services and General Government bill; the ***Agriculture***, Rural Development, Food and Drug Administration, and Related Agencies bill; and the Transportation, Housing, and Urban Development and Related Agencies bills. Now, that was something significant to be on the Senate floor in past ***years***. What is even more significant--and Chairman Shelby would agree with me--each of these bills was reported by the Appropriations Committee unanimously. Every Republican, every Democrat voted for them. They fund ***programs*** that provide important services to the American people across the country. They invest in the future of this country. Let me take one example, the ***Agriculture*** appropriations bill. This bill is a win for farmers, for families, and for rural communities through its investments in rural development, housing, food, nutrition, ***agriculture***, research, and clean water ***programs***. Every State in this Nation--yours, Chairman Shelby's, and everybody else's, and of course my own State of Vermont--has rural communities and farm economies that benefit from these important ***programs***, every one of us does. The Transportation, Housing, and Urban Development bill will make critical infrastructure investments across the country and, of course, also in my home State of Vermont. It includes $10 billion in new funds--new funds--to help address our crumbling bridges and railways and roads. Let me just say, if I might be parochial for a moment, what that means in Vermont. It will help invest in safety improvements on Amtrak's Vermonter and Ethan Allen lines but also will make much needed repairs to our railroads and bridges. These increases in every one of our States are a direct result of the bipartisan budget deal reached earlier this ***year***, and they are critically needed. I have been here for over 40 ***years***. What Senator Shelby and I have done is we have brought the Senate back to the way it used to be to actually get things done with Republicans and Democrats working together. Improving the Nation's infrastructure was one of President Trump's key campaign promises. Unfortunately, he criticized the very budget deal that made these increases possible. He proposed cutting--not increasing--funding [[Page S5231]] for infrastructure ***programs*** that this bill supports. I am glad to say, again, that Republicans and Democrats came together on appropriations and took a different path. This bill also protects key investments in affordable housing and community development ***programs***, such as HOME and CDBG. That is crucial funding that communities leverage to construct, rehabilitate, and maintain affordable housing. This is housing that is desperately needed across America--certainly in my State of Vermont--to shelter families, but it also promotes economic mobility and stability. The Interior bill makes critical investments in ***programs*** to help ensure we have clean water to drink and clean air to breathe. I can't think of any State in the country that doesn't want clean water and doesn't want clean air. It also supports important conservation ***programs***, including support for our national parks. Our national parks attract millions of visitors each ***year***. What a treasure, allowing families to come and see such an important part of America. I think it is quite in the tradition of Teddy Roosevelt and others who had supported such parks, but it also has the Forest Legacy ***Program*** and the Land and Water Conservation Fund. The Land and Water Conservation Fund is going to be beneficial for Vermont, New York, and, truly, the whole northeast region. The bill continues our commitment to regional efforts to protect, restore, and preserve Lake Champlain, the largest body of fresh water in the United States outside of the Great Lakes. I am pleased to report that the committee rejected the misguided cuts to the Environmental Protection Agency proposed by the administration that would have set back the progress we have made in recent decades to preserve our environment not just for ourselves but for future generations. Finally, the Financial Services bill helps to support small businesses and local economies through the Small Business Development Centers ***Program*** and other related ***programs***. Every one of us knows that small businesses and local economies make up the strength of our States. It also funds regulatory agencies that U.S citizens rely on to protect them from unfair, unsafe, or fraudulent business practices, like the Consumer Product Safety Commission and the Federal Trade Commission, which protect consumers. Yet we were able to reach consent to consider such a broad package of bills in the Senate. This is a broad cross section of issues, and every one of us had different views. With the vast array of issues here, every one of the 100 Senators here, if writing this legislation by himself or herself, may include something different or something else, and, then, of course, we would have nothing. Instead, Republicans and Democrats came together. I think a lot of this comes from the direct result of the Shelby-Leahy-McConnell-Schumer commitment to move forward on a bipartisan basis. Senator Shelby and I met with the two leaders and said we wanted to do that. We wanted to actually show the Nation that the Senate can work, and we did it at spending levels agreed to in the bipartisan budget deal. We rejected new poison pill riders from the right and the left or controversial authorizing legislation. We will all have issues about which we care deeply, but we had to come together on what is in the best interests of the country, and, frankly, as a Senator for almost 44 ***years***, it was in the best interests of the Senate. I think Senator Shelby would agree with me that achieving this goal of reporting strong, bipartisan bills took considerable restraint on both sides of the aisle, but that restraint is what is required to get these bills through the Senate. But I worry that the House is proceeding on a different path. They have passed partisan bills filled with poison pill riders that cannot and will not pass the Senate. Funding the government is one of our most basic constitutional responsibilities. If you go across this country, you will find that the American people expect us to work together. They expect us to reach across the aisle and to reach agreement on these bills. The ***programs*** funded in these bills make a real difference in the American people's lives, and they shouldn't be held hostage to unrelated partisan policy fights. So I hope that when we get to conference on these bills, the House will reverse and do their work in a bipartisan fashion for the benefit of all Americans--not just Republicans, not just Democrats, but all Americans. I especially want to thank Chairman Shelby for his partnership on these bills. I also thank the chairs and ranking members of each of the subcommittees. If they hadn't been willing to work and cooperate together, we wouldn't have these four bills before us. Again, I note that they went through unanimously. We had reached a point where some thought that we couldn't get unanimous agreement in the Senate that the sun rises in the east. Maybe we couldn't, but we did get unanimous agreement here, and thank goodness. Madam President, I yield the floor. The PRESIDING OFFICER. The Senator from Maine. Ms. COLLINS. Madam President, I am pleased to begin the Senate debate on the fiscal ***year*** 2019 appropriations bill for Transportation, Housing and Urban Development, and Related Agencies. Our bill has been included in the appropriations package now before this Chamber. Let me begin my remarks this morning by thanking Chairman Shelby and Vice Chairman Leahy for their leadership in advancing these appropriations bills in record time. It is great to see the Senate getting back to regular order in moving the appropriations bills across the Senate floor, allowing for robust debate and amendment, and then bringing those bills to conference with our House counterparts. That is the way the system should work, as opposed to all of these bills being bundled together in an enormous, many thousand-page omnibus appropriations bill. I am very pleased to see the progress that we are making. I also want to acknowledge the hard work and commitment of my friend and colleague Senator Jack Reed, who serves as the ranking member of the T-HUD Subcommittee. I have worked very closely with Senator Reed in drafting this bill. We have also received input from more than 70 Senators, with in excess of 800 requests, each of which we very carefully evaluated. So I can assure this Chamber that this legislation is truly bipartisan. The T-HUD bill provides $71.4 billion for our Nation's critical infrastructure and housing ***programs***. This bill continues the significant infrastructure investments provided in fiscal ***year*** 2018 for our Nation's highways, bridges, airports, transit, and rail networks. As a result, communities across this country will be able to improve their transportation infrastructure to enable more efficient and safer movement of people and goods. Improving our infrastructure is essential for our continued economic growth as well as for personal mobility. The fiscal ***year*** 2019 T-HUD bill continues the increases for infrastructure ***programs*** resulting from the 2-***year*** budget agreement that was reached by Congress and the administration. I would note, however, that the budget agreement does not provide for the long-term funding structure necessary for our Nation's transportation infrastructure. I want to strongly encourage the administration to work with the authorizing committees to provide that long-term, sustainable funding for transportation before the FAST Act expires at the end of fiscal ***year*** 2020. Our bill provides $1 billion for BUILD grants, previously known as the popular TIGER grants ***program***. These grants have supported not only much needed infrastructure projects but also jobs and economic growth in each and every one of our home States. I want to provide my colleagues with an indication of just how popular this ***program*** is and how strong the demand is. In the 2017 round of TIGER grant applications, the Department of Transportation received 452 applications requesting more than $6 billion, well above the $500 million provided last ***year***, which could fund only 41 projects. You can see that the demand far exceeds the amount of funding. So we are taking action in this bill to double the funding for BUILD grants. That will help many more projects become a reality. I have seen in my own State the investments in bridges, ports, and transportation projects that have made such a difference. [[Page S5232]] I would now like to turn to the aviation provisions in our bill. We provide $17.7 billion in budgetary resources for the Federal Aviation Administration, or the FAA, which fully funds air traffic control personnel, including more than 14,000 air traffic controllers and more than 25,000 engineers, maintenance technicians, safety inspectors, and operational support personnel. The bill also provides $1 billion for the FAA Next Generation Air Transportation Systems ***Program***, also known as NextGen, and $168 million for the popular Contract Towers ***Program***. The NextGen ***Program*** is so important to the modernization of our air traffic control system, and we have consistently funded that ***program***, and it is being implemented in a way that is going to make a real difference. Consistent with the FAST Act, $46 billion is made available for the Federal-Aid Highway ***Program*** from the highway trust fund. In addition, the bill provides $3.3 billion from the general fund for our Nation's highways, of which $800 million is for bridge replacement and rehabilitation in rural areas of our country. The American Society of Civil Engineers conducts a comprehensive assessment of our Nation's infrastructure every 4 ***years***. Its most recent report card from 2017 shows that America's infrastructure remains poor and in desperate need of investment. In fact, the engineers award a grade of only D-plus for our Nation's infrastructure. To give you some statistics to emphasize why we are receiving such a low grade, let me talk about our Nation's bridges. One in nine of our Nation's bridges is rated as structurally deficient, and the average age of our country's more than 600,000 bridges is 42 ***years*** old. Our national highway system contains infrastructure that is now well past its useful life. Some bridges are more than 100 ***years*** old, and many are unable to accommodate today's traffic volumes. I was recently in Piscataquis County, where a TIGER Grant ***Program*** was allowing the replacement of some very old rural bridges. The amount of rust on these bridges and the narrow width made them extraordinarily dangerous. They were at risk of being posted so that traffic could go across only in one direction. When you looked up at the trusses, you could see where trucks loaded with lumber had dented the trusses because they were far too low. They were built for a different era. It is important for safety reasons--as we have seen with bridges collapsing in this country or having to be posted--that we make this kind of investment. Our bill also invests in our Nation's rail infrastructure by providing $2.8 billion for the Federal Railroad Administration. This includes $1.9 billion to Amtrak for the Northeast Corridor and National Network, continuing service for all current routes. In May, our subcommittee held a hearing in response to serious rail accidents, such as the tragic derailment last December in Washington State. Our bill continues to fund positive train control implementation to improve the safety of our trains. In addition, the bill provides $255 million for the Consolidated Rail Infrastructure and Safety Improvement Grants ***Program*** and $300 million for the Federal-State partnership for the State of Good Repair Grants ***Program***. These investments in rail will help ensure that both passengers and freight move more safely and efficiently throughout our country. The State maritime academies play a critical role in training the next generation of U.S mariners. Our bill provides $40 million for the maritime academies as well as an additional $300 million for a special purpose vessel to be used as a training school ship. In accordance with MARAD's guidance, the new training ships will go to replace existing training ships in the order in which these ships are expected to reach the end of their useful life. That is the only logical way for us to proceed. Last ***year***, we appropriated funds to replace the 57-***year***-old ship used by the New York State maritime academy, and this ***year***'s funding will go to replace the Massachusetts Maritime Academy's aging vessel. Again, we are going in the order that the Maritime Administration tells us these ships will be at the end of their useful life. It would be great to be able to replace all of the ships at the same time, but we simply can't afford to do that, and that is where prioritizing the ships as the agency recommends comes in. Replacing these ships is, however, important to providing training capacity for all six of the State maritime academies, including the one that I am very proud of, the Maine Maritime Academy in Castine, Maine. It will ensure that cadets receive the training hours they need to graduate on time and join the workforce. In the area of housing, our priority is to ensure that our Nation's most vulnerable families and individuals do not lose the assistance they are now receiving, which prevents many of them from being at risk of homelessness. Therefore, the bill provides the necessary funding to keep pace with the rising costs of housing these families in order to avoid their becoming homeless. Much of the increased funding covers the higher costs of rental assistance for the most vulnerable among us, including our homeless veterans, our youth, our disabled citizens, and low-income seniors. Senator Reed and I share a strong commitment to reducing, and someday ending, homelessness. We have therefore included $2.6 billion for homeless assistance grants. We have also made critical investments to reduce homelessness among our veterans, our youth, and survivors of domestic violence. Specifically, to assist our homeless youth, we have provided $80 million for grants targeting this underserved population. I visited a wonderful youth shelter in Lewiston, ME, called New Beginnings. I was so impressed with the work they were doing with teenagers, in particular, many of whom had been exiled from their homes--as much as I hate to say it--or abused or otherwise found themselves homeless. Because of the safety of this shelter, they were continuing their schooling, they were learning life skills, and they were safe. Yet, I will tell you, this is the only shelter in the State of Maine that is devoted solely to the needs of homeless youth. There is such a need in this country. There are other shelters that try to accommodate young people in the State of Maine and are doing their best, but this is an area where we need to provide more assistance. To better support youth who are exiting the foster care system, the bill includes $20 million for family unification vouchers. That is the real gap in our system. What happens--and I know that many Members share my concern--is young people ``age out'' of the foster care ***program***, and they may have nowhere safe to go. For our Nation's senior population, many of our seniors receive section 8 housing, but our bill also includes $678 million for housing for older Americans. Of this amount, $10 million will provide grants to nonprofit and State and local entities to do home modifications for low-income seniors, enabling them to stay in their own homes and to age in place. I am very excited about this ***program*** because of hearings I have held in the Senate Aging Committee, which I am privileged to chair. What we have learned is, oftentimes, upgrading and putting grab bars in a bathroom, widening door openings, putting sensors on the refrigerator door--doing modifications like that can allow our seniors to stay where they want to be, in the comfort, security, and privacy of their own homes. Not only will these low-cost home modifications enable seniors to remain in their homes, but they also reduce the need for more costly nursing homes and other assisted housing options. For our Nation's homeless veterans, the bill provides $45 million for the highly successful HUD-VASH ***Program***, including $5 million to serve our Native American veterans living on Tribal lands. Despite the administration, once again, proposing to eliminate this effective ***program***, the subcommittee continues to provide adequate funding. This ***program*** is a real success story. Since we initiated it in 2010, veterans homelessness has fallen by 46 percent. Let's continue our work to reach the goal of ending homelessness altogether among our veterans. Another important issue--and a passion of our ranking member, Senator Reed, and I--that is addressed by the bill is lead paint in homes, which is of [[Page S5233]] particular concern to families with children under the age of 6. Our bill provides $260 million to combat lead hazards. These grants will help communities protect children from the harmful effects of lead poisoning. Again, I have seen this in my home State. Lewiston, ME, our second largest city, has very old housing stock, and it has a great deal of lead paint. Grants are helping this city deal with this problem, thus improving the health and safety of pregnant women and young children and avoiding disability and developmental problems for those young children. These grants will help communities across America protect children from the harmful effects of lead poisoning. While our bill certainly helps vulnerable families, it also recognizes the challenges facing local communities. Boosting local communities is critical to job creation and helping our community neighborhoods thrive and our families obtain financial security. The bill supports local development efforts by providing $3.3 billion through the Community Development Block Grant ***Program***. That is one of the most popular ***programs*** we provide. If you talk to any mayor or town council, they will tell you how flexible the CDBG ***Program*** is and how, as the mayor in Maine with whom I recently met told me, it helps them customize the funding to meet the ***program*** needs of their communities. It may be infrastructure. It may be affordable housing. It may be sprucing up the downtown. It may be supporting local businesses. This is a great ***program***. It is not a Washington dictated ***program***. It is one that responds to local needs. We also provide $1.4 billion for the HOME ***Program***. The CDBG and the HOME ***Program*** support the development of infrastructure projects, community development, affordable housing, economic development, and job creation. I appreciate the opportunity to present this legislation to the Chamber. As we begin debate on the Transportation-HUD bill, I urge my colleagues to support the investments in this bill, which will pay dividends to our communities, our veterans, our children, our low- income families, and our seniors. Our bill was unanimously reported by the Senate Appropriations Committee. We are certainly open for business for amendments. I commend my friend and colleague Senator Reed for his hard work and for that of our staffs on both sides of the aisle in crafting this bill. I yield the floor. The PRESIDING OFFICER (Mr. Young). The Senator from Rhode Island. Mr. REED. Mr. President, I rise in support of H.R 6147, the so- called appropriations ``minibus,'' which includes the fiscal ***year*** 2019 Transportation, Housing and Urban Development, and Related Agencies Appropriations bill, as well as three other bills. I am certainly proud to have worked with Chairman Collins. She has put together a thoughtful, bipartisan T-HUD Appropriations bill that reflects the priorities of more than 70 Senators, who provided more than 800 funding or language recommendations. Her leadership and her commitment to fairness and to ensuring that all of our colleagues had the opportunity to help make investments in their States are remarkable and deeply appreciated. We looked at all of our colleagues' suggestions and recommendations. We also received guidance from Chairman Shelby and Vice Chairman Leahy, and I appreciate their creative and constructive role. As a result, we were able to produce legislation I am remarkably proud of, and I again thank the chairman for her great work. The bill does not include any poison pill riders, which follows the principle established by Chairman Shelby and Vice Chairman Leahy. This agreement has given the committee space to evaluate the requests of the administration and Congress and to provide funding levels that support national priorities. I strongly urge my colleagues to maintain this effort and not get diverted by very peripheral and narrow interests in the form of what is frequently referred to as ``poison pills.'' Having said that, as the chairman indicated, we welcome amendments and encourage Senators to file them as soon as possible so we can begin to work through them. We have already heard from a few colleagues, and we have several amendments we are preparing to move forward. Substantively, let me share some of the significant accomplishments in this ***year***'s T-HUD bill. Consistent with the budget agreement, the bill includes $10.9 billion in budgetary resources above fiscal ***year*** 2017 levels to improve our Nation's infrastructure, grow our economy, and spur job creation. The bills include $3.3 billion above the levels provided in the FAST Act for highway ***programs***, including $800 million for a bridge repair and replacement ***program***. On rail and transit, we have maintained Amtrak's funding level from fiscal ***year*** 2018, including $650 million for the Northeast Corridor, to make meaningful state of good repair and safety improvements. We have also fully funded the need for Capital Investment Grants and have increased transit formula and competitive grant ***programs*** above FAST Act levels. These modes of transportation are essential to reducing congestion, driving economic growth, and improving quality of life throughout the country. I am also pleased that we have a bill before us that protects rental assistance for more than 5 million low-income individuals and families, over half of whom are elderly or disabled, and rejects the administration's harmful proposals to increase rent burdens and work requirements for many of our assisted households, who are already struggling to make ends meet. The bill also provides $285 million for ***programs*** that remediate lead- based paint hazards in low-income and assisted housing. This includes $25 million to address lead-based paint hazards in public housing and $45 million for a new Lead Safe Communities Demonstration ***Program***, which has the potential to reduce the cost of remediating lead-based paint hazards in homes. For our Nation's seniors, the bill includes more than $50 million to develop new senior housing and $10 million to modify low-income seniors' homes to make them more accessible. In Rhode Island--and we are not unique--nearly half of our senior households lack an affordable housing option. This funding will be used to develop innovative housing strategies and ensure that our Nation's seniors are able to remain in their communities. It is remarkable. Half of our seniors are without affordable housing, and that number is only going to grow as the demographics of this country continue on their present course. Again, in terms of housing, let me single out an issue where the chairman has been extraordinarily not only conscientious but also courageous. That is homelessness among youth, veterans, and survivors of domestic violence. Chairman Collins has done remarkable work. She has been building on the work we did together on the HEARTH Act to develop innovative, targeted ways to comprehensively address homelessness nationally. I am pleased we are able to include more than $2.6 billion in assistance for communities to continue to provide emergency and community-driven solutions to prevent and end homelessness. Let me also say a few words about the other bills that are part of this minibus package--the ***Agriculture*** Appropriations bill, the Interior Appropriations bill, and the Financial Services-General Government Appropriations bill. Each of these bills includes important funding for key ***programs***, and each has steered away from the kind of controversial legislative provisions that would prevent them from moving to the floor. I am pleased the ***Agriculture*** bill includes critical funding for nutrition, conservation, and research, including additional funding to help foster the growth of shellfish aquaculture. The Interior bill continues to make important investments in infrastructure through the State Revolving Loan Fund ***programs*** for clean water and drinking water, which Senator Crapo and I have championed on a bipartisan basis for many ***years***. The bill highlights the need to establish a maximum contaminant level for PFAS, a category of chemicals that has been used in a wide variety of products, including firefighting foam. Frankly, as Ranking Member of the Armed Services Committee, I have been told of numerous military facilities across the country where this firefighting foam has been used for 30 or 40 [[Page S5234]] ***years***, and now we are beginning to recognize the potential environmental effects. Dealing with this issue now, or beginning to deal with it, is a very thoughtful approach. In addition to providing critical dollars for our national parks, wildlife refuges, and cultural institutions, this bill also funds the Southeast New England ***Program*** for Coastal Watershed Restoration to support collaborative and science-based projects that improve the health of Narragansett Bay and other coastal watersheds in Rhode Island and Massachusetts. Finally, the Financial Services-General Government bill makes important investments in our leading financial regulators--the SEC and the CFTC--as well as provides funding for the Community Development Financial Institutions ***program***, the High Intensity Drug Trafficking Areas ***program***, and the SBA's State Trade Expansion Promotion ***program***. I commend the chair and ranking member of each of these subcommittees for their hard work on these bills. Before I conclude, I note that these smart investments and well- crafted bills would not have been possible without the passage of the 2-***year*** Bipartisan Budget Act, which provided much needed relief from sequester-level budget caps, but that is only a 2-***year*** deal, which expires at the end of fiscal ***year*** 2019. With the return of harmful sequester cuts looming in 2020, this bill should serve as a reminder of why we must pursue another bipartisan agreement to provide relief on both the defense and nondefense sides of the ledger. Without such a deal, we will not be able to continue our infrastructure and other investments that make a positive difference in communities across America. Again, let me conclude by thanking, recognizing, and deeply appreciating the chairman for her extraordinary vision and her commitment to those values and those issues that are remarkably demonstrated in this bill: affordable housing for seniors, assistance for the homeless, and ensuring that we have money for infrastructure. This bill shows a remarkable commitment to infrastructure across the country. When the President was campaigning, he talked about a trillion-dollar infrastructure bill. That has not materialized. What has materialized is robust funding for infrastructure in this bill, and that is a direct contribution of the chairman. I yield the floor. The PRESIDING OFFICER. The Senator from North Dakota. Mr. HOEVEN. Mr. President, I am pleased to introduce the fiscal ***year*** 2019 appropriations bill for ***Agriculture***, Rural Development, Food and Drug Administration, and Related Agencies. I am glad we are considering appropriations bills on the floor in a manner that allows us to fully debate amendments. I am pleased also to join my colleagues from the Subcommittees on Interior; Transportation, Housing and Urban Development; and also Financial Services in putting together this legislation. For now, I am going to limit my comments to the ag provisions. I will defer to my colleagues on their provisions, but I look forward to our partnership in moving these bills across the floor. The activities funded by the ***Agriculture*** bill touch the lives of every American every day. I like to talk about how important good farm policy is because good farm policy benefits every single American every single day with the highest quality, lowest cost food supply. As we move this ***Agriculture*** appropriations bill, that is what it is about. It is about our farmers and ranchers, no doubt about that, but it is something that benefits every single American every single day. These activities include ag research, conservation activities, housing and business loan ***programs*** for rural communities, domestic and international nutrition ***programs***, and food safety and drug safety. Funding for each of these deserves thorough and thoughtful consideration. The subcommittee has made difficult decisions in drafting this bill. We had to choose and we had to prioritize in terms of putting this legislation together, but I think we brought forward a bill that works. It is one that got broad-based bipartisan support from the Appropriations Committee. It is written to our allocation of just over $23 billion. That is about $200 million above the current enacted level. We worked hard to invest taxpayer dollars responsibly, funding ***programs*** that provide direct benefits to our farmers, our ranchers, and rural communities, supporting ***programs*** that provide direct health and safety benefits, again, to every single American every single day. Ag supports more than 16 million jobs nationwide. It forms the backbone of our rural communities. Our ***agricultural*** producers are the best in the world at what they do, and we have to work hard to give them a level playing field because they produce food, fuel, and fiber for this country but also for countries around the world. We really do feed the world, so we need access to those markets to do so. This is, of course, in part, the result of smart investment in America's ag research infrastructure, something that truly helps our farmers and ranchers, our producers do what they do every day. Ag research helps us do it better, more cost-effectively, with higher quality, and more productivity. That is why I am pleased this bill puts significant emphasis on maintaining research ***programs*** at our land-grant schools, colleges and universities, across this Nation and funding for competitive research ***programs*** such as the ***Agriculture*** and Food Research Initiative. These ***programs*** are critical to helping our farmers increase production, and they expand our Nation's economic growth. As I say, they feed not only this country but really the world. Not only does every dollar spent on ag research result in a $20 return on invest to the U.S economy, research investment also results in a food supply that is safe, abundant, and affordable. I am also glad the ***agriculture*** bill prioritizes funding for rural infrastructure. Included is $425 million for rural broadband grants and loans, putting our 2-***year*** investment in rural broadband at over $1 billion. Through fiscal ***year*** 2018-fiscal ***year*** 2019, we will put over a billion dollars into rural broadband, making sure all Americans, wherever they may live--whether they are in an urban area or out in the most rural part of our country--have the opportunity to access the world wide web and be part of the innovation and technology that goes with it. With this funding, we will make tremendous strides in bridging the digital divide in urban and rural communities. Broadband availability remains a challenge for States like mine, a rural State, and other rural States. Farmers need access to new precision technologies to help their operations run more efficiently. It is also essential for rural communities to have sufficient broadband if they hope to attract new businesses and grow their local economies. I am proud to say that we put funding in this bill to help to do just that. I thank Senator Merkley, our ranking member, for the bipartisan working relationship that we have on the ***Agriculture*** Subcommittee. I also want to applaud and express my appreciation to Chairman Shelby for working to return our Appropriations Committee to regular order. I think this ag bill that we are presenting today reflects a well- balanced compromise, and it illustrates that the Senate can work together on important issues like this one. I certainly hope that my colleagues will join me in supporting this legislation. With that, I turn to our ranking member, Senator Merkley. I yield the floor. The PRESIDING OFFICER. The Senator from Oregon. Mr. MERKLEY. Mr. President, as ranking member of the ***Agriculture*** Appropriations Subcommittee, I rise today to discuss the ***Agriculture*** appropriations bill. This is a good bill that was drafted in a bipartisan manner and passed out of committee unanimously. A big thanks goes to Chairman Hoeven for his hard work on the bill, as well to members of his team who worked closely with members of my team throughout this process and considered requests and concerns from Senators on both sides of the aisle. In his budget request, President Trump proposed more than a 25- percent cut to USDA's funding. He also zeroed out a number of very important ***programs***, including ***programs*** that benefit [[Page S5235]] rural America, along with research ***programs*** and domestic and international nutrition ***programs***. The bill that came out of the Appropriations Committee rejects those devastating cuts that were presented in the President's budget request. This bill, which is within the subcommittee's discretionary allocation of $23.2 billion, makes smart, targeted investments in ***programs*** that are important to the American people while keeping out controversial policy riders. In this bill we maintain funding for important rural development ***programs*** while building on the increases provided last ***year*** for rural infrastructure initiatives, including rural water and waste ***programs*** and a broadband pilot ***program***. These ***programs*** are vital in providing rural communities the ability to support entrepreneurs to be able to grow their businesses, creating much needed jobs in the community. The bill protects vital research ***programs*** and makes important new investments for the organic industry. The Organic Transitions ***Program*** is funded at $6 million. The National Organic ***Program*** is funded at $15 million. The Sustainable ***Agriculture*** Research and Education ***Program*** is funded at $37 million. All of these are historic funding levels that demonstrate the commitment to a vital and rapidly growing industry. What else does this committee bill do? It supports funding for farm ownership and farm operating loans. With farm incomes on the decline, access to credit is crucial for farmers to stay in business. Farm loans will serve the most disadvantaged in the farming sector, including farmers who are just starting out, as well as ranchers, minorities, women, and veterans. I am also pleased that we were able to include $150 million in funding for the Watershed and Flood Prevention Operations ***Program*** to protect our watersheds and help to prevent floods, reduce erosion, and protect wildlife habitats. With a backlog of $850 million for projects that have already been authorized, this funding is much needed. For domestic nutrition ***programs***, our bill maintains funding for the Summer Electronic Benefit ***Transfer*** for Children ***Program***, which provides access to food for low-income children during the summer months when schools are out of session. Beyond that, the bill provides for $30 million for school meal equipment grants, $18 million for the Farmers' Market Nutrition ***Program***, and $238 million for the Commodity Supplemental Food ***Program***. This bill also protects SNAP, or the Supplemental Nutrition Assistance ***Program***, which 42 million Americans rely on. It does not provide provisions that would eliminate benefits to those who qualify. On the international front, the bill maintains strong funding for nutrition ***programs*** such as Food for Peace and McGovern-Dole. Since its inception, Food for Peace has reached over 3 billion people in 150 countries and more than 32 million people last ***year*** alone. I have been in the field to see the impact of this ***program*** for communities that rely on it in some of the hardest hit parts of the world affected by conflict and climate chaos and corruption. This support is a considerable feature of what people around the world see in terms of the United States reaching out to assistant communities in need worldwide. Meanwhile, in 2017, the McGovern-Dole ***Program*** fed 4.5 million children, and it helps to support education and food security for low- income countries, as well as increasing school attendance. This ***program*** supports good health and better education for children around the world, with a particular emphasis on girls. In the state of the world today, we need ***programs*** like Food for Peace and McGovern-Dole, which have a proven track record. I am pleased that we have worked in a bipartisan to ensure that these ***programs*** are funded. The bill in front of us supports the important work of the FDA, or the Food and Drug Administration, through a $159 million increase in the agency's funding. Included in that funding increase, among other things, is full funding for the Oncology Center of Excellence, modernizing the generic drug review process, investment and innovation for rare diseases, and the continuation of last ***year***'s work on opioid prevention activities. I know, and my fellow Senators understand, just how important that opioid addiction prevention ***program*** is. Tribute to Jessica Schulken Mr. President, before I conclude, I wish to take a moment to recognize an outstanding member of the ***Agriculture*** Subcommittee team. Jessica Schulken will be leaving us in the next few weeks after almost 19 ***years*** on the Appropriations Committee. Her accomplishments are numerous. During her ***years*** on the committee, she has been a tireless advocate for our Nation's farmers and ranchers, a fierce protector for rural America, a staunch advocate for ensuring that the Food and Drug Administration has all the resources it needs, and a defender of transparency who has worked hard to ensure that these agencies are answerable to Congress. I cannot begin to adequately express the tremendous work that she has done on this committee as clerk. I speak for many who know how sorely she will be missed. Here is a big thanks to Jessica Schulken for her ***years*** of service and dedication, and I wish her well in her new chapter of life. The process on this ***agriculture*** appropriations subcommittee bill has been emblematic of the type of good, strong bipartisan work that we would like to see much more often here in the Senate--bipartisan work that has assisted our ranchers, bipartisan work to assist our farming communities, bipartisan work to support rural communities and rural infrastructure. So I look forward to getting this bill passed, getting it through conference, and getting it to the Oval Office. Thank you, Mr. President. The PRESIDING OFFICER. The Senator from Maine. Ms. COLLINS. I suggest the absence of a quorum. The PRESIDING OFFICER. The clerk will call the roll. The assistant bill clerk proceeded to call the roll. Mr. LANKFORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Mr. LANKFORD. Mr. President, I rise today to discuss the Financial Services and General Government appropriations bill for 2019. As chairman of the subcommittee, I have really enjoyed working with the ranking member, Senator Coons, and all of the members of the Appropriations Committee. However, for many Members of this Chamber who are not on the Appropriations Committee, today will be their first close look at an appropriations bill from our subcommittee. It has been months in process, with many oversight hearings, a lot of debate, a lot of amendments, a lot of back and forth with a tremendous amount of input from Members of this body, and it is finally actually on the floor. It has been nearly 7 ***years*** since the Financial Services and General Government appropriations bill has actually been considered on the Senate floor. In November of 2011, the Senate began consideration of the combined appropriations package for Energy and Water, Financial Services, and State and Foreign Operations. Unfortunately, the floor consideration of that bill was halted shortly after it began, and Members were not able to offer amendments or have their voices heard. We are looking forward to that changing today. This week's debate will subject the Financial Services and General Government appropriations bill to public scrutiny and an open amendment process on the Senate floor for the first time since the subcommittee was established in 2007. It is too long in coming. I applaud the leadership of Chairman Shelby and Ranking Member Leahy, who were determined to see the committee return to regular order. A little bit of sunshine will help us in this process. I am a firm believer that openness and transparency result in a better legislative product. It is my hope that today starts a trend where the appropriations bills that are seldom seen outside the committee, such as the Financial Services and Interior appropriations bills, can be debated openly and amended on the Senate floor. We have made a concerted effort to make responsible decisions in allocating resources and to be responsive [[Page S5236]] to the requests we have received from Members of both sides of the aisle, and we welcome continued input and proposed amendments from other Members. This Financial Services and General Government bill totals $23,688,000,000. It includes funding for a diverse group of 27 different independent agencies. It includes the Executive Office of the President, the Department of the Treasury, the Federal Judiciary, and the District of Columbia. The bill does not include any budget gimmicks or empty CHIMPS, or changes in mandatory ***program*** spending, which are often used as a gimmick by appropriations. It does not include those. The bill provides targeted funding increases for the Treasury Department to combat terrorism financing, for the Federal courts to support their administration of justice, and for the GSA's Federal Buildings Fund, including the acquisition of the headquarters building for the Department of Transportation, rather than continuing to pay $49.4 million in annual rental ***payments*** for a building that is their headquarters. We will move back to actually owning that building to save the taxpayers that money. This bill also fully funds GSA's request for basic repairs and major repairs. Basic and major repairs are not glamorous appropriations accounts, but they are exceptionally important to maintain and protect the taxpayers' dollars. The bill also makes critical investments in our Nation's financial markets, by providing targeted increases for the Securities and Exchange Commission and the Commodity Futures Trading Commission. After ***years*** of flat funding for the CFTC, or the Commodity Futures Trading Commission, including a $1 million cut last ***year***, this bill provides an increase to the CFTC in recognition of their critical role overseeing our swaps, futures, and options markets. Support for the CFTC was a priority for a number of Senators in this Chamber on both sides of the aisle, and I am pleased that we were able to accommodate it this ***year***. The bill provides $11.26 billion to the Internal Revenue Service for the administration of our Nation's tax laws. Of this amount, $77 million is dedicated to implementing the new Tax Cuts and Jobs Act. That bill has been enormously successful in helping to turn around our economy, wherein our GDP growth has grown exponentially over the last ***year***. Yet we have to fully implement that bill, and the additional $77 million is dedicated to that. Aside from tax reform, we are able to provide an increase of $75 million in base funding for the IRS. This increase to the Operations Support account over the fiscal ***year*** 2018 enacted level will provide for investments in information technology infrastructure to reduce reliance on legacy systems. The total amount for the IRS includes $2.5 billion for Taxpayer Services and $4.86 billion for Enforcement. We have two critical goals for the IRS--improving taxpayers' access to quality customer service and addressing the tax gap, which is the amount owed but actually not paid. The IRS needs help in the customer service area. It has asked for additional funding, and we have asked it for additional focus on customer service. We have given that this time. We have also asked the IRS to deal with the tax gap, which are taxes owed that individuals do not pay. This is not a change in tax law; it is enforcing existing tax law. Our current tax gap is right at $400 billion a ***year***. Addressing this tax gap is critical to reducing the deficit and restoring our Nation's fiscal health. The bill prioritizes the Federal Government's response to the opioid crisis. Our bill keeps our Nation's focus on the High Intensity Drug Trafficking Areas ***Program***, with there being $280 million allocated, and on the Drug-Free Communities ***Program***, with there being $99 million allocated through the Office of National Drug Control Policy. The bill provides a funding increase to the U.S Postal Service Inspector General to address the growing concern of narcotics trafficking through the mail system. We have to pay attention to that. The bill includes $2 million in new funding for the Council of the Inspectors General on Integrity and Efficiency for improvements to the website oversight.gov If folks have not already gone to oversight.gov to see the work of our inspectors general, I would encourage them to do that if they need some additional help. Their work needs to be highlighted, and we need to actually implement those recommendations. IGs are on the frontlines of efforts to reduce waste, fraud, and abuse in the Federal Government, and their recommendations produce billions of dollars in cost savings. We need to actually see those cost savings and implement them. Oversight.gov has improved the accessibility and prominence of their work, and I am confident this effort will produce even greater savings in the future by maintaining a database of open IG recommendations at oversight.gov Again, I thank my friend Senator Coons and express my appreciation for the way he and his staff have worked with us this ***year***. As this bill moves forward, I look forward to hearing from all of our colleagues about how we can further address their priorities through the amendment process. We look forward to doing something historic--of actually passing an FSGG bill on the floor of the Senate and of working through this process in an open and transparent way. I yield the floor. The PRESIDING OFFICER. The Senator from Delaware. Mr. COONS. Mr. President, I am proud to join my colleague, Senator Lankford of Oklahoma, in bringing our committee bill--the Financial Services and General Government appropriations bill--to the floor. I thank the full committee chair and the vice chairman, Senators Shelby and Leahy, for their leadership and their bipartisan work that has laid out the process we are now following to make real progress on our appropriations process. I thank Chairman Lankford for working with me on this bill, and to my colleague Senator Lankford, of Oklahoma, I express my appreciation for his being a great partner, for our positive experience in working together, and for how much I value our collegial relationship. I also thank the key staff of this subcommittee--Andy Newton, Lauren Comeau, and Brian Daner--as well as my own staff--Ellen Murray, Diana Hamilton, and Reeves Hart. These six folks are, I think, exemplars of the people who work here ***year*** in and ***year*** out, week in and week out and who help make it possible for us to craft large and complicated, bipartisan compromise bills like this one. We are grateful for the positive working experience they have had together and for the spirit with which they have worked to make this bill possible. I am confident this bill fairly allocates funding among many competing priorities, given the subcommittee's allocation and its broad jurisdiction. Senator Lankford and I have followed the guidance of the full committee chair and vice chair and have kept this bill free of new controversial riders. Overall, this bill appropriates $23.688 billion, which is a small increase over that in the fiscal ***year*** 2018 omnibus bill that was enacted earlier this ***year***. I would like to take this opportunity to briefly highlight how this bill will impact both Delawareans, whom I represent, and Americans across our whole country. The bill provides $250 million for the Community Development Financial Institutions Fund, which supports development in some of America's poorest communities. The President's budget had recommended cutting this vital ***program*** down to just $14 million, which would have completely eliminated any new grant funding, but I am proud this bipartisan Senate bill restores all of the funding for this effective and vital ***program***. This bill rejects the ***transfer*** of two vital anti-drug ***programs***--the High Intensity Drug Trafficking Areas ***Program***, known by its acronym HIDTA, and the Drug-Free Communities--from the Office of National Drug Control Policy to the Justice Department. I am grateful that at this time when opioids are a crisis of academic proportions, which I hear about week in and week out in my home State of Delaware, that we have rejected an ill-conceived proposal to move these ***programs*** to other agencies, where I have been concerned they would receive reduced funding and scant attention. I [[Page S5237]] am pleased, instead, that they will stay with the Office of National Drug Control Policy. This bill provides $281.5 million for the CFTC, the Commodity Futures Trading Commission. This is an increase of $32.5 million. It is critical the CFTC is able to keep pace with the dramatic changes in the marketplace as it regulates, particularly with the emergence of cryptocurrencies and complex financial products and international trading platforms. I think it is critical that the CFTC be able to modernize its investments, as this is what it is responsible for. The Federal judiciary will receive $7.251 billion in funding, an increase of $140 million over the fiscal ***year*** 2018 enacted level. In particular, the defender services and court security accounts, which I have long been attentive to, will receive robust funding. This bill vitally increases funding for the basic operations of the Internal Revenue Service. The IRS may not be the most popular of Federal agencies, but it touches almost every American and is central to the legal and appropriate and efficient collection of revenue and for being responsive to constituents and customers. This bill increases funding for the basic operations of the IRS, and it fully funds the request for the cost of implementing the comprehensive new tax law. I hope we continue to work to increase funding for this vital agency in conference because the IRS has IT systems that are out of date, and customer service can still improve. As the chairman and I have both commented in previous hearings, we need to continue to make progress in closing the $400 billion tax gap--the gap between what is owed and what is collected in tax revenues every ***year***. This bill includes $1.66 billion for the Securities and Exchange Commission, the SEC. Given the number of publicly traded firms that have an incorporation footprint in my home State of Delaware, I am particularly interested in making sure the SEC has the resources it needs and is investing those funds efficiently and effectively, as it is the watchdog that helps to make sure our securities are being exchanged in ways that are transparent and legal and appropriate. There is a provision within the Department of the Treasury that I want to highlight briefly of $159 million being appropriated specifically for the Office of Terrorism and Financial Intelligence. It is an increase of $17 million over last ***year***, just over 10 percent. This office has the responsibility of enforcing economic sanctions across the globe. It also has a very broad and very important responsibility, and it is key that we have been able to work on a bipartisan basis to ensure funding is adequate not only to continue the implementation of sanctions against North Korea and Iran but also to make sure we are fully enforcing the Global Magnitsky Human Rights Accountability Act and that we are enforcing sanctions in other places in the world-- Africa, for example--where we have longstanding sanctions that need more thorough enforcement. This bill provides funding for the Small Business Administration--a remarkably effective Federal agency that punches above its weight. This bill rejects the President's proposed cuts to the SBA's grant ***programs*** by either restoring or increasing funding to virtually every initiative within the SBA. These grants are essential to the SBA's mission of supporting small businesses so local communities across our country have greater economic opportunity. I am particularly pleased, within the suite of SBA-related services, to support the SCORE ***Program***, which has one of the highest ratios of volunteers and civic outreach and impact to Federal investment. Groups of volunteers all over the country offer business tools, workshops, and mentoring to dedicated entrepreneurs and small business owners. SCORE was initially founded in my home State of Delaware, in the city of Wilmington. So I have enjoyed working in a bipartisan way to reauthorize it during this Congress. This bill also includes a well-deserved pay adjustment for Federal civilian workers. Last ***year***, Federal employees received a cost-of- living increase of 1.9 percent. The cost of living is growing at a faster rate than that. So, this ***year***, the bill includes that same level, which, I think, is an important bipartisan compromise to ensure that our civilian workforce receives the support it has earned. Lastly, we did include, last ***year***, election security grants of about $380 million in the fiscal ***year*** 2018 omnibus to help protect States and their voting systems from cyber attacks. The chairman is the cosponsor of an authorizing bill that is critical we take up and move independent of the appropriations process. I also do think, this ***year***, we should have provided more for appropriations to our States to make sure they are strengthening their cyber security as we are just 4 months from a general election. In closing, let me again thank the staff members of the subcommittee who worked so well together. Let me thank Senator Lankford, my colleague from Oklahoma, for his great and positive attitude and for his determination in making sure these dollars are spent wisely. We may not agree on everything, but we have been able to agree on this thing, which is significant and historic progress, as the very first ever floor markup of the FSGG bill now begins. I yield the floor. The PRESIDING OFFICER. The Senator from Maine. Ms. COLLINS. Mr. 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. CORNYN. 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 of Brett Kavanaugh Mr. CORNYN. Mr. President, this week, we will continue the confirmation process for Judge Brett Kavanaugh, who, as we all know, has been nominated by President Trump to serve on the U.S Supreme Court. I say we will continue the confirmation process because there has already been a questionnaire issued by the Judiciary Committee to which the nominee has responded. I know White House Counsel and others are already trying to put their heads together with the George W. Bush Presidential Library, down in Dallas, as well as with the National Archives, to be responsive to the document requests that have been made for the judge. As the author of more than 300 published opinions, Judge Kavanaugh is a well-known judicial nominee. I think his experience from the last 12 ***years*** on the DC Court of Appeals has clearly demonstrated he has the experience that the job on the Supreme Court requires. He is also enormously well respected among the legal community. We have seen op-eds written by professors--all of them scholars--who say that Judge Kavanaugh can more than hold his own when it comes to legal analysis. We have heard this from people who share his judicial philosophy and those who do not share his judicial philosophy. They have a broad mutual respect for his intellect and his integrity. We have heard about his mentorship of law clerks, both men and women, liberals and conservatives. As I say, we have received testimonials from professionals across the ideological spectrum. Last week, a group of 80 former students from Harvard Law School, where Judge Kavanaugh taught, sent a letter to the Senate Judiciary Committee. As you might imagine, they have a variety of perspectives on judicial philosophy and a wide range of political views, but they all agreed that Judge Kavanaugh is a rigorous thinker, a devoted teacher, and a gracious person. Lastly, we have heard from the nominee himself. On the night President Trump announced his choice, Judge Kavanaugh said that he believes an independent judiciary is the crown jewel of our constitutional Republic. He promised to keep an open mind in every case, as a judge should, to uphold the Constitution of the United States, and to preserve the rule of law. Those words and the opinions from his many supporters demonstrate that Judge Kavanaugh is the right person to replace Justice Kennedy on the Supreme Court. Most people agree that it is the Supreme Court's job to fairly interpret the law, not to substitute their own [[Page S5238]] judgment--political, ideological, or personal--for that of Congress's when Congress has spoken, and I believe Judge Kavanaugh understands that deeply. A number of our colleagues across the aisle have been left grasping at straws given his outstanding qualifications and the fact that he was confirmed back in 2006 to the second most powerful court in the Nation, the DC Circuit Court of Appeals. Judge Kavanaugh is a well-known nominee both to the Senate Judiciary Committee and to the Senate itself, but some have recently criticized Judge Kavanaugh for expressing opposition to the independent counsel statute even though, once upon a time, they supported ending that very same statute themselves. There was bipartisan consensus to essentially let that statute lapse. So it is ironic that some are now using that as a point of criticism. For example, in 1999, my colleague, the senior Senator from Illinois, called for getting rid of the statute, claiming that it allowed independent counsels to be unchecked, unbridled, unrestrained, and unaccountable. That just goes to show you--if you are in the Senate long enough, you are likely to find yourself on both sides of an argument. But in this case, there is no merit to any criticism of Judge Kavanaugh for something that Democrats and Republicans both agreed to do, which is to let the independent counsel statute lapse. Another weakness in their argument is that there is a real difference between special counsels, such as Robert Mueller, and independent counsels under the old statute. They are not the same thing. When Judge Kavanaugh spoke ***years*** ago about the independent counsel statute, he was referring to a law that Congress ultimately agreed in a bipartisan fashion to let expire and not renew because it was felt that independent counsels--particularly the last independent counsel, Ken Starr--had too much autonomy to investigate and prosecute any misconduct without clear rules and guidance and without clear oversight by Congress and the Department of Justice. We know that special counsels are different. They are constrained by regulations and are overseen by senior lawyers at the Department of Justice, and in the case of Director Mueller, by the Deputy Attorney General himself. It would be useful if our friends across the aisle would acknowledge this difference and this history. A new poll has shown that significant majorities of voters in States such as North Dakota, West Virginia, and Indiana all want to see Judge Kavanaugh confirmed. Support is even stronger among Independents. I expect that as more Americans get to know him in the weeks ahead, those numbers will rise. This nomination for a vacancy on the Supreme Court is Chairman Grassley's 15th Supreme Court confirmation hearing, and I have no doubt that when he says this one will be the most searching and thorough of all of them, he means it. I look forward to working with all of our colleagues on the Judiciary Committee to ensure that Judge Kavanaugh has a full and fair hearing, and not pull any punches whatsoever, but if the object is to delay for delay's sake or to criticize for criticism's sake, we intend to call that out during this process. Based on what I have read and seen so far, I believe Judge Kavanaugh will ultimately be confirmed. Committee on Foreign Investment in the United States Mr. President, there is one other item of business I want to mention, and it is some very good news we received yesterday. The House and Senate conferees announced an agreement on the National Defense Authorization Act, the NDAA. I am glad to hear that the final version included legislation I sponsored called FIRRMA, the Foreign Investment Risk Review Modernization Act. The senior Senator from California, Mrs. Feinstein, was my bipartisan cosponsor. I thank Senator Crapo, the chairman of the Banking Committee, who ushered this legislation through that committee, where it passed unanimously, and Senator Inhofe for leading the conference here on the Senate side and seeing that this important piece of legislation was included. In June, President Trump called on Congress to pass a strong piece of legislation to modernize what is known as the Committee on Foreign Investment in the United States, or CFIUS. Now we are going to do exactly that. The Senate version of the bill updates CFIUS so we can guard against attempts--primarily by China but not only by China--to acquire sensitive dual-use technology and know-how by exploiting gaps in the U.S rules on foreign investments. This legislation takes a carefully tailored approach to updating the review process without hamstringing our ability to meaningfully engage in trade with partners around the world. It is not anti-foreign investment--just the opposite is true--but it is all about protecting our crown jewels when it comes to leading-edge technology that can be easily acquired through creative investment strategies, and then, along with the intellectual property and know-how, our competitors, such as China, can gain tremendous advantage. I appreciate the support we have gotten from Secretary Mnuchin, our Treasury Secretary; Secretary Mattis, the Secretary of Defense; and many others. I again thank Senator Feinstein for being the chief Democratic cosponsor. This has been a bipartisan effort from day one. The message is, we simply can't let China erode our national security advantage by circumventing our laws and exploiting investment opportunities for nefarious purposes. The backdoor ***transfer*** of technology, know-how, and industrial capabilities has gone unchecked for too long. That is why I am glad that once our bill becomes law, a newer, stronger CFIUS process will better protect us from evolving, investment-driven threats to our national security. I yield the floor. I suggest the absence of a quorum. The PRESIDING OFFICER (Mr. Cruz). The clerk will call the roll. The bill clerk proceeded to call the roll. Mr. BLUNT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered. Table Rock Lake Boat Tragedy Mr. BLUNT. Mr. President, I am here today to remember the 17 victims who lost their lives last week in the tragic boat accident on Table Rock Lake in Missouri. At one time, I lived in Branson. Our home is now in Springfield, MO. It is a community that I represented in the Congress for 14 ***years*** before having the chance to represent them in the Senate. Of course, the community has responded. But one of the reasons the community has responded in the way that it has is the truly tragic loss of life. There were 31 people on the boat that was overwhelmed by the water. Of those 31 people, 17 died. Of the 17 that died, 9 of the victims were members of the Coleman family from Indianapolis, IN. Tia Coleman lost her husband, Glenn, and all three of their children. On Saturday, Tia asked that her family members be remembered as they were. She said that her daughter, 1-***year***-old Arya, was a little fireball with 1,000 different personalities. Her 7-***year***-old son, Evan, according to his mom, was a great brother who was extremely smart and witty and loved life. Her 9-***year***-old son Reese, according to his mom, was the happiest little boy and made every day worth living. Tia's nephew, Donovan Hall, who was the other surviving member of that family, lost his mother Angela and his brother Maxwell. Tia described her sister-in-law Angela as a loving mother who would do anything for her family, and 2-***year***-old Max loved big hugs. Tia was laughing through her tears as she remembered her Uncle Ray as a man who liked to laugh and have a good time. Tia's father-in-law, Horace ``Butch'' Coleman, is being remembered in Indianapolis as a legend in the community, having volunteered for more than four decades as a youth football coach. He and his wife, Belinda Coleman, were involved in the community. Belinda was described as a loving mom, a loving grandmother, and as a leader in their church. Tia asked that all of us keep the Coleman family in our prayers as they adjust to this terrible tragedy. [[Page S5239]] Rosemarie Hamann and William Asher, from the St. Louis area, had just celebrated Rosemarie's 68th birthday. Their friends say they loved to dance and live life to the fullest. They both gave back to their community through local veterans organizations. William and Janice Bright, from Higginsville, MO, were in Branson celebrating their 45th wedding anniversary. They are survived by their 3 children and 16 grandchildren, with another grandchild on the way, who will never get a chance to see their grandparents. The Smith family of Osceola, AR, is mourning the loss of 53-***year***-old Steve Smith, a retired educator, and his 15-***year***-old son Lance. The Smiths were very active in their church. Steve was a deacon and Lance felt the call to the ministry at 15. He had just recently delivered his first sermon. Leslie Dennison from Illinois died a hero. This 64-***year***-old grandmother pushed her 12-***year***-old granddaughter to the surface of the water, helping save that girl's life before she was overwhelmed by the water. Former church pastor Bob Williams, who was driving the boat, was remembered by the Branson mayor, Karen Best, as ``a great ambassador for Branson'' and an active member of the community. Certainly in the coming days we will learn more about these men and women and children and the lives they led and the lives that were ended tragically. We will also learn about the accident itself. Senator McCaskill and I were both there on the day after the accident as Federal officials arrived--the Coast Guard, responsible for certifying equipment like the boat that sank, and the National Travel Safety Board, which has the responsibility to investigate the accident and tell us what happened. Senator McCaskill met with them early in the day. I met with them exactly 24 hours after the boat sank. As we were finished with that meeting and looking out at the placid Table Rock Lake, it was impossible to imagine that was the same lake that was in videos of what had happened the day before. Certainly Senator McCaskill and I were also thinking of the first responders, the medical staff, looking at what mental health care was available not only for people who survived the accident but also for the people who responded. There were people who were on a nearby showboat, the Branson Belle, who dove off the boat and immediately swam out to do what they could to help the people who were trying to save their own lives. One boat dock sent three or four different boats with basically high school guys who are working at that boat dock in the summer. I am sure if you are a 16, 17, 18-***year***-old young man, you think everything is OK, but we were both insistent that they try to have the kind of mental health counseling they needed, along with the families and the survivors who were there, and certainly the community, with services that reacted in the right way. It is unfortunate that we don't think as much as we should about the NTSB and their efforts. One of the things that certainly they will be looking at is their investigation of a similar accident almost 20 ***years*** ago in Arkansas on Lake Hamilton. The questions would be, I think, Did the Coast Guard do what they were supposed to do? Did the operators do what they were supposed to do? Did the equipment do what it was supposed to do? Certainly we will be looking carefully at the report to decide what needs to happen as a result of that report. Certainly this is an accident we wouldn't want to see happen ever again. Since its inception, the NTSB has investigated thousands of aviation and surface transportation accidents. They are busy right now investigating what happened in Branson, MO. Other examples are the Southwest Airlines engine incident in April, the autonomous vehicle crash in Tempe, AZ, and the collision of the Amtrak train and the CSX freight train in South Carolina. That is what they do. Its staff and leadership are on call 24 hours a day, 365 days a ***year***. Unfortunately, we have had two nominees for the National Transportation Safety Board who have been pending for consideration for many months--one a Democrat, another a Republican. The confirmation of those two people would ensure that the NTSB has a full board to fulfill its critical mission. I have been assured that we are going to move forward with those confirmations later today. I can also assure my colleagues that Senator McCaskill and I and Congressman Long will be closely monitoring the investigation as we learn what happened and do what we need to do to make sure it never happens again. So with gratitude to the first responders, the medical staff, and the members of the Branson community who stepped forward to assist in this tragedy, I close my remarks and turn to Senator McCaskill for whatever she may have to say about this event. The PRESIDING OFFICER. The Senator from Missouri. Mrs. McCASKILL. Mr. President, I would like to thank my colleague. He and I were both in Branson last Friday. We didn't have a chance to see each other, but we were both there for the same reason; that is, an unspeakable tragedy in our State that has Federal involvement because the investigations will occur jointly with the Coast Guard and the NTSB. I would echo many of the remarks that my colleague made. I particularly was struck when I was there--the highway patrol divers had just finished their work. They had the worst job maybe in the country last Friday, but certainly in Missouri. Their job was to go to the bottom of the lake and find the bodies that had been trapped in this amphibious vehicle at the bottom of one of the most beautiful lakes in the world. We never want a tragedy like this to strike in our State. I will tell my colleagues that the only silver lining I can find is that it happened in a part of our State where there is a great deal of love. There is a lot of openness in Branson, MO, for the travelers who come through, for all the tourists who come to Branson. We are very proud of that area of our State. The Ozarks have some of the most beautiful terrain God has created. These lakes that we have, both in the central part of our State and in the southwest part of our State, we are very proud of. They turned ugly and deadly last Thursday, and we have had a tremendous loss of life. This investigation will take a ***year*** or more. I join my colleague in urging the Senate to approve these two nominees that have been pending for too long. It is my understanding we have gotten movement on that today. It is sad that it would take a tragedy like this to get this moving, but I believe that by the end of the day--I am at least optimistic at this point; I don't know what my colleague Senator Blunt has learned, but I have learned that it appears that these nominees will be approved by the end of the day. There were incredibly difficult weather conditions, but there are inherent dangers in these amphibious vehicles. We know this. How do we know this? Because it has been investigated before. We have had 40 deaths associated with duck boats since 1999, yet there has been little done to address the inherent danger of these amphibious vehicles. We had 13 deaths in Arkansas in Lake Hamilton in 1999, 4 deaths in the Ottawa River in Ontario, Canada in 2002, 2 in the Delaware River in Philadelphia in 2010, and then the 17 deaths that occurred last week. Additionally, we had five deaths when a vehicle collided, when it had an on-land collision in Seattle in 2015. Back when the NTSB investigated the incident in Arkansas, which is about 200 miles south of Branson, they found contributing factors to that accident to be the lack of adequate buoyancy that would have allowed the vehicle to remain afloat in a flooded condition, the lack of adequate oversight by the Coast Guard, and, importantly, also the canopy. When these vehicles are on water, the canopy serves as a trap if they take on water and are sinking. People who are trying to get out have no easy way to escape this sinking vehicle because the canopy traps them within the vehicle. It also is a problem in terms of wearing life jackets because if someone has a life jacket on and one of these vehicles goes down in the water, they get trapped against the roof even more because the buoyancy of the life jacket holds them against the roof and makes [[Page S5240]] it even more difficult for them to get to some point of ingress or egress. These are not open vehicles. When they are in the water, it is almost like an enclosed bus. It is almost like--imagine if you are on an airplane in the water or on a bus in the matter. It is not a boat; it is a vehicle. So the NTSB recommendations were pretty straightforward. Unfortunately, nothing happened as a result of those recommendations. I am in the early stages of drafting legislation with input from the NTSB and the Coast Guard to require that the design issues with these passenger vessels be addressed and that the boats that are not compliant be taken out of service until they can be compliant. We think that their past recommendations are reasonable and common sense. We really think the biggest problem that has to be addressed is this reserve buoyancy that has been pointed out in the past as part of the significant problem. If they can't do the buoyancy on a really timely basis, at a minimum, remove the canopies if they are going on the water so there is an opportunity for people to escape what is a sinking coffin, which it was; it was a sinking coffin for way too many people last Thursday. As always, I want this to be done in a way that makes sense, but I don't think it makes sense for us to wait another ***year*** to address some of these glaring issues in terms of passenger safety. I also would like to take a moment to recognize the victims in this tragedy. We had five victims who were from Missouri: William Asher, 69, and Rose Marie Hamann, 68, who both lived in St. Louis; Janice Bright and her husband, William Bright, 63 and 65, from Higginsville, MO, closer to Kansas City; Bob Williams, the driver, not the captain of the vessel, 73 ***years*** old, who lived in Branson. From Arkansas, Steve Smith was 53, and Lance Smith was 15 ***years*** old. From Illinois, Leslie Dennison was 64 ***years*** old. Maybe the most heartbreaking, in some ways, was the large family who lost so many members as a result of this vehicle sinking in the Table Rock Lake: Angela, 45; Belinda, 69; Ervin, 76; Glenn, 40; Horace, 70; and then the Coleman children, including Reece, who was 9; Evan, who was 7; Maxwell, who was 2; and Arya, who was only 1 ***year*** old. We mourn their deaths. I do think this is a situation where you do feel helpless. On the other hand, I do think there are steps we can take so that these particular amphibious vehicles are addressed in terms of passenger safety so that there is never again a feeling of helplessness when one of these boats finds itself in a situation where it is taking on water but the people in the vehicle cannot get out of the vehicle in order to save themselves and can't even avail themselves of life preservers in a way that would protect them if for any reason they were not capable swimmers. I am very proud of both NTSB and the Coast Guard, who were working well together when I was down there. Mayor Best was doing a terrific job. The Red Cross was there in full display in terms of providing services. The people of Branson were in the midst of an outpouring of love, affection, respect, and sympathy--and the entire State. Our Governor has done a good job. Frankly, it is the silly season for me. This is the time when there are relatively few weeks until an election, and the fur is flying, and the politics go back and forth. It was like an oasis on Friday in terms of everyone coming together, setting their politics on the side of the road, and trying to work together to find answers to these difficult questions and come together as we should and find a way to protect the traveling public and the people. The saddest thing about this is the people who went on this vehicle went because they were there having a great time. That is probably a cruel irony of this situation. They weren't taking a bus on the way to work. They weren't taking a plane on a business trip. They were enjoying a beautiful location with their family in the middle of what should have been a carefree moment, and it turned deadly and tragic. We do need to come together and try to make sure this doesn't happen in the future. With a respectful nod to all the first responders and the people of the Branson community who have been so supportive, I yield the floor. The PRESIDING OFFICER. The Senator from Maine. Ms. COLLINS. Mr. President, before the two Senators from Missouri leave the floor, let me express my personal condolences to them, which I know are shared by each and every Member of this body. The tragedy in Missouri is absolutely heartbreaking for the families, for the community, and for the State, and I want our two colleagues from Missouri to know that we stand with them during this very difficult time. Amendments Nos. 3405 and 3422 to Amendment No. 3399 Ms. COLLINS. Mr. President, I ask unanimous consent that the following amendments be called up en bloc: Heller amendment No. 3405 and Durbin amendment No. 3422. I further ask consent that at 2:15 p.m today, there be 5 minutes of debate, equally divided in the usual form, and that following the use or yielding back of that time, the Senate vote in relation to the Heller and Durbin amendments in the order listed and that there be no second-degree amendments in order to the amendments prior to the votes. The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The clerk will report the amendments by number. The bill clerk read as follows: The Senator from Maine [Ms. Collins], for others, proposes amendments numbered 3405 and 3422 en bloc to amendment No. 3399. The amendments are as follows: amendment no. 3405 (Purpose: To increase the amount available for a Community Volunteer Income Tax Assistance matching grants ***program*** for tax return preparation assistance) On page 154, line 14, strike ``$15,000,000'' and insert ``$20,000,000''. amendment no. 3422 (Purpose: To require the Inspector General to update an audit report concerning on-time performance of Amtrak) In the matter under the heading ``salaries and expenses'' under the heading ``Office of Inspector General'' under the heading ``National Railroad Passenger Corporation'' in title III oCf division D, in the fourth proviso, strike ``Government.'' and insert the following: ``Government: Provided further, That not later than 240 days after the date of enactment of this Act, the Inspector General shall update the report entitled `Effects of Amtrak's Poor On-Time Performance', numbered CR-2008-047, and dated March 28, 2008, and make the updated report publicly available.''.

**Load-Date:** July 27, 2018

**End of Document**



[***Structural Fiscal Position***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RBM-6B01-F0J5-8054-00000-00&context=1516831)

Chile Country Risk Report

April 1, 2018 Sunday

Copyright 2018 Business Monitor International Ltd. All Rights Reserved



**Length:** 665 words

**Highlight:** Chile maintains a fiscal rule meant to enforce a cyclically adjusted balance. Government expenditures are budgeted in line with revenues projected under the assumptions that the economy is operating at full potential and copper prices are at long-term levels. However, a de facto escape clause allows countercyclical fiscal policy to result in deficits.

**Body**

|  |
| --- |
| Fiscal And Public Debt Forecasts |
| Gross Debt And Fiscal Balance (2009-2027) |
|  |
| *e/f = BMI estimate/forecast. Source: BCC, BMI* |

**Revenue:** Chile maintains an investor-friendly tax regime with tax rates among the lowest in the OECD. Although a tax reform enacted in September 2014 will gradually raise corporate income tax rates from 20% in 2014 to 25% in 2017, Chile's corporate tax burden will remain below OECD averages. The reform, which also broadened the goods base subject to the country's value-added tax (VAT), will support robust revenue growth in the coming ***years***. We forecast revenue growth to average 8.2% between 2017 and 2020. We do not expect Chile's intakes will be significantly affected by structurally lower copper prices, as copper revenues account for a relatively minor share of total revenues.

**Chile - Main Revenue And Expenditure Categories**

| **Sources of Revenue** | **% of Total** | **Areas of Expenditure** | **% of Total** |
| --- | --- | --- | --- |
| Value Added Tax | 39.6% | ***Transfers*** | 32.4% |
| Income Tax | 30.3% | Wages & Salaries | 19.7% |
| Social Security ***Payments*** | 6.9% | Social Security Benefits | 18.2% |
| Fuel Tax | 4.4% | Goods & Services | 9.7% |
| Copper Revenue | 4.4% | Investment | 9.0% |

Source: BCC, BMI **Expenditure:** Current expenditures account for more than 80% of total expenditures, with nearly a third of outlays going to ***transfer*** ***programmes***. Despite achieving middle-income status, Chile struggles with poverty and inequality, particularly in its rural areas, which drives its social spending. Chile provides healthcare and housing subsidies for the poorest segments of the population and robust support for its ***agricultural*** sector, which underpin its outlays. In the coming ***years***, we expect spending on education to increase substantially as the government moves to revitalize public education and provide free higher education to a large portion of the population. We forecast expenditure growth to average 8.8% between 2017 and 2020.

|  |
| --- |
| Government Spending & Revenue Projections |
| Government Spending And Revenue (2009-2027) |
|  |
| *e/f = BMI estimate/forecast. Sources: BCC, BMI* |

**Debt Sustainability:** Although we expect Chile will increase its borrowing in the coming the ***years***, Chile will maintain strong sovereign credentials. A low debt stock, commitment to prudent macroeconomic policies, and substantial buffers will allow Chile to take on debt without affecting investor perceptions. Total government debt in 2017 was 20.2% of GDP, and will rise to 21.1% of GDP in 2018. The country's debt maturity profile presents little rollover risk, and the vast majority of the government's debt is denominated in pesos and issued domestically. Local institutional investors, primarily pension funds, maintain high demand for government bonds. Moreover, Chile's borrowing is largely supporting spending increases directed at improving the country's long-term competitiveness and economic diversification, suggesting upside to its increased debt.

**Fiscal And Public Debt Forecasts (Chile 2016-2027)**

| **Indicator** | **2016e** | **2017e** | **2018f** | **2019f** | **2020f** | **2021f** | **2022f** | **2023f** | **2024f** | **2025f** | **2026f** | **2027f** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Total revenue, CLPbn | 38,325.4 | 41,104.1 | 44,910.1 | 48,645.8 | 52,479.7 | 56,986.9 | 62,078.2 | 67,574.0 | 73,651.0 | 80,489.3 | 88,109.2 | 96,574.3 |
| Total revenue, CLP, % y-o-y | 5.2 | 7.3 | 9.3 | 8.3 | 7.9 | 8.6 | 8.9 | 8.9 | 9.0 | 9.3 | 9.5 | 9.6 |
| Total expenditure, CLPbn | 42,811.5 | 45,615.8 | 49,046.7 | 53,541.6 | 58,083.0 | 62,970.6 | 68,519.5 | 74,833.6 | 81,752.1 | 89,462.8 | 98,135.0 | 107,888.5 |
| Total expenditure, CLP, % y-o-y | 3.8 | 6.6 | 7.5 | 9.2 | 8.5 | 8.4 | 8.8 | 9.2 | 9.2 | 9.4 | 9.7 | 9.9 |
| Budget balance, CLPbn | -4,486.1 | -4,511.6 | -4,136.6 | -4,895.8 | -5,603.3 | -5,983.7 | -6,441.3 | -7,259.6 | -8,101.1 | -8,973.5 | -10,025.8 | -11,314.2 |
| Budget balance, % of GDP | -2.7 | -2.6 | -2.3 | -2.6 | -2.8 | -2.8 | -2.8 | -2.9 | -3.0 | -3.1 | -3.2 | -3.4 |
| Total government debt, EURbn | 42.0 | 47.2 | 56.0 | 62.7 | 68.1 | 75.1 | 83.1 | 89.4 | 96.3 | 103.9 | 112.1 | 121.0 |
| Total government debt, % of GDP | 18.8 | 20.2 | 21.1 | 21.9 | 22.5 | 23.0 | 23.5 | 23.8 | 24.2 | 24.6 | 25.0 | 25.5 |

e/f = BMI estimate/forecast. Source: BCC, BMI

**Load-Date:** January 5, 2018

**End of Document**



[***Register of Commission documents: staff working document Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESMENT BANK A stronger and renewed strategic partnership with the EU's outermost regions Document date: 2017-10-25 COM\_SWD(2017)0349 SEC documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R65-4NS1-F0YC-N1DW-00000-00&context=1516831)

Impact News Service

December 13, 2017 Wednesday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 25403 words

**Body**

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

EN EN EUROPEAN COMMISSION Strasbourg, 24.10.2017 SWD(2017) 349 final PART 1/2 COMMISSION STAFF WORKING DOCUMENT Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS AND THE EUROPEAN INVESMENT BANK A stronger and renewed strategic partnership with the EU's outermost regions {COM(2017) 623 final} 2 CONTENTS 1. Introduction ......................................................................................................................................... 3 2. European Union and the outermost regions: a long lasting partnership .............................................. 3 3. Socioeconomic trends in the outermost regions .................................................................................. 6 4. Assessment of the European strategy for the outermost regions ....................................................... 10 4.1 Accessibility to the single market ............................................................................................. 10 4.2 Increasing competitiveness through modernisation and diversification of economies ............. 16 4.3 Strengthening the regional integration ...................................................................................... 36 4.4 Fostering employment, education and social Inclusion ............................................................ 39 4.5 Mainstreaming climate change and protecting the environment ............................................... 44 4.6 Taxation and State aid ................................................................................................................ 48 5. Conclusion ......................................................................................................................................... 50 List of acronyms and abbreviations ....................................................................................................... 51 Annex I — Geographical location of the outermost regions: lands of Europe in the World ................ 52 Annex II — European Union funding in the outermost regions ........................................................... 53 3 1. Introduction The outermost regions are an integral part of the European Union. Under Article 355 of the Treaty on the Functioning of the European Union (TFEU), these regions are governed by the Treaties. However, the outermost regions are remote from continental Europe and located in a different geographic, climatic, socioeconomic and political environment1. Article 349 TFEU recognises their particular situation and gives the outermost regions a unique status which distinguishes them from any other region in the EU and from the overseas countries and territories (OCT) that are associated to the EU.

In the Commission’s Communication2 of 2012, the EU set out a strategy for the outermost regions, in line with the Europe 2020 strategy3. It proposed a range of measures to help the outermost regions to build on their assets in order to create a stronger and self-reliant economy, promote social development and create sustainable jobs. The 2012 Communication also invited the outermost regions to draw individual action plans to promote a smart, sustainable and inclusive growth in their territory. These action plans have largely inspired the 2014 - 2020 European Regional and Development Fund (ERDF) ***programmes***. This document reviews the implementation of the measures proposed in 2012. It also provides information on policy developments relevant to these regions since then and analyses their socioeconomic situation. 2. The European Union and the outermost regions: a long lasting partnership For more than 30 ***years*** the EU has been building a solid partnership with its outermost regions. The Treaty of Rome provides that the institutions of the Community should ensure the economic and social development of the French overseas departments. A declaration annexed to the Maastricht Treaty went a step further, recognising, for the first time, the notion of ‘outermost region’ (Article 227(2)). The Treaty of Amsterdam (Article 299(2)) asserted for the first time the status of the outermost regions in the body of the European Treaties and formally recognised their geographical and economic specificity. It acknowledged that the outermost regions are affected by a specific set of constraints4 the permanence and combination of which severely restrains their development. Article 299(2) further states that the Council, on a proposal from the Commission and after consulting the European Parliament, shall adopt specific measures, 1 See Annex I for the geographical location of the outermost regions. 2 COM(2012) 287 final, 20.6 2012. 3 See footnote 2. 4 The outermost regions are affected by remoteness, insularity, small size, difficult topography and climate, and economic dependence on a small number of products. 4 aimed, in particular, at laying down the conditions of application of the Treaties to those regions, including common policies, to take into account their structural social and economic situation. Following the entry into force of the Treaty of Lisbon in 2009, this status has been consolidated under a dedicated Article 349 TFEU. In its judgment of 15 December 20155, the Court of Justice of the European Union clarifies the scope of application of Article 349 TFEU on the basis of which the Council is entitled to adopt specific measures for the outermost regions derogating from the Treaty or from a secondary law. The EU has approved over the ***years*** specific or derogating legislative and non-legislative measures applicable to the outermost regions. They cover areas such as taxation, customs, ***agriculture***, fisheries and State aid, with the objective of mitigating as much as possible the negative effects of their specific constraints and promoting their development. In 20046, the Commission presented for the first time a strategy for the outermost regions, aiming to strengthen the partnership between the EU institutions and those regions. The strategy was renewed in 20087, to make the most of the outermost regions’ assets and in 20128, to align the strategy with Europe 2020 goals, emphasising the need for sustainable growth and jobs’ creation. A series of measures were proposed in different EU policies, across five main axes for action: improve accessibility to the single market, increase competitiveness, strengthen regional integration within the respective geographic zone, reinforce the social dimension of the development, including through measures for job creation, and mainstreaming climate action into all relevant policies. To better address their needs, the Commission has put the spotlight on the outermost regions’ specific assets and the constraints faced by them through a number of significant events. Since 2010, the Commission has been promoting discussion fora dedicated to the outermost regions, with the participation of all interested parties, in collaboration with the regions, the Member States concerned and the European institutions. The 4th Forum held in March 2017 debated the following strategic themes: circular, green and blue economy; energy; integration of outermost regions in regional and international markets; and digital and physical accessibility. It also examined the support available from the EU funds. In addition, a seminar on employment in the outermost regions, organised in March 2016 together with the European Economic and Social Committee, provided some important ideas for future actions to improve mobility and promote job creation, in particular in emerging sectors such as the blue and green economy. The outermost regions have also taken actions to strengthen their partnership with the European institutions. Since 1995, the annual event of the Conference of Presidents of the 5 [*http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:62014CJ0132*](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:62014CJ0132) 6 COM(2004) 543 final, 6.8.2004 7 COM(2008) 642 final, 17.10.2008 8 See footnote 2. 5 outermost regions is hosted by the region holding the rotating presidency and attended by representatives of EU institutions and Member States. At every conference, a declaration is issued outlining the outermost regions common position. At the last one, in 2016 in Madeira, the Presidents called on the Commission and the Member States for a new dynamic towards the outermost regions and committed to presenting a joint Memorandum. The Memorandum9 was handed to the President of the European Commission during the 4th Forum. It presented several proposals calling for reinforcing the differentiated approach of the European policies for the outermost regions. The Member States concerned (France, Portugal and Spain) have also submitted individual contributions. Furthermore, joint contributions were submitted to the Commission on the future strategy for the outermost regions10. The European Parliament has also been very active in promoting the interests of the outermost regions. It adopted in 2014 a resolution on creating synergies between the European Structural and Investment Funds (ESI Funds) and other European Union ***programmes*** to optimise the potential of the outermost regions11. In 2017, it adopted two additional resolutions on the management of fishing fleets in the outermost regions12 and the implementation of Article 349 TFEU13. These political proposals complement the work undertaken by the Commission on the EU strategy towards the outermost regions. In early 2014, the Commission set up a working group with representatives from the outermost regions, the three Member States concerned and the Commission to follow up concrete aspects of the 2012 Communication. Since then, the group has met regularly to analyse and discuss developments in the European policies affecting these regions, strengthening the communication between institutions and interested parties. Other Commission initiatives are important to evaluate the impact of European policies on the outermost regions and identify potential avenues for future action. In December 2016, the Commission adopted a report on the implementation of the POSEI scheme, expressing a positive assessment of its implementation and relevance14. In the same ***year***, the Commission launched a study on the blue growth potential in the outermost regions. The results of the study were recently published15. Furthermore, the Commission has set up four expert groups to reflect on key areas for future growth in the outermost regions, such as digital accessibility, transport, energy, green and circular economy. Each group included experts from the outermost regions, the Member States and the Commission, aiming to define future actions at EU, national and regional levels in order to boost progress in these strategic areas16. 9   [*http://ec.europa.eu/regional\_policy/sources/policy/themes/outermost-regions/pdf/memorandum\_rup2017\_fr.pdf*](http://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/memorandum_rup2017_fr.pdf) 10   [*http://ec.europa.eu/regional\_policy/index.cfm/en/policy/themes/outermost-regions/#5*](http://ec.europa.eu/regional_policy/index.cfm/en/policy/themes/outermost-regions/#5) 11 European Parliament resolution of 26 February 2014, Procedure reference (2013/2178(INI)), Rapporteur:Younous Omarjee. 12 European Parliament resolution of 27 April 2017 (2016/2016(INI), Rapporteur: Ulrike Rodust. 13 European Parliament resolution of 6 July 2017 (2013/2178(INI), Rapporteur: Younous Omarjee. 14 POSEI (***Programme*** of options specific to the remote and insular nature of the outermost regions); COM(2016) 797 final, 15.12.2016 15   [*https://publications.europa.eu/en/publication-detail/-/publication/029afe70-a725-11e7-837e-01aa75ed71a1/language-en*](https://publications.europa.eu/en/publication-detail/-/publication/029afe70-a725-11e7-837e-01aa75ed71a1/language-en) 16   [*http://ec.europa.eu/regional\_policy/en/policy/themes/outermost-regions/#5*](http://ec.europa.eu/regional_policy/en/policy/themes/outermost-regions/#5) 6 3. Socioeconomic trends in the outermost regions17 On GDP per capita in purchasing power standard (pps)18, all outermost regions are still far away from the respective national and EU-28 average (data of 2015). The average GDP per capita of all the outermost regions is at 64.6 %, with Mayotte and French Guiana only at 32 % and 53 % respectively, while the national French average is at 106 %. The highest GDP per capita among all the outermost regions is observed in Martinique with 78 %, followed by the Canary Islands with 74 % (Figure 1). However, there is no clear common trend for the 2011-2015 ***programming*** period. The Portuguese outermost regions, the Canary Islands and Guadeloupe have seen their GDP per capita decreasing in 2011 - 2015; while Martinique, Reunion Island and Mayotte have seen their GDP per capita increasing in the same period. In French Guiana, there was no clear pattern in 2011 – 2015. There was an increase in 2011 - 2012 and then, a decrease in 2012 - 2015. Figure 1 — Gross domestic product at current prices in 2015 (PPS) in the outermost regions, Spain, France Portugal and EU-28 average. There is a fluctuation in terms of growth rates in 2010 - 201519, with no common pattern for all outermost regions. For the Spanish and Portuguese outermost regions (two Member States significantly hit by the economic crisis), the growth rates were positive in 2014 for the first time since 2010. In 2015, the growth rates were positive in almost all outermost regions. The average growth rate stands at 2.1 %. 17 More detailed information for each region is presented in Annex III. 18 EUROSTAT: Gross domestic product (GDP) at current market prices by NUTS 2 regions [nama\_10r\_2gdp]; unit: Purchasing power standard (PPS) per inhabitant in percentage of the EU average; updated on 30.3.2017; extracted on 12.6.2017 19 EUROSTAT data: Real growth rate of regional gross value added (GVA) at basic prices by NUTS 2 regions — percentage change on previous ***year*** [nama\_10r\_2gvagr]; updated on 16.6.2017 and extracted on 12.7.2017 0 20 40 60 80 100 120 Gross Domestic Product at current prices in 2015 (PPS) 7 On demographic changes, in 2012 - 201620, the population increased in the Canary Islands, French Guiana, Mayotte and Reunion Island while it decreased in the other outermost regions. It is worth highlighting that the outermost regions have a relatively young population compared to the national situation. In most outermost regions, the percentage of young people (up to 25 ***years***-old) is significantly higher than the national average. In some cases it is the double (Mayotte) or almost the double (French Guiana). Life expectancy in 2015 was lower than the national average in all outermost regions, with the exception of Martinique, where it is slightly higher than the national average (82.7 ***years***-old against 82.4 ***years***-old)21. The gap observed between the national average and the outermost regions’ average is marginal. The lowest life expectancy can be observed in Mayotte (76.5 ***years***-old). On the labour market situation, in most outermost regions, the employment rates of those aged 20-64 have increased in 2012 - 201622, with the exception of Guadeloupe and French Guiana, where slight drops in the employment rates have been observed in the same period. The average employment rate (20-64) for all the outermost regions is at 56.91 % (in 2016); which is significantly below the average target of the Europe 2020 strategy (75 %) and of the respective national targets (74 % for Spain, 75 % for France and 75 % for Portugal23). The French outermost regions present the most important gap between the regional employment rates and the respective national averages. The unemployment rates of those aged 15-74, have decreased in most outermost regions in 2012 - 2016, after observing a peak in 2013. The exceptions are Guadeloupe, French Guiana and Mayotte; with the latter having observed a trend towards increased unemployment rates in 2014 - 2016. The most recent data available, from 2016, show that the unemployment rates are much higher in all the outermost regions than the respective national averages, with the exception of the Azores (equal to the national rate of 11.2 %). The average unemployment rate in all outermost regions stands at 20.6 %, which is much higher than the EU-28 rate of 8.6 %. The highest rates are observed in Mayotte with 27.1 % and the Canary Islands with 26.1 %. The rates of the French outermost regions in 2016 (except from Martinique) are more than double the national rate of 10.1 % (Table 1). 20 EUROSTAT: Population on 1 January by age, sex and NUTS 2 region [demo\_r\_d2jan]; updated on 30.5.2017; extracted on 9.6.2017 21 EUROSTAT: Life expectancy by age, sex and NUTS 2 region [demo\_r\_mlifexp]; updated on 31.5.2017; extracted on 6.6.2017 22 EUROSTAT: Employment rates by sex, age and NUTS 2 regions (%) [lfst\_r\_lfe2emprt]; updated on 27.4.2017; extracted on 12.6.2017 23   [*http://ec.europa.eu/eurostat/web/europe-2020-indicators/europe-2020-strategy/headline-indicators-scoreboard*](http://ec.europa.eu/eurostat/web/europe-2020-indicators/europe-2020-strategy/headline-indicators-scoreboard) 8 Table 1 — Unemployment rates in the outermost regions, Spain, France, Portugal and EU-28 average in 2016. 2016 Unemployment rate 15-74 (%) Long-term unemployment (% of active pop) Female unemployment 15-74 (%) Unemployment rate 15-24 (%) NEET Canary Islands 26.1 14.2 28.0 51.3 16.0 Spain 19.6 9.5 21.4 44.4 14.6 French Guiana 23.2 16.2 25.2 43.9 32.3 Guadeloupe 23.9 17.1 25.4 46.7 19.4 Martinique 17.6 11.5 17.6 44.3 19.7 Mayotte 27.1 21.9 32.6 54.5 - Reunion Island 22.4 14.2 22.5 44.0 22.5 France 10.1 4.6 9.9 24.7 11.9 Azores 11.2 6.5 9.8 41.51 19.2 Madeira 13.0 7.8 11.9 50.51 16.1 Portugal 11.2 6.1 11.3 28.0 10.6 EU-28 8.6 4.0 8.8 18.7 11.5 1 2014 The long-term unemployment rates (as percentage of the active population) in 2012 - 201624 show a downward trend in most outermost regions (Canary Islands, Martinique, Reunion Island, Madeira and the Azores). In 2016, most of the outermost regions observed unemployment rates which are much higher than the national rates and the EU-28 average. The average long-term unemployment rate in all outermost regions is 13.7 %, compared to 4 % in EU-28, 9.5 % in Spain, 4.6 % in France and 6.1 % in Portugal. The Portuguese outermost regions have long-term unemployment rates that are higher but not very far away from the national ones (6.5 % in the Azores, 7.8 % in Madeira compared to 6.1 % in Portugal). The biggest gap can be observed in the French outermost regions where the rates vary from 21.9 % and 17.1 % in Mayotte and Guadeloupe respectively to 11.5 % in Martinique; while the French national rate is at 4.6 %. In addition, it is worth comparing with the long-term unemployed as percentage of the unemployed; a comparison which shows that in all outermost regions more than half of the unemployed are long-term unemployed. Mayotte and Guadeloupe have the highest share of long-term unemployed among their unemployed, with 80.9 % and 71.6 %. The female unemployment rates of those aged 15-74, show a downward trend in the outermost regions in 2012 - 201625, after reaching their peak in 2013 and 2014. The exception to that is Mayotte (data for 2014 - 2016), where female unemployment tended to increase. The average rate for all outermost regions is 21.6 % (in 2016), which is more than two times 24 EUROSTAT: Long-term unemployment (12 months and more) by NUTS 2 regions [lfst\_r\_lfu2ltu]; unit: percentage of active population; updated on 27.4.2017; extracted on 31.5.2017 25 EUROSTAT: Unemployment rates by sex, age and NUTS 2 regions (%) [lfst\_r\_lfu3rt]; updated on 9.8.2017; extracted on 11.9.2017 9 higher the EU-28 rate (8.8 %) and higher than the national rates (21.4 % for Spain, 9.9 % for France and 11.3 % for Portugal). The highest female unemployment rate is observed in Mayotte and the Canary Islands with 32.6 % and 28 % respectively. The lowest is observed in the Azores (9.8 %) which is also the only outermost region scoring lower in female unemployment than the national average (11.3 % for Portugal). On the youth unemployment rates of those aged 15-24, it is worth noting that in all the outermost regions the rates have decreased from 2012 to 201626 27, in some cases by more than 10 percentage points (Canary Islands, Martinique, Reunion Island). However, 2016 rates in the outermost regions remain much higher than the national and the EU-28 rates. The average rate for all the outermost regions (except for the Portuguese ones) stand at 47.5 %, while the Spanish and French national rates are at 44.4 % and 24.7 % respectively and the EU-28 rate at 18.7 %. The Canary Islands and Mayotte have the highest rates with 51.3 % and 54.5 % respectively. On young people not in employment, education or training (‘NEET’ indicator), there is a reduction of the rate in all outermost regions in 2012 - 201628 (and in 2012 - 2014 for the French outermost regions). A significant decrease is observed in the Canary Islands and Madeira, with a drop of more than five percentage points, in the same period. The 2016 rate is significantly higher in all outermost regions than the national average and the EU-28 rate. The average rate for all outermost regions stands at 20.7 %, which is much higher than the Spanish (14.6 %), the French (11.9 %), the Portuguese (10.6 %) and the EU-28 (11.5 %). The highest values are observed in French Guiana with 32.3 %, followed by Reunion Island with 22.5 %29. On early school leavers, there was a significant reduction observed in the Canary Islands, the Azores, Madeira and Reunion Island in 2012 - 201630. During this period, there was an increase in early school leavers for Guadeloupe, Martinique and French Guiana. The rates observed in 2016 in the outermost regions are significantly higher than the respective national averages, with the exception of the Canary Islands where the rate is slightly lower than the national average (18.9 % compared to 19 % for Spain). French Guiana31 has the worst performance with 36.7 % of early school leavers, far from the national average of 8.8 % in France. The Portuguese outermost regions have also a much higher rate than the national average, with the Azores and Madeira at 26.9 % and 23.2 % respectively and Portugal at 14 %. The combined average rate for all outermost regions is 22.5 %, which is significantly higher than the ‘less than 10 %’ target of the Europe 2020 strategy and the national targets set at 15 %, 9.5 % and 10 % for Spain, France and Portugal respectively. 26 EUROSTAT: Unemployment rates by sex, age and NUTS 2 regions (%) [lfst\_r\_lfu3rt]; updated on 27.4.2017; extracted on 9.6.2017 27 No data are available for the Portuguese outermost regions for 2015 and 2016. 28 EUROSTAT: Young people neither in employment nor in education and training by sex and NUTS 2 regions (NEET rates) [edat\_lfse\_22]; updated on 27/04/17; extracted on 6.6.2017 29 Mayotte is not reported on this dataset. 30 EUROSTAT: Early leavers from education and training by sex and NUTS 2 regions [edat\_lfse\_16]; updated on 27.4.2017; extracted on 6.6.2017 31 Mayotte is not reported in the data. 10 On higher education attainment32, in 2012 - 2016, there is a slight increase observed in almost all outermost regions, with the exception of French Guiana (slight decrease in 2014 - 201633). In 2016, all outermost regions have lower rates than the national and EU-28 rates. The average rate for all outermost regions is approximately 21 %; while the EU-28 rate is at 30.7 % and the Spanish, French and Portuguese ones at 35.7 %, 34.6 % and 23.9 % respectively. The rates of the outermost regions are also significantly lower than the EU-2020 target set of 40 % and the national targets set at 44 %, 50 % and 40 % for Spain, France and Portugal respectively. The lowest higher education attainment is observed in the Azores and French Guiana with 14.8 % and 17.7 % respectively. The highest tertiary education attainment is observed in the Canary Islands with 29.4 %. 4. Assessment of the European strategy for the outermost regions 4.1 Accessibility to the single market Accessibility is the cornerstone of the outermost regions integration in the single market as stressed in the report by Pedro Solbes of 12 October 201134 which inspired, and continues to inspire, specific measures for the outermost regions. One of the main axes of the 2012 Communication was improving access to the single market; physical access (transport) but also digital access through broadband networks and digital services. Transport The cohesion policy remains the main instrument to support physical accessibility infrastructures in the outermost regions, in particular for air and maritime transport investments. In 2007 - 2013, the ERDF allocation for transport was about EUR 1 billion; more than one fifth (22 %), in average, of the total support for this period for all outermost regions. A wide range of projects have been financed, including port and airport infrastructures, maritime connections and inland waterways. The port and airport infrastructures represented 24 % and 25 % respectively of the total ERDF allocation on transport in the outermost regions; while the European average was 4 % and 2 % of the respective transport allocation. For 2014 - 2020, support to the transport sector in the outermost regions remains significant (14 % of the ERDF allocation), with about EUR 660 million made available via regional ***programmes***, with an emphasis on a strategic approach and sustainable transport. Investments 32 EUROSTAT: Population aged 25-64 by educational attainment level, sex and NUTS 2 regions (%) [edat\_lfse\_04]; tertiary education (levels 5-8); updated on 27.4.2017; extracted on 9.6.2017 33 There are no data available for Mayotte. 34 ‘Europe’s outermost regions and the single market: The EU’s influence in the world.’   [*http://ec.europa.eu/internal\_market/outermost\_regions/docs/report2011\_en.pdf*](http://ec.europa.eu/internal_market/outermost_regions/docs/report2011_en.pdf) 11 for ports and airports continue to represent a big share of transport investments in these regions (33 % and 11 % respectively), while this share decreases significantly at the EU level (0.6 % for ports and 2.9 % for airports). Cohesion policy is therefore responding to the particular needs of the outermost regions, where air travel and maritime transport are of particular importance for socioeconomic development. The specific additional allocation of the outermost regions in the ERDF has also been used to compensate additional transport costs, including operating costs. Such examples of cohesion policy improving accessibility in 2007 - 2013 are:  the new Pôle Caraïbes airport in Guadeloupe (ERDF EUR 4.4 million35);  the requalification of the port of Praia de Vitoria, on the Terceira Island, in the Azores (ERDF EUR 27 million); and  the construction of Camopi airport, in French Guiana. On sustainable mobility and access within the local territory, the outermost regions have made major efforts and many examples can be listed, such as:  a hybrid bus project in Fort-de-France in Martinique (EUR 66 million budget supported by ERDF); and  plans to develop demand responsive transport services for the remoter areas using a mix of vehicles integrated to ferry operations (Guadeloupe) or alternative water transport lines (French Guiana)36. The main ports and airports of the outermost regions are included in the comprehensive Trans-European (TEN-T) networks37. This implies eligibility for EU funding under the Connecting Europe Facility (CEF) and applies mostly to maritime ports located in the outermost regions that can be backed financially by the Motorways of the Sea (MoS) ***programme***. However, the bulk of CEF funding is currently on the core network infrastructures where only two ports and airports (Las Palmas and Tenerife in the Canary Islands) are included (Atlantic corridor). Three outermost regions’ projects related to ports were financed by the CEF (with a maximum total EU contribution of EUR 28.3 million) including: a) a project to retrofit a dual-fuel high-speed craft ro-pax vessel, fuelled by a mix of 75 % liquefied natural gas (LNG) and 25 % diesel to make — among others — the link between the Canary Islands38. b) the GAINN4 mOS, a twinned action between a number of Member States which contributes to the implementation of the LNG bunkering project in the Atlantic and the Mediterranean, including the port of the Azores39; and 35 Total investment of 12.5 million. 36 Source: Report of the expert group on transport accessibility for the outermost regions   [*http://ec.europa.eu/regional\_policy/sources/policy/themes/outermost-regions/pdf/transport\_report\_en.pdf*](http://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/transport_report_en.pdf) 37 With the exception of Saint Martin. 38   [*https://ec.europa.eu/inea/sites/inea/files/fiche\_2014-es-tm-0593-s\_final.pdf*](https://ec.europa.eu/inea/sites/inea/files/fiche_2014-es-tm-0593-s_final.pdf) 39   [*https://ec.europa.eu/inea/sites/inea/files/fiche\_2014-eu-tm-0698-s\_final.pdf*](https://ec.europa.eu/inea/sites/inea/files/fiche_2014-eu-tm-0698-s_final.pdf) 12 c) the use of Onshore Power Supply system’s technology in Spanish ports, including the Canary Islands40. The latter is part of a global project aiming to spread the use of electricity for ships calling at Spanish ports along Core Network Corridors and beyond. Santa Cruz and Las Palmas of the Canary Islands will benefit from the pilot deployment. Under TEN-T, two studies were financed that included the outermost regions: one with the objective to describe existing solutions on the access to natural gas and the possibility to introduce LNG and Compressed Natural Gas41 in Spain, including the Canary islands; and the other under the name COSTA Action42, to develop framework conditions for the use of LNG for ships in the Mediterranean, the Atlantic Ocean and the Black Sea, including the Deep Sea cruising in the North Atlantic Ocean, towards the Azores and Madeira. In addition to funding, regulatory provisions are also very important for supporting transport in the outermost regions. The guidelines on State aid to airports and airlines, adopted by the Commission in 2014, take into account the challenges faced by the outermost regions. These guidelines set out the conditions under which investment aid and operating aid can be granted to airports. More flexible conditions apply to airports situated in the outermost regions (such as higher permissible investment aid, as a share of eligible costs). These guidelines also contain flexible provisions on start-up aid to airlines for opening new routes from outermost regions’ airports regardless of their size and even when those routes connect airports with countries outside the EU. Outermost regions can also benefit from aid of a social character for air transport services. In the context of the 2017 review of the General Block Exemption Regulation (GBER), the Commission further simplified the procedures. On transport, the revised GBER allows investment aid to be granted to ports and airports of a certain size43, without notifying the Commission, if specific conditions are met. The revised GBER also provides for more flexible rules on granting operating aid for small airports with fewer than 200 000 passengers per ***year***. Furthermore, Member States can also provide State aid to outermost regions on the basis of existing EU rules on services of general economic interest. In case of genuine transport needs, Member States may impose a public service obligation on certain routes, with or without exclusivity and/or compensation. Similarly, the operation of some airport activities may be designated as a service of general economic interest, with the ensuing compensation. As for the maritime guidelines, the outermost regions had expressed the need for start-up aid for new maritime routes towards non-EU countries. However, following the previous public consultation results, it was considered that the overall rationale was still valid and therefore the 2004 Maritime guidelines were maintained. 40   [*https://ec.europa.eu/inea/sites/inea/files/fiche\_2015-eu-tm-0417-s\_final.pdf*](https://ec.europa.eu/inea/sites/inea/files/fiche_2015-eu-tm-0417-s_final.pdf) 41   [*https://ec.europa.eu/inea/sites/inea/files/download/project\_fiches/spain/fichenew\_2013es92006s\_final\_1.pdf*](https://ec.europa.eu/inea/sites/inea/files/download/project_fiches/spain/fichenew_2013es92006s_final_1.pdf) 42   [*https://ec.europa.eu/inea/en/ten-t/ten-t-projects/projects-by-country/multi-country/2011-eu-21007-s*](https://ec.europa.eu/inea/en/ten-t/ten-t-projects/projects-by-country/multi-country/2011-eu-21007-s) 43   [*http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=EN*](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R1084&from=EN) 13 Moreover, introducing provisions on aid for investments in ports in the GBER and the extension of the regional operating aid provisions to the transport sector has simplified State aid rules in the maritime sector. The Member States can grant aid for relevant investments without having to notify them to the Commission. Considering the importance of air transport for these regions, the Commission, in its proposal amending the Directive 2003/87/EC for a new regulation on the Emission Trading System in aviation of Febru

ary 2017, maintained the exemption of the flights to and from airports in the outermost regions from 2017, subject to a new review in the light of the international developments to implement a global scheme on international aviation emissions. Digital connectivity One of the main obstacles to the integration of the outermost regions in the single market is their remote location, but could be partly compensated by a good level of digital connectivity. The outermost regions are in contrasting situations for the 2020 and 2025 broadband objectives44. In terms of coverage45 by next generation access networks46 all outermost regions are below the EU average (76 %) with the exception of Azores (99.8 %) and Madeira (86.3 %); Gran Canaria (86.8 %) and Tenerife (79 %) in the Canary Islands. With a few exceptions, most outermost regions are also below their national average and in some cases they present a very substantial gap: El Hierro (Canary Islands) has a coverage of 6 %, French Guiana 9 %, Las Palmas (Canary Islands) 10.4 %, La Gomera (Canary Islands) 17.2 %, Fuerteventura (Canary Islands) 18.6 %, Reunion Island 22.9 % and Martinique 42.8 %. The proportion of subscribers to the high-speed network is generally close to or above the national average, which demonstrates the interest and need for connectivity among the populations of these regions; Mayotte being the notable exception. The high number of broadband subscribers could be because the internet plays an even more important role for the communication needs of the populations of these outermost regions than on the mainland47. However, this penetration is unevenly distributed within these regions and is lower for example in the southern islands of Guadeloupe, the less densely populated islands of the Canary Islands and many areas in French Guiana and Mayotte. To improve the outermost regions' access to the digital market, the EU supports investments in network and services through a flexible regulatory framework and financial support where there are market failures. 44 The Union has set as objectives by 2020 the availability of 30 megabits per second (Mbps) connectivity for all citizens and the subscription by at least 50 % of households to a service offering at least 100 Mbps. The objectives for 2025 include that all European households will have access to internet connections of at least 100 Mbps, upgradable to Gigabit speeds. 45 Sources: European Commission Services 2017 — European Digital Progress Report 2017 [*https://ec.europa.eu/digital-single-market/en/news/europes-digital-progress-report-2017*](https://ec.europa.eu/digital-single-market/en/news/europes-digital-progress-report-2017) and ‘Broadband Coverage in Europe 2016. Mapping progress towards the coverage objectives of the Digital Agenda’. 46 Next Generation Access (NGA) coverage includes fixed-line broadband access technologies capable of achieving download speeds meeting the Digital Agenda objective of at least 30 Mbps coverage. These figures are the result of combining VDSL, DOCSIS 3.0, and FTTP coverages taking into account the possibility of overlapping coverage. 47 Report of the expert group on digital accessibility and ICT (coverage and use) in the outermost regions:   [*http://ec.europa.eu/regional\_policy/sources/policy/themes/outermost-regions/pdf/ict\_report\_en.pdf*](http://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/ict_report_en.pdf) 14 The EU rules for electronic communications encourage competition, lower prices and more choice for businesses and consumers; while guaranteeing basic user rights. The legislation does not contain specific rules for outermost regions but allows national authorities to identify specific competition conditions in the territory of an outermost region, to take them into account in their market analysis and to adapt their regulatory intervention if necessary (as has been the case for wholesale access tariffs to some submarine cables). In addition, the proposed new European electronic communications code includes measures to encourage competitive investments, notably by providing incentives to co-investment in very high-capacity networks. This is expected to enable the participation of smaller players in investment projects, thanks to the pooling of costs and reduction of scale barriers and to make the investment case more predictable for ‘first movers,’ who take the risk to invest in those networks in less profitable areas, such as less densely populated and remote areas. The outermost regions also benefit from the ban on retail roaming surcharges, as from 15 June 2017, subject to fair use policy, and if mobile operators operating in these regions are not exempted from the ban by the national regulator48. State aid rules enable public funding for the deployment of networks offering substantial improvements over existing networks as recalled in the Broadband State aid guidelines adopted in 201349. The Commission will take into account the projected evolution of the long-term demand for such networks50. It will do this by assessing notified measures supporting such improvement and will consider favourably efficient blended financing that contributes to lower the aid intensity and to reduce the risks of distorting competition, as part of its assessment of State aid interventions. In 2014 - 2020, ESI Funds are supporting investment in digital public services and in the roll out of broadband networks, in those areas where market investment has not materialised and public funding proved necessary. The upgrade and roll out of new high-speed broadband infrastructures are supported in the French outermost regions and to a lesser extent in the Canary Islands. Furthermore, all outermost regions have mobilised ESI Funds to support the development and use of Information and Communication Technology (ICT) services. The aim is to allow the population and SMEs to access advanced and affordable electronic communications and digital services and to attract new activities creating employment. This effort is accompanied with a support to the digitalisation of SMEs, the acquisition of digital skills and the development of public digital services for people and businesses (in particular eGovernment, eHealth, eLearning and eTourism). Around EUR 287 million are allocated in 2014 - 2020 ERDF regional ***programmes*** for digital connectivity in the outermost regions, representing a global increase of around 80 %, 48 Regulation (EU) 2015/2120 of the European Parliament and of the Council of 25 November 2015 laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users’ rights relating to electronic communications networks and services and Regulation (EU) No 531/2012 on roaming on public mobile communications networks within the Union (OJ L 310, 26.11.2015, p. 1). 49 Communication from the Commission 'EU guidelines for the application of State aid in relation to the rapid deployment of broadband networks' (OJ C 25, 26.1.2013, p. 1). 50 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions ‘Connectivity for a Competitive Digital Single Market — Towards a European Gigabit Society’ - COM(2016) 587 final, 14.9.2016 15 compared to the previous ***programming*** period. This allocation represents 6 % of the total EU funding for those ***programmes***. In addition to ERDF, the European ***Agriculture*** Fund for Rural Development (EAFRD) has also supported digital connectivity with EUR 5.7 million in 2014 - 2020. In the previous ***programming*** period (2007 - 2013), supported by the ERDF regional ***programmes***, the Azores and Canary Islands directed their efforts mainly towards services and applications for people, Martinique in ICT services for SMEs, while the other outermost regions favoured investments in telecommunication infrastructures. In addition to the ESI Funds support, the Connecting Europe Broadband Fund (CEBF), announced in December 2016 by the Commission and the European Investment Bank (EIB), is expected to trigger additional investments in broadband deployment. The CEBF will complement the lending activity of the European Fund for Strategic Investments (EFSI) and EIB by enabling smaller and riskier projects to attract market investments. It could thus fit better the financial investment needs of specific projects in the outermost regions. Better information on the single market The 2012 Communication proposed that ‘single market’ contact points are set up in each outermost region and that the Internal Market Information (IMI)51 and SOLVIT52 platforms are better used by the outermost regions. The IMI system allows public authorities across the European economic area to exchange information in the form of requests, notifications, alerts and centralised repositories, in line with the provisions in 11 single market areas. With the exception of Mayotte, IMI competent authorities have been appointed in all the outermost regions. The authorities in the Canary Islands’ have extensively used the system, due to the training and awareness-raising activities carried out by Spain. On SOLVIT, a number of cases were dealt with by the Canary Islands, Madeira and Azores. The authorities of the outermost regions are invited to continue cooperating with the national SOLVIT centres placed in the central administration53. SOLVIT can offer assistance in case a public authority has caused problems between two Member States in the single market. In addition, the ‘Your Europe’ portal54 offers user-friendly information and access to advice about EU rights which all Europeans and business enjoy in the single market. The portal is available in the official EU languages spoken in the outermost regions. The uptake of these tools in the outermost regions has been overall limited compared to the rest of the EU and their use should be further encouraged. 51   [*http://ec.europa.eu/internal\_market/scoreboard/\_archives/2013/07/performance\_by\_governance\_tool/internal\_market\_information\_system/index\_en.htm*](http://ec.europa.eu/internal_market/scoreboard/_archives/2013/07/performance_by_governance_tool/internal_market_information_system/index_en.htm) 52   [*http://ec.europa.eu/solvit/index\_en.htm*](http://ec.europa.eu/solvit/index_en.htm) 53 Increasing the use of SOLVIT by citizens and businesses is a general objective of the reinforcement of the network as expressed in the SOLVIT action plan - COM(2017) 255 final, 2.5.2017 54   [*http://europa.eu/youreurope/index.htm*](http://europa.eu/youreurope/index.htm) 16 4.2 Increasing competitiveness through modernisation and diversification of economies Cohesion policy Cohesion policy is the main EU instrument to deliver growth and jobs. The 2012 Communication highlighted the need to support funding for research and innovation, promote new opportunities for employment and enterprises as well as to renewable energy and energy efficiency, and improve access to finance for SMEs. Moreover, the Communication underlined the role of the smart specialisation strategies to this aim. On the Cohesion Fund (CF), the Azores and Madeira are the only two outermost regions belonging to a Member State eligible for Cohesion Fund support. The actions supported under this fund in the 2007 - 2013 ***programming*** period were financed under the national ***programme*** ‘Valorização do território’. EUR 235 million were earmarked to Madeira to prevent and manage risks and to improve transport infrastructures and EUR 105 million to the Azores, to enhance the maritime transport conditions in the archipelago as well as the environmental protection and sustainable development. In 2014 - 2020, those regions are eligible to apply for support under the national ***programmes*** financed by this fund. The total ERDF allocated budget to the outermost regions in the regional ***programmes*** in 2007 - 2013 amounted at EUR 4.6 billion. It includes an additional specific allocation of EUR 850 million. According to preliminary data submitted for the closure of the 2007 - 2013 operational ***programmes*** in March 201755, the 2012 strategy is well reflected in the priorities supported from the cohesion policy. The most commonly supported sectors (based on the thematic objectives57) in the outermost regions were: transport and energy networks with 21.6 % of the total budget, environment and resource efficiency with 19.4 % and SME competitiveness with 13.4 %. Research and innovation was supported with 5.8 % and information and communication technologies with 4 %. It is worth observing that by aggregating the contribution under research and innovation, ICTs and support to SMEs, a total investment of 23 % is attained (Figure 3). The outermost regions used the specific allocation in 2007 - 2013 in different manners. For example, in Martinique, Reunion Island, Mayotte and Madeira, the specific allocation supported investments aimed at promoting the competitiveness of enterprises. In Reunion Island and the Azores, the allocation was used for transport. In the Canary Islands, the specific allocation was used for infrastructure (upgrade works in airports, ports and roads) and for running costs (providing grants for transport between islands and covering medical costs). 55 The data may be subject to change following the exchange of information between the Member State authorities and the Commission in the framework of the 2007 - 2013 closure exercise. 17 Figure 3 –Financial allocations of ERDF regional ***programmes*** in the 2007 - 2013 ***programming*** period by thematic objective 56 In the 2012 Communication, Financial Engineering Instruments and microfinance were mentioned among the possibilities to be explored by the outermost regions. In 2007 - 2013, this opportunity was used in Martinique (ERDF, EUR 12.85 million), with financial engineering instruments allowing 600 businesses to benefit from financial support. In French Guiana EUR 5.7 million was used from ERDF on financial engineering instruments, including instruments for risk-sharing, microcredit, bank guarantees and funds to support projects with high potential. In total, 306 persons have benefited from microfinance and 530 businesses (SMEs and bigger firms) received support. Based on the same preliminary data, the ERDF contribution helped to achieve the following results in 2007 - 2013: 6 956 jobs were created; among which 204 jobs in the research sector and 1 227 in tourism. 66 331 students benefitted from projects in the field of education. 662 start-ups were supported and 326 413 additional people are covered by broadband access. In terms of physical accessibility, 65.8 km of new roads were constructed and 621.2 km reconstructed. 65 468 additional people are served by waste water projects and 143 311 additional people are served by water projects. 229 renewable energy projects were supported. In 2014 - 2020, the ERDF allocates EUR 4.7 billion in the regional ***programmes*** to support investments in smart, sustainable and inclusive growth. This amount includes the additional specific allocation for the outermost regions (EUR 1 billion)57. An increase of 4.6 % can be observed in the total budget for all outermost regions between the two ***programming*** periods. 56 The term thematic objective is used as a reference to the 2014-20 Regulations for comparability reasons. 57 The funding contribution from the national ***programmes***, namely for the Canary Islands, is not included. 18 The most commonly supported sectors (based on the thematic objectives) are SME Competitiveness; Environment Protection and Resource Efficiency; and Network Infrastructures in Transport and Energy (Figure 4). Figure 4 –Financial allocations of ERDF regional ***programmes*** in the 2014 - 2020 ***programming*** period by thematic objective. The additional specific allocation, will be used in 2014 - 2020 to support businesses (Madeira, Guadeloupe, French Guiana, Reunion Island, Mayotte), transport (the Azores, Canary Islands, Guadeloupe, Martinique, French Guiana, Reunion Island, Mayotte), medical transport (Canary Islands), civil protection against natural disasters (Guadeloupe, Saint Martin, Martinique, Reunion Island), protection of the environment and biodiversity (Canary Islands) and ICTs (Saint Martin, Martinique). The 2012 Communication highlighted the need to assess if the individual needs and assets of the outermost regions were taken into account in the design of the Partnership Agreement of the 2014 - 2020 ***programming*** period. As a result, a specific Chapter is devoted to the outermost regions in the national Partnership Agreements. In 2014 - 2020, different financial instruments are envisaged to support different priorities in each outermost region, in particular risk capital, capital investment, microcredits, guarantee funds and pre-financing. These instruments aim to support SMEs and projects in energy and environment (Guadeloupe); and entrepreneurship (Saint Martin). Reunion Island envisages also financial instruments to support entrepreneurship with EUR 22.4 million from ERDF, EUR 20 million from EIB and EUR 7 million from the Region58. French Guiana envisages also the set up of financial instruments with a budget of EUR 10 million for research and innovation and support to entrepreneurship. 58 This is an EFSI project. More details are presented under the ‘European Investment Bank (EIB) Group and the EFSIʼ section of the present Staff Working Document. 19 The ERDF contribution in 2014 - 2020 is expected to achieve the following results: 8 772 businesses in all outermost regions and increase employment in the supported enterprises by 5 328 full-time equivalent. On research and innovation, 758 researchers are expected to work in improved research infrastructure facilities, 456 businesses will cooperate with research institutions, 229 enterprises are expected to introduce new to the market products and 466 enterprises will be supported to introduce new to the firm products. Additional 480 000 households are expected to have broadband access of at least 30 Mbps, the additional capacity of renewable energy production is expected to be 153.29 MW and the estimated reduction in greenhouse gas emissions is 432 117 tonnes of CO2. As outlined in the 2012 Communication, the European Social Fund (ESF) invested EUR 1.3 billion in the outermost regions during the 2007 - 2013 ***programming*** period. The objectives were to boost education, employment, skills and lifelong learning. Furthermore, in 2013, an additional allocation of EUR 180 million59 was made available through the Youth Employment Initiative (YEI) to implement the Youth Guarantee scheme. As regards the observed results of the ESF interventions, the ‘Régiment du Service Militaire Adapté’ (RSMA) - a French social-professional military system project - was implemented successfully in all French overseas regions. The objective was to train young unemployed people and assist them to integrate into the job market. After participation, 29 % of them were in employment. In the Canary Islands’ ***programme***, more than 200 000 participants benefited from the ESF interventions, approximately 2 000 businesses were created and 26 000 unemployed people found a job, after participating in active labour market policies. In Madeira, 39 % of young people who attended an information and career guidance session, found employment within 12 months after their participation in 2015. In addition, 83.6 % of the working population participated in actions of professional training. In the Azores, 57 % of the young people who completed the ‘transition to active life’ plan ***programme***, found a first job once the ***programme*** was completed: 16 974 persons participated in certification courses to improve literacy levels and basic qualification. In 2014 - 2020, the ESF investment has increased in all outermost regions to a total allocation of 1.8 billion. In addition, the YEI budget is approximately EUR 260 million60, expected to be further increased for all eligible regions, following the mid-term revision of the Multiannual Financial Framework in June 2017. The outermost regions will thus, benefit from additional resources. The main priorities of the ESF ***programmes*** in the outermost regions are promoting youth employment, fostering mobility of workers and trainees, supporting vocational trainings, reducing early school leaving, promoting lifelong learning, increasing social inclusion and enhancing the institutional capacity of public authorities and stakeholders among others. 59 The French outermost regions benefited from EUR 110 million (35 % of the YEI for France), the Portuguese outermost regions of 11.3 million and the Canary Islands of EUR 58.6 million. 60 The YEI total budget includes the budget earmarked to the respective regions from the national YEI ***programme*** and for Guadeloupe and Martinique, it also includes the YEI allocations in their regional ***programmes***. The amount includes the ESF matching part. 20 Some examples of the expected results are the following: an increase of 30 % by 2023 of the number of people placed in employment pathways in Reunion Island61, the support of 10 560 jobseekers in Guadeloupe, reduce school dropout rate by 30 % in French Guiana and 32 000 students completing their secondary education training, in the Canary islands. Furthermore, all ESI Funds support since 2014 the Community-Led Local Development strategies, which promote employment and labour mobility and have an important role in job creation by involving by local communities and organisations. Moreover, Integrated Territorial Investment strategies are also implemented to tackle urban and other complex territorial challenges. ***Agriculture*** and Rural Development The ***agriculture*** is a fundamental sector for the outermost regions both for the economy and employment. Together with forestry and fisheries, it represents on average 3.8 %62 of the economic activity and 5 % of the employment, with the Azores being, by far, the region where these sectors have a higher importance in both: 9.8 % and 13.8 %, respectively. Specific measures for ***agriculture*** have been implemented through the POSEI scheme under the first pillar of the common ***agricultural*** policy (CAP) and of Article 349 TFEU. Although some provisions of the POSEI scheme were revised in 2013, the general provisions of the scheme remained unchanged. It is financed by the European ***Agricultural*** Guarantee Fund (EAGF). The basic regulation63 sets an annual ceiling for each Member State64, with a total of EUR 653 million for all the regions. Two categories of measures have been implemented within the ***programmes***: the specific supply arrangements, to support the supply of ***agricultural*** products and the support to local ***agricultural*** production. The way POSEI is ***programmed*** offers Member States the flexibility to define their actions based on their needs, while at the same time responding to common overall goals. On 15 December 2016, the Commission adopted a report on the implementation of the 2006 - 2014 POSEI scheme65. The report recommends maintaining the current basic regulation and underlines that the POSEI ***programmes*** succeeded in addressing the particular ***agricultural*** challenges faced by these regions over the examined period. It further stresses that Member States should also take into account the results and the recommendations to further improve the effectiveness of the measures in their ***programmes***. In fact, this scheme is critical in reducing the difference in price of the supported products in the outermost regions compared to the European mainland and in maintaining the ***agricultural*** production activities. It contributes to the maintenance of production of both the traditional sectors for export, such as banana, milk, sugar, meat and wine and the diversification of 61 Under the Operation ***Programme*** Réunion- État. 62 1.6 % for the EU28 in 2014. 63 Regulation (EU) No 228/2013 of the European Parliament and the Council of 13 March laying down specific measures for ***agriculture*** in the outermost regions of the Union and repealing Council Regulation (EC) No 247/2006 (OJ L 78, 20.3.2013, p. 23). 64 French outermost regions: EUR 278.41 million, Canary Islands: EUR 268.42 million and Azores and Madeira: EUR 106.21 million. 65 See footnote 14. 21 productions for local consumption. The whole value chain was addressed through different support measures, including processing and marketing, although with a different balance for each outermost region. The POSEI ***programmes*** contributed to the overall objective of the CAP: viable food production, sustainable management of natural resources and balanced territorial growth. Without this scheme, the risk of ***agricultural*** production abandonment could negatively affect employment, environment or the territorial dimension of the outermost regions. There is a strong coherence between POSEI ***programmes*** and Rural Development ***Programmes*** (RDP). Numerous synergies have been identified (training, setting-up of young farmers and investments supported by RDP and production supported by POSEI). This is crucial to achieve the CAP objectives, given the strong interdependence between the two types of support. In the framework of the second pillar of the CAP, the rural development plans are financed by the European ***Agricultural*** Fund for Rural Development (EAFRD). These ***programmes*** were set up, in line with the analysis of the territory and the needs identified by the outermost regions. During the 2007 - 2013 and 2014 - 2020 ***programming*** periods, the outermost regions benefit from more advantageous EAFRD contribution rates (85 % of the eligible public expenditure) and higher support rates (for physical investments in farms and investments in forestry technologies). During the 2014 - 2020 ***programming*** period, these regions also benefited from more flexibility on how to ***programme*** their allocations in order to better adapt the ***programmes*** to their specific needs. In the 2007 - 2013 ***programming*** period, the RDP had to be structured in four axes: competitiveness in the ***agriculture*** and forestry sector; environment and countryside; quality of life in rural areas; and diversification of the rural economy, and LEADER approach66. The outermost regions allocated approximately half of the amount of EAFDR in the competitiveness axes, except the Azores and French Guiana (with a more balanced distribution between the competitiveness and environment axes and the competitiveness and quality of live axes, respectively). The total public expenditure for the outermost regions was EUR 1 738 million (EUR 1 285 million of EAFRD support). The main results were the installation of nearly 1 400 young farmers, the modernisation of 13 000 farms, nearly 11 000 farmers with agro-environmental commitments, the support for 250 tourist projects, more than 600 projects promoting basic services for the rural population, 650 projects preserving the natural and cultural heritage, the creation of 2 000 jobs in rural areas and the support to 27 local action groups under the LEADER approach. In the 2014 - 2020 ***programming*** period, the outermost regions adopted different strategies in their RDP, according to the five priorities stipulated in the Rural Development regulations67. 66 The LEADER (from the French ‘Liaison Entre Actions de Développement de l’Économie Rurale’) is an initiative to support rural development projects initiated at the local level aiming at revitalising rural areas and create jobs. 67 The RDP ***programmes*** addresses at least three of the following priorities: competitiveness, food chain and risk management, ecosystems management, resource efficiency and climate, social inclusion and local development. There is also a cross-cutting priority: knowledge ***transfer*** and innovation. 22 Some regions clearly favoured one or two priorities, like the Azores (ecosystems management and competitiveness), Madeira (ecosystems management), French Guiana (social inclusion and local development), Martinique and Mayotte (competitiveness). Others, like the Canary Islands, Reunion Island and Guadeloupe opted for a more even distribution of the financial allocations across all priorities (Figure 5). Figure 5 –Financial allocations of the European ***Agricultural*** Fund for Rural Development in the 2014 - 2020 ***programming*** period by investment priority. In all outermost regions ‘investments in physical assets’ is the main support measure in financial terms, with the exception of French Guiana, where the main support goes to basic services and village renewal in rural areas. In this regard complementary use of EARDF (LEADER included) and ERDF support for basic services helps to promote employment and sustainable growth. In the 2014 - 2020 ***programming*** period, the allocation to the outermost regions is EUR 1 494 million (EUR 1 896 million of total public expenditure). This amount will contribute to supporting: the installation of more than 1 000 young farmers; the training of 13 000 participants; the modernisation of 7 400 farms; 97 000 ha under management contracts to improve biodiversity; water management and soil management measures; 230 tourist projects; more than 200 projects promoting basic services for the rural population; 100 projects preserving the natural and cultural heritage; the creation of 1 200 jobs in rural areas (900 jobs through LEADER); and 28 local action groups. The EAFRD also contributes to the European Innovation Partnership for ***agricultural*** productivity and sustainability (EIP-AGRI)68 by supporting EIP operational groups. These groups are set up by actors such as farmers, researchers, advisers and businesses involved in the ***agriculture*** and food sector. The outermost regions propose to support 133 operational groups in their RDP. 68 The European Innovation Partnership for ***agricultural*** productivity and sustainability (EIP-AGRI) has been launched in 2012 to contribute to the European Union’s strategy ‘Europe 2020’ for smart, sustainable and inclusive growth. Different types of available funding sources can be used, such as EARDF and Horizon 2020. 23 For 2014 - 2020, the allocation from both CAP pillars amounts at EUR 6.1 billion. Between 2012 and 2016, state aid for a total budget of about EUR 200 million was approved for the outermost regions under the AGRI State aid guidelines. This shows the interest for and the importance of those aids in the relevant Member States. The state aid granted to the outermost regions has contributed to support and maintain employment and economic activities in territories facing significant additional costs compared to other areas. Fisheries The outermost regions' fishing sector consists mainly in small-scale vessels. Industrial and long distance fishing fleets are also based in these regions, supplying raw material to locally important fish processing industries. Stimulating the development of sustainable fisheries and aquaculture was a strong priority for the European Fisheries Fund (EFF) in the outermost regions during the ***programming*** period 2007 - 2013. As less favoured regions, they benefited from higher budget and higher public support rates. The EFF allocation to the outermost regions amounted at EUR 92.3 million, with a level of execution of 88 %. Additionally, EUR 104 million was available through a specific ‘compensation regime’ for some of the regions69. Under the 2014 - 2020 ***programming*** period, a specific financial envelope for compensation of additional costs in the outermost regions was included in the national ***programmes*** under the European Maritime Fisheries Fund (EMFF). This envelope may cover additional costs in the production, processing and marketing of fishery and aquaculture products in these regions. The financial allocation for the ‘compensation regime’, has been reinforced by 50 % for the Canary Islands, the Azores and Madeira, and by 150 % for the six French outermost regions. Geographic coverage was extended to all French outermost regions. This represents EUR 192.5 million for 2014 - 2020, roughly 9 % of the EMFF allocation to the three Member States. Moreover, the EMFF finances 100 % of the compensation plans and the maximum aid intensity (share of public funding in the total costs) for other EMFF measures in the outermost regions, at 85 %, is 35 percentage points higher than for other regions. The latter applies to all eligible measures (e.g support for young fishermen, investments on board in health and safety, investments in fishing ports, support for control and enforcement and for data collection) with the exception of engine replacement (30 %). On public aid for fleet renewal, which was allowed until 31 December 200670 in the outermost regions, a total of around EUR 110 million of EU funds were spent in vessels based in these regions, corresponding to a total investment of EUR 271.5 million between 1994 and 2006. 69 The ‘compensation regime’ in the 2007 - 2013 ***programming*** period covered only the following regions: Canary Islands, French Guiana, Reunion Island, Azores and Madeira. 70 Council Regulation (EC) No 639/2004 of 30 March 2004 (OJ L 102, 7.4.2004, p. 9), later extended to 31.12.2006 by Council Regulation (EC) No 1646/2006 of 7 November 2006 (OJ L 309, 9.11.2006, p. 1). 24 The new Common Fisheries Policy (CFP) adopted in 2013, also takes the specific situation of the outermost regions into account. It allows protecting the fishing communities by establishing an exclusive access zone up to 100 nautical miles from the baseline of the outermost regions, extending to all of them the protection mechanism already in place in the Azores, Madeira and the Canary Islands since 2004. In these zones, until 31 December 2022, the Member States can restrict fishing activities to vessels registered in the ports of these territories and to vessels that traditionally fish in those waters. In addition, the CFP envisages the creation of a new Advisory Council for the outermost regions designed to ensure the appropriate consultation of stakeholders from these regions on issues related to fisheries. To date, this new Advisory Council has not been set up, as the Commission has not yet received the necessary request from interested parties. As a way to stimulate economic growth and jobs creation in the fisheries sector, the Commission signed a grant agreement in 2016, with Guadeloupe as a coordinator. The pilot project on ‘Innovative, low impact offshore fishing practices for small-scale vessels in the outermost regions’ (EUR 1 million) aims to make easier the exchange of knowledge on eco-efficient fishing techniques, problems encountered and solutions adopted. The expected result is to promote the development of offshore fishing in all outermost regions by increasing their economic and environmental effectiveness, therefore facilitating alleviation of fishing pressure in the more coastal fish resources. On Sustainable Fisheries Partnership Agreements (SFPA), the specificities of the outermost regions are taken into consideration during the negotiations, with the objective of obtaining for the fleets of those regions a fair share in the fishing opportunities obtained through these agreements, taking into account the type of activity and characteristics of the vessels concerned. Understanding the blue economy requires detailed and continuous data collection to inform and help decision-makers and businesses to devise appropriate policies and strategies. While the Commission is working with Eurostat to develop economic indicators for the blue economy, so far these are only available at the national level and do not allow the identification and monitoring of trends in individual regions. Gaps still exist in the collection, storage and availability of data and information in the outermost regions, and for some territories, the required data are not available. In order to improve the knowledge in the fisheries sector specifically, the Commission has put forward a new data collection framework since 2016, which can help the outermost regions to improve their knowledge in this domain. To investigate the current state and the potential of the blue economy in the outermost regions and in the corresponding maritime areas, the Commission published a dedicated study in 201771. The main focus of the study is on the possibilities for outermost regions to complete their blue growth potential in a number of sectors, such as coastal and cruise 71 COGEA et al., ‘Realising the potential of the Outermost Regions for sustainable blue growth’, Publications Office of the European Union, 2017 -   [*https://publications.europa.eu/en/publication-detail/-/publication/029afe70-a725-11e7-837e-01aa75ed71a1/language-en*](https://publications.europa.eu/en/publication-detail/-/publication/029afe70-a725-11e7-837e-01aa75ed71a1/language-en) 25 tourism, fisheries, aquaculture, blue biotechnology, shipping (maritime transport, ports, ship building and repair) and blue energy. Preliminary results highlight the socioeconomic importance of traditional sectors like tourism, fisheries and shipping in all outermost regions. On the other hand, innovative activities such as aquaculture, blue biotechnology and blue energy emerge as promising sectors for the future. For example, Reunion Island has the potential to become an innovation and knowledge ***transfer*** hub for blue biotechnology in the Indian Ocean. Maritime policy The outermost regions have significant Exclusive Economic Zones that harbour unique marine biodiversity hotspots. However, they are also greatly affected by climate change and the rise in sea level is a major threat to their coastal ecosystems and economies. Hence, taking a cooperative approach to governance at the global level is fundamental for these regions. The joint communication of the Commission and the European External Action Service on ‘International ocean governance: an agenda for the future of our oceans’72 highlights that ‘the outermost regions, due to their contribution to the EU maritime dimension and to their position in the Atlantic and Indian Oceans, are important actors that can actively contribute to improved ocean governance’. On sea basin-strategies, the outermost regions in the Atlantic ocean (Macaronesia and Caribbean-Amazonia), are part of the maritime strategy in the Atlantic and of its corresponding action plan73. This plan was adopted in 2013 and it suggests concrete actions to support blue growth and jobs creation, namely trough the targeted use of ESI Funds and Horizon 2020. The strategy offers a framework for cooperation on issues from coastal tourism and fisheries to renewable energy, mineral seabed exploration and marine biotechnology. For these regions, the planning of their maritime space is essential to achieve sustainable blue growth. To support the related work of the Member States and their outermost regions in implementing the Directive establishing a framework for Maritime Spatial Planning (MSP), a call for proposals covering their geographical area was launched in 2016, aiming at supporting concrete actions in these regions, helping to build capacity for maritime spatial planning and to support cooperation across borders. Due to their geographic location, flexible provisions in eligibility criteria were envisaged for projects carried out in the outermost regions (i.e the participation of at least two Member States was not requested to those outermost regions that did not border other EU Member States). Following this call, two projects have been awarded in 2017. For both of them, the grant agreements are yet to be signed and it is foreseen that activities will start in the beginning of 2018. The first one intends to reinforce maritime spatial planning in the Macaronesian archipelagos (Azores, Madeira and Canary Islands), by assisting the competent authorities of Portugal and Spain to develop operative mechanisms for effective planning. It will also help to reduce asymmetries in the implementation of maritime spatial planning in remote areas. 72   [*https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/join-2016-49\_en.pdf*](https://ec.europa.eu/maritimeaffairs/sites/maritimeaffairs/files/join-2016-49_en.pdf) 73 COM(2013) 279 final, 13.5.2013 26 The second project, 'Ocean Metiss', is led by Reunion Island in the Indian Ocean. Supported by the intergovernmental organisation of the Indian Ocean State Islands74, the project will facilitate discussions and exchange of best practices in tackling issues of common concern related to the development of blue economy, exposure to natural risks, protection of the biodiversity and the ecosystem. On marine knowledge, the European Marine Observation and Data Network (EMOD-net)75 currently provides access to marine data concerning many diverse maritime themes (e.g costal mapping, seabed habitats, bathymetry) covering all regions. Relevant environmental data76 are also being assessed in the context of the Marine Strategy Framework Directive (2008/56/EC) and in particular, the marine strategies covering Macaronesia. Tourism Although tourism is an established area of activity for many outermost regions, there is still a potential for further development for most of them to build in particular on their unique natural and cultural assets by reinforcing or diversifying into new forms of tourism (such as yachting, pescatourism, whale watching or coasteering). In line with the Communication ‘A European Strategy for more Growth and Jobs in Coastal and Maritime Tourism’77, a study was published in 2016, on how to improve island connectivity and design innovative tourism strategies for (remote) islands. This study included some outermost regions as case studies: Lanzarote (Canary Islands) for Islands Connectivity and Reunion Island and the Azores for mass tourism destinations. The COSME78 ***programme*** has supported in the past five ***years*** the development and promotion of transnational thematic tourism products, in areas such as maritime affairs, culture, gastronomy, sports and wellness. Such examples are: the SUNRISE79 project to develop surf routes for tourism, coordinated by the University of Las Palmas de Gran Canaria (started in 2016); and the CurioSEAty project, to connect the market potential of water sports to the European maritime heritage, with the participation of the Madeira region. The ERDF also supported actions related to tourism trough the promotion of natural and cultural assets, protection and development of natural and cultural heritage and measures to improve tourism services. During the 2007 - 2013 ***programming*** period, the total spending amounted to roughly EUR 221 million, representing in average 5 % of the total financial expenditure under this Fund, a figure higher than the 2 %, spent in average at the EU level. A project financed by ERDF (EUR 13 million) in this field, was the Memorial ACTe –a Memorial to Slavery and the Slave Trade, which is expected to develop tourism prospects in Pointe-à-Pitre. 74 Mauritius, Comoros, Madagascar and Seychelles 75   [*http://www.emodnet.eu*](http://www.emodnet.eu)/ 76 Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008, p. 19). 77 COM(2014) 86 final, 20.2.2014 78 EU ***programme*** for the Competitiveness of Enterprises and Small and Medium-sized Enterprises. 79   [*http://sunriseproject.org/about-us*](http://sunriseproject.org/about-us)/ 27 This sector continues to play a prominent role in the ERDF in the planned actions for 2014 - 2020. The development of endogenous potential is supported, in particular, with investments in equipment and small scale structures. About EUR 220 million are allocated in the outermost regions operational ***programmes*** for the development and promotion of: tourism potential in natural and cultural areas; public tourism services; and commercial tourism assets and services in SMEs. Given the importance of tourism in rural areas, the EAFRD also provides funding for activities in this sector, in particular for the development and promotion of rural tourism. In 2007 - 2013, most of the outermost regions incorporated in their rural development plans a measure to promote tourism activities. For both the 2007 - 2013 and 2014 - 2020, actions in this sector can be supported under different measures, such as support for basic services in rural areas, diversification of activities and also by local development projects developed in the framework of the LEADER initiative. Low-carbon economy The current share of renewable energy in electricity production varies among the outermost regions, ranging from 1.5 % in Saint Martin to 64 % in French Guiana. The higher percentages correspond to outermost regions with hydro and geothermal resources that are able to provide stable power supply. Several strategies and plans are being put in place for a transition to renewable sources and energy efficiency, such as the Reunion Island 100 % renewable electricity strategy (by 2030), based on the combined use of several renewable sources; the plan to increase by 30 % the renewable electricity in the Azores (by 2021); the Porto Santo (Madeira) smart fossil free island (in 20 to 30 ***years***) and the development and expansion of geothermal energy in Guadeloupe and Martinique (by 2023). However, despite the ongoing efforts, all outermost regions are still heavily dependent on imported oil80. Figure 6 — Presence of different renewable sources in the electricity production in the outermost regions and share of the total renewable sources in electricity production.64 80 Source: Report of the expert group on energy in the outermost regions.   [*http://ec.europa.eu/regional\_policy/sources/policy/themes/outermost-regions/pdf/energy\_report\_en.pdf*](http://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/energy_report_en.pdf) 28 The outermost regions could further explore ocean for power generation at a larger scale. Feasibility studies have been carried out on the potential of floating windfarms and of ocean thermal energy in Martinique, a pilot project has been implemented for a wave energy plant in the Azores, and seawater air conditioning is to be used in public buildings in Guadeloupe and Reunion Island. However, affordable and suitable technologies for the exploitation of blue energy under the oftentimes extreme weather and sea conditions in the outermost regions are missing, and marine renewable energy is still at a research and development stage. Approximately EUR 400 million of ERDF are available in the 2014 - 2020 ***programming*** period for the outermost regions in order to invest in renewable energies, smart grids, energy efficiency81 and promote sustainable multimodal urban mobility, including the shift towards a low-carbon economy. Around 32 % of this budget is allocated to promote energy efficiency (namely, trough renovation of public infrastructures and housing), demonstration projects and support measures for energy efficiency in SMEs and large enterprises. Canary Islands, Mayotte and Madeira, will direct more than half of their investments to this area. In the 2007 - 2013 ***programming*** period, the expenditure related to this objective in the operational ***programmes*** amounted at EUR 136 million, mostly dedicated to promote energy efficiency; co-generation and energy management; assistance to SMEs for the promotion of environmentally-friendly products and production processes; and clean urban transport. Transport is one of the biggest energy challenges in the outermost regions, as it represents more than half of their primary energy needs. For instance, under the 2007 - 2013 ***programming*** period, ERDF supported a project to promote a cleaner and more efficient urban transport system in Funchal based on the previous initiative CIVITAS Mimosa82. Following this initiative, other actions to promote electric mobility in Madeira are provided in the Civitas Project Destinations (2017-2019), supported by the Horizon 2020 ***programme***. With regard to European Regulations related to Energy Efficiency and Renewables, the three applicable Directives (Energy Efficiency83, Renewable Energy84 and Energy Performance of Buildings85 (EPBD) do not contain any specific measures for the outermost regions. In the first two, the targets are set at national level, while the EPBD requires that the whole territory of each Member State must comply with EPBD requirements ‘on a national or a regional basis’. The Clean Energy for All Europeans86 package (adopted in November 2016), is of interest for the outermost regions, in particular the promotion of local energy communities (Article 16 81 It includes also the sustainable multimodal urban mobility budget and the ETC allocated budget to this objective from the Caribbean ***programme***. 82 This project was the Award winner of Regio Stars Awards 2011 — Category 4 ‘City Star’. Integrated, clean urban transport projects.   [*http://ec.europa.eu/regional\_policy/en/projects/best-practices/portugal/2120*](http://ec.europa.eu/regional_policy/en/projects/best-practices/portugal/2120) 83 Directive 2012/27/EU of the European Parliament and the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC Text with EEA relevance (OJ L 315, 14.11.2012, p. 1). 84 Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC (OJ L 140, 5.6.2009, p. 16). 85 Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13). 86 COM(2016) 860 final, Annex II, 30.11.2016 29 of the proposed Directive on common rules for the internal market on electricity87). The proposals on the energy communities recognise the growing phenomenon of the local citizens’ initiatives and aim to boost public acceptance for renewable sources of energy and to increase the uptake of new technologies in distributed generation and peer-to-peer electricity sharing. Moreover, this package included the ‘Action to boost the clean energy transition’. It identifies islands and island regions as platforms for pilot initiatives on clean energy transition and as potential showcases at international level. The outermost regions are presented as an example, illustrated by the case of El Hierro (Canary Islands), an island with 100 % renewable energy. Following on the commitment of holding a high level meeting on clean energy opportunities and challenges for islands, the Commission, with France, Portugal and Spain, together with other 11 EU Member States88, met in May 2017 and signed a political declaration launching the new ‘Clean Energy for EU Islands’ initiative. The aim is to help islands reduce their dependency on energy imports by making better use of their own renewable energy sources and adopt more modern and innovative energy systems. This declaration was followed by an inaugural Forum in September 2017 in Crete (Greece), where the outermost regions presented their initiatives and projects. The Energy and Environmental Aid Guidelines (EEAG)89 allow state aid for energy and environment purposes, under certain conditions. According to the EEAG, in assessing the national support schemes, the Commission will take into account the specific handicaps of ‘assisted areas’ which include the outermost regions. Also, the guidelines allow for higher aid intensities for some types of aid or for investments located in these areas. Finally, the GBER90 deems as compatible with State aid rules the energy infrastructure investments located in assisted areas, under certain conditions and up to a certain threshold91. Small and medium size enterprises, social entrepreneurship SMEs are vital for the outermost regions’ economy as they account for the majority of private sector jobs. The 2012 Communication recommended improving access for SMEs and social enterprises to EU funding, by creating, among other measures, microcredit financial instruments and local investment funds in each outermost regions. In the ***programming*** period 2007 - 2013, the ERDF financed around EUR 621 millions of investments in business support in the outermost regions. For the 2014 - 2020 ***programming*** 87 Proposal for a Directive of the European Parliament and the Council on the common rules for the internal market in electricity - COM(2016) 864 final, 30.11.2016 88 The other participating Member States in this initiative are Croatia, Cyprus, Denmark, Estonia, Finland, Germany, Greece, Ireland, Italy, Malta and Sweden. 89 Communication from the Commission 'Guidelines on State aid for environmental protection and energy 2014-2020' (OJ C 200, 28.6.2014, p. 1). 90 Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187, 26.6.2014, p. 1). 91 In accordance with point 46 of the EEAG, ‘assisted areas’ means areas designated in an approved regional aid map for the period 1 July 2014 to 31 December 2020 in application of Articles 107(3)(a) and (c) of the Treaty. 30 period, roughly EUR 900 million are allocated to boost the competitiveness of SMEs, which represents, on average, about 19 % of the total budget. Furthermore, the ESF supported measures to promote entrepreneurship in 2014 - 2020 in the Canary Islands, Azores, Madeira and Reunion Island. For example, the Canary Islands ***programme*** includes two actions to offer guidance and support services (training and mentoring) during and after the set-up of new businesses with a budget of approximately EUR 10 million. The Madeira 2014 - 2020 operational ***programme*** includes ESF interventions on promoting entrepreneurship by trainings on updating IT skills, promoting innovation business management and market knowledge skills. The Azores operational ***programme*** 2014 - 2020 includes similar measures, such as training and qualification actions to promote the modernisation of SMEs. In Reunion Island a project supported (with EUR 2.8 million) actions targeting businesses in difficulty, with the aim to create accompanying paths adapted to the needs of beneficiaries and offering favourable conditions for the creation, consolidation and recovery of the businesses. On 31 December 2016, about 5 080 SMEs from five outermost regions (Guadeloupe, Martinique, French Guiana, Reunion Island and Canary Islands) out of a total of 172 800 SMEs accessed financing with the support of the COSME Loan Guarantee Facility ***programme***. The overall volume of financing made available to these SMEs under this ***programme*** amounts to EUR 84.1 million92. The active participation of the outermost regions in the Erasmus for Young Entrepreneurs scheme under the COSME ***programme*** has been limited to Canary Islands since the ***programme*** initiated in 2009, although there are enterprises registered as hosts in other regions. Since the beginning of the ***programme***, a total of 131 entrepreneurs have registered and 39 participated. In order to stimulate participation from remote locations, like the outermost regions, changes have been made in recent ***years*** both to lift the overall amount and to ensure that entrepreneurs coming or going from this regions benefit from the maximum value. In 2014, the Commission launched two calls for proposals to establish the Enterprise Europe Network. The aim was to assist SMEs in finding business partners and better understanding EU regulations and access to funds. The second call of proposals was directed to regions where no coverage emerged from the first call, as was the case for most of the French outermost regions. In 2017, businesses from Reunion Island, Guadeloupe, Martinique, Madeira, the Azores and Canary Islands participate in this network. More recently, a study carried out by the Committee of Regions on ‘Entrepreneurship on islands and other peripheral regions’ (April 2017) highlighted the opportunities linked mostly to the territorial specificities and to the endogenous potential. Out of the six cases studies, two focused on outermost regions: Canary Islands and Reunion Island, with identification of best practices. The study highlighted the efforts made by the regions’ interested parties to exploit 92 Financing was possibly also made available to SMEs located in the French overseas collectivity of Saint Martin, specific data on the number of SMEs and volume of financing is however not available as included in the aggregated data for ‘Collectivités d’outre-mer’. 31 the full potential, diversify the economy and focus on knowledge-intensive, technology-based activities and emerging sectors such as carbon economy93. In the field of social entrepreneurship, the 2012 Communication referred to exploring the options presented by the Social Business Initiative, in order to create a favourable environment for companies whose first ambition is to tackle social needs. In that respect, dedicated investment priorities were proposed in the ERDF and ESF regulations for 2014 - 2020. As an example, the Madeira 2014 - 2020 operational ***programme*** includes measures to promote social innovation, crowdfunding and upgrading the business environment. Though this measure is not directly linked to social enterprises, social innovation is usually closely linked to social enterprises, as the latter constitutes one of the main instruments towards social innovation. Research and innovation The smart specialisation strategies developed at regional level provide a framework for identifying priority areas and activities in order to enhance the outermost regions’ innovation and competitiveness potential. Seven out of the nine outermost regions joined the Smart Specialisation Platform initiated by the Commission to support regions in designing and implementing their strategy and facilitate exchange of experiences. An analysis of the state of play of these strategies in 201794 underlined the opportunity they offer to those regions to promote their assets and capacities, in Europe and internationally. It also highlights the necessity that strategies continuously adapt to emerging markets and technological progress and the challenge in closely involving enterprises in this process. The EU supports the research and innovation capacities of the outermost region; for example, through the funding of research infrastructures, science parks, training initiatives and networking actions. This is done in particular through the ERDF ***programmes*** that allocated EUR 389 million in 2014 - 2020 to strengthening research, technological development and innovation. This amount, which represents around 8 % of the total budget is an increase compared to the 2007 - 2013 period, where the estimated expenditure was around EUR 262 million. The NONAGON95, a science and technology park in the Azores, the multipurpose technical-scientific service infrastructure PLOCAN96 in Canary Islands, the satellite monitoring centre in Madeira, the scientific centre ‘Canopée des sciences’97 in French Guiana, and the reconstruction of the Volcanological and Sismological Observatory of Martinique98, are examples of scientific and technological infrastructures developed with the support of the EU. Research and innovation is also a relevant component of the 2014 - 2020 ETC ***programmes*** of Madeira-Açores-Canarias (MAC) and Indian Ocean, with 25 % and 42 % of their budget 93 Entrepreneurship on islands and other peripheral regions, pages 48 and 65. 94   [*http://ec.europa.eu/regional\_policy/fr/information/publications/studies/2017/analyse-de-la-mise-en-oeuvre-des-strategies-de-specialisation-intelligente-dans-les-regions-ultraperipheriques*](http://ec.europa.eu/regional_policy/fr/information/publications/studies/2017/analyse-de-la-mise-en-oeuvre-des-strategies-de-specialisation-intelligente-dans-les-regions-ultraperipheriques) 95   [*https://nonagon.pt*](https://nonagon.pt)/ 96   [*http://www.plocan.eu/index.php/es/*](http://www.plocan.eu/index.php/es/) 97   [*http://www.ccsti973.fr*](http://www.ccsti973.fr)/ 98   [*http://www.ipgp.fr/en/ovsm/volcanological-and-seismological-observatory-of-martinique*](http://www.ipgp.fr/en/ovsm/volcanological-and-seismological-observatory-of-martinique) 32 respectively, planned for this objective. This is also a strong priority for the Atlantic Area programme99, where about 33 % of the funding is concentrated on supporting cooperation between research organisations, industries, social and public organisations. The 2012 Communication stated that the participation of the outermost regions in Research and Innovation networks is important in ensuring ‘smart’ growth. Horizon 2020, the EU Research and Innovation ***programme*** in 2014 - 2020, offers through calls for proposals the possibility for outermost regions to nurture their scientific excellence and innovation, including in ***agriculture*** and biodiversity which are of particular interest to those regions. The participation of these regions in the European research ***programmes*** is difficult to track with complete accuracy, given that the Commission research database100 only provides the name and location of the contracting entity and thus, identifying regional partners in projects proposed by national research institutions, which is often the case in France, is not straightforward. Since 2007, a rough estimate counts around 200 projects developed with the participation of outermost regions’ institutions since 2007, half of them already in Horizon 2020. However, in both framework ***programmes*** the majority of the funded projects are from the Canary Islands. Some interesting projects supported in the field of biodiversity are the following: - The NetBiome — CSA101 (2013-2016), with the objective to strengthen the cooperation for smart and sustainable management of tropical and subtropical biodiversity in the outermost regions and OCTs. The outcome of the NETBIOME led to the adoption of the pilot project on ‘Mapping and Assessing ecosystems and their ecosystem services (MAES) in the EU’s Outermost Regions and Overseas Countries and Territories’ by the European Parliament in 2016. - The BiodivERsA3102, a network of 32 EU funding agencies, including a few from the outermost regions103, aiming at coordinating national research ***programmes*** on biodiversity. It's task is to reinforce the outermost regions and OCTs’ research capacities on biodiversity and ecosystems. Since 2010, the network has published six joint calls104 for a total of EUR 95 million on various subjects related with biodiversity and ecosystems services. Being most of them islands territories; the blue economy is an important area for research activities in the outermost regions. For instance, under the first Horizon 2020 Blue Growth call for proposals, launched in 2014, the following projects were supported with the participation of research institutions from the outermost regions: 99 This ***programme*** covers in its geographical eligibility the Azores, Canary Islands and Madeira. 100   [*http://cordis.europa.eu/home\_en.html*](http://cordis.europa.eu/home_en.html) 101 The NetBiome — CSA followed up the ERA-net NETBIOME supported under FP6 -   [*http://www.netbiome.org*](http://www.netbiome.org)/ 102   [*http://www.biodiversa.org*](http://www.biodiversa.org)/ 103 Azores, French Guiana, Guadeloupe, Reunion Island and the Canary. 104 For the last two joint calls the network has been supported by Horizon 2020, through ERA-Net COFUNDS leveraging, EU H2020 and national funding provided by national funding agencies. 33 - TASCMAR105 (Reunion Island), to develop the bio discovery and industrial exploitation of novel marine and derived biomolecules (pharmaceuticals, nutraceuticals and cosmetics). - AtlantOS106 (Azores and Canary Islands), a flagship project aiming at establishing an integrated Atlantic ocean observing system, with 62 joining partners from 18 countries, in a transatlantic cooperation including the USA, Canada, Brazil and South Africa. - The MERCES107 project (Azores) aiming to improve our understanding of the changing interaction between humans, the environment and marine species. Other examples of projects with strong outermost regions participation are the following: - The VUELCO108 project (El Hiero, in the Canary Islands) provided considerable insight into processes that take place before and during volcanic unrest. - The MATRIX109 project developed methods and tools that account for interdependencies between the different hazards in order to generate more accurate and comprehensive risk assessments, leading to better mitigation and response plans. - The URBAN WASTE110 project (the Canary Islands, Azores), aims to develop eco-innovative and gender-sensitive waste prevention and management strategies, in cities with high levels of tourism, in order to reduce the urban waste production and improve municipal waste management. - As part of the Biotechnology ***programme***, the AGROCOS project (2010 – 2014)111 aims to discover and carry to the stage of development candidates, from small molecules with good potential as new cosmetic and agrochemical agents, deriving from plants originating from major biodiversity hotspots in Europe, Africa, Latin America, and the Asia-Pacific regions. Furthermore, under the Framework ***Programme*** 7 (FP7), theme ‘Capacities’, two ***programmes*** were implemented: 1) the ‘Regions of Knowledge’112, aiming to stimulate cooperation between innovation clusters; 2) the REGPOT113, aiming to strengthen capacities of convergence and the outermost regions. 105 The project continues the work initiated in the AGROCOS project -   [*http://www.tascmar.eu*](http://www.tascmar.eu)/ 106   [*https://www.atlantos-h2020.eu*](https://www.atlantos-h2020.eu)/ 107 MERCES Marine Ecosystem Restoration in Changing European Seas -   [*http://www.merces-project.eu*](http://www.merces-project.eu) 108 VUELCO — Volcanic Unrest in Europe and Latin America, including Phenomenology, eruption precursors, hazard forecast, and risk mitigation. It was financed under the previous EU Research and Innovation Framework ***Programmes*** -   [*http://www.vuelco.net*](http://www.vuelco.net)/ 109 New multi-hazard and multi-risk assessment methods for Europe. The methodologies and approaches were tested in Germany, Italy and the French West Indies; each test case covering different natural hazards and potential variations of events -   [*http://matrix.gpi.kit.edu*](http://matrix.gpi.kit.edu)/ 110   [*http://www.urban-waste.eu/project-consortium*](http://www.urban-waste.eu/project-consortium)/ 111 Guadeloupe, Martinique and French Guiana were involved in the project -   [*http://cordis.europa.eu/project/rcn/94701\_en.html*](http://cordis.europa.eu/project/rcn/94701_en.html) 112   [*https://ec.europa.eu/research/fp7/index\_en.cfm?pg=know*](https://ec.europa.eu/research/fp7/index_en.cfm?pg=know) 113   [*https://ec.europa.eu/research/participants/portal/desktop/en/opportunities/fp7/calls/fp7-regpot-2012-2013-1.html*](https://ec.europa.eu/research/participants/portal/desktop/en/opportunities/fp7/calls/fp7-regpot-2012-2013-1.html) 34 These ***programmes*** were of particular interest for the outermost regions. However, some might have found difficulties in complying with the requirements to access the first programme114, although two of the projects coordinated by an outermost region were funded and successfully implemented (INRES115 and INTRAREGIO116). On REGPOT, although a final evaluation concluded on the overall success of the programme117, it also suggested that these regions would need a similar ***programme*** support, for at least one more period, to give sustainability to the obtained achievements. In 2012, the Commission launched a first pilot call on ERA Chairs Scheme118 open to research organisations located in less-developed EU regions or similar areas in countries associated to FP7. Institutions of two outermost regions (Madeira and the Canary Islands), were among the 11 selected out of 111 proposals. However, for the 2014 - 2020 ***programming*** period, ERA Chairs eligibility rules are based on the excellence composite indicators calculated at national level. According to this indicator, eligibility is restricted to the Member States that joined the EU after 2004 plus Portugal and Luxembourg119. As a consequence, Spain and France are not eligible to participate in this ***programme*** as coordinators. European Investment Bank (EIB) Group and the EFSI Under the EFSI, one of the three pillars of the Investment Plan for Europe, four projects benefiting the outermost regions have been signed: the bus transit system in Las Palmas120, the economic development risk-sharing instrument for overseas territories with the French Agency for Development (AFD)121, La Financière Région Réunion122, under the French regions’ SME ***programme*** and the improving and development of digital connectivity in Reunion Island and Mayotte.  The Las Palmas bus transit system (EIB finance of approximately EUR 50 million, to a total cost of approximately EUR 127 million) is expected to increase the capacity and improve the quality of service of the bus network. The project contributes to sustainable transport and climate change mitigation, in line with the EU’s objectives on climate action.  The economic development risk sharing instrument for overseas territories consists of an unfunded risk-sharing framework guarantee scheme for the Agence Française de Développement’s financing of investments in the French overseas departments. 114 The research-driven clusters must have been composed of at least three types of legal entities (legal entities conducting research, business entities and local/regional authorities) with the consortia of partners representing at least EU Member States and/or Associated Countries. 115   [*http://cordis.europa.eu/project/rcn/90156\_en.html*](http://cordis.europa.eu/project/rcn/90156_en.html) 116   [*http://cordis.europa.eu/project/rcn/101608\_en.html*](http://cordis.europa.eu/project/rcn/101608_en.html) 117   [*https://ec.europa.eu/research/regions/pdf/publications/regpot-final\_evaluation\_report.pd*](https://ec.europa.eu/research/regions/pdf/publications/regpot-final_evaluation_report.pd) 118 The ERA Chairs Scheme aims at enabling institutions to attract top academics so that they can compete with centers of excellence elsewhere in the European Research Area (ERA) -   [*http://ec.europa.eu/research/era/era-chairs\_en.html*](http://ec.europa.eu/research/era/era-chairs_en.html) 119 It includes as well eight of the non-EU countries associated to Horizon 2020. 120   [*http://www.eib.org/projects/pipelines/pipeline/20160323*](http://www.eib.org/projects/pipelines/pipeline/20160323) 121   [*http://www.eib.org/projects/pipelines/pipeline/20150363*](http://www.eib.org/projects/pipelines/pipeline/20150363) 122   [*http://www.eib.org/projects/pipelines/pipeline/20170340?f=search&media=search*](http://www.eib.org/projects/pipelines/pipeline/20170340?f=search&media=search) 35  The Reunion Island project for SMEs is expected to provide EUR 50 million of lending and investment to SMEs through a combination of EFSI and ESI Funds resources and, thereby, support the growth ambitions of entrepreneurs and small businesses.  In addition, the digital connectivity project recently signed under EFSI in 2017 (EUR 25 million of EIB financing), aims to modernise and develop the mobile network in Reunion Island and Mayotte, enabling the islands to move to superfast mobile broadband. Apart from EFSI-supported EIB interventions, the EIB has also provided ‘standard’ loans on its own risk in the outermost regions such as the Electricity project in Madeira and the Azores and the Madeira post-floods framework loan. International trade agreements The Commission continues to take into account the outermost regions’ interests in trade agreements that have been negotiated and agreed with non-EU countries and groups of countries. Specific provisions relevant to the outermost regions have been included in trade agreements concluded with trade partners producing ***agricultural*** products that could directly compete with the outermost regions production. In trade negotiations (e.g with Latin America and with Vietnam) special protection has been given to sensitive ***agricultural*** products of the outermost regions and safeguard clauses have been included. On bananas, a special safeguard is provided under the free-trade agreements with some Latin American countries: a banana stabilisation mechanism (established until December 2019) can be activated in case of market disturbance. According to this mechanism, the Commission continuously monitors the EU banana market and carries out market analysis at regular intervals. If a serious disturbance of the EU banana market is found, an extension of the period of validity of the mechanism may be sought, subject to the agreement of the parties. On sugar, a special protection was granted in negotiations with different countries, including with Vietnam and Ukraine through the application of limited duty-free quotas. Moreover, the Economic Partnership Agreements (EPA) negotiations resulted in protection of the octroi de mer; protection of sugar and bananas from the outermost regions, and specific safeguard clauses, which the EU can activate to protect the outermost regions when a product imported from an African Caribbean Pacific (ACP) EPA country causes, or threatens to cause, serious damage or disruption. So far, the safeguard clauses were not activated (see Section 4.3). Impact Assessments and Evaluation The likely impacts on the outermost regions are assessed, when relevant, in the Sustainability Impact Assessments. However, estimating properly the possible impacts requires detailed and 36 timely data. Lack of information resulted in the past in re-opening trade negotiations, so as to include special protections for specific products from the outermost regions. Interested parties have at their disposal a range of tools that they can use to express their opinion since an early stage: they can participate in public consultations feeding into impact assessments and in ex-post evaluations and in the consultations carried out in the framework of the sustainability impact assessments during negotiations. Another tool that the Commission applied in 2016 and 2017 in the cohesion policy sector was the methodology of the ESPON TIA Tool123. The objective was to identify ex-ante potential territorial impacts of new EU legislations. This approach includes a workshop setting, where the experts can discuss on a set of indicators to establish potential territorial impact (economic, societal, environmental, governance) of an EU initiative. The results are fed into the ESPON TIA Quick Check web tool which combines the expert judgments with the sensitivity of regions into maps showing the potential territorial impact of EU policy on NUTS3 level. These maps serve as a starting point for further discussing the different impacts of a concrete EU policy on different regions. So, the experts participating in the workshop provide an important input for this quick check on potential territorial effects of an EU initiative. Thus, the participation of outermost regions’ experts and providing relevant data are of particular importance to identify the potential impact of EU policies on outermost regions. 4.3 Strengthening the regional integration Over the ***years***, the Commission has been promoting a greater integration of the outermost regions in their regional neighbourhood and supported political dialogue and exchanges between the outermost regions and the neighbouring countries, including ACP countries and OCTs. The European Territorial Cooperation ***programmes*** (INTERREG) involving the outermost regions and their neighbours, the regional indicative ***programmes*** concerning the neighbouring ACP and OCTs countries funded by the European Development Fund (EDF) and the relevant EPA have been important instruments to support this process. In the 2012 Communication, the Commission argued for the establishment of regional neighbourhood plans, ‘consistent with EU external policy objectives’. For this purpose, the Commission started a process with representatives from the nine regions, the three Member States and the Commission, gathered in the outermost regions’ working groups to establish, at technical level, a common framework for these regional neighbourhood plans. This resulted in drawing a comprehensive set of measures and actions that could be taken at various levels for a better and deeper integration of the outermost regions in their respective neighbourhood. Moreover, in agreement with the outermost regions, it was decided that these plans would be established per geographical basin, and each region would select the actions to carry out in 123   [*https://www.espon.eu/main/Menu\_ToolsandMaps/TIA*](https://www.espon.eu/main/Menu_ToolsandMaps/TIA) 37 priority, adapting them on the basis of its specific situation and location. So far, the regional plans have not been established, however, the preparation of a common framework, intended to serve as a tool to support the regions in establishing their regional plans. It triggered an important dynamic on the strategic discussion of the outermost regions development within their respective basins. The 2012 Communication also mentioned territorial cooperation as one of the aspects that had to be reinforced, ‘in order to improve competitiveness, trade and knowledge links with the neighbours’. In the 2007 - 2013 ***programming*** period, the European territorial cooperation ***programmes*** invested, with an EU contribution of approximately EUR 147 million, in four different cooperation areas: MAC124, Indian Ocean, Caribbean and Amazonia. For the 2014 - 2020 ***programming*** period, the EU support is of EUR 295 million and two new ***programmes*** were added (Mayotte - Comores and Saint Martin/Sint Maarten) to a total of six ***programmes*** concerning the outermost regions. On the Atlantic area, the scope of the Atlantic ***programme*** was broadened so as to cover the outermost regions of the Azores, Madeira and the Canary Islands. Figure 7 gives an overview on the main priorities of investment for the outermost regions territorial cooperation ***programmes*** in the 2014 - 2020 ***programming*** period. Figure 7 — Financial allocations of the European Territorial Cooperation ***Programmes*** in the 2014 - 2020 ***programming*** period by thematic objective. Interreg Cross-Border: Madeira-Açores-Canarias (MAC); Saint Martin-Sint Maarten (St Martin); Mayotte-Comores (Mayotte). Interreg Transnational: Caribbean; Indian Ocean Area, Amazonia. 124 Interreg V-A - Spain-Portugal (Madeira-Açores-Canarias). It should be noted that Canary Islands also took part in the cross-border cooperation ***programme*** ‘Spain — external borders 2008-2013’ with a EU support of approximately EUR 15 million. 0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100% MAC SMti - SMte Mayotte Caribbean Indian Ocean Amazonia Research & Innovation Competitiveness of SMEs Low-Carbon Economy Climate Change Adaptation & Risk Prevention Environment Protection & Resource Efficiency Network Infrastructures in Transport and Energy Social Inclusion Educational & Vocational Training Efficient Public Administration Technical Assistance 38 Amongst the many Interreg projects financed under the 2007 - 2013 ***programming*** period, some examples are listed below: - The CONNECTAFRICA125 project in the Canary Islands under the MAC ***programme***, aiming to improve the exchange between Tenerife (and in general the Canary Islands) with West Africa (Senegal, Mauritania and Cabo Verde) by specific lines’ connections, in addition to the ones offered already by the transport system. - A cooperation platform called PReRAD (in French ‘Plateforme Régionale de Recherche Agronomique pour le Développement’), a regional platform for agronomical research. - The ICT ‘Spany Est’ project, under the Amazonia ***programme***, which led to set up a cable connecting French Guiana and Amapa and therefore to reduce communication costs in the cross-border area. It should be noted that the number of joint projects (financed by EDF and ERDF) was overall limited. For the 2014 - 2020 ***programming*** period, further progress was made to enhance cooperation on the ground between the outermost regions and their neighbours. At the end of 2014, the Commission issued a guidance note to the EU delegations, the outermost regions’ managing authorities and the relevant stakeholders to facilitate cooperation between them and the neighbouring ACP and OCTs (EDF beneficiaries). A range of options that the managing authorities could use, under existing provisions, to improve cooperation with non-EU countries or territories were put forward. In the framework of INTERREG ***programmes***, platforms for the dialogue between EDF and ERDF authorities and beneficiaries have been set up in each outermost region basin, based on the example of the Indian Ocean Region where a regional operational platform for EDF-ERDF funding coordination already existed. Furthermore, in 2014 - 2020, the ***programming*** periods for the EDF and the ERDF have been aligned; a timing aspect which makes coordination easier. The EDF provides also support for regional integration and cooperation between the EDF beneficiaries and their neighbours, including the outermost regions. For instance, under the 10th EDF126, a project called ‘Wider Caribbean’, supporting the implementation of the EPA EU-CARIFORUM127, was implemented. The project aimed to develop the CARIFORUM capacity to deepen and widen cooperation, both among CARIFORUM countries, as well as with outermost regions present in the Caribbean. The proximity of the outermost regions with the EPA partners offers them new opportunities of partnership in their respective regions. The EPA for trade and development are an 125   [*http://www.pct-mac.org/registroficha?id=d0589ab6-7ea7-4c80-9467-329284bfe02a*](http://www.pct-mac.org/registroficha?id=d0589ab6-7ea7-4c80-9467-329284bfe02a) 126 Tenth European Development Fund as set up by the internal agreement between the Representatives of the Governments of the Member States, meeting within the Council, on the financing of Community aid under the multiannual financial framework for the period 2008 to 2013 in accordance with the ACP-EC Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies -   [*https://ec.europa.eu/europeaid/sites/devco/files/internal-agreement-10edf-2006\_en.pdf*](https://ec.europa.eu/europeaid/sites/devco/files/internal-agreement-10edf-2006_en.pdf) 127 CARIFORUM countries: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Lucia, St Vincent and the Grenadines, St Kitts and Nevis, Suriname and Trinidad and Tobago -   [*http://ec.europa.eu/trade/policy/countries-and-regions/regions/caribbean/*](http://ec.europa.eu/trade/policy/countries-and-regions/regions/caribbean/) 39 important tool to deepen cooperation and exchanges. They aim at promoting trade and investment between the EU and the ACP countries on a stable and lasting basis. Specific articles in EPA texts provide for cooperation in different fields between the outermost regions and their ACP neighbours. In certain regions (CARIFORUM), the outermost regions participate to the EPA Committees while in others, the EPA have brought them closer to ACP countries (Reunion Island and Mauritius), becoming facilitating factors of regional integration. Between June 2012 and June 2017, all EPA have been negotiated and are (or about to be) in the process of being implemented. However, most of them are recent and given the duration of the transitional implementation periods, the main results are still to be seen in the future. 4.4 Fostering employment, education and social Inclusion As the previous analysis on the socioeconomic trends on the outermost regions demonstrated (Chapter 3), the unemployment is the main issue in these regions, in particular among young people (the average rate is double the EU-28 rate). Promoting sustainable and quality employment and supporting labour mobility Sustainable and quality employment is supported by ESF through the respective regional ***programmes*** in all outermost regions, with a total allocated budget of EUR 669 million (Figure 8). As an example, Madeira and the Azores invest, among others, in measures aiming to improve gender equality of job opportunities and promote self-employment. ERDF also supports investments in employment and labour mobility with a contribution of EUR 23 million in the regional ***programmes***. 40 Figure 8 — French, Spanish and Portuguese allocations in 2014 - 2020 (in million EUR) for the Thematic Objective on promoting sustainable and quality employment and promoting labour mobility The YEI aims to foster youth employment and includes among others training actions to improve employability; actions to reduce early school leaving; and interventions to promote cooperation with the metropolitan area. The ESF also supports measures to encourage mobility in different outermost regions, through regional ***programmes*** in 2014 - 2020. For example, in the Azores ***programme***, the ESF supports internships for young people in different European cities. Similarly, the Agency for Overseas Mobility128 supports the mobility of young people with trainings outside the French outermost regions. The Canary Islands ***programme*** supports a transnational mobility project to favour the labour market integration of the workforce on sectors with high-demand in jobs. Specific training will be also provided to participants (such as languages, job counselling and socio-cultural integration). On the EURES initiative, the Commission has taken into account the particular situation of the outermost regions in a call for proposals, launched in 2014, for targeted mobility schemes under your First EURES Job. Under this call, the initiative covered the costs of the projects (for example interview attendance costs, relocation costs, etc.). To make the movement of people in non-EU countries easier, the EU negotiated an EU-Cape Verde Visa Facilitation Agreement that entered into force on 1 December 2014. It facilitates EU citizens (including citizens from the Canary Islands, the Azores and Madeira) to travel to Cape Verde as well as citizens from Cape Verde to travel to the Schengen area. The outermost regions have set up in 2014 a network dedicated to fostering employment in their regions and exchange good practices. In March 2016, the Commission and the European Economic and Social Committee organised a seminar on employment to accompany the work of this network. As from the beginning of 2017, the outermost regions network has been supported by the INTERREG Europe ***programme***. Promoting social inclusion, combating poverty and any discrimination 128 L’Agence de l’Outre Mer pour la Mobilité. 41 The 2012 Communication highlighted that fighting poverty and enhancing social inclusion is one of the main priorities of the ESF for the outermost regions. For the 2014 - 2020 ***programming*** period, the ESF allocated a total of EUR 496 million to this priority (Figure 9). In addition, ERDF supports investments in this field with a contribution of EUR 317 million in the regional ***programmes***. Figure 9- French, Spanish and Portuguese allocations in 2014 - 2020 (in million EUR) for the Thematic Objective on promoting social inclusion, combating poverty and any discrimination Projects as the one implemented in Guadeloupe, by reinforcing street teams to accompany marginalised young people or those in great difficulty of labour integration, are among the examples of social inclusion actions. Another example is the project implemented in Madeira, where unemployed people with viable business ideas were assisted to create their enterprise, which in turn could contribute to the creation of employment through the recruitment of additional employees. Moreover, the ESF supports measures in favour of the inclusion of migrants such as the construction of shelters or the protection of women who are alone or accompanied by young children, in Mayotte. In particular, Mayotte and French Guiana have continued to face significant migratory flows. The outermost regions benefit of the financial support provided by the EU to face migratory flows and ensure secure conditions for social and economic development. In addition to the assistance provided by ESI Funds, the Asylum, Migration and Integration Fund (AMIF) supports actions regarding integration of migrants and return of persons in irregular situation. The Internal Security Fund (ISF) helps in strengthening operational capacities to prevent and fight against organised crime, including drug and arm trafficking. For instance, the ISF national ***programme*** of France for the 2014 - 2020 ***programming*** period contains a specific reference to the French West Indies regarding prevention and fight against organised crime. The 2012 Communication also underlined the need to improve healthcare infrastructure in the outermost regions: under the ERDF ***programmes*** in the 2007 - 2013 ***programming*** period, EUR 152 million were invested in healthcare infrastructures in most regions,. In Madeira, for example, a healthcare centre was built in Porto da Cruz (Centro de Saude do Porto da Cruz). In the Azores, EUR 40 million from ERDF was devoted to interventions in 14 health 42 infrastructures. This effort continues under the 2014 - 2020 ***programming*** period with the installation of eHealth equipment in all islands of the Azores, the construction of health centres for population with specific needs (elderly, disabled) in remote areas of the French outermost regions and the improvement of health infrastructures - including eHealth and transport between islands or between the islands and the mainland - in the Canary islands (with a budget of more than EUR 72 million). For this period, about EUR 161 million from ERDF are allocated to investments in healthcare infrastructures. Investing in education, training and vocational training for skills and lifelong learning Concerning education and training in both 2007 - 2013 and 2014 - 2020, the main objectives of the ESF support in all outermost regions are to reduce early school leaving and increase participation in higher education, lifelong learning and vocational education and training. For the 2014 - 2020 period, the ESF allocated a total of EUR 564 million to this priority (Figure 10). Furthermore, ERDF supports investments in this field with a contribution of EUR 266 million in the regional ***programmes***. Figure 10 — French, Spanish and Portuguese allocations in 2014 - 2020 (in million EUR) for the Thematic Objective on investing in education, training and vocational training for skills and lifelong learning Early school leaving is still a major challenge in many outermost regions, with levels far above the national and European average. Measures to combat early school leaving are implemented in all outermost regions with the support of ESF. In French Guiana, which is particularly affected by this challenge, measures under the ESF include the development of educational support and literacy modules in college, especially for young non-French-speakers. Reunion Island devotes 31 % of its ESF allocation to reduce the dropout rate and improve employability: the aim is to support 7 647 young people by 2023. In the Canary Islands, EUR 61 million are allocated in 2014 - 2020 to Vocational Education and Training (VET) ***programmes***, aiming to help students to complete their secondary education training ***programmes***. The ***programmes*** are implemented in sectors with high job creation perspectives, such as the ICT sector. In the Azores, in both 2007 - 2013 and 2014 - 2020, preventive measures to reduce early school leaving, to combat absenteeism, diversifying the educational 43 offer and offering an inclusive access to pre-school, primary and secondary educational levels are supported. On higher education, in the Azores for example, the ***programme*** supports students from a disadvantaged background to pursue a PhD in research and innovation and schemes to support the employability of young graduates. The ESF ***programme*** for the Canary Islands 2014 - 2020 will support PhD students receiving grants to complete their training ***programmes*** and to follow an International MBA ***Programme*** (budget of EUR 11 million). In Madeira in 2007 -2013, EUR 114.6 million were dedicated to education and training with a particular focus on certifying competences and knowledge. The number of young people with certification was 1 176 in 2015, while the number of adults certified through ‘Recognition, Validation and Certification of Skills’ (RVCC) processes was 2 895, overachieving the expected target. 7 893 students in total are in the process of skill recognition and validation and 5 383 apprenticeships are supported. The 2012 Communication stated that ‘the Erasmus+ ***programme*** will provide opportunities to support partnerships between business and education and training institutions (i.e universities, vocational training institutions) of the outermost regions and facilitate and promote the mobility of student and teachers to and from the outermost regions. The outermost regions' dimension has been taken into account under Erasmus+ in the following ways. In case of both higher education and vocational training (including adult education), there are special rules for both learners and staff: if the contribution to the travel costs covers less than 70 % of the real cost, then applicants can request a higher contribution, under the exceptional costs budget, covering up to 80 % of the eligible costs. As from the 2017 call, such possibility has been extended, in some cases, to those going to the outermost regions. Moreover, in the 2017 call, for beneficiaries travelling from and to regions which are far away (more than 8 000 km), the reimbursement of travel expenses has increased to EUR 1 300 (against EUR 1 100 previously). According to the latest data available, in 2014-2015 the number of participants (students, teachers and other higher education staff) under the Erasmus+ ***programme*** coming from the outermost regions was about 1 800 and the participants going to those regions were about 2 200. In addition, Erasmus+ supports the outermost regions through the international credit mobility (ICM) scheme. The ICM action is about student and staff international mobility (i.e between a ***programme*** country and a partner country) between 3 and 12 months to obtain credits in a host institution, which are then recognised by the home institution. In 2016-2017, seven higher education institutions from the outermost regions are involved in ICM, organising 276 mobility's, with financial support of approximately EUR 1 million in total. These institutions offer their students and staff the opportunity to participate in international learning mobility's, and also welcome students and staff from partner country higher education institutions129. 129 The Erasmus+ ***programme*** distinguishes ‘***Programme*** Countries’ and ‘Partner Countries’. ***Programme*** Countries are those participating fully in the Erasmus+ ***programme***. To do so, they have set up a National Agency and contribute financially to the ***programme***. The 33 ***Programme*** Countries are the 28 EU Member States and Iceland, Liechtenstein, 44 The 2012 Communication recommended that the Commission should seek to ensure access for the outermost regions to the EU’s future cultural policy ***programmes*** and initiatives in order to develop cultural and creative industries. However, nothing specific is registered at this level. 4.5 Mainstreaming climate change and protecting the environment The outermost regions are among the EU areas facing some of the most significant challenges related to climate change. In 2014, a study carried out for the Commission on the economic impact of climate change and adaptation in the outermost regions, identified significant risks for their ecosystems as a result of climate change130. This study helped to support the mainstreaming of climate mitigation and adaptation into the European Structural Investment Funds dedicated to those territories in the 2014 - 2020 ***programming*** period. Keeping in line with the EU goal for 20 % of the EU budget to be directed to climate change mitigation and adaptation, around 22 % of the budget was allocated to climate related expenditure in the EARDF and ERDF131 in the outermost regions for the 2014 - 2020 ***programming*** period. One example is the ERDF operational ***programme*** of Reunion Island, a region particularly exposed to climate related risks, where around 23 % of the allocation is related to this objective. Additionally, the European territorial cooperation ***programmes*** are used in particular to develop long-term strategies covering territories struck by the same climate related risks. The Caribbean area ***programme***, for example, envisages a comprehensive approach of cooperation on climate-related risk management. The rural development ***programmes*** also support the shift to low carbon and climate resilient economy in ***agriculture***, food and forestry sectors. Some examples of actions aiming at coping with climate change are the introduction of climate change resilient varieties of sugarcane, sustainable management of banana plantations to limit soil erosion (Guadeloupe) or strengthening the environmental functions of forests (Martinique). The outermost regions are home to a rich and valuable biodiversity, unique in the European context. The LIFE ***programme***, the EU’s funding instrument for the environment and climate action, has supported 21 projects in the outermost regions since 2012 concerning biodiversity protection or Natura2000, (6 in France, 10 in Portugal and 5 in Spain) for a total amount of EUR 26.8 million (EU contribution of EUR 15.1 million). Since the French outermost regions don´t have protected areas defined in the framework of the Birds and Habitats directives132, these regions cannot apply under the financial envelopes for LIFE Norway, the Former Yugoslav Republic of Macedonia and Turkey. Partner Countries are all other countries in the world, grouped together in different regions. 130 Final report ‘The economic impact of climate change and adaptation in the outermost regions’, 2014,   [*http://ec.europa.eu/regional\_policy/sources/activity/outermost/doc/impact\_climate\_change\_en.pdf*](http://ec.europa.eu/regional_policy/sources/activity/outermost/doc/impact_climate_change_en.pdf) 131 The EMFF budget is defined at national level is not possible to have the estimative for climate related expenditure specifically for the outermost regions. 132 The wild bird species naturally occurring in these regions, as well as other wild species and habitat types, are not included in the annexes of the Birds and Habitats directives listing the protected species and habitats. 45 Nature and Biodiversity priority area133, except under the thematic priorities for biodiversity. The climate action sub-***programme***, since it started in 2014, has supported one project with an outermost regions participant (Canary Islands)134. As an example, the project LIFE + Cap Dom, was selected as a LIFE Nature and Biodiversity ‘Best Project’ by the Commission, allowing exchange of good practice between French Guiana, Martinique and Reunion Island on techniques to protect endangered birds or methods of calculation and follow-up of more common birds, later adopted by other regions and OCTs. Two other project examples under this theme are the LIFE Terras do Priolo135, adopting conservation measures to protect one of Europe’s most endangered birds — the Azores bullfinch — and the LIFE+ Garajonay Vive, dedicated to the ecological restoration works on the Garajonay National Park and surrounding area following the forest fire in 2012136. On biodiversity and ecosystem services, the outermost regions have benefited since 2012 from six projects out of the 16 BEST projects funded under the two open calls for proposals (BEST 2011 and BEST 2012) in the frame of the BEST preparatory action137. The French Development Aid Agency (AFD) funded 2 additional projects in the French outermost regions from the reserve list proposals138 of BEST 2012. In the frame of the BEST III contract139, regional ecosystem profiles140 have been established in a participatory process, aiming at strengthening the efforts to support the conservation of biodiversity and the sustainable use of ecosystem services in the outermost regions and OCTs. These profiles provide valuable information, helping to define and prioritise needs and to ensure the financing institutions and private benefactors of the relevancy and added value of the projects they wish to support. Links between the BEST initiative and the structural funds have not yet been developed. In addition, the European Parliament adopted two further Pilot projects, one on the ‘Inventories of Species and Habitats in French outermost regions’ (EUR 1 million) in 2015, and another on ‘Mapping and assessing the state of ecosystems and their services in the outermost regions and OCTs’ in 2016 (EUR 1 million). In the framework of the first project, a call for ‘swift small grants’ in French outermost regions has been launched in 2017141. The Marine Strategy Framework Directive (MSFD) requires that EU Member States take the necessary measures to achieve or maintain the Good Environmental Status of the EU’s marine waters by 2020. This Directive applies in the Macaronesian region, namely on the waters surrounding the Azores, Madeira and the Canary Islands. Spain and Portugal have identified a number of pressures acting on the marine environment and have designed 133 Under the sub-***programme*** for Environment. 134 The Green Link, aimed at restoring desertified areas with an innovative tree growing method across the Mediterranean border to increase resilience, with the participation of an institution from the Canary Islands. 135   [*http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=search.dspPage&n\_proj\_id=4740*](http://ec.europa.eu/environment/life/project/Projects/index.cfm?fuseaction=search.dspPage&n_proj_id=4740) 136   [*http://lifegarajonayvive.com/english*](http://lifegarajonayvive.com/english)/ 137   [*http://ec.europa.eu/environment/nature/biodiversity/best/projects/current/index\_en.htm*](http://ec.europa.eu/environment/nature/biodiversity/best/projects/current/index_en.htm) 138 Reserve list proposals are proposals which had passed the evaluation but which could not be funded because all budget available through the BEST preparatory action had been used. 139 To implement the third and last ***year*** of the BEST preparatory action an open call for tender was published in 2013 aiming to create a critical mass to achieve the transition towards a sustainable scheme. The BEST III contract is the outcome of this call for tender, which was won by a consortium led by IUCN. 140   [*http://ec.europa.eu/environment/nature/biodiversity/best/regions/index\_en.htm*](http://ec.europa.eu/environment/nature/biodiversity/best/regions/index_en.htm) 141   [*http://ec.europa.eu/environment/nature/biodiversity/best/funding/index\_en.htm*](http://ec.europa.eu/environment/nature/biodiversity/best/funding/index_en.htm) -   [*http://www.bestrup.org*](http://www.bestrup.org)/ 46 ***programmes*** of measures to tackle them, thereby allowing for the sustainable use of the marine environment. In the ***programming*** period 2014 - 2020, EUR 780.8 million are allocated in the ERDF regional operational ***programmes*** for the preservation and protection of the environment, promotion of the resource efficiency objectives and promotion of the climate change adaptation. Around EUR 125 million of this budget will be dedicated to measures related to biodiversity. The French outermost regions will concentrate a major part of their funding on waste management and the water sector, while the other regions will favour actions on biodiversity and nature (Canary Islands), support to resource efficiency in SMEs (Madeira) and adaptation to climate change and climate related risks (Azores). An additional EUR 99 million is available in this domain in the ETC programmes142. During the 2007 - 2013 ***programming*** period, the ERDF supported moreover environment-related actions with approximately EUR 1 billion. Drinking water management and distribution and water treatment represented strong priorities in this ***programming*** period, particularly for the French outermost regions. The Matiti’s water treatment facility, implemented in French Guiana, is an example of a project in this area. The promotion of natural assets in the Azores, risk prevention in Madeira and promotion of biodiversity and Natura2000 in the Canary Islands were also key priorities of investment in this domain. In the ***programming*** period 2014 - 2020, EUR 603 million of EAFRD143 are allocated in the Rural Development Plans of outermost regions to restoring, preserving and enhancing ecosystems and promoting resource efficiency related to ***agriculture***, food and forestry sectors. To achieve these objectives several measures are being implemented, such as training, advice, physical investments in ***agriculture*** and forest sector, agri-environment-climate measures, organic farming but also investments in basic services and cooperation. In the 2007 - 2013 ***programming*** period EUR 319 million of EAFRD144 were allocated to improve the environment and the countryside by measures such as agri-environmental ***payments***, investments in forestry, forest environment ***payments*** and support for non-productive investments. Waste management is a challenging area for the outermost regions. Relevant investments, benefiting from EU funding, have been made in these regions, such as the Ecodec recycling centre in Guadeloupe to process tyres and plastics for reuse, or the waste processing centres in most of the Azorean islands. However, additional efforts and investments are required145. In the fight against Invasive Alien Species (IAS), the Regulation146 takes into account the specificities of the outermost regions by giving them the possibility to define their own list of IAS. On the basis of Article 6(2) of this Regulation the list had to be proposed by the Member State in consultation with the outermost regions. 142 This value does not include the budget available under the national Operational ***Programmes***, the Atlantic Ocean ***Programme*** and the technical adjustment [COM(2015) 320 final 22/05/2015]. 143 EAFRD allocated to priorities 4 and 5 in RDP 2014-2020. 144 EAFRD allocated to axe 2 in RDP 2007 - 2013. 145 Report of the expert group on green and circular economy in the outermost region:   [*http://ec.europa.eu/regional\_policy/sources/policy/themes/outermost-regions/pdf/green\_circ\_econ\_report\_en.pdf*](http://ec.europa.eu/regional_policy/sources/policy/themes/outermost-regions/pdf/green_circ_econ_report_en.pdf) 146 Regulation (EU) No 1143/2014 of the European Parliament and of the Council of 22 October 2014 on the prevention and management of the introduction and spread of invasive alien species (OJ L 317, 4.11.2014, p. 35). 47 The outermost regions are particularly vulnerable to natural disasters, while their geography and difficult topography hampers the intervention in the event of a major emergency. Decision 1313/2013/EU147 on a Union Civil Protection Mechanism148 provides financing for exercises and specifies, in the scope, the need to take into account the special needs of isolated, outermost and island regions. In 2017, an EU RICHTER-17 exercise took place, organised by France and funded by the EU: a violent earthquake and tsunami north of Guadeloupe was simulated, triggering the response of security teams from neighbouring countries of the region and the European Civil Protection Mechanism (EERC). In the EU Solidarity Fund revision of 2014149, the threshold to benefit from financial contribution in case of regional natural disaster, in terms of the direct damage occurred, has been reduced, compared to other regions, from to 1.5 % to 1 % of the regional GDP. Since 2012, the Fund has provided assistance at one occasion: a natural disaster in Madeira (fires in 2016) with EUR 3.9 million. Moreover, Regulation (EU) No 2017/1199 of the European Parliament and of the Council150 provides for specific measures offering additional assistance to Member States affected by natural disaster. Member States now have the possibility of introducing a separate priority for reconstruction and recovery projects supported by the ERDF within a ***programme***. Given the potential magnitude of the impact of such natural disasters, the ERDF can support such projects with limited national co-financing151. As the outermost regions are particularly exposed to the risk of natural disasters and climate change, this possibility could be of interest in the future. 147 Decision No 1313/2013/EU of the European Parliament and of the Council of 17 December 2013 on a Union Civil Protection Mechanism (OJ L 347, 20.12.2013, p. 92). 148 The Union Civil Protection Mechanism was set up to foster cooperation among national civil protection authorities across Europe and enable coordinated assistance to victims of natural and man-made disasters in EU, participating countries and elsewhere. 149 Regulation (EU) No 661/2014 of the European of 15 May 2014, amending Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund (OJ L 189, 27.6.2014, p. 143). 150 Regulation (EU) 2017/1199 of the European Parliament and of the Council of 4 July 2017 amending Regulation (EU) No 1303/2013 as regards specific measures to provide additional assistance to Member States affected by natural disasters (OJ L 176, 7.7.2017, p. 1). 151 The ERDF co-financing rate can go up to a maximum of 95 % and thus, the national co-financing can be at least 5 %. 48 4.6 Taxation and State aid Taxation The outermost regions have been benefiting from specific taxation regimes in favour of the competitiveness of their economies aiming to offset the permanent handicaps affecting their economic and social situation. The fiscal dock dues (octroi de mer) scheme in force in the French outermost regions (except from Saint Martin) provides for reductions or exonerations from the dock dues tax, subject to authorised limits, for a specific list of locally produced products so as to allow these products to compete with imported ones, given the additional costs incurred by companies in the outermost regions. The current dock dues regime is authorised by Council Decision 940/2014/EU152 until 31 December 2020. The AIEM (arbitrio sobre las importaciones y entregas de mercancías) is a similar tax scheme applied in the Canary Islands. In June 2014 the Council adopted Decision 377/2014/EU153 authorising the Spanish authorities to apply, subject to the authorised limits, reductions in or exemptions from the AIEM tax for a specific list of domestic products until 31 December 2020. In line with the relevant decisions, both regimes will be reviewed in the course of 2017-2018, following the submission of reports by national authorities indicating the impact of the schemes and their contribution to the development of local economic activities in the light of the handicaps affecting the outermost regions. On the basis of these reports, the Commission will submit a report to the Council and may decide to make proposals for adapting the provisions of the decisions at issue. Other specific taxation regimes targeting certain local products were revised in the last ***years***, namely the reduced rate of excise duties for French rum in 2014 and the scheme for locally produced and consumed rum and liqueurs in Madeira and liqueurs and eau-de-vie in the Azores the same ***year***. In 2017, following a request from the French authorities supported by a report justifying the adaptation, the Commission proposed to the Council the increase of the rum quota at a reduced rate of excise duties. France will send a report to the Commission by the end of 2017, enabling it to assess whether the reasons justifying this derogation still exist and whether the fiscal advantage is proportionate and sufficient to support a competitive cane-sugar-rum value chain in the concerned outermost regions. 152 Council Decision No 940/2014/EU of 17 December 2014 concerning the dock dues in the French outermost regions (OJ L 367, 23.12.2014, p. 1). 153 Council Decision No 377/2014/EU of 12 June 2014 on the AIEM tax applicable in the Canary Islands (OJ L 182, 21.6.2014, p. 4). 49 State aid In 2013, the Commission adopted new regional aid guidelines for the ***programming*** period 2014 - 2020. Regional aid intensities were lowered in all European regions, except in the most disadvantaged and outermost regions. In line with the provisions of Article 107(3)(a) TFEU, the 2014 - 2020 regional aid guidelines designate all outermost regions as ‘a’-regions154. As a result of their status as ‘a’ areas, outermost regions also benefit from a favourable State aid treatment in some other State aid areas (e.g companies in outermost regions qualify for increased bonuses for innovation aid). As in the past, operating aid can be granted to companies in the outermost regions under the 2014 - 2020 regional aid guidelines. To reduce the administrative burden on the national and regional authorities responsible for the outermost regions, the Commission introduced regional operating and transport aid provisions for outermost regions in the 2014 GBER. As a result, Member States could grant these types of aid to companies in the outermost regions without a need for ex-ante notification to and approval by the Commission. In 2017, the GBER was reviewed, extending the scope of the regional operating aid provisions of the GBER to cover undertakings of all sectors, including transport and energy, ***agriculture*** and fisheries, as well as businesses in difficulty. In addition, operating aid ceilings were increased significantly to ensure that all estimated additional costs of companies in the outermost regions (including additional transport costs) can be covered. The recent reform of the EU State aid regime under the State aid modernisation process (including the 2017 revision of the GBER) introduced changes to the specific rules affecting the outermost regions, The changes were made in full dialogue with the representatives of these regions and of the Member States concerned, accommodating their main concerns, in particular by the amendments introduced in the regional operating and investment aid rules. In addition to the extensive possibilities for aid for which no notification is required, the Commission has already approved several schemes providing further investment and operating aid to companies in the outermost regions. For example, in March 2017, the Commission approved support in the form of reductions of the dock dues tax, as compatible state aid on the basis of regional aid guidelines, considering that it promotes the development of Guadeloupe, French Guiana, Martinique, Mayotte and Reunion Island without distorting competition in the single market to an extent contrary to the common interest. 154 Areas fulfilling the conditions set out under Article 107(3)(a) TFEU. The guidelines stipulate what can be designated as ‘a’ area: NUTS 2 regions with a gross domestic product (GDP) per capita in purchasing power standards that is equal to or less than 75 % of the EU-27 average and outermost regions. 50 5. Conclusion Since 2012, significant progress has been recorded in several EU policy fields, in order to promote growth and employment in the outermost regions. Cohesion policy has played an important role in that respect, by supporting investments for a smart, sustainable and inclusive growth. In parallel, support to traditional sectors like ***agriculture*** and fisheries, essential for the societies of the outermost regions, has been provided. Specific measures have been maintained and new ones have been taken across many EU fields, including State aid, taxation, and other important sectors for the outermost regions' development. Despite the achievements, the specificities of the outermost regions were not always systematically taken into account or adequately reflected in the EU initiatives. There is the need to scale up efforts and better meet these regions' needs on the basis of a stronger strategic framework and a partnership enlarged to other EU Institutions and relevant actors. Although innovative practices and solutions are already being developed in many areas, research and innovation is fundamental for boosting business competiveness, helping the development of emerging sectors (such as renewable energies and marine bio-technology) and sustainable use of their unique assets. This requires reinforced efforts on education and professional training to equip people, in particular youth, with new skills and experience adapted to their local labour markets. There is also the need to further improve transport and digital connectivity. Deepening cooperation with their neighbours and other partners is an important avenue to follow for a better integration in their geographical context and create new opportunities in the neighbouring and international markets. Furthermore, improving climate change adaptation and protecting their rich unique biodiversity remain crucial for livelihoods and economy. The Commission will pay more attention in the future to the specific constraints of the outermost regions recalled in Article 349 TFEU and value better the extraordinary assets they offer to the EU. In particular, their specific interests should be better reflected upstream in the legislative process in the framework of the Better Regulation Agenda155. The Commission is committed to pursue its efforts and further maximise the potential of the outermost regions. The support of the partnership will be crucial in that respect. 155 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Better regulation for better results - An EU agenda' - COM(2015) 215 final, 19.5.2015 51 List of acronyms and abbreviations ACP — African, Caribbean and Pacific countries AFD — French Agency for Development BEST — Biodiversity and Ecosystem Services in Territories of European overseas CAP — Common ***Agricultural*** Policy CEF — Connecting Europe Facility CFP — Common Fisheries Policy COSME — Competitiveness of Enterprises and Small and Medium-sized Enterprises ***Programme*** EAFRD — European ***Agricultural*** Fund for Rural Development EAGF — European ***Agricultural*** Guarantee Fund EDF — European Development Fund ESA-IO RIP — Regional Indicative ***Programmes*** Eastern Africa and Indian Ocean EERC — European Civil Protection Mechanism EFF — European Fisheries Fund EFSI — European Fund for Strategic Investments EIB — European Investment Bank EIP — European Innovation Partnership EMFF — European Maritime and Fisheries Fund EPA — Economic Partnership Agreement EPAs — Economic Partnership Agreements ERDF — European Regional Development Fund) ESF — European Social Fund ESI Funds — European Structural and Investment Funds ETC — European Territorial Cooperation ETS — Emissions trading system EU — European Union EURES — The European job mobility portal GBER — General Block Exemption Regulation GDP — Gross Domestic Product ICT — Information and Communication Technologies INTERREG — European territorial cooperation ***programmes*** LNG — Liquefied natural gas MSP — Maritime Spatial Planning NEET — Young people no in employment not in training OCTs — Overseas countries and territories POSEI — ***Programme*** of options specific to the remote and insular nature of the outermost regions RDP — Rural Development ***Programme*** RDP — Rural Development ***Programmes*** SME –Small and Medium Entreprise TEN-T — Trans-European Networks TFUE — Treaty on the functioning of the EU TIA — Territorial Impact Assessments YEI — Youth Employment Initiative 52 Annex I — Geographical location of the outermost regions: lands of Europe in the World. 53 Annex II — European Union funding in the outermost regions European funding for the 2014 - 2020 period (million €) ERDF1 ESF2 YEI3, 4 EMFF EAFRD Region / Operational ***programme*** Specific allocation Classic measures5 Compensation Plan Canary Islands 513.6 484.1 162.4 117.2 22.0 60.9 157.5 Guadeloupe and St Martin (State)6 31.4 7.2 165.2 44.8 86.5 174.0 Guadeloupe 424.1 97 .8 84.5 22.0 Martinique 352.0 93.1 70.8 19.4 130.2 Martinique (State) 124.7 French Guiana 286.0 52.1 54.4 12 112.0 French Guiana (State) 83.9 Reunion Island 940.2 190.3 57.8 385.5 Reunion Island (State) 516.8 Mayotte 146.0 2.8 65.5 9.2 60.0 Azores 767.5 57.5 314.7 10.6 56.9 30.7 295.3 Madeira 216.2 58.2 129 11.8 14.5 179.4 Grand Total 3 677.0 1 043.1 1 771.9 260.0 123.7 192.5 1 493.9 Sources: Open Data Platform, for ERDF, ESF and EAFRD. 1 Regional Operational ***Programme***. The funding contribution from the national ***programmes***, namely for the Canary Islands, is not included. 2 The figures do not include the ESF amounts used for matching the YEI special allocation. These amounts are included in the column YEI. 3 The figures show the budget earmarked to the respective regions from the national YEI ***programme***. For Guadeloupe and Martinique, they also include the YEI allocations in their regional ***programmes***. All amounts include the ESF matching. 4 The YEI budget is expected to be further increased for all eligible regions, following the mid-term revision of the MFF in June 2017. 5 The allocations for the classic measures are based on informal communication by the Member States. The values presented are indicative and non-binding. Spain and France set-up national measures, covering also the outermost regions, which are not included in this Annex. 6 The ERDF allocation under this Operational ***Programme*** is devoted only to St Martin. 54 Source: Open Data Platform, except MAC ***programme***. POSEI The POSEI Scheme is financed by the EAGF. The financial annual ceiling for each Member State is laid down in Regulation (EU) No 228/2013. For all outermost regions, the total allocation amounts to EUR 653 million (EUR 4 571 million for 2014 - 2020). European Territorial Cooperation (INTERREG) funding for the 2014 - 2020 period (million €) Cross border Cooperation ***Programmes*** EUR Mayotte — Comores — Madagascar 12.0 Saint Martin — Sint Maarten 10.0 MAC 126.5 Transnational Amazonia 18.9 Indian Ocean Area 63.2 Caribbean Area 64.3 Annual allocations for POSEI ***programmes*** (million €) Spain 268.42 France 278.41 Portugal 106.21 Total 653.04

**Load-Date:** December 16, 2017

**End of Document**



[***Structural Fiscal Position***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PKV-TR81-JD33-J2TB-00000-00&context=1516831)

Chile Country Risk Report

January 1, 2018 Monday

Copyright 2018 Business Monitor International Ltd. All Rights Reserved



**Length:** 667 words

**Highlight:** Chile maintains a fiscal rule meant to enforce a cyclically adjusted balance. Government expenditures are budgeted in line with revenues projected under the assumptions that the economy is operating at full potential and copper prices are at long-term levels. However, a de facto escape clause allows countercyclical fiscal policy to result in deficits.

**Body**

|  |
| --- |
| Fiscal And Public Debt Forecasts |
| Gross Debt And Fiscal Balance (2008-2026) |
|  |
| *f = BMI forecast. Source: National Sources, BMI* |

**Revenue:** Chile maintains an investor-friendly tax regime with tax rates among the lowest in the OECD. Although a tax reform enacted in September 2014 will gradually raise corporate income tax rates from 20% in 2014 to 25% in 2017, Chile's corporate tax burden will remain below OECD averages. The reform, which also broadened the goods base subject to the country's value-added tax (VAT), will support robust revenue growth in the coming ***years***. We forecast revenue growth to average 8.3% between 2016 and 2019. We do not expect Chile's intakes will be significantly affected by structurally lower copper prices, as copper revenues account for a relatively minor share of total revenues.

**Chile - Main Revenue And Expenditure Categories**

| **Sources of Revenue** | **% of Total** | **Areas of Expenditure** | **% of Total** |
| --- | --- | --- | --- |
| Value Added Tax | 39.6% | ***Transfers*** | 32.4% |
| Income Tax | 30.3% | Wages & Salaries | 19.7% |
| Social Security ***Payments*** | 6.9% | Social Security Benefits | 18.2% |
| Fuel Tax | 4.4% | Goods & Services | 9.7% |
| Copper Revenue | 4.4% | Investment | 9.0% |

Source: BCC, BMI **Expenditure:** Current expenditures account for more than 80% of total expenditures, with nearly a third of outlays going to ***transfer*** ***programmes***. Despite achieving middle-income status, Chile struggles with poverty and inequality, particularly in its rural areas, which drives its social spending. Chile provides healthcare and housing subsidies for the poorest segments of the population and robust support for its ***agricultural*** sector, which underpin its outlays. In the coming ***years***, we expect spending on education to increase substantially as the government moves to revitalize public education and provide free higher education to a large portion of the population. We forecast expenditure growth to average 8.4% between 2016 and 2019.

|  |
| --- |
| Government Spending & Revenue Projections |
| Government Spending And Revenue (2008-2026) |
|  |
| *f = BMI forecast. Sources: BCC, BMI* |

**Debt Sustainability:** Although we expect Chile will increase its borrowing in the coming the ***years***, Chile will maintain strong sovereign credentials. A low debt stock, commitment to prudent macroeconomic policies, and substantial buffers will allow Chile to take on debt without affecting investor perceptions. Total government debt in 2016 was 18.8% of GDP, which we expect will peak at 20.7% of GDP in 2018. The country's debt maturity profile presents little rollover risk, and the vast majority of the government's debt is denominated in pesos and issued domestically. Local institutional investors, primarily pension funds, maintain high demand for government bonds. Moreover, Chile's borrowing is largely supporting spending increases directed at improving the country's long-term competitiveness and economic diversification, suggesting upside to its increased debt.

**Fiscal And Public Debt Forecasts (Chile 2015-2026)**

| **Indicator** | **2015e** | **2016e** | **2017f** | **2018f** | **2019f** | **2020f** | **2021f** | **2022f** | **2023f** | **2024f** | **2025f** | **2026f** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Fiscal revenue, CLPbn | 36,434.6 | 38,325.4 | 41,394.4 | 45,073.5 | 50,026.5 | 55,525.8 | 61,907.3 | 69,330.4 | 77,644.6 | 86,956.5 | 97,385.5 | 109,454.8 |
| Total revenue, CLP, % y-o-y | 10.0 | 5.2 | 8.0 | 8.9 | 11.0 | 11.0 | 11.5 | 12.0 | 12.0 | 12.0 | 12.0 | 12.4 |
| Fiscal expenditure, CLPbn | 39,747.9 | 42,811.5 | 45,463.5 | 48,691.5 | 52,911.5 | 57,185.0 | 62,384.1 | 69,526.2 | 77,493.2 | 86,394.5 | 96,401.2 | 108,940.1 |
| Total expenditure, CLP, % y-o-y | 12.5 | 3.8 | 6.2 | 7.1 | 8.7 | 8.1 | 9.1 | 11.4 | 11.5 | 11.5 | 11.6 | 13.0 |
| Budget balance, CLPbn | -3,313.3 | -4,486.1 | -4,069.1 | -3,618.0 | -2,885.0 | -1,659.2 | -476.8 | -195.8 | 151.4 | 561.9 | 984.3 | 514.7 |
| Budget balance, % of GDP | -2.1 | -2.7 | -2.4 | -2.0 | -1.5 | -0.8 | -0.2 | -0.1 | 0.1 | 0.2 | 0.3 | 0.2 |
| Total government debt, EURbn | 38.7 | 42.0 | 48.8 | 53.9 | 58.6 | 62.5 | 64.3 | 66.7 | 69.2 | 71.8 | 74.5 | 77.4 |
| Total government debt, % of GDP | 17.7 | 18.8 | 20.3 | 20.7 | 20.3 | 19.6 | 18.7 | 17.7 | 16.8 | 15.9 | 15.0 | 14.2 |

e/f = BMI estimate/forecast. Source: National Sources, BMI

**Load-Date:** September 30, 2017

**End of Document**



[***Fortunato T de la Peña, Secretary, Department of Science and Technology; Interview***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4Y1-DXYV-7064-00000-00&context=1516831)

Oxford Business Group: Articles

June 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 645 words

**Body**

**Interview: Fortunato T de la Peña**

**How can the Philippines ensure its workforce is prepared for the opportunities and challenges of the Fourth Industrial Revolution (4IR)?**

**FORTUNATO DE LA PEÑA:**There are more than 140,000 engineering and IT graduates per ***year***, and the approach of the 4IR will present them with ample opportunities. While many of these graduates are currently employed by the business process outsourcing sector, they can readily switch to robotics, automation, data science and so forth, since they have the talent. We have adopted a whole-of-government approach in ensuring that our workforce is prepared for the 4IR. Government agencies have bridging ***programmes*** in place to hone the skills that will be needed in such an environment.

**Where do you see room for improvement in the Philippines' innovation ecosystem?**

**DE LA PEÑA:** An innovation ecosystem is already in place. We have incubators, accelerators, co-working spaces, universities, service providers, partner corporations, media, funders, angel investors, as well as support organisations from the public and private sector. Interconnecting these sectors requires a major undertaking to improve the country's competitiveness in the 4IR. A better system of market research and analysis would definitely help. We also need to regularly revisit our incentive policies, especially for entrepreneurs and researchers in the ecosystem. Additionally, all necessary infrastructure should be in place and well maintained.

**How do you assess the role of local-foreign partnerships in accelerating the growth of start-ups?**

**DE LA PEÑA:** Local-foreign partnerships have gaps, especially in regard to policies surrounding the ***transfer*** of knowledge, skills and technology. With policies in place, the growth of local start-ups will be accelerated, granting access to international markets and foreign partners. On the government level these policies can be formulated in the regional groupings such as ASEAN or APEC.

**What key obstacles will the new Inclusive Innovation Industrial Strategy (i3S) likely face, and in which areas does the Philippines have a competitive edge?**

**DE LA PEÑA:** The key obstacles that i3S is likely to face are non-alignment of supply and demand in human resources, risk aversion by financial institutions, very traditional investment priorities or preferences among local capitalists, and slow countryside development.

The Philippines has a competitive edge in electronics in terms of human resources, but investors in high value-added activities like integrated circuit design and product development are needed. IT and business process management, aerospace, auto and auto parts, tourism, furniture, garments and creative arts are areas in which the country can also have a competitive edge. Agri-business could also be a growth area if we harness all available technologies for ***agriculture*** and maximise the use of ***agricultural*** resources.

**Given the high smartphone penetration rates and data consumption patterns, how will e-commerce evolve in the short to medium term?**

**DE LA PEÑA:** E-commerce will take over traditional commerce in the medium term, and software development will flourish in the short term. The Bangko Sentral ng Pilipinas' launch of InstaPay, an electronic fund ***transfer*** system that allows for instant transactions, will accelerate online trade and ***payment*** procedures.

**What role can new digital technologies play in facilitating growth in tourism?**

**DE LA PEÑA:**Digital technologies can facilitate growth in the tourism sector by making it easier for tourists to figure out where to go, what to do, what the costs are, and so on. Visitors should have an accurate idea of what to expect when they travel to the Philippines and how best to enjoy our country and its plentiful offerings. Digital technologies should also allow for the convenient transition between business and leisure travel.

**Load-Date:** March 12, 2020

**End of Document**



[***DEFINITIVE ADOPTION (EU, Euratom) 2017/2121 of amending budget No 4 of the European Union for the financial year 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R6N-BG51-F0YC-N0YG-00000-00&context=1516831)

Impact News Service

December 16, 2017 Saturday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 4977 words

**Body**

Brussels: Official Journal of the European Union has issued the following Legislation:

DEFINITIVE ADOPTION (EU, Euratom) 2017/2121

of amending budget No 4 of the European Union for the financial ***year*** 2017

THE PRESIDENT OF THE EUROPEAN PARLIAMENT,

having regard to the Treaty on the Functioning of the European Union, and in particular Article 314(4)(a) and (9) thereof,

having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,

having regard to Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union (1),

having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (2),

having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the ***years*** 2014-2020 (3),

having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management (4),

having regard to the general budget of the European Union for the financial ***year*** 2017, as definitively adopted on 1 December 2016 (5),

having regard to Draft amending budget No 4 of the European Union for the financial ***year*** 2017, which the Commission adopted on 26 June 2017,

having regard to the position on Draft amending budget No 4/2017, which the Council adopted on 4 September 2017 and forwarded to Parliament on the same day,

having regard to Parliament's approval of 13 September 2017 of the Council position,

having regard to Rules 88 and 91 of Parliament’s Rules of Procedure,

DECLARES:

Sole Article

The procedure under Article 314 of the Treaty on the Functioning of the European Union is complete and Amending budget No 4 of the European Union for the financial ***year*** 2017 has been definitively adopted.

Done at Strasbourg, 13 September 2017.

The President

A. TAJANI

(1)  OJ L 168, 7.6.2014, p. 105.

(2)  OJ L 298, 26.10.2012, p. 1.

(3)  OJ L 347, 20.12.2013, p. 884.

(4)  OJ C 373, 20.12.2013, p. 1.

(5)  OJ L 51, 28.2.2017.

AMENDING BUDGET No 4 FOR THE FINANCIAL ***YEAR*** 2017

CONTENTS

STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

Section III: Commission

|  |  |
| --- | --- |
| ? Expenditure | 17 |

|  |  |  |
| --- | --- | --- |
| ? Title 13: | Regional and urban policy | 19 |

|  |  |  |
| --- | --- | --- |
| ? Title 40: | Reserves | 36 |

SECTION III

COMMISSION

EXPENDITURE

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Title | Heading | Budget 2017 | Amending budget No 4/2017 | New amount |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |

TITLE 13

REGIONAL AND URBAN POLICY

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Title Chapter | Heading | Budget 2017 | Amending budget No 4/2017 | New amount |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |

CHAPTER 13 03 —   EUROPEAN REGIONAL DEVELOPMENT FUND AND OTHER REGIONAL OPERATIONS

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Title Chapter Article Item | Heading | FF | Budget 2017 | Amending budget No 4/2017 | New amount |  |  |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |  |  |  |
| 13 03 | EUROPEAN REGIONAL DEVELOPMENT FUND AND OTHER REGIONAL OPERATIONS |  |  |  |  |  |  |  |
| 13 03 01 | Completion of European Regional Development Fund (ERDF) ? Objective 1 (2000 to 2006) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 02 | Completion of the special ***programme*** for peace and reconciliation in Northern Ireland and the border counties of Ireland (2000 to 2006) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 03 | Completion of European Regional Development Fund (ERDF) ? Objective 1 (prior to 2000) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 04 | Completion of European Regional Development Fund (ERDF) ? Objective 2 (2000 to 2006) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 05 | Completion of European Regional Development Fund (ERDF) ? Objective 2 (prior to 2000) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 06 | Completion of Urban (2000 to 2006) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 07 | Completion of earlier ***programmes*** ? Community initiatives (prior to 2000) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 08 | Completion of European Regional Development Fund (ERDF) ? Technical assistance and innovative measures (2000 to 2006) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 09 | Completion of European Regional Development Fund (ERDF) ? Technical assistance and innovation measures (prior to 2000) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 12 | Union contribution to the International Fund for Ireland | 1.1 | p.m | p.m |  |  | p.m | p.m |
| 13 03 13 | Completion of Interreg III Community initiative (2000 to 2006) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 14 | Support for regions bordering candidate countries ? Completion of earlier ***programmes*** (2000 to 2006) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 16 | Completion of European Regional Development Fund (ERDF) ? Convergence | 1.2 | p.m | 1 367 611 177 |  | ? 915 477 000 | p.m | 452 134 177 |
| 13 03 17 | Completion of European Regional Development Fund (ERDF) ? PEACE | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 18 | Completion of European Regional Development Fund (ERDF) ? Regional competitiveness and employment | 1.2 | p.m | 129 851 990 |  | ?23 165 000 | p.m | 106 686 990 |
| 13 03 19 | Completion of European Regional Development Fund (ERDF) ? European territorial cooperation | 1.2 | p.m | 68 093 650 |  | ?42 508 000 | p.m | 25 585 650 |
| 13 03 20 | Completion of European Regional Development Fund (ERDF) ? Operational technical assistance | 1.2 | p.m | 1 610 747 |  |  | p.m | 1 610 747 |
| 13 03 31 | Completion of technical assistance and dissemination of information on the European Union strategy for the Baltic Sea region and an improved knowledge of macro-regions strategy (2007 to 2013) | 1.2 | p.m | 154 965 |  |  | p.m | 154 965 |
| 13 03 40 | Completion of risk-sharing instruments financed from the European Regional Development Fund (ERDF) Convergence envelope (2007 to 2013) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 41 | Completion of risk-sharing instruments financed from the European Regional Development Fund (ERDF) Regional competitiveness and employment envelope (2007 to 2013) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 60 | European Regional Development Fund (ERDF) ? Less developed regions ? Investment for growth and jobs goal | 1.2 | 18 775 111 553 | 12 457 677 000 |  |  | 18 775 111 553 | 12 457 677 000 |
| 13 03 61 | European Regional Development Fund (ERDF) ? Transition regions ? Investment for growth and jobs goal | 1.2 | 3 719 489 334 | 2 204 431 000 |  |  | 3 719 489 334 | 2 204 431 000 |
| 13 03 62 | European Regional Development Fund (ERDF) ? More developed regions ? Investment for growth and jobs goal | 1.2 | 4 622 273 189 | 3 043 052 000 |  |  | 4 622 273 189 | 3 043 052 000 |
| 13 03 63 | European Regional Development Fund (ERDF) ? Additional allocation for outermost and sparsely populated regions ? Investment for growth and jobs goal | 1.2 | 222 029 433 | 139 873 000 |  |  | 222 029 433 | 139 873 000 |
| 13 03 64 | European Regional Development Fund (ERDF) ? European territorial cooperation |  |  |  |  |  |  |  |
| 13 03 64 01 | European Regional Development Fund (ERDF) ? European territorial cooperation | 1.2 | 1 731 601 443 | 783 299 000 |  |  | 1 731 601 443 | 783 299 000 |
| 13 03 64 02 | Participation of candidate countries and potential candidates in ERDF ETC? Contribution from Heading 4 (IPA II) | 4 | 9 396 205 | 1 312 500 |  |  | 9 396 205 | 1 312 500 |
| 13 03 64 03 | Participation of European neighbourhood countries in ERDF ETC ? Contribution from Heading 4 (ENI) | 4 | 1 459 650 | 231 000 |  |  | 1 459 650 | 231 000 |
|  | Article 13 03 64 ? Subtotal |  | 1 742 457 298 | 784 842 500 |  |  | 1 742 457 298 | 784 842 500 |
| 13 03 65 | European Regional Development Fund (ERDF) ? Operational technical assistance |  |  |  |  |  |  |  |
| 13 03 65 01 | European Regional Development Fund (ERDF) ? Operational technical assistance | 1.2 | 74 000 000 | 69 400 000 |  |  | 74 000 000 | 69 400 000 |
| 13 03 65 02 | European Regional Development Fund (ERDF) ? Operational technical assistance managed by the Commission at the request of a Member State | 1.2 | p.m | 1 028 043 |  |  | p.m | 1 028 043 |
|  | Article 13 03 65 ? Subtotal |  | 74 000 000 | 70 428 043 |  |  | 74 000 000 | 70 428 043 |
| 13 03 66 | European Regional Development Fund (ERDF) ? Innovative actions in the field of sustainable urban development | 1.2 | 53 090 514 | 42 472 411 |  |  | 53 090 514 | 42 472 411 |
| 13 03 67 | Macro-regional strategies 2014-2020 ? European strategy for the Baltic Sea region ? Technical assistance | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 68 | Macro-regional strategies 2014-2020 ? European Union strategy for the Danube region ? Technical assistance | 1.2 | p.m | 500 000 |  |  | p.m | 500 000 |
| 13 03 77 | Pilot projects and preparatory actions |  |  |  |  |  |  |  |
| 13 03 77 01 | Pilot project ? Pan-European coordination of Roma integration methods | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 77 03 | Preparatory action ? Promoting a more favourable environment for micro-credit in Europe | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 77 06 | Preparatory action ? Enhancing regional and local cooperation through the promotion of Union regional policy on a global scale | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 77 07 | Preparatory action ? The definition of governance model for the European Union Danube region ? better and effective coordination | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 77 08 | Pilot project ? Towards a common regional identity, reconciliation of nations and economic and social cooperation including a pan-European expertise and excellence platform in the Danube macro-region | 1.2 | p.m | 322 551 |  |  | p.m | 322 551 |
| 13 03 77 09 | Preparatory action on an Atlantic Forum for the European Union Atlantic strategy | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 77 10 | Preparatory action ? Supporting Mayotte, or any other territory potentially affected, with the switchover to outermost-region status | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 77 12 | Preparatory action ? Towards a common regional identity, reconciliation of nations and economic and social cooperation including a pan-European expertise and excellence platform in the Danube macro-region | 1.2 | p.m | 1 234 347 |  |  | p.m | 1 234 347 |
| 13 03 77 13 | Pilot project ? Cohesion policy and the synergies with the research and development funds: the ?stairway to excellence? | 1.2 | p.m | 600 000 |  |  | p.m | 600 000 |
| 13 03 77 14 | Preparatory action ? A regional strategy for the North Sea region | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 77 15 | Preparatory action ? World cities: EU-third countries cooperation on urban development | 1.2 | p.m | 750 000 |  |  | p.m | 750 000 |
| 13 03 77 16 | Preparatory action ? The actual and desired state of the economic potential in regions outside the Greek capital Athens | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 03 77 17 | Preparatory action ? EU-CELAC cooperation on territorial cohesion | 1.2 | 2 000 000 | 1 700 000 |  |  | 2 000 000 | 1 700 000 |
| 13 03 77 18 | Preparatory action ? Cohesion policy and synergies with the research and development funds: the stairway to excellence ? the way forward | 1.2 | 1 500 000 | 1 000 000 |  |  | 1 500 000 | 1 000 000 |
| 13 03 77 19 | Preparatory action ? Support for growth and governance in regions whose development is lagging behind | 1.2 | 1 000 000 | 1 000 000 |  |  | 1 000 000 | 1 000 000 |
| 13 03 77 20 | Preparatory action ? The economic competitive advantages and potential for smart specialisation at regional level in Romania | 1.2 | p.m | 1 000 000 |  |  | p.m | 1 000 000 |
| 13 03 77 21 | Pilot project ?European Strategy for the Adriatic and Ionian Region (EUSAIR): generation and preparation of initiatives and projects with genuine added value for the region as a whole | 1.2 | 1 300 000 | 650 000 |  |  | 1 300 000 | 650 000 |
| 13 03 77 22 | Preparatory action ? Macro-regional strategy 2014-2020: EU strategy for the Alpine Region | 1.2 | 2 000 000 | 1 000 000 |  |  | 2 000 000 | 1 000 000 |
| 13 03 77 23 | Preparatory action ? Urban agenda for the EU | 1.2 | 2 500 000 | 1 250 000 |  |  | 2 500 000 | 1 250 000 |
|  | Article 13 03 77 ? Subtotal |  | 10 300 000 | 10 506 898 |  |  | 10 300 000 | 10 506 898 |
|  | Chapter 13 03 ? Total |  | 29 218 751 321 | 20 321 105 381 |  | ? 981 150 000 | 29 218 751 321 | 19 339 955 381 |

Remarks

Article 175 of the Treaty on the Functioning of the European Union provides that the objectives of economic, social and territorial cohesion set out in Article 174 shall be supported by the action it takes through the Structural Funds, which includes the European Regional Development Fund (ERDF). In accordance with Article 176, the ERDF is intended to help redress the main regional imbalances in the Union. The tasks, priority objectives and the organisation of the Structural Funds are defined in accordance with Article 177.

Article 80 of the Financial Regulation provides for financial corrections in the event of expenditure incurred in breach of applicable law.

Article 39 of Regulation (EC) No 1260/1999, Articles 100 and 102 of Regulation (EC) No 1083/2006 and Articles 85, 144 and 145 of Regulation (EU) No 1303/2013 on criteria for financial corrections by the Commission provide for specific rules on financial corrections applicable to the ERDF.

Any revenue from the financial corrections carried out on that basis is entered in Article 6 5 1, 6 5 2, 6 5 3 or 6 5 4 of the statement of revenue and constitutes assigned revenue in accordance with point (c) of Article 21(3) of the Financial Regulation.

Article 177 of the Financial Regulation lays down the conditions for the repayment in full, or in part, of prefinancing ***payments*** in respect of a given operation.

Article 82 of Regulation (EC) No 1083/2006 provides for specific rules on repayment of prefinancing applicable to the ERDF.

Prefinancing amounts repaid shall constitute internal assigned revenue in accordance with Article 21(4) of the Financial Regulation and shall be entered in Item 6 1 5 0 or 6 1 5 7.

Measures to combat fraud are funded from Article 24 02 01.

Legal basis

Treaty on the Functioning of the European Union, and in particular Articles 174, 175, 176 and 177 thereof.

Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds (OJ L 161, 26.6.1999, p. 1) and in particular Article 39 thereof.

Regulation (EC) No 1783/1999 of the European Parliament and of the Council of 12 July 1999 on the European Regional Development Fund (OJ L 213, 13.8.1999, p. 1).

Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999 (OJ L 210, 31.7.2006, p. 1).

Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25) and in particular Articles 82, 83, 100 and 102 thereof.

Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1), and in particular Article 21(3) and (4) and Articles 80 and 177 thereof.

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 1083/2006 (OJ L 347, 20.12.2013, p. 320).

Reference acts

Conclusions of the Berlin European Council of 24 and 25 March 1999.

Conclusions of the Brussels European Council of 15 and 16 December 2005.

Conclusions of the European Council of 7 and 8 February 2013.

13 03 16 Completion of European Regional Development Fund (ERDF) — Convergence

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Budget 2017 | Amending budget No 4/2017 | New amount |  |  |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |
| p.m | 1 367 611 177 |  | ? 915 477 000 | p.m | 452 134 177 |

Remarks

This appropriation is intended to cover commitments remaining to be settled for ***programmes*** under the ERDF objective of the convergence in the 2007-2013 ***programming*** period. This objective is aimed at speeding up the convergence of the least-developed Member States and regions by improving conditions for growth and employment.

Part of this appropriation is intended to be used to address intra-regional disparities so as to ensure that the overall state of development of a given region does not hide poverty loops and disadvantaged territorial units.

In accordance with Article 105a(1) of Regulation (EC) No 1083/2006 as modified by point 7 of Annex III to the Treaty concerning the Accession of the Republic of Croatia to the European Union (OJ L 112, 24.4.2012), ***programmes*** and major projects which, on the date of accession of Croatia, have been approved under Regulation (EC) No 1085/2006 and the implementation of which has not been completed by that date, shall be considered to have been approved by the Commission under Regulation (EC) No 1083/2006, with the exception of the ***programmes*** approved under the components referred to in points (a) and (e) of Article 3(1) of Regulation (EC) No 1085/2006.

Legal basis

Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999 (OJ L 210, 31.7.2006, p. 1).

Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25).

13 03 18 Completion of European Regional Development Fund (ERDF) — Regional competitiveness and employment

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Budget 2017 | Amending budget No 4/2017 | New amount |  |  |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |
| p.m | 129 851 990 |  | ?23 165 000 | p.m | 106 686 990 |

Remarks

This appropriation is intended to cover commitments remaining to be settled for the ***programmes*** under the ERDF objective of the regional competitiveness and employment in the 2007-2013 ***programming*** period. This objective shall, outside the least developed regions, be aimed at strengthening regions’ competitiveness and attractiveness as well as employment by taking into consideration the goals set in the Europe 2020 strategy.

Legal basis

Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999 (OJ L 210, 31.7.2006, p. 1).

Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25).

13 03 19 Completion of European Regional Development Fund (ERDF) — European territorial cooperation

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Budget 2017 | Amending budget No 4/2017 | New amount |  |  |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |
| p.m | 68 093 650 |  | ?42 508 000 | p.m | 25 585 650 |

Remarks

This appropriation is intended to cover commitments remaining to be settled for the ***programmes*** under the ERDF objective of European territorial cooperation in the 2007-2013 ***programming*** period. This objective shall be aimed at strengthening territorial cooperation and macro-regional cooperation and exchange of experience at the appropriate level.

In accordance with Article 105a(1) of Regulation (EC) No 1083/2006 as modified by point 7 of Annex III to the Treaty concerning the Accession of the Republic of Croatia to the European Union (OJ L 112, 24.4.2012), ***programmes*** and major projects which, on the date of accession of Croatia, have been approved under Regulation (EC) No 1085/2006 and the implementation of which has not been completed by that date, shall be considered to have been approved by the Commission under Regulation (EC) No 1083/2006, with the exception of the ***programmes*** approved under the components referred to in points (a) and (e) of Article 3(1) of Regulation (EC) No 1085/2006.

Legal basis

Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999 (OJ L 210, 31.7.2006, p. 1).

Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25).

CHAPTER 13 04 —   COHESION FUND (CF)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Title Chapter Article Item | Heading | FF | Budget 2017 | Amending budget No 4/2017 | New amount |  |  |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |  |  |  |
| 13 04 | COHESION FUND (CF) |  |  |  |  |  |  |  |
| 13 04 01 | Completion of Cohesion Fund projects (prior to 2007) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 04 02 | Completion of Cohesion Fund (2007 to 2013) | 1.2 | p.m | 329 335 976 |  | ? 256 050 013 | p.m | 73 285 963 |
| 13 04 03 | Completion of risk-sharing instruments financed from the Cohesion Fund envelope (2007 to 2013) | 1.2 | p.m | p.m |  |  | p.m | p.m |
| 13 04 60 | Cohesion Fund ? Investment for growth and jobs goal | 1.2 | 9 055 827 791 | 5 651 952 000 |  |  | 9 055 827 791 | 5 651 952 000 |
| 13 04 61 | Cohesion Fund ? Operational technical assistance |  |  |  |  |  |  |  |
| 13 04 61 01 | Cohesion Fund ? Operational technical assistance | 1.2 | 24 307 786 | 22 300 000 |  |  | 24 307 786 | 22 300 000 |
| 13 04 61 02 | Cohesion Fund ? Operational technical assistance managed by the Commission at the request of a Member State | 1.2 | p.m | 711 532 |  |  | p.m | 711 532 |
|  | Article 13 04 61 ? Subtotal |  | 24 307 786 | 23 011 532 |  |  | 24 307 786 | 23 011 532 |
|  | Chapter 13 04 ? Total |  | 9 080 135 577 | 6 004 299 508 |  | ? 256 050 013 | 9 080 135 577 | 5 748 249 495 |

Remarks

Article 177, second paragraph, of the Treaty on the Functioning of the European Union provides that a Cohesion Fund is to be set up to support projects in the fields of the environment and trans-European networks in the area of transport infrastructure.

Article H of Annex II to Regulation (EC) No 1164/94, Articles 100 and 102 of Regulation (EC) No 1083/2006, and Articles 85, 144 and 145 of Regulation (EU) No 1303/2013 on criteria for financial corrections by the Commission provide for specific rules on financial corrections applicable to the Cohesion Fund.

Article 80 of the Financial Regulation provides for financial corrections in the event of expenditure incurred in breach of applicable law. Any revenue from the financial corrections carried out on that basis is entered in Article 6 5 1, 6 5 2, 6 5 3 or 6 5 4 of the statement of revenue and constitutes assigned revenue in accordance with point (c) of Article 21(3) of the Financial Regulation.

Article 177 of the Financial Regulation lays down the conditions for the repayment in full, or in part, of prefinancing ***payments*** in respect of a given operation.

Article 82 of Regulation (EC) No 1083/2006 provides for specific rules on repayment of prefinancing applicable to the Cohesion Fund.

Prefinancing amounts repaid shall constitute internal assigned revenue in accordance with Article 21(4) of the Financial Regulation and shall be entered in Item 6 1 5 0 or 6 1 5 7.

Anti-fraud operations will be financed under Article 24 02 01.

Legal basis

Treaty on the Functioning of the European Union, and in particular Article 177 thereof.

Council Regulation (EC) No 1164/94 of 16 May 1994 (OJ L 130, 25.5.1994, p. 1), establishing a Cohesion Fund (OJ L 130, 25.5.1994, p. 1).

Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25) and in particular Articles 82, 100 and 102 thereof.

Council Regulation (EC) No 1084/2006 of 11 July 2006 establishing a Cohesion Fund and repealing Regulation (EC) No 1164/94 (OJ L 210, 31.7.2006, p. 79).

Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1), and in particular Article 21(3) and (4) and Articles 80 and 177 thereof.

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 1084/2006 (OJ L 347, 20.12.2013, p. 281).

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 1083/2006 (OJ L 347, 20.12.2013, p. 320).

Reference acts

Conclusions of the Brussels European Council of 15 and 16 December 2005.

Conclusions of the European Council of 7 and 8 February 2013.

13 04 02 Completion of Cohesion Fund (2007 to 2013)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Budget 2017 | Amending budget No 4/2017 | New amount |  |  |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |
| p.m | 329 335 976 |  | ? 256 050 013 | p.m | 73 285 963 |

Remarks

This appropriation is intended to cover commitments to be settled for the Cohesion Fund from the 2007-2013 ***programming*** period.

This appropriation is also intended to cover commitments remaining to be settled from the preparatory, monitoring, administrative and technical support, evaluation, audit and inspection measures necessary for implementing Regulation (EC) No 1083/2006, as provided for in Article 45 of that Regulation. In particular, it may be used to cover:

|  |  |
| --- | --- |
| ? | support expenditure (representation expenses, training, meetings), |

|  |  |
| --- | --- |
| ? | information and publishing expenditure, |

|  |  |
| --- | --- |
| ? | expenditure on information technology and telecommunications, |

|  |  |
| --- | --- |
| ? | contract for the provision of services and studies, |

|  |  |
| --- | --- |
| ? | grants. |

This appropriation is also intended to cover commitments remaining to be settled for measures approved by the Commission in the context of the preparation of the 2014-2020 ***programming*** period.

In accordance with Article 105a(1) of Regulation (EC) No 1083/2006 as modified by point 7 of Annex III to the Treaty concerning the Accession of the Republic of Croatia to the European Union (OJ L 112, 24.4.2012), ***programmes*** and major projects which, on the date of accession of Croatia, have been approved under Regulation (EC) No 1085/2006 and the implementation of which has not been completed by that date, shall be considered to have been approved by the Commission under Regulation (EC) No 1083/2006, with the exception of the ***programmes*** approved under the components referred to in points (a) and (e) of Article 3(1) of Regulation (EC) No 1085/2006.

Legal basis

Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 (OJ L 210, 31.7.2006, p. 25).

Council Regulation (EC) No 1084/2006 of 11 July 2006 establishing the Cohesion Fund (EC) (OJ L 210, 31.7.2006, p. 79).

Reference acts

Treaty establishing the European Community, and in particular Articles 158 and 161 thereof.

Treaty on the Functioning of the European Union, and in particular Articles 174 and 177 thereof.

CHAPTER 13 06 —   SOLIDARITY FUND

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Title Chapter Article Item | Heading | FF | Budget 2017 | Amending budget No 4/2017 | New amount |  |  |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |  |  |  |
| 13 06 | SOLIDARITY FUND |  |  |  |  |  |  |  |
| 13 06 01 | Assistance to Member States in the event of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy | 9 | 120 402 434 | 120 402 434 | 1 166 797 579 | 1 166 797 579 | 1 287 200 013 | 1 287 200 013 |
| 13 06 02 | Assistance to countries negotiating for accession in the event of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy | 9 | p.m | p.m |  |  | p.m | p.m |
|  | Chapter 13 06 ? Total |  | 120 402 434 | 120 402 434 | 1 166 797 579 | 1 166 797 579 | 1 287 200 013 | 1 287 200 013 |

13 06 01 Assistance to Member States in the event of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Budget 2017 | Amending budget No 4/2017 | New amount |  |  |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |
| 120 402 434 | 120 402 434 | 1 166 797 579 | 1 166 797 579 | 1 287 200 013 | 1 287 200 013 |

Remarks

This article is intended to record appropriations resulting from the mobilisation of the European Union Solidarity Fund in the event of major or regional disasters in the Member States. Assistance should be provided in connection with natural disasters to the Member States concerned, with a deadline being laid down for use of the financial assistance awarded and provision being made for beneficiary states to substantiate the use made of the assistance they receive. Assistance received which is subsequently offset by third-party ***payments***, under the ‘polluter pays’ principle, for example, or received in excess of the final valuation of damage should be recovered.

With the exception of advance ***payments***, the allocation of the appropriations will be carried out by ***transfers*** of appropriations from the reserve or, in case of insufficient appropriations in the reserve, by an amending budget simultaneously to the mobilisation decision of the European Union Solidarity Fund.

Legal basis

Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund (OJ L 311, 14.11.2002, p. 3).

Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the ***years*** 2014-2020 (OJ L 347, 20.12.2013, p. 884), and in particular Article 10 thereof.

TITLE 40

RESERVES

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Title Chapter | Heading | Budget 2017 | Amending budget No 4/2017 | New amount |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |

CHAPTER 40 03 —   NEGATIVE RESERVE

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Title Chapter Article Item | Heading | FF | Budget 2017 | Amending budget No 4/2017 | New amount |  |  |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |  |  |  |
| 40 03 | NEGATIVE RESERVE |  |  |  |  |  |  |  |
| 40 03 01 | Negative reserve | 8 | p.m | ?70 402 434 |  | 70 402 434 | p.m | p.m |
|  | Chapter 40 03 ? Total |  | p.m | ?70 402 434 |  | 70 402 434 | p.m | p.m |

40 03 01 Negative reserve

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Budget 2017 | Amending budget No 4/2017 | New amount |  |  |  |
| Commitments | ***Payments*** | Commitments | ***Payments*** | Commitments | ***Payments*** |
| p.m | ?70 402 434 |  | 70 402 434 | p.m | p.m |

Remarks

The principle of a negative reserve is provided for in Article 47 of the Financial Regulation. This reserve must be drawn upon before the end of the financial ***year*** by means of ***transfer*** in accordance with the procedure laid down in Articles 26 and 27 of the Financial Regulation.

Legal basis

Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

**Load-Date:** December 18, 2017

**End of Document**



[***Potter, Armstrong, & Oldham County FSA Updates FSA Items to Keep You Updated***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TNP-K041-F0YC-N0MT-00000-00&context=1516831)

Impact News Service

November 6, 2018 Tuesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 477 words

**Body**

Washington,DC: USDA Farm Service Agency has issued the following news release:

As you all find your way from the voting booths back to your planting and harvest equipment, keep in mind the recently opened County Committee Elections taking place in your area.  Ballots should be arriving in your mail this week and must be returned by December 3, 2018.  More details on candidates can be found in the article below.

Another item of interest to a few producers is the upcoming deadline for the allocation of Generic Base acres for the 2018 ***Agriculture*** Risk Coverage Price Loss Coverage (ARCPLC) ***program***.  Those affected by this have been contacted by our offices.  If you are one of these producers, keep in mind the deadline to make your decisions is December 7, 2018.

Grass pasture grazers, hayers, or even a few harvest seed should be aware of the upcoming deadline to purchase their 2019 Non-Insurable Assistance ***Program*** (NAP) policy to cover any potential disasters in the next ***year***.  Final day to purchase this policy is December 3, 2019.  These policies cover the entire ***year*** from January 1 through December 31 on grass.

While we are on the topic of grazing, crop acreage reporting is a must for anyone planning this activity on small grains or grass.  You must report your acreage 15 days prior to grazing occurring on your pastures.  For example, if you plan to have cattle on your grass starting January 2, 2019, then you must report your grass for grazing to us by December 17, 2019.  The final reporting date for any fall/winter planted small grain is January 15, 2019.  Grass, however, has been changed.  The official final reporting date for any grass use has been moved back to July 15, 2019.  Keep in mind that any use of the grass still must be reported 15 days prior to use if it occurs prior to this deadline.

The final note I want to remind everyone about is the current signup for the Market Facilitation ***Program***. The sign-up period for MFP runs through Jan. 15, 2019, with information and instructions provided at [*www.farmers.gov/mfp*](http://www.farmers.gov/mfp). MFP provides ***payments*** to producers of eligible commodities who have been significantly impacted by actions of foreign governments resulting in the loss of traditional exports. Eligible producers should apply after harvest is complete, as ***payments*** will only be issued once production is reported.

The following summarizes the current important dates to mark on your ***calendars***:

    Dec. 3 - Final day for returning COC ballots or postmarked     Dec. 3 - 2019 NAP Deadline for grass     Dec. 7 - Generic Base Acre Allocation Deadline and Enrollment in 2018 ARCPLC     Dec. 17 - Certification deadline for livestock grass grazing     Jan. 15, 2019 - Small Grain Certification Deadline     Jan. 15, 2019 - MFP Signup Deadline     Jan. 30, 2019 - 2018 Livestock Forage Application Closing

Adam Acker County Executive Director

**Load-Date:** November 7, 2018

**End of Document**



[***Base Resources Limited Quarterly Activities -2-***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S4T-5B81-JCXB-217D-00000-00&context=1516831)

London Stock Exchange Aggregated Regulatory News Service (ARNS)

April 18, 2018 Wednesday 7:00 AM GMT

Copyright 2018 London Stock Exchange All Rights Reserved



**Length:** 1638 words

**Body**

capacity through the course of 2018, with the DMU gradually phased out over the

same period.

The KP2 Project execution remains in line with the approved expenditure budget.

Engineering and design work for the transition of mining from the Central Dune

to the South Dune will commence in mid-2018, with construction completion

scheduled for the second half of 2019.

[Note (2): Refer to Base Resources' market announcement "Board approves Kwale

Phase 2 mine optimisation project to deliver enhanced economics" released on

23rd May 2017, which is available at [*http://www.baseresources.com.au*](http://www.baseresources.com.au)/

investor-centre/asx-releases.]

FY2018 PRODUCTION GUIDANCE

Kwale Operations production guidance for financial ***year*** 2018 (FY2018) remains

unchanged at:

\* Rutile - 88,000 to 94,000 tonnes.

\* Ilmenite - 450,000 to 480,000 tonnes.

\* Zircon - 35,000 to 40,000 tonnes.

\* Zircon contained in zircon low grade - 1,425 tonnes[3].

The above production guidance is based on the following assumptions for FY2018:

\* Mining of 10.9Mt (previously 10.6Mt) at an average HM grade of 7.28%, with

mining for the remainder of FY2018 all from Ore Reserves[4].

\* MSP feed rate at an average of 91tph, consistent with recent performance.

MSP product recoveries of 100% for ilmenite and 100% for rutile, and 77% for

zircon, consistent with recent performance.

[Note (3): No further production of zircon low grade is anticipated for

FY2018. Note (4): The Ore Reserves estimates underpinning the above production

targets were prepared by Competent Persons in accordance with the JORC Code

(2012 edition). The above production targets are the result of detailed

studies based on the actual performance of the Kwale mine and processing

plant. These studies include the assessment of mining, metallurgical, ore

processing, environmental and economic factors.]

MARKETING

Strength in the global TiO2 pigment industry continued through the

traditionally seasonally weak March quarter. Ongoing high plant utilisation

rates and low inventory levels among major western pigment producers are

maintaining a strong pigment pricing environment. Restrictions in Chinese

pigment production, caused by government environmental inspections and a winter

gas shortage, have helped underpin pigment prices through the usual seasonal

slowdown in pigment demand. Pigment prices from western and Chinese producers

have increased through the latter part of the March quarter as demand began to

accelerate in the lead up to the northern hemisphere 'painting season'.

The lead up to the seasonally strong June quarter, together with the removal of

environmental restrictions on many pigment producers in China, resulted in

increasing demand and improved pricing for ilmenite in China in the latter part

of the March quarter. Chinese domestic ilmenite production was flat through

the March quarter and imports from Vietnam and India have continued to be

restrained due to political and market factors. In the absence of any new

environmental restrictions placed on major pigment producers in China, or an

unexpected significant increase in supply, ilmenite prices are likely to trend

upwards through the June quarter.

A supply deficit in the high-grade feedstock sector (which includes rutile),

driven mostly by the strength in the western chloride pigment sector, has

significantly tightened the market in recent quarters. This has translated

into significant price gains in the early part of 2018 for bulk rutile and

chloride slag sales to large mainstream customers.

Zircon demand continued to be strong through the March quarter with volumes

requested by customers remaining well above the Company's capacity to supply.

Indications of ongoing tight supply from major zircon sources through 2018 have

supported further substantial zircon price increases. In line with the major

zircon suppliers, Base Resources has again secured significant price gains on

zircon contracts for the June quarter. Concerns from zircon producers over the

potential for substitution or thrifting of zircon by customers may begin to

restrain the extent and/or frequency of price increases going forward.

SAFETY

With no serious injuries occurring during the quarter, Kwale Operations' lost

time injury frequency rate (LTIFR) remains at zero. Base Resources' employees

and contractors have now worked 12.1 million man-hours LTI free, with the last

LTI recorded in the March quarter of 2014. With only one minor injury

occurring in the past 12 months, the total recordable injury frequency rate (

TRIFR) has fallen to 0.29 per 1 million man-hours worked.

COMMUNITY AND ENVIRONMENT

***Agricultural*** livelihood ***programs***, run in conjunction with partners Business for

Development, DEG, FMO, Australia's DFAT and Kenya Red Cross, continue to

develop with encouraging support from both national and county Kenyan

governments. These ***programs***, covering cotton, potato, sorghum, legumes, bee

keeping and poultry, are expanding to involve around 2,500 smallholder farmers

and community groups in the next planting season commencing in the June

quarter.

Sorghum harvest and commercial sales continue with a large local brewing

company and a solid relationship is developing between the farmers' cooperative

and the brewer. Planning for the next planting season is already underway with

additional farmers signed up.

Cotton from the 2017 crop has been ginned and is ready for export to Bangladesh

for further processing into garments for multinational clothing retailer,

Cotton On. Preparations for the next season commencing in May are underway

with ploughing and soil testing completed by the cooperative and soil inputs

and seed procurement ongoing.

In February, the Kwale Cotton project was the recipient of a New Vision for

Development award from the World Economic Forum, recognising innovative

approaches to sustainable development.

The Company's scholarship ***program*** in Kenya has reached another milestone with

just over 1,500 students benefiting from awards for secondary and tertiary

education providing much needed support for bright students from disadvantaged

backgrounds to continue their studies.

BUSINESS DEVELOPMENT

TOLIARA SANDS PROJECT ACQUISITION

On 23 January 2018[5], Base Resources completed the acquisition of the Toliara

Sands Project in Madagascar.

Following ***payment*** of the US$75 million up-front consideration by Base

Resources, the initial 85% interest in, and control of, the wholly owned

Mauritian subsidiaries of World Titane Holdings Ltd, which between them hold a

100% interest in the Toliara Sands Project in Madagascar (held through wholly

owned subsidiaries in Madagascar) has now been ***transferred*** to the Company.

Base Resources will acquire the remaining 15% interest, with a further US$17

million payable on achievement of key milestones as the project advances to

mine development.

The Toliara Sands Project is considered by Base Resources to be one of the best

mineral sands development projects in the world. It is underpinned by the

Ranobe deposit which has a JORC 2012 Mineral Resource of 857Mt at 6.2% heavy

mineral, including 612Mt at 6.7% heavy mineral in the Measured and Indicated

Categories.[6]

The acquisition was funded by a A$97 million share offer which completed on 22

January 2018, refer below for further details.

[Note (5): Refer to Base Resources' market announcement "Toliara Sands Project

acquisition completed" released on 23 January 2018, which is available at http:

//[*www.baseresources.com.au/investor-centre/asx-releases*](http://www.baseresources.com.au/investor-centre/asx-releases). Note (6): Refer to

Base Resources' market announcement "Investor Presentation - Acquisition and

Entitlement Offer" released on 19 December 2017, which is available at http://

[*www.baseresources.com.au/investor-centre/asx-releases*](http://www.baseresources.com.au/investor-centre/asx-releases), which contains the JORC

competent persons statement for this estimate of Mineral Resource. The Company

confirms that it is not aware of any new information or data that materially

affects the information included in that announcement and that all material

assumptions and technical parameters underpinning the Mineral Resource

estimates in that announcement continue to apply and have not materially

changed.]

TOLIARA SANDS PROJECT DEVELOPMENT

Building on the sound work completed to date, Base Resources' development plan

is to complete a full study phase ahead of a decision to proceed to

construction in the second half of ***calendar*** ***year*** 2019 (H2 CY19). This

timetable could be expected to see the Toliara Sands Project in production in

H2 CY21.

During the quarter, following acquisition completion, a high-level concept

study to identify and assess various enhancement options was commenced, with a

screened short list to be taken forward for evaluation during the

prefeasibility study (PFS). The concept study is scheduled to be completed,

and the PFS commenced, in the June quarter.

The selection process to appoint an engineering consultant to lead the PFS and

definitive feasibility study (DFS) for the Toliara Sands Project was initiated

during the quarter. Tender submissions have been received from a panel of

engineering consultants and contract award is targeted for the June quarter.

Stage 1 of the PFS aims to select the preferred development option by Q3 CY18,

with the final PFS targeted for completion in Q1 CY19. DFS completion is

expected in Q3 CY19.

A number of long lead activities commenced during the quarter which will feed

into the PFS and the DFS, including:

\* Excavation of a 100-tonne bulk sample which is currently in transit to

Australia for a full ***program*** of wet and dry plant testwork, which will

inform process flow sheet design.

\* Mobilisation of a drill rig to site, with drilling expected to commence in

the June quarter.The drill ***program*** aims to define the boundaries of the

Mineral Resource, upgrade the existing Inferred Resource to Indicated

status, and complete an Ore Reserve estimation.

**Load-Date:** April 19, 2018

**End of Document**



[***FEDERAL REGISTER: Common Crop Insurance Regulations; California Avocado Crop Insurance Provisions Pages 61129 - 61133 [FR DOC # 2017-27895]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R8R-X2Y1-JDG9-Y1N3-00000-00&context=1516831)

Impact News Service

December 27, 2017 Wednesday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 5299 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** Federal Crop Insurance Corporation 7 CFR Part 457 [Docket No. FCIC-17-0002] RIN 0563-AC58 Common Crop Insurance Regulations; California Avocado Crop Insurance Provisions AGENCY: Federal Crop Insurance Corporation, USDA. ACTION: Final rule with request for comments. ----------------------------------------------------------------------- SUMMARY: The Federal Crop Insurance Corporation (FCIC) amends the Common Crop Insurance Regulations to provide California Avocado insurance. The provisions will be used in conjunction with the Common Crop Insurance Policy Basic Provisions (Basic Provisions), which contain standard terms and conditions common to most crop ***programs***. The intended effect of this action is to convert the California Avocado pilot crop insurance ***program*** to a regulatory insurance ***program*** for the 2020 and succeeding crop ***years***. DATES: Effective date: This final rule is effective December 27, 2017. Applicability date: The changes are applicable for the 2020 and succeeding crop ***years***.

California avocado is a two-***year*** policy and the 2020 crop ***year*** encompasses all policies earning premium when insurance attaches after the Contract Change Date of August 31, 2018. Comment due date: FCIC will accept written comments on this final rule until close of business January 26, 2018. FCIC may consider the comments received and may conduct additional rulemaking based on the comments. ADDRESSES: FCIC prefers that comments be submitted electronically through the Federal eRulemaking Portal. You may submit comments, identified by Docket ID No. FCIC-17-0002, by any of the following methods:  Federal eRulemaking Portal: [*http://www.regulations.gov*](http://www.regulations.gov) Follow the instructions for submitting comments.      Mail: Director, Actuarial and Product Design Division, Risk Management Agency, United States Department of ***Agriculture***, P.O Box 419205, Kansas City, MO 64141-6205.     FCIC will post all comments received, including those received by mail, without change to   [*http://www.regulations.gov*](http://www.regulations.gov), including any personal information provided. Once these comments are posted to this website, the public can access all comments at its convenience from this website. All comments must include the agency name and docket number or Regulatory Information Number (RIN) for this rule. For detailed instructions on submitting comments and additional information, see   [*http://www.regulations.gov*](http://www.regulations.gov) If interested persons are submitting comments electronically through the Federal eRulemaking Portal and want to attach a document, FCIC requests that the document attachment be in a text-based format. If interested persons want to attach a document that is a scanned Adobe PDF file, it must be scanned as text and not as an image, thus allowing FCIC to search and copy certain portions of the submissions. For questions regarding attaching a document that is a scanned Adobe PDF file, please contact the Risk Management Agency (RMA) Web Content Team at (816) 823-4694 or by email at [*rmaweb.content@rma.usda.gov*](mailto:rmaweb.content@rma.usda.gov)     Privacy Act: Anyone is able to search the electronic form of all comments received for any dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review the complete User Notice and Privacy Notice for Regulations.gov at   [*http://www.regulations.gov/#!privacyNotice*](http://www.regulations.gov/#!privacyNotice).

FOR FURTHER INFORMATION CONTACT: Ron Lundine, Director, Product Management, Actuarial and Product Design Division, Risk Management Agency, United States Department of ***Agriculture***, Beacon Facility, Stop 0812, Room 421, P.O Box 419205, Kansas City, MO 64141-6205, telephone (816) 926-3854.

SUPPLEMENTARY INFORMATION:

Background

    FCIC offered an actual production history pilot crop insurance ***program*** for California grown avocados beginning with the 2010 crop ***year***. The pilot ***program*** is offered in six California counties. In 2013, the FCIC's Board of Directors approved continuation and expansion until such time the ***program***

[[Page 61130]]

could be made permanent. For the 2016 crop ***year***, 1,041 policies were sold and 35,072 acres of avocado orchards were insured in California. This rule will add the California avocado ***program*** to the Code of Federal Regulations.     The FCIC is issuing this final rule without opportunity for prior notice and comment. The Administrative Procedure Act (APA) exempts rules ``relating to agency management or personnel or to public property, loans, grants, benefits, or contracts'' from the statutory requirement for prior notice and opportunity for public comment (5 U.S.C 553(a)(2)). A Federal crop insurance policy is a contract and is thus exempt from APA notice-and-comment procedures.     Previously, changes made to the Federal crop insurance policies codified in the Code of Federal Regulations were required to be implemented through the notice-and-comment rulemaking process. Such action was not required by the APA, which exempts contracts. Rather, the requirement originated with a notice USDA published in the Federal Register on July 24, 1971 (36 FR 13804) stating that the Department of ***Agriculture*** would, to the maximum extent practicable, use the notice- and-comment rulemaking process when making ***program*** changes, including those involving contracts. FCIC complied with this notice over the subsequent ***years***. On October 28, 2013, USDA published a notice in the Federal Register (78 FR 64194) rescinding the prior notice, thereby making contracts again exempt from the notice-and-comment rulemaking process. This exemption applies to the 30-day notice prior to implementation of a rule. Therefore, the policy changes made by this final rule are effective upon publication in the Federal Register.     However, FCIC is providing a 30-day comment period and invites interested persons to participate in this rulemaking by submitting written comments. FCIC may consider the comments received and may conduct additional rulemaking based on the comments.

Executive Orders 12866, 13563, 13771 and 13777

    Executive Order 12866, ``Regulatory Planning and Review,'' and Executive Order 13563, ``Improving Regulation and Regulatory Review,'' direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasized the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. Executive Order 13777, ``Enforcing the Regulatory Reform Agenda,'' established a federal policy to alleviate unnecessary regulatory burdens on the American people. The Office of Management and Budget (OMB) designated this rule as not significant under Executive Order 12866, ``Regulatory Planning and Review,'' and therefore, OMB has not reviewed this rule. The rule is not subject to Executive Order 13771, ``Reducing Regulation and Controlling Regulatory Costs.''

Paperwork Reduction Act of 1995

    Pursuant to the provisions of the Paperwork Reduction Act of 1995 (44 U.S.C chapter 35, subchapter I), the collections of information in this rule have been approved by OMB under control number 0563-0053.

E-Government Act Compliance

    FCIC is committed to complying with the E-Government Act of 2002, to promote the use of the internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

Unfunded Mandates Reform Act of 1995

    Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and tribal governments and the private sector. This rule contains no Federal mandates (under the regulatory provisions of title II of the UMRA) for State, local, and tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

Executive Order 13132

    It has been determined under section 1(a) of Executive Order 13132, Federalism, that this rule does not have sufficient implications to warrant consultation with the States. The provisions contained in this rule will not have a substantial direct effect on States, or on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.

Executive Order 13175

    This rule has been reviewed in accordance with the requirements of Executive Order 13175, ``Consultation and Coordination with Indian Tribal Governments.'' Executive Order 13175 requires Federal agencies to consult and coordinate with tribes on a government-to-government basis on policies that have tribal implications, including regulations, legislative comments or proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes or on the distribution of power and responsibilities between the Federal Government and Indian tribes.     The Federal Crop Insurance Corporation has assessed the impact of this rule on Indian tribes and determined that this rule does not, to our knowledge, have tribal implications that require tribal consultation under E.O 13175. If a Tribe requests consultation, the Federal Crop Insurance Corporation will work with the Office of Tribal Relations to ensure meaningful consultation is provided where changes, additions and modifications identified herein are not expressly mandated by Congress.

Regulatory Flexibility Act

    FCIC certifies that this regulation will not have a significant economic impact on a substantial number of small entities. ***Program*** requirements for the Federal crop insurance ***program*** are the same for all producers regardless of the size of their farming operation. For instance, all producers are required to submit an application and acreage report to establish their insurance guarantees and compute premium amounts, and all producers are required to submit a notice of loss and production information to determine the indemnity amount for an insured cause of crop loss. Whether a producer has 10 acres or 1,000 acres, there is no difference in the kind of information collected. To ensure crop insurance is available to small entities, the Federal Crop Insurance Act (FCIA) authorizes FCIC to waive collection of administrative fees from limited resource farmers. FCIC believes this waiver helps to ensure that small entities are given the same opportunities as large entities to manage their risks through the use of crop insurance. A Regulatory Flexibility Analysis has not been prepared since this regulation does not have a significant impact on a substantial number of small entities, and, therefore, this regulation is exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C 605).

[[Page 61131]]

Federal Assistance ***Program***

    This ***program*** is listed in the Catalog of Federal Domestic Assistance under No. 10.450

Executive Order 12372

    This ***program*** is not subject to the provisions of Executive Order 12372, which require intergovernmental consultation with State and local officials. See 2 CFR part 415, subpart C.

Executive Order 12988

    This rule has been reviewed in accordance with Executive Order 12988 on civil justice reform. The provisions of this rule will not have a retroactive effect. The provisions of this rule will preempt State and local laws to the extent such State and local laws are inconsistent herewith. With respect to any direct action taken by FCIC or action by FCIC directing the insurance provider to take specific action under the terms of the crop insurance policy, the administrative appeal provisions published at 7 CFR part 11 must be exhausted before any action against FCIC for judicial review may be brought.

Environmental Evaluation

    This action is not expected to have a significant impact on the quality of the human environment, health, or safety. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

List of Subjects in 7 CFR Part 457

    Crop insurance, California avocado, Reporting and recordkeeping requirements.

Final Rule.

    Accordingly, as set forth in the preamble, the Federal Crop Insurance Corporation amends 7 CFR part 457 applicable for the 2020 and succeeding crop ***years*** as follows:

PART 457--COMMON CROP INSURANCE REGULATIONS

0 1. The authority citation for part 457 continues to read as follows:

    Authority: 7 U.S.C 1506(l), 1506(o).

0 2. Section 457.175 is added to read as follows:

Sec.  457.175   California avocado crop insurance provisions.

    The California avocado crop provisions for the 2020 and succeeding crop ***years*** are as follows:     FCIC policies:

United States Department of ***Agriculture***

Federal Crop Insurance Corporation

California Avocado Crop Provisions

1. Definitions     CDFA. The California Department of Food and ***Agriculture***.     Commercial sale. Any transaction in which avocados have been inspected under the rules of the CDFA and to which a marketing assessment ***payment*** applies under the Hass Avocado Promotion, Research, and Information Act of 2000.     Crop ***year***. The period of time that begins on December 1 immediately prior to the time the avocado trees normally bloom and that ends on October 31 of the ***calendar*** ***year*** following such bloom. Crop ***year*** is designated by the ***calendar*** ***year*** following the ***year*** in which the avocado trees normally bloom.     Direct marketing. The sale of the insured crop directly to consumers without the intervention of an intermediary such as a wholesaler, retailer, packer, processor, shipper, or buyer. Examples of direct marketing include selling through an on-farm or roadside stand, farmer's market, and permitting the general public to enter the fields for the purpose of picking all or a portion of the crop.     Harvest. Picking of marketable avocado fruit from the trees or from the ground when permitted as described in section 11(c).     Initially apply. Your application for crop insurance under these Crop Provisions for the first time and following each time you have cancelled the insurance or the insurance has terminated by action of the policy.     Interplanted. Acreage in which two or more crops are planted in any form of an alternating or mixed pattern.     Marketable. An avocado fruit that meets the standards published by the CDFA with respect to maturity, defects, size, and weight.     No. 2 avocado. An avocado fruit that is marketable but that is diverted into processing uses due to visual defects resulting from an insured cause of loss.     Pound. A unit of weight equal to sixteen ounces avoirdupois.     Rootstock. The root and stem portion of a tree to which a scion can be grafted.     Scion. Twig or portion of a twig of one plant that is grafted onto a rootstock.     Set out. Transplanting a tree into the orchard or grafting a scion onto rootstock.     Stumping. A practice whereby the lateral branches of an avocado tree are removed. A portion of the bole also may be removed. The resulting stump is approximately 4 feet or greater in height.     Type. A term used to designate different varieties of avocados, as more fully described in the Special Provisions. 2. Unit Division     (a) Unless limited by the Special Provisions, a basic unit as defined in section 1 of the Basic Provisions may be divided into optional units if, for each optional unit, you meet the following:     (1) All optional units you select for the crop ***year*** are identified on the acreage report for that crop ***year*** (Units will be determined when the acreage is reported but may be adjusted or combined to reflect the actual unit structure when adjusting a loss. No further unit division may be made after the acreage reporting date for any reason);     (2) You have records that are acceptable to us for at least the most recently completed crop ***year*** for all optional units that you will report in the current crop ***year*** (You may be required to produce the records for all optional units for the most recently completed crop ***year***);     (3) You have records of marketed or stored production from each optional unit maintained in such a manner that permits us to verify the production from each optional unit, or the production from each optional unit is kept separate until loss adjustment is completed by us.     (b) Each optional unit must meet one or more of the following conditions, unless otherwise specified in the Special Provisions:     (1) Be of a different type; or     (2) Consist of acreage located on non-contiguous land.     (c) Subsections (a) and (c) of section 34 of the Basic Provisions do not apply to these Crop Provisions. 3. Insurance Guarantees, Coverage Levels, and Prices for Determining Indemnities     In addition to the requirements of section 3 of the Basic Provisions:     (a) You may select only one coverage level for all the avocados in the county insured under this policy.     (b) You must report, on or before the production reporting date designated in section 3 of the Basic Provisions, by unit:     (1) Any damage, stumping (including the ***year*** or ***years*** that the stumping was performed), or removal of trees; change in orchard practices; or any other circumstance that may reduce the expected yield per acre to less than the approved yield and the number of affected acres and trees;

[[Page 61132]]

    (2) The number of trees on insurable and uninsurable acreage;     (3) The age of the trees;     (4) Any acreage excluded under section 6 of these Crop Provisions; and     (5) For acreage interplanted with another crop:     (i) The age of the interplanted crop, and type if applicable;     (ii) The planting pattern; and     (iii) Any other information we request to establish your approved yield per acre.     (c) We will reduce the approved yield whenever we determine any one or more of the factors specified in this section are likely to have a negative impact upon that average yield. If you fail to provide complete and accurate information required by this section, and pursuant to the definition of approved yield, we will reduce that yield as necessary at any time we become aware of any such omission.     (d) In the event the avocado trees are damaged to the extent that we determine the APH history you certified no longer is representative of the potential production of the unit, we will reduce your approved yield to a level consistent with that reduced potential. Such reduction will not occur for a crop ***year*** for which insurance already has attached if the damage is due to a cause of loss that is insurable for the avocado fruit.     (e) In lieu of that specific provision in section 3(f) of the Basic Provisions, you are required to report the production for the crop ***year*** that ended on the October 31 immediately preceding the cancellation date. For example, you must report your production for the 2008 crop ***year*** by the production reporting date for the 2010 crop ***year***. All other provisions of section 3(f) apply.     (f) When you initially apply for insurance:     (1) You must certify your production records for at least the most recently completed crop ***year***;     (2) If you do not certify your production records for any one or more of the three crop ***years*** immediately prior to the most recently completed crop ***year***, you will be assigned a percentage of the transitional yield included in the actuarial documents for that crop ***year***. The percentages will be those described in 7 CFR part 400 subpart G. All other provisions of 7 CFR part 400 subpart G apply. 4. Contract Changes     In accordance with section 4 of the Basic Provisions, the contract change date is the August 31 that precedes the cancellation date. 5. Cancellation and Termination Dates     In accordance with section 2 of the Basic Provisions, the cancellation and termination dates are the November 30 immediately prior to the first day of the crop ***year***. 6. Insured Crop     (a) In accordance with section 8 of the Basic Provisions, the crop insured will be all the avocados in the county grown on insurable acreage, and for which premium rates are provided:     (1) In which you have a share;     (2) That is grown for harvest as avocado fruit for commercial sale;     (3) That is a type identified in the actuarial documents;     (4) That is irrigated; and     (5) That is grown on trees that, if inspected, are considered acceptable to us.     (b) In addition to the provisions of section 8 of the Basic Provisions that identify an uninsurable crop, we do not insure any avocados produced on trees that have not reached the sixth growing season after set out unless the unit has produced an average of at least 2,000 pounds of avocados per acre in one of the most recent three crop ***years*** or as otherwise specified in the Special Provisions.     (c) Avocado trees that have been stumped are not insurable for three ***calendar*** ***years*** after the ***year*** stumping was performed. The ***calendar*** ***year*** stumping occurred will be considered to be the actual ***calendar*** ***year*** if performed between January 1 and June 30 of that ***year***. It will be considered to be the following ***calendar*** ***year*** if performed between July 1 and December 31. 7. Insurable Acreage     (a) In lieu of that part of section 9 of the Basic Provisions that prohibits insurance attaching to a crop planted with another crop, avocados interplanted with another perennial crop are insurable unless we inspect the acreage and determine it does not meet the requirements of insurability contained in these Crop Provisions.     (b) In addition to the acreage designated as not insurable in section 9 of the Basic Provisions, we will not insure avocados produced on any acreage infected with Phytophthora root rot unless you follow good orchard management practices as recommended by ***agricultural*** experts. 8. Insurance Period     (a) In accordance with the provisions of section 11 of the Basic Provisions:     (1) Coverage begins on December 1st of the crop ***year***.     (2) The ***calendar*** date for the end of the insurance period is the second October 31st of the crop ***year***.     (b) In addition to the provisions of section 11 of the Basic Provisions:     (1) If you acquire an insurable share in any insurable acreage on or before the acreage reporting date of any crop ***year***, and if we inspect and consider the acreage acceptable, insurance will be considered to have attached to such acreage on the ***calendar*** date for the beginning of the insurance period.     (2) If you relinquish your insurable interest on any acreage of avocados on or before the acreage reporting date of any crop ***year***, insurance will not be considered to have attached to such acreage for that crop ***year*** unless:     (i) A ***transfer*** of right to an indemnity or a similar form approved by us is completed by all affected parties;     (ii) We are notified by you or the transferee in writing of such ***transfer*** on or before the acreage reporting date; and     (iii) The transferee is eligible for crop insurance.     No premium will be due or indemnity paid unless a properly executed ***transfer*** of right to an indemnity has been filed with us. 9. Causes of Loss     (a) In accordance with section 12 of the Basic Provisions, insurance is provided against unavoidable loss of production due to the following causes of loss occurring within the insurance period:     (1) Adverse weather conditions;     (2) Fire, unless weeds and other forms of undergrowth have not been controlled or pruning debris has not been removed from the orchard;     (3) Insects and disease, but not damage due to insufficient or improper application of control measures;     (4) Wildlife;     (5) Earthquake;     (6) Volcanic eruption; or     (7) Failure of the irrigation water supply due to an insured cause of loss specified in sections 9(a)(1) through (6).     (b) In addition to the causes of loss excluded in section 12 of the Basic Provisions, we will not insure against damage or loss of production due to:     (1) Theft;     (2) Phytophthora root rot, if you do not maintain cultural practices to minimize the potential for damage due to this pathogen; or     (3) Inability to market the avocados for any reason other than actual physical damage from an insurable cause specified in this section. For example, we will not pay you an indemnity if you are unable to market any avocado fruit due to quarantine,

[[Page 61133]]

boycott, or refusal of any person to accept such fruit. 10. Duties in the Event of Damage or Loss     In addition to the requirements of section 14 of the Basic Provisions:     (a) You must notify us at least 15 days before any production from any unit will be sold by direct marketing. We will conduct an inspection and appraisal, if needed, that will be used to determine your production to count for such production. If damage occurs after this inspection, we will conduct one or more additional inspections as needed. These inspections, and any acceptable records provided by you, will be used to determine your production to count. Failure to give timely notice as required will result in production to count determined as described in section 11(c) if we are not able to determine the amount of such production;     (b) If you intend to claim an indemnity on any unit, you must notify us immediately so we may inspect the unit. You must not sell or otherwise dispose of any damaged production until we have given you written consent to do so, or 15 days, whichever is earlier. If you fail to meet the requirements of this subsection all such production will be considered undamaged and included as production to count;     (c) We will not perform any appraisals of potential production earlier than the July that follows the bloom for the crop ***year***; and     (d) You must notify us immediately if you intend to stump 10 percent or more of the trees on a unit after insurance has attached for the crop ***year***. 11. Settlement of Claim     (a) We will determine your loss separately for each unit you defined on your acreage report or that we find to exist in accordance with section 2 of these Crop Provisions. If you do not or cannot provide acceptable records of production for the crop ***year*** for:     (1) Any optional unit, we will combine all optional units for which such records were not provided; or     (2) Any basic unit, we will allocate commingled production to each basic unit in proportion to our liability on the harvested acreage for each unit.     (b) In the event of loss or damage covered by this policy, we will settle your claim by:     (1) Multiplying the insured acreage by the production guarantee;     (2) Subtracting from the result of section 11(b)(1) the total production to count (see section 11(c);     (3) Multiplying the result in section 11(b)(2) by the price election, by the price election factor, and by your share.     (c) The total production to count from all insurable acreage on the unit will include the value of all appraised and harvested production, as follows:     (1) Appraised production to be counted will include:     (i) Not less than the production guarantee per acre for acreage:     (A) That is abandoned;     (B) That is sold or otherwise disposed by direct marketing if you failed to provide the notice required by section 10 and we were not able to determine the amount of such production;     (C) That is damaged solely by uninsured causes; or     (D) For which you fail to provide production records that are acceptable to us;     (ii) Potential production lost due to uninsured causes;     (iii) Unharvested marketable production (the quantity of such production may be reduced as described in section 11(d));     (iv) Potential production on insured acreage you intend to put to another use or abandon, if you agree to our appraisal of such production. Upon such agreement, the insurance period for that acreage will end when you put the acreage to another use or abandon the crop. If agreement on the appraised production is not reached:     (A) If you do not elect to continue to care for the crop, we may give you consent to put the acreage to another use if you agree to leave intact, and provide sufficient care for, representative samples of the crop in locations acceptable to us. The production to count for such acreage will be based on the greater of the harvested production or our appraisal in accordance with Section 15(b) of the Basic Provisions from the samples at the time harvest should have occurred. If you do not leave the required samples intact, or fail to provide sufficient care for the samples, our appraisal made prior to giving you consent to put the acreage to another use will be used to determine the production to count; or     (B) If you elect to continue to care for the crop, the production to count for the acreage will be based on the greater of harvested production or our reappraisal in accordance with section 15(b) of the Basic Provisions if additional damage occurs and the crop is not harvested; and     (2) All marketable harvested production (the quantity of such production may be reduced as described in section 11(d)). Any production that is not marketable due to an insured cause of loss will not be included in the production to count.     (d) The quantity of appraised and harvested marketable production may be reduced if the production is considered to be a No. 2 avocado and the price of such marketable production is less than 75 percent of the maximum price election. The quantity of such production will be multiplied by an adjustment factor equal to the lesser of 1.00 or the price of the damaged avocados divided by the maximum price election. 12. Late and Prevented Planting     Sections 16 and 17 of the Basic Provisions do not apply to these Crop Provisions. 13. Written Agreements     Section 18 of the Basic Provisions does not apply to these Crop Provisions. 14. Example of Your Insurance Protection     You certify production records that support the yields per acre shown below:

------------------------------------------------------------------------                           ***Year***                              Yield/acre ------------------------------------------------------------------------ 1.......................................................           4,559 2.......................................................           2,978 3.......................................................          10,112 4.......................................................           2,014 5.......................................................           2,420 ------------------------------------------------------------------------

    AVERAGE (APPROVED) Yield = 4,417 lbs.     Assume you selected the 65 percent coverage level. The unit contains 10 acres. The production guarantee per acre is:

4,417 x 65% = 2,871 lbs. per acre

    The production guarantee for the unit is:

2,871 x 10 acres = 28,710 lbs.

    Assume further that the price election is $0.90 per lb. The liability (amount of insurance) for the unit is equal to:

28,710 lbs. x $0.90 = $25,839

    Assume the unit produced 15,000 lbs. Your share is 100 percent.     The indemnity is calculated as follows:

2,871 x 10 acres = 28,710 lbs. 28,710 lbs. -15,000 lbs. = 13,710 lbs. 13,710 lbs. x $0.90 x 1.000 = $12,339.

    Signed in Washington, DC, on December 19, 2017. Heather Manzano, Acting Manager, Federal Crop Insurance Corporation. [FR Doc. 2017-27895 Filed 12-26-17; 8:45 am]  BILLING CODE 3410-08-P

**Load-Date:** December 28, 2017

**End of Document**



[***-DSM reports 2017 results - CEO statement***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RNF-W9N1-JD3Y-Y3X6-00000-00&context=1516831)

ENP Newswire

February 16, 2018 Friday

Copyright 2018 Normans Media Limited All Rights Reserved



**Length:** 4565 words

**Body**

'We are delighted to report again an excellent ***year***, as we significantly exceeded our Strategy 2018 targets for EBITDA, ROCE and organic sales growth.

Our focus on driving above market growth while relentlessly pursuing efficiency initiatives and maintaining capital discipline continues to produce very good results in both Nutrition and Materials.

Our success comes from the ability to deliver sustainable, innovative solutions to meet our customers' demand and help them to address end-market needs. Furthermore, we have taken next steps in embedding the organizational agility and culture that we seek within our company. We are firmly on track with our cost-reduction and efficiency improvement ***programs***. In addition, we successfully divested our share in Patheon ahead of schedule, creating significant value. With all of these developments ahead of plan we brought forward our regular strategic review process for the period beyond 2018.

We remain relentlessly focused on improving our operational and financial performance through our growth initiatives and by completing the final stage of our improvement ***programs***. These actions should allow us to continue our above-market growth and further improve our financial returns and capital efficiency. We expect to deliver above our Strategy 2018 targets in 2018.'

Outlook 2018

DSM expects to deliver full-***year*** 2018 results above the targets set in Strategy 2018, with an Adjusted EBITDA growth somewhat up from high single-digit to double-digit and a ROCE growth above 100 basis points. The expected substantial negative foreign exchange effects, based on current rates, will be more than offset by a positive pricing environment in Nutrition, part of which is temporary in nature and expected to be heavily weighted towards the first half of the ***year***.

Q4 Highlights

DSM reports another strong quarter

Sales up 8% to EUR2,176m, with 12% organic growth, driven by volumes and prices

Adjusted EBITDA up 14% to EUR359m

Nutrition: 13% organic sales growth; Adjusted EBITDA up 12%

Materials: 5% volume growth; Adjusted EBITDA up 13% Strategy 2018: Driving Profitable Growth Stepping up DSM's financial performance

DSM's Strategy 2018: Driving Profitable Growth is focused on ensuring that the potential of the business portfolio that has been created over recent ***years*** is translated into improved financial results. Reflecting its disciplined focus on performance, DSM has implemented a three-***year*** strategic period with two headline financial targets: high single-digit percentage annual Adjusted EBITDA growth and high double-digit basis point annual ROCE growth.

DSM has defined clear actions to achieve its targets, including outpacing market growth, cost reduction and efficiency improvement ***programs*** and making a continuous push for consistent improvements in capital efficiency.

Outpaced market growth

DSM has outpaced market growth in 2016 and in 2017 delivering strong organic growth in both Nutrition and Materials, growing at rates around double the markets it operates in. DSM continued to leverage its innovation capabilities together with market insights and close customer relationships to accelerate growth for its solutions in its key segments and to develop and open new segments. DSM also took further steps on promising innovation projects for future growth with a wider societal impact, such as Clean Cow, Green Ocean (now called Veramaris), Stevia and Niaga. Sales to High Growth Economies increased in line with the higher sales in 2017. It remained stable at 44% of total sales, in line with our aspirations, providing a well-balanced geographical spread of our sales. Sales to China increased from 12% to 13% of total sales.

Cost-reduction and improvement ***programs***

DSM has instigated extensive cost-reduction and improvement ***programs*** which were targeted to deliver EUR250-300 million versus the 2014 baseline. In 2017, all of these well-identified ***programs*** progressed as planned and the ***programs*** are on track to deliver the targeted benefits. DSM achieved run-rate cumulative cost savings of about EUR195 million at the end of 2017. We expect to achieve run-rate cumulative savings of between EUR270 million and EUR280 million for the total ***program*** at the end of 2018. The 2017 one-time costs related to the improvement ***programs*** amount to EUR60 million with roughly EUR30 million to go in 2018 to complete the ***program***. In support of our targets, we adjusted our global organizational and operating model to create a more agile, commercially focused and cost-efficient company.

Additional actions underpinning Strategy 2018

Besides stepping up the financial performance of DSM's businesses, Strategy 2018 comprises additional elements aimed at future-proofing the company, providing a sustainable basis for long-term value creation for all its stakeholders.

For DSM, sustainability is a core value as well as a key business driver. Our growth platforms are addressing important societal trends and have in particular strong alignment with 5 of the 17 United Nations Sustainable Development Goals (SDG's also referred to as global goals), which together in fact set out the strategy for the world. In doing so, DSM focuses on delivering science-based, sustainable and scalable solutions that not only help address challenges the world faces but also positively impact the value chain. These 'Brighter Living Solutions' offer higher growth rates and better margins.

DSM continued to make good progress toward its sustainability aspirations in 2017: The 'Brighter Living Solutions' amounted to 62% of sales, on track towards our ambitious aspirations.

DSM's drive to improve its environmental efficiency is on track, with further improvements in both greenhouse-gas efficiency (26% versus 2008) and energy efficiency (3% versus 2015) in 2017.

The company now sources about a fifth of its purchased electricity from renewable sources and is on track to reach its goal of 50% by 2025.

Employee engagement jumped from 71% to 75% according to the Employee Engagement Index, which indicates how our employees feel in terms of commitment, pride, advocacy, and satisfaction.

The Frequency Index of all DSM Recordable Injuries increased from 0.33 to 0.36, due to a relative increase in the number of incidents in the first months of 2017. This increase and a fatal incident in the latter part of the ***year*** stresses the paramount importance of continued safety ***programs*** as we aspire to be an incident-free company.

Many of the above-mentioned achievements are being recognized externally as well, resulting in leading positions in, amongst others, CDP, Dow Jones Sustainability Index (DJSI) and Sustainalytics.

DSM has adjusted its global organization and operating model to support the company's growth and to create a more agile, commercially-focused and cost-efficient business. Actions such as the implementation of new more globally leveraged target operating models in ICT, Finance, HR, Indirect Sourcing, Communication and Legal are all completed. The emphasis at this stage is above all on ensuring that cost savings, as well as the new way of working are anchored in the organization and in supporting mindset and behaviors.

Talent management and development is a further strategic cornerstone. DSM continued to invest in its talent pipeline to ensure it can sustainably address future challenges and demands. It also finalized the roll-out of a new learning and development ***program*** called Lead & Grow for all executives.

Inclusion & Diversity is an important enabler for a high-performing organization and DSM continues to strive to achieve a balanced and representative workforce. Today, more nationalities are represented across DSM and there is a better gender balance across different levels of our organization, including more women in executive positions (from 15% in 2016 to 17% in 2017). The composition of our Supervisory Board also reflects our desire to be more gender balanced, international, inclusive and diverse.

DSM monetized the partnership established for its former pharma activities with the sale of its remaining stake in Patheon to Thermo Fisher Scientific Inc., realizing over recent ***years*** total proceeds of approximately EUR2 billion, of which EUR1.5 billion in 2017 with a gain on disposal of EUR1,250 million.

DSM strengthened its portfolio through smaller acquisitions. Key highlights include: Twilmij: acquisition of a Dutch feed premix company

UP4 brand: acquisition in probiotics for consumer health

Inner Mongolia Rainbow Biotechnology: acquisition of a majority stake in hydrocolloid for human nutrition

BioCare: acquisition in probiotics for consumer health

Amyris: acquisition of Amyris' production facility in Brazil for bio-based farnesene Furthermore, DSM made an equity investment in Amyris and entered into a development arrangement for bio-based nutritional ingredients

Sunshine: acquisition of a solar photovoltaic (PV) backsheet technology

DSM is building for further sales and adjusted EBITDA growth beyond 2018 through Innovation. DSM made good progress. Innovation Sales were 21% against our ambitious aspiration of 20% and DSM further focused its innovation ***program*** on a smaller number of bigger projects providing interesting opportunities from 2019/2020 and onwards. Examples include:

The Clean Cow project; feed additives for reduced methane emissions in cattle

The Green Ocean partnership with Evonik (now called Veramaris) for algae-based omega-3 for sustainable aquaculture

The fermentative stevia sweetener platform

Plant-based proteins for human nutrition

Sustainable biological solutions for crop protection in ***agriculture***

Niaga Technology for fully-recyclable carpets

ForTii high-performance plastics

Dyneema carbon composites

Furthermore, DSM strengthened its innovation infrastructure through the establishment of two state-of-the-art R&D centers, one in Biotechnology and one in Materials Sciences.

Review by Cluster

Nutrition

Nutrition is outperforming its aspirations as outlined in Strategy 2018. The business continued its strong momentum, delivering clearly above market growth with an increasingly higher-value portfolio of feed and food solutions. The nutrition improvement ***programs***, covering cost reductions, operational and sales excellence, continued to underpin ongoing progress.

Full ***year*** 2017 sales increased by 8% organically when compared to 2016, led by volumes up 7% and prices up 1%. The successful implementation of the growth initiatives continued to drive organic growth, both in Animal Nutrition and Human Nutrition, clearly outpacing market growth.

Full ***year*** 2017 Adjusted EBITDA was EUR1,053 million, up 13% driven by organic sales growth in combination with the impact of the cost savings and efficiency improvement ***programs***. This increase in Adjusted EBITDA equals the very strong 2016, when Adjusted EBITDA also grew by 13%. The Adjusted EBITDA margin of 18.9% further improved in 2017 compared with 18.0% in 2016.

Q4 2017 sales were 8% up on prior ***year*** with 13% organic growth partly offset by a 6% negative currency effect. The 9% higher volumes were driven by good growth in all businesses with an exceptionally strong performance in Animal Nutrition. The 4% price increase was largely the result of higher premix and vitamin prices.

Q4 2017 Adjusted EBITDA was up 12% compared to Q4 2016, driven by a combination of strong organic sales growth and the impact of improvement ***programs***. This increase was achieved despite a negative development in currencies. The Adjusted EBITDA margin was 18.7%, a solid increase versus 18.0% in Q4 2016.

Animal Nutrition & Health

Full ***year*** 2017 sales were exceptionally strong, with 11% organic growth, driven by 9% volume growth, albeit against an easy comparative base. The business continued to benefit from its strategy to address a wide range of species, as well as from its diversified geographical presence, covering all the major growth areas in the world, and its strong forward-integrated premix position. Markets in animal feed were favorable and supportive in 2017, except for Latin America, where weak economic conditions impacted domestic demand. Prices were 2% above 2016, owing to higher premix and vitamin prices.

Q4 2017 organic growth was exceptionally high at 18%. The reported 12% volume growth against an undemanding comparison base, resulted from a combination of very strong sales in Brazil, strong premix sales in all regions reflecting continued strong global demand, and higher vitamin sales. The high demand for the export beef markets in Brazil continued in Q4 2017. This was accentuated by additional sales in anticipation of an ERP system change in January 2018 at Tortuga. The supply shortages in vitamin E and vitamin A from outages at some large European producers have resulted in some additional deliveries to our existing -contracted- premix customers as well as emergency spot businesses with other accounts.

The reported 6% price effect resulted largely from a mix effect driven by the exceptionally strong premix and Tortuga sales. Towards the end of the quarter, DSM also benefitted from somewhat higher vitamin A and E prices for emergency spot business.

Human Nutrition & Health

Full ***year*** 2017 sales were up 6%, led by 7% organic growth. After a significant step-up in organic growth in 2016, the business maintained its positive momentum with 6% volume growth and a slightly positive price development, despite ongoing softness in some of its end-market segments. The growth initiatives we embarked on under Strategy 2018 resulted in this above market growth.

Food & beverage markets are being successfully addressed through tailored premixes and the business moving closer to regional and local customers. Growth in dietary supplements is driven by sales excellence ***programs***, the introduction of new multi-vitamins and omega-3 solutions and continued double-digit growth in i-Health which benefitted from the recent expansion into China. Overall, the business has moved closer to the consumer, with more than 40% of revenues coming from custom nutrient premixes, retail-ready solutions, and the i-Health consumer products. Early life nutrition remained a solid performer despite the volatility in China due to new regulations.

Overall, prices were stable, with higher prices for advanced formulations and premixes compensating for somewhat lower contractual prices in early life nutrition.

Q4 2017, showed strong organic growth driven by volumes (+5%) and price/mix (+4%). Volume growth continued to be good in all segments. The positive price effect resulted from a combination of a favorable mix of strong performance in premixes, early life nutrition and i-Health, and some benefits from higher prices for premix and advanced formulations. Vitamin C prices were positively impacted by supply restrictions due to the enforcement of environmental regulations in China, an event which in part could prove to be temporary.

Food Specialties

FY 2017 sales were up 1% versus 2016 with an organic growth of 3%, driven by a solid performance in hydrocolloids, savory ingredients, bio-preservation, food & crop protection, cultures and enzymes. The latter was hampered by some capacity constraints and therefore not able to fully benefit from strong demand. Initiatives to expand capacity and optimize supply are underway. Savory Ingredients had a strong ***year*** driven by strong demand for its portfolio of yeast extracts, process flavors, and taste modulators to provide an enjoyable taste experience in low-sugar, low-salt, and low-fat applications.

In 2018 DSM will re-evaluate its control assumption over Yantai Andre Pectin which could result in de-consolidation of the entity. The re-evaluation is triggered by recent developments around the refusal of the other shareholders to ***transfer*** their shares to DSM, despite an earlier agreement. In 2017 the consolidated sales were EUR47 million and Adjusted EBITDA was EUR17 million.

Personal Care & Aroma Ingredients

FY 2017 sales were up 5% versus 2016 with an organic growth of 6%, driven by good performance in all product lines (sun-, skin- and hair care, and aroma ingredients) supported by accelerated innovation and stronger customer relationships. Aroma ingredients had a very strong Q4 sales due to competitor supply outages.

Materials

Materials delivered another ***year*** of strong financial performance, continuing its excellent progress since the start of Strategy 2018. The 'silent transformation' of the materials portfolio through a differentiated approach focusing on specialty products, provides a clear framework to outpace market growth and supported the cluster's performance again in 2017. Growth continued to be driven by demand for more sustainable, innovative lightweight, environmentally friendlier, safer, and high-performing solutions.

Full ***year*** 2017 sales were up 12% versus the same period last ***year***. Strong growth in specialties was the main driver behind the 13% organic growth, of which 7% was volume growth. The 6% price effect reflected increased input costs. All three businesses in Materials delivered a double-digit percentage organic growth.

DSM Engineering Plastics continued to successfully shift its portfolio toward higher-value, sustainable, specialty materials aimed at electrics & electronics and automotive applications, markets within which DSM has a strong position. DSM made good progress with its aim to further reduce its exposure to the polyamide-6 extrusion markets, by optimizing its US manufacturing footprint and by focusing on its captive specialty compounds and higher-end applications such as food packaging.

DSM Resins & Functional Materials continued to benefit from strong demand for non-solvent based coating solutions. Strong growth in powder and waterborne coating resins was driven by healthy demand in the global building and construction markets, as well as Chinese demand for environmentally-friendly waterborne coatings for maritime container coatings. The IP-protected functional materials once again delivered strong growth especially driven by the healthy demand for fiber-optic materials for 4G infrastructures.

DSM Dyneema delivered strong growth in personal protection and commercial marine markets in which Dyneema is well recognized for its innovative, unique, and patent-protected technologies.

Full ***year*** 2017 Adjusted EBITDA increased by 12% versus 2016, driven by higher volumes. The Adjusted EBITDA margin was stable at 17.3% as pricing and group-wide cost savings and efficiency improvement ***programs*** offset higher input costs and negative foreign currency effects. This robust financial performance demonstrates the improvements achieved in the quality of returns in Materials over recent ***years***.

Q4 2017 sales were up 12% organically with 5% higher volumes and 7% higher prices, reflecting the increase in input costs. All three businesses delivered double-digit percentage organic growth in Q4 2017.

The powder coating resins plant in Augusta (US) remained closed in Q4 because of the tragic accident at the end of September 2017. Nevertheless, owing to its global manufacturing footprint, DSM's US customers continued to be supplied. DSM expects the Augusta plant to start up again at the end of Q1 2018.

Q4 2017 Adjusted EBITDA was up 13% compared to Q4 2016, driven by good volume growth and efficiency improvements and despite weaker currencies as well as higher input costs during the quarter, causing some margin pressure in our resins business. The Adjusted EBITDA margin was 17.2%, versus 16.4% in Q4 2016, as the effects of negative currency effects and higher raw materials costs, were offset by higher prices and cost savings.

Innovation Center

The Innovation Center made good progress over the ***year*** delivering on its Strategy 2018 goals to extract value from the Emerging Business Areas, the acceleration of large innovation projects, while simultaneously supporting the Nutrition and Materials business with their growth initiatives.

Full ***year*** 2017 sales in the main Emerging Business Area DSM Biomedical showed a strong underlying growth, largely offsetting the gradual discontinuation of a large contract during the ***year***. DSM Advanced Solar delivered good growth in antireflective coatings and through the new backsheet activities for solar panels which were added in 2017 through the Sunshine acquisition.

The full ***year*** 2017 Adjusted EBITDA increase was largely driven by one-time positive effects from restructurings in DSM Advanced Solar which had a positive EBITDA effect due to releases of acquisition related liabilities, whereas the redundancy of certain assets related to these restructurings led to an impairment loss impacting the EBIT negatively.

Corporate Activities

Full ***year*** 2017 Adjusted EBITDA stayed in line with last ***year*** mainly as a result of the contribution of the cost savings ***programs*** being offset by the impact of the Augusta incident on DSM's captive insurance company.

Joint Ventures and Associates

Financial overview of DSM's key joint ventures and associates

DSM Sinochem Pharmaceuticals (50% DSM) - continued to deliver strong growth over the ***year*** as its sustainability-driven antibiotics platforms are increasingly valued by the market. Sales growth was partly offset by negative foreign currency effects. Q4 was a strong quarter.

ChemicaInvest (35% DSM) - showed a very good financial recovery driven by favorable conditions in the caprolactam market combined with an improved cost structure and lean operational management. Lower sales in Q4 2017 compared to Q4 2016 were due to the closure of the caprolactam plant in the US.

Net result contribution of joint ventures / associates

The following APM adjustments were included in the full ***year*** 2017 result of joint ventures and associates:

On 29 August 2017, the shares in Patheon N.V. were sold to Thermo Fisher Scientific Inc. resulting in a book profit of EUR1,250 million.

Over the ***year***, DSM made other various APM adjustments of EUR92 million, mostly related to impairments of assets of associates, including POET-DSM for EUR65 million.

Cash Flow, Capital Expenditures and Financing

Cash flow from operating activities amounted to EUR996 million for the ***year*** 2017, which was slightly below the comparative period in 2016. Cash-wise, the OWC increased by EUR195 million reflecting strong organic growth. This negatively impacted the cashflow. In absolute terms OWC was stable in 2017 as the increase of OWC related to organic growth (9%) was largely compensated by the weakening of mainly USD and CHF. The OWC percentage improved from 23.9% end of 2016 to 22.3% end of ***year*** 2017.

Total Working Capital amounted to EUR1,499 million at the end of 2017 compared to EUR1,481 million at the end of 2016. Working capital as a percentage of sales amounted to 17.2%, being an improvement of 1.2% compared to ***year***-end 2016 and well below our aspiration of lower than 20%.

Net debt was EUR742 million compared to EUR2,070 million end of 2016. The decrease of EUR1,328 million was mainly due to the proceeds from the sale of Patheon shares in total of EUR1,535 million.

The reported effective tax rate was 16.8% over Adjusted taxable result 2017 (2016: 18.3%). This decrease was mainly caused by a one-time benefit from the US tax reform. As from 2018, this tax reform, being a combination of a decreased US federal tax rate from 35% to 21% and a broadening of the tax base, will have a net positive effect of approximately 1%. Overall however, the Group effective tax rate is expected to remain within the 18-20% range.

Proposed dividend

DSM's dividend policy is to provide a stable and preferably rising dividend. Reflecting its confidence in the financial performance of the company, DSM proposes to increase the dividend from EUR1.75 to EUR1.85 per ordinary share for 2017. This will be proposed to the Annual General Meeting of Shareholders to be held on 9 May 2018. An interim dividend of EUR0.58 per ordinary share having been paid in August 2017, the final dividend ***payment*** would then amount to EUR1.27 per ordinary share.

The dividend will be payable in cash or in the form of ordinary shares at the option of the shareholder, with a maximum of 40% of the dividend amount available for stock dividend. If more than 40% of the dividend is requested by the shareholders to be paid in shares, those shareholders who have chosen to receive their dividend in shares will receive their stock dividend on a pro-rata basis, the remainder being paid out in cash. Dividend in cash will be paid after deduction of 15% Dutch withholding tax. The ex-dividend date is 11 May 2018.

Overview of Alternative Performance Measures (APM) adjustments to EBIT(DA)

In presenting and discussing DSM's financial position, operating results and cash flows, management uses certain alternative performance measures not defined by IFRS. These alternative performance measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. Alternative performance measures do not have standardized meaning under IFRS and therefore, may not be comparable to similar measures presented by other companies. For DSM, the most important APM is the application of APM adjustments to the IFRS measures to provide clear reporting on the underlying business developments.

APM adjustments full ***year*** 2017

Nutrition: EBITDA adjustments amounted to -EUR31 million of which -EUR19 million relating to the profit improvement ***programs***, -EUR9 million site-closure costs and -EUR3 million acquisition related costs. EBIT adjustments amounted to -EUR42 million including -EUR11 million asset impairment.

Materials: EBITDA adjustments amounted to -EUR2 million of which -EUR3 million relating to site closure costs and +EUR1 million relating to the release of a litigation provision. EBIT adjustments amounted to +EUR7 million including +EUR9 million reversal of an asset impairment.

Innovation Center: EBITDA adjustments amounted to zero as +EUR1 million relating to the release of a restructuring provision was offset by -EUR1 million acquisition costs. EBIT adjustments amounted to -EUR11 million including -EUR11 million asset impairment.

Corporate Activities: EBITDA adjustments amounted to -EUR64 million of which -EUR42 million related to restructuring ***programs***, -EUR15 million relating to a provision for demolition costs and -EUR7 million related to the spin-off of some research activities. EBIT adjustments amounted to -EUR65 million including -EUR1 million asset impairment.

APM adjustments Q4 2017:

Nutrition: EBITDA adjustments amounted to -EUR17 million of which -EUR5 million relating to the profit improvement ***programs***, -EUR3 million acquisition related costs and -EUR9 million site closure costs. EBIT adjustments amounted to -EUR24 million including -EUR7 million asset impairment.

Materials: EBITDA adjustments amounted to -EUR3 million relating to site closure costs. EBIT adjustments amounted to +EUR6 million including +EUR9 million reversal of an asset impairment.

Corporate Activities: EBITDA adjustments amounted to -EUR23 million (EBIT -EUR23 million) of which -EUR15 million relating to a provision for demolition costs and -EUR8 million related to restructuring ***programs***.

Contact:

Lieke de Jong-Tops

Tel: +31 6 2219 5861

Email: [*lieke.jong-tops-de@dsm.com*](mailto:lieke.jong-tops-de@dsm.com)

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** February 16, 2018

**End of Document**



[***-Europa-EU Budget: the Common Agricultural Policy beyond 2020***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SGG-JJT1-F0K1-N0YJ-00000-00&context=1516831)

ENP Newswire

June 4, 2018 Monday

Copyright 2018 Normans Media Limited All Rights Reserved



**Length:** 4860 words

**Body**

The European Commission today published proposals for regulations modernising and simplifying the Common ***Agricultural*** Policy (CAP).

These proposals are for a regulation on the CAP Strategic Plans (a proposed new way of working covering direct ***payments*** to farmers, rural development support and sectoral support ***programmes***), a regulation on the Single Common Market Organisation (CMO) and a horizontal regulation on financing, managing and monitoring the CAP. These proposals give shape to the ideas for the future of the CAP, as outlined in the Communication on the Future of Food and Farming, presented by the Commission in November 2017.

Why reform the Common ***Agricultural*** Policy?

Since 1962, the Common ***Agricultural*** Policy (CAP) has successfully fulfilled its original objective of providing income support to farmers in order to guarantee the supply of good quality, safe and affordable food for European citizens. The adaptability of the CAP over this time has ensured its continued relevance. The world is moving fast and so are the challenges facing not only farmers but our society as a whole. Climate change, price volatility, political and economic uncertainty, rural depopulation and the growing importance of global trade: farmers are constantly adapting to changing circumstances and legislators must ensure that they are provided with adequate support based on clear and simplified in the medium and long term.

The CAP is leading a transition towards a more sustainable ***agriculture***. It needs to foster the sector's resilience and support farmers' income and viability. It needs to ensure that ***agriculture*** plays its full role in relation to the environment and climate challenge and it needs to fully accommodate digital innovations that make the jobs of farmers easier, reduce red tape and support generational renewal. With over 50% of EU population living in rural areas, efforts are needed to keep them attractive and vital as living spaces in terms of growth and jobs, but also infrastructure, mobility and basic services. By contributing to economic dynamics in rural areas and its socio-cultural life, EU ***agricultural*** plays an important role as does the new CAP by aiming at keeping sustainable farming in place throughout Europe and investing in the development of rural areas and communities.

Today's legislative proposals introduce a simplified and modernised policy better fit to meet these challenges and objectives.

What budget is available for the CAP 2021-2027?

The Commission proposal for the multiannual financial framework (MFF) 2021-2027 includes EUR365 billion for the CAP (in current prices). This corresponds to an average share of 28.5% of the overall EU budget for the period 2021-2027. Out of this amount for the CAP, EUR265.2 billion is for direct ***payments***, EUR20 billion for market support measures (EAGF) and EUR78.8 billion is for rural development (EAFRD).

An additional EUR10 billion will be available through the EU's Horizon Europe research ***programme*** to support specific research and innovation in food, ***agriculture***, rural development and the bio-economy.

What are the objectives of the future CAP 2021-2027?

The future CAP will focus on nine general objectives reflecting the economic, environmental and social importance of the policy:

Support viable farm income and resilience across the EU territory to enhance food security;

Enhance market orientation and increase competitiveness including greater focus on research, technology and digitalisation;

Improve farmers' position in the value chain;

Contribute to climate change mitigation and adaptation, as well as sustainable energy;

Foster sustainable development and efficient management of natural resources such as water, soil and air;

Contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes;

Attract young farmers and facilitate business development in rural areas;

Promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry;

Improve the response of EU ***agriculture*** to societal demands on food and health, including safe, nutritious and sustainable food, as well as animal welfare.

Fostering knowledge, innovation and digitalisation in ***agriculture*** and rural areas is a cross-cutting objective.

How do you expect to achieve these objectives?

The future CAP will deliver more benefits for our citizens while significantly simplifying and modernising the way the policy works, both for farmers and for Member States. Rather than rules and compliance, the focus will shift to results and performance. Moving from a one-size-fits-all to a tailor-made approach means the policy will be closer to those who implement it on the ground. This approach will give far greater freedom to Member States to decide how best to meet the common objectives at the same time as responding to the specific needs of their farmers, rural communities and society at large.

At EU level, the focus will be on:

Setting common objectives;

Listing necessary interventions and a common 'toolkit' of measures that can be used by Member States to achieve the common objectives;

Preserving the single market and a level playing field for all farmers across the Union;

Ensuring safeguards to guarantee that the policy does what it sets out to do, and;

Providing a set of indicators to assess progress.

Member States will be able to tailor the tools to their own specific needs, setting out how they plan to do so in a comprehensive CAP Strategic Plan.

These CAP Strategic Plans will set out how each country proposes to meet the overall CAP objectives, mindful of its own specific needs. They will define a strategy and explain how actions under both pillars will contribute to reaching these objectives. The plans will also set the targets for reaching the objectives; progress towards achieving these targets will be assessed at Member State level and verified by the European Commission in a new annual monitoring and review exercise.

Each CAP Strategic Plan will need prior approval from the European Commission to ensure that it remains consistent with the EU-wide objectives, maintains the common nature of the policy and does not distort the single market or lead to excessive burdens on beneficiaries or administrations.

How will you assess the results?

A common set of result indicators will be agreed at EU level to ensure a level playing field for farmers in every Member States.

Each ***year***, countries will submit a performance report to the Commission to show the progress they have made, based on these specific result indicators. The Commission will review the reports and consider recommendations for improving performance if necessary.

A new system of possible sanctions and rewards will also be introduced to ensure that progress is made. For example, Member States that meet their climate, environment and biodiversity targets will be eligible for a reward of up to 5% of their rural development allocation at the end of the MFF period. At the same time, when the annual performance report indicates that sufficient progress is not being made, the Commission will be able to intervene to ensure that funding is better focused on results. This could involve, for example, imposing a specific action plan to get the national ***programme*** back on track, suspension of ***payments*** and/or re-***programming***, depending on the nature of the underperformance.

How does this make it simpler for farmers and national administrations? And how does it modernise the CAP?

Farmers know better than anyone what support they need to improve their performance. With the new CAP Strategic Plans, Member States can work with farmers to determine what needs to be done at national or regional level to meet the agreed EU objectives, with greater flexibility to choose the most appropriate measures to achieve results. The list of broad measures agreed at EU level will also be streamlined - for example, the new CAP defines eight broad areas for action within rural development (environment climate; young farmers; risk management tools; knowledge information, etc.) rather than the current 69 measures and sub-measures. Allowing Member States to be more accountable as to how they can best meet the overall goals, rather than an overly prescriptive one-size-fits-all approach will be both simpler and more effective.

The Commission will also focus on ensuring that governance systems in each Member State work effectively, in turn allowing them to decide whether proposals are eligible for EU support rather than checking the eligibility conditions of each individual project beneficiary as is currently the case.

The new CAP will encourage the take-up of new technologies, both by farmers and by national administrations, to help simplify their work. For example, a new monitoring system will be developed based on systematic, ***year***-round remote observation of ***agricultural*** activities. This will, wherever possible, replace traditional control methods such as on-the-spot checks, significantly reducing the control burden. Further use of other digital tools such as the so-called geo-spatial application (GSA), which uses satellite technology to enable farmers to make accurate claims about their land and thus reduce the level of errors in declarations and avoid penalties, will also be encouraged. Farmers' applications for direct support will come pre-filled by Member State administrations with as much up-to-date and reliable information as possible, using existing tools such as the Land Parcel Identification System, saving considerable time for farmers.

Under the new CAP, Member States will be required to make available to farmers a system of farm advisory services (FAS), which will cover a wide range of issues detailed in the Regulation itself. These include, among others: advice on all the requirements and conditions at farm level that stem from each country's CAP Strategic Plan; how to ensure compliance with environmental legislation on water, pesticides, clean air, etc.; risk management; and access to innovation and technology. These advisory services will be fully embedded in the wider Member States' ***Agricultural*** Knowledge and Innovation Systems (AKIS), which include also researchers, farmer organisations and other relevant stakeholders.

Will farmers be treated equally across the EU?

The new framework of the CAP provides for further convergence of direct ***payment*** levels among Member States by closing 50% of the gap between EU aid levels per hectare and 90% of the EU average. This contributes to the Commission's commitment to ensure a fairer distribution of direct ***payments***.

How can you ensure a fairer distribution of ***payments*** to farmers and to smaller and medium-sized farms?

Direct ***payments*** will remain an essential part of the policy, as farmers' income needs to be supported to foster a smart and resilient ***agricultural*** sector.

The Commission is proposing a reduction of ***payments*** as of EUR60,000 and compulsory capping for ***payments*** above EUR100,000 per farm. Labour costs will be taken fully into account. This is designed to ensure a fairer distribution of ***payments***.

The amounts freed up will be redistributed within each Member State either through a redistributive direct ***payment*** or rural development, primarily to ensure that a higher share of each country's direct ***payment*** allocation goes to small and medium-sized farms. Member States will also be able to offer to small farmers a round sum per ***year***, a far simpler administrative procedure for recipients who would not have to fill in annual claims to receive their ***payments***. It will be up to each individual member state to define how to classify small farmers, as each country's ***agricultural*** sector is different.

Each country will also have to apply more stringent definitions to ensure only genuine farmers receive support. As with small farms, the precise definition will be left up to each Member State to decide (subject to Commission approval in the CAP Strategic Plan), based on a number of factors such as income tests, labour inputs on the farm, the object clause of businesses and/or their inclusion in business registers. The definition must ensure that no support can be granted to those whose ***agricultural*** activity forms only an insignificant part of their overall economic activities or those whose principal business activity is not ***agricultural***. The regulation also stipulates that the definition agreed in each Member State must not exclude by definition pluri-active farmers (i.e. those who are actively farming but who are also engaged in non-***agricultural*** activities outside their farm).

How will young farmers benefit from the future CAP?

Attracting young people into the sector and helping them establish themselves as viable businesses is one of the main priorities of the CAP post-2020. Young farmers will benefit from a number of measures, some mandatory, others voluntary:

Member States will have to reserve at least 2% of their national allocation for direct ***payments*** specifically to support young farmers setting up in the profession, either in the form of a top-up ***payment*** in addition to their basic income support or through installation grants; countries are free to set aside a larger sum to encourage young farmers if they identify a specific need to do so.

The maximum amount of aid for the installation of young farmers and rural business start-ups will be increased to EUR100,000.

Each country's CAP Strategic Plan will have to present a specific strategy for attracting and supporting young farmers, including how national and EU support can be used more consistently and effectively.

Rural development funding can be used to support schemes aimed at improving access to land and land ***transfer***, traditionally a major barrier to young farmers joining the profession. These schemes could include: farm partnerships between generations of farmers; farm succession or transition planning services; brokerage for land acquisition; innovative national or regional organisations engaged in promoting and facilitating matching services between young and old farmers, etc.

Young farmers will continue to benefit from investment support and knowledge ***transfer***/training supported by rural development funds.

Member States will be allowed to establish financial instruments supporting working capital for young farmers, who often face significant difficulties raising finance given the high investments and low returns of a farm at the start-up phase. The Commission will also enhance cooperation with the European Investment Bank, especially via the fi-compass platform, to learn from experiences and best practices on specific schemes for young farmers.

How will the new CAP support environmental and climate action?

Three out of the nine specific objectives in the future CAP will concern the environment and climate - covering the issues of climate change, natural resources, biodiversity, habitats and landscapes.

In their CAP Strategic Plans, Member States will have to spell out how they intend to meet these objectives, ensuring their farmers meet all their requirements with regard to the environment and climate. They will also detail how they will use funding from both CAP pillars to support their strategy. Targets will be set and assessed each ***year*** to gauge progress.

Ensuring a high level of ambition with regard to climate, environment and biodiversity will be achieved in a variety of ways:

A new system of 'conditionality' will link all farmers' income support (and other area- and animal-based ***payments***) to the application of environment- and climate-friendly farming practices. Making support conditional on enhanced standards is an improvement on the existing rules in the current CAP.

A new system of so-called 'eco-schemes', funded from national direct ***payment*** allocations, will be mandatory for Member States, although farmers will not be obliged to join them. These eco-schemes will have to address the CAP environment and climate objectives in ways that complement the other relevant tools available and go beyond what is already requested under the conditionality requirements. However, it will be up to each Member State to design them as they see fit. One example could be an eco-scheme to fund zero use of fertilisers in order to improve water quality. The ***payments*** involved could be offered either as 'top-ups' to farmers' direct ***payments***, or as stand-alone schemes whose ***payment*** values are based on the extra costs and income losses involved for farmers.

Member States will be required to dedicate at least 30% of their rural development budget to environment and climate measures. Rural development funding will be used to support climate and environment-friendly actions, in particular so-called 'agri-environment-climate commitments' which will again be mandatory for Member States to offer but voluntary for farmers. Rural development budgets can also be used to fund a range of other actions such as knowledge ***transfer***, eco-friendly investments, innovation and co-operation. Such support could concern farmers, forest managers and other interested parties in rural areas.

Funding for environment-related measures in areas of natural constraints (ANCs) such as mountainous or coastal regions, will now be in addition to the 30% of rural development

In line with the Union's commitment to implement the Paris Agreement and the United Nations Sustainable Development Goals, actions under the CAP are expected to contribute 40 per cent of the overall CAP budget to climate action.

What is the role of research, innovation and new technologies in the future CAP?

The future CAP will encourage increased investment in knowledge and innovation, and enable farmers and rural communities to benefit from it. The main instrument supporting innovation under the new CAP will continue to be the European Innovation Partnership (EIP-AGRI), notably via the support of bottom-up innovation projects carried out by operational groups. The EIP-AGRI innovation approach focuses on knowledge exchange, in which all actors are interactively involved in the process.

An additional EUR10 billion funding will be available through the EU's Horizon Europe research ***programme*** to support specific research and innovation in food, ***agriculture***, rural development and the bio-economy. Horizon Europe will have a pivotal role in co-creating the knowledge needed to modernise the ***agricultural*** sector. The synergies established between Horizon Europe (with transnational projects) and the CAP (with projects at regional / local level and the CAP networks) will help build the ***agricultural*** knowledge and innovation system which aims to accelerate the uptake of innovative practices among all actors in rural areas.

What is a Common Market Organisation (CMO)? Why are only certain sectors covered by these?

A Common Market Organisation (CMO) refers to the set of rules used to organise the single market for ***agricultural*** products. These rules cover a wide range of aspects: the market safety net (public intervention and private storage aid), exceptional measures in case of market disturbance, marketing standards, the school scheme offering milk and fruit vegetables to school children, trade provisions and a number of operational ***programmes*** for a series of sectors: fruit and vegetables, apiculture, wine, hops, and olives.

Most of the CMO Regulation will remain unchanged in the future CAP, with a few exceptions. One major change is that the above-mentioned operational ***programmes*** will have to be integrated in each country's CAP Strategic Plan and Member States will have the possibility (if they considerate necessary) to design operational ***programmes*** (otherwise called sectoral interventions) for other sectors. These can be all ***agricultural*** sectors - everything from cereals and meat to seeds and live plants and trees - but excluding ethyl alcohol and tobacco. Member States can set aside up to 3% of their pillar 1 budget for these sectoral interventions. These schemes will support producers who come together through producer organisations to take common actions in favour of the environment or fostering a better position in the food chain.

Is there specific support for certain sectors?

Certain specific product sectors undergoing difficulties will continue to benefit from additional support to improve their competitiveness, sustainability or quality (known as coupled income support, or voluntary coupled support under the current CAP). These sectors must be considered important for economic, social or environmental reasons.

The Commission is proposing to maintain the existing list of potentially eligible sectors (in other words, those sectors that have been eligible to receive voluntary coupled support since 2013 - the most recent list is available here). In addition, the Commission is proposing to extend this list to include non-food crops (other than short-rotation coppice and excluding trees) used for the production of products that have the potential to substitute fossil fuels.

Eligible Member States can allocate a maximum of 10% of their direct ***payments*** to coupled income support. An additional 2% can be set aside to support protein crops.

Is there a special regime in place for the EU's outermost regions?

Given the particular ***agricultural*** challenges of the EU's outermost regions, additional support for farmers is available under the CAP. Proposed funding for these regions - the French overseas departments (Guadeloupe, French Guiana, Martinique, Reunion, Saint-Martin, and Mayotte), the Azores and Madeira, and the Canaries - is set at EUR627.63 million per ***year*** for the seven-***year*** period.

Direct ***payments*** available to farmers in the outermost regions will remain well above the support levels paid in other Member States.

This figure does not include potential additional funding for these regions from the rural development budget. This can be used to support actions to restore, preserve and enhance biodiversity in ***agriculture*** and forestry, and promote economic development in rural areas in these outermost regions. The EU contribution to rural development schemes in these areas has been raised to 70%, compared to around 40% elsewhere.

How will the new CAP help farmers to face crises and risks?

The current CAP already helps farmers deal with the uncertainty of their profession, through income support (direct ***payments***), market measures, support for risk management tools, and training and investments under rural development.

The new CAP maintains this approach, while introducing further improvements:

Current provisions on public intervention, private storage and exceptional measures are unchanged and remain available to support EU farmers in case of need.

Member States will in future have the possibility to dedicate up to 3% of their pillar 1 allocation to help support sectors other than those (such as fruits and vegetables, wine or olive oil) already benefiting from sectoral ***programmes***. The aim is to stimulate actions by producer organisations in favour of competitiveness, sustainability and risk/crisis management, among others.

The existing practice of setting aside a portion of the overall Pillar 1 funding will be maintained to create an '***agricultural*** reserve', which can be used for market measures and exceptional support measures This reserve will be at least EUR400 million in total every ***year***, and will be filled by rolling over the crisis reserve from 2020 (i.e. under the current CAP and from the current MFF) into 2021; in the subsequent ***years***, all unused funds will again be rolled over. Rolling over the reserve, rather than opting to fill the reserve anew each ***year*** and reallocate the unused funds to the Member States, will significantly reduce the administrative burden.

Member States will have to support risk management tools under rural development to help farmers manage production- and income-related risks which are outside their control. This type of support, which will be in the form of financial contributions to premiums for insurance schemes and mutual funds, encompassing both production and income risks, will be mandatory for all Member States. Support for different actions such as investments and training to help farmers prevent risks or to deal with their consequences become mandatory under rural development.

An EU-level platform on risk management, in the form of a single multi-stakeholder hub, will be set up to help all the actors involved, from farmers and public authorities to research institutes and the private sector, share knowledge and exchange experience and best practice.

It will also be possible to use financial instruments to facilitate access to working capital, for example to help farmers overcome a temporary shortage of liquidity caused by an unexpected crisis.

The Horizon 2020 ***programme*** will finance research on risk management, farm digitisation and smart use of big data in ***agriculture***, while the European Innovation Partnership (EIP-AGRI) can also support projects in the field of risk management.

How will the new CAP contribute to the future of EU rural areas?

With over 50% of the EU population living in rural areas, it is important to ensure that they remain attractive, dynamic and sustainable; with good quality jobs, economic growth, and access to quality infrastructure, mobility and basic services. ***Agriculture*** is at the heart of many rural communities and, through its support for farmers and rural communities, so is the CAP.

The simplification of rural development, with broad objectives set at EU level and more flexibility for Member States to tailor their actions to their specific needs, will ensure that rural development support remains effective across the EU. Increasing the co-financing rate for Member States will allow them to maintain an ambitious level of investment in rural areas.

This is also why the future rural development funding will be targeted at where it can bring real added value - the development of the local, rural and ***agricultural*** economy - leaving other EU funds to focus on large infrastructure projects, including broadband. One key element of future rural development policy will be promoting the development of Smart Villages in rural areas alongside improved local infrastructure.

What is the difference between current and constant prices and what are the real savings in the future CAP budget? How will the CAP budget be distributed among Member States?

The Commission has provided unprecedented transparency by presenting for the first time ever its proposal for the new long-term EU budget on 2 May both in current and in constant 2018 prices.

However, current prices represent the actual amounts that the final beneficiaries will get from the EU budget. Each annual EU budget is agreed in current prices, and Member States contribute to the overall EU budget in current prices.

This is the same methodology that has been used in the past for expressing the CAP budget, making the current proposals directly comparable with previous budgets.

Constant prices, taking out inflation, are used to compare the economic impact of investments over a longer time span. It is easy to switch from constant to current prices and vice versa because the Commission uses (and has always used) as a proxy for future inflation rates, a fixed annual inflation rate of 2% when making its calculations.

As a result, a reduction of around 5% for the CAP budget in current prices is proposed; this is equivalent to a reduction of around 12% in constant 2018 prices without inflation.

What are the next steps?

The proposals for the three regulations for the new CAP 2021-2027 will be sent to the European Parliament and the Council. The co-legislators will then be responsible for taking their respective positions in relation to the Commission's proposals.

A swift agreement on the overall long-term EU budget and its sectoral proposals is essential to ensure that EU funds start delivering results on the ground as soon as possible and that farmers are provided with the necessary certainty and predictability for their business and investment decisions.

Delays similar to the ones experienced at the beginning of the current 2014-2020 budgetary period could potentially mean that farmers and national administrations would not benefit from the reduced bureaucracy, greater flexibility and more effective results that the new CAP will bring. Any delays in approval of the future budget would also delay the start of thousands of potential new projects across the EU designed to support farmers and rural communities, tackling issues from strengthening environmental protection to attracting new farmers.

An agreement on the next long-term budget in 2019 would provide for a seamless transition between the current long-term budget (2014-2020) and the new one and would ensure predictability and continuity of funding to the benefit of all.

MEMO/18/3974

Press contacts:

Daniel ROSARIO (+ 32 2 295 61 85)

Clemence ROBIN (+32 2 29 52509)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** June 4, 2018

**End of Document**



[***FEDERAL REGISTER: Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support Pages 2075 - 2085 [FR DOC # 2018-00152]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RF1-VC01-JDG9-Y256-00000-00&context=1516831)

Impact News Service

January 16, 2018 Tuesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 12892 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

FEDERAL COMMUNICATIONS COMMISSION 47 CFR Part 54 [WC Docket Nos. 17-287, 11-42, 09-197; FCC 17-155] Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support AGENCY: Federal Communications Commission. ACTION: Final rule. ----------------------------------------------------------------------- SUMMARY: In this document, the Federal Communications Commission (Commission) takes a fresh look at the Commission's Lifeline ***program*** and makes changes to the Lifeline rules to ensure that the ***program*** can more effectively and efficiently help close the digital divide for low- income consumers, while minimizing the contributions burden on ratepayers by tackling waste, fraud, and abuse. DATES: Effective February 15, 2018, except for Sec.

54.411, which will become effective March 19, 2018, and Sec. Sec. 54.403(a)(3), 54.413, and 54.414 which contain information collection requirements that have not been approved by OMB. The Federal Communications Commission will publish a document in the Federal Register announcing the effective date of those rules awaiting OMB approval. FOR FURTHER INFORMATION CONTACT: Jodie Griffin, Wireline Competition Bureau, (202) 418-7400 or TTY: (202) 418-0484. SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Fourth Report and Order, Order on Reconsideration, and Memorandum Opinion and Order in WC Docket Nos. 17-287, 11-42, 09-197; FCC 17-155, adopted on November 16, 2017 and released on December 1, 2017. The full text of this document is available for public inspection during regular business hours in the FCC Reference Center, Room CY-A257, 445 12th Street SW, Washington, DC 20554 or at the following internet address: [*http://transition.fcc.gov/Daily\_Releases/Daily\_Business/2017/db1201/FCC-17-155A1.pdf*](http://transition.fcc.gov/Daily_Releases/Daily_Business/2017/db1201/FCC-17-155A1.pdf) The Notice of Proposed Rulemaking (NPRM) and Notice of Inquiry (NOI) that was adopted concurrently with the Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order are published elsewhere in this issue of the Federal Register. I. Introduction 1. This Fourth Report and Order, Order on Reconsideration, and Memorandum Opinion and Order takes a series of steps to address ongoing areas of concern in the Lifeline ***program*** to prevent waste, fraud, and abuse. Specifically, the Orders target enhanced Lifeline support to residents of rural areas on Tribal lands, establish mapping resources to identify rural Tribal lands, require independent certification of residency on rural Tribal lands, and direct enhanced support to facilities-based providers. In addition, this document makes changes to increase Lifeline benefit portability by eliminating the port freezes for voice and broadband internet access services. This document also clarifies that ``premium Wi-Fi'' and other similar networks of Wi-Fi- delivered broadband internet access service do not qualify as mobile broadband under the Lifeline ***program*** rules. Together, the Orders target enhanced Lifeline support for Tribal lands to support the deployment of modern communications networks, promote consumer choice within the ***program***, and remove uncertainty and streamline our rules regarding the application of Lifeline support and eligibility for Lifeline reimbursement. II. Fourth Report and Order 2. In this Fourth Report and Order, the Commission adopts several reforms to our Tribal Lifeline policies to increase the availability and affordability of high-quality communications services on Tribal lands. The Commission first targets enhanced Lifeline support on Tribal lands to residents of rural areas on Tribal lands. Since 2000, the Lifeline and Link Up ***programs*** have provided an enhanced subsidy of up to an additional $25 per month for service provided to qualified residents of Tribal lands, and a Link Up reduction of up to $100 for the cost to initiate supported service for qualifying residents of Tribal lands. This targeted support is in recognition of not only the low income levels but also the particularly poor connectivity on many Tribal lands. When it adopted the enhanced Lifeline Tribal subsidy, the Commission noted that the ``unavailability or unaffordability of telecommunications service on Tribal lands is at odds with our statutory goal of ensuring access to such services to `[c]onsumers in all regions of the Nation, including low-income consumers,''' and explained that the added Lifeline and Link Up support would help lead to the deployment of more robust networks. While the Commission provided the enhanced support as a discount on services, that support was focused to most efficiently encourage ``investment and deployment'' in facilities, especially since all Lifeline providers in the ***program*** at the time were facilities-based. Because of an overly-broad definition of the geographic areas eligible for the enhanced subsidy, however, many areas where this enhanced subsidy is currently available are not lacking in either voice or broadband networks. To remedy this, the Commission refines its approach to target enhanced Lifeline support to residents of rural areas on Tribal lands. Focusing the enhanced subsidy for Tribal lands on rural areas is consistent with the enhanced subsidy's purpose and will ensure that the Fund is better directed toward the residents of Tribal lands who typically have the least choice for communications services. 3. The Commission believes that targeting enhanced support toward rural, facilities-based providers is consistent with the intent of the 2000 Tribal Order, 65 FR 47883, August 4, 2000. While the 2000 Tribal Order referenced reducing the costs of [[Page 2076]] telecommunications services, it specifically premised the support on the idea that enhanced support would incentivize providers to ``deploy telecommunications facilities in areas that previously may have been regarded as high risk and unprofitable.'' The Commission's creation of an enhanced Lifeline benefit in the 2000 Tribal Order both reduced telecommunications costs and supported the deployment of networks because, at the time, all ETCs were facilities-based. (The Commission did not forbear from the Act's facilities-based requirements at all until 2005.) While the Commission must consider and address appropriate distinctions between support for facilities-based and non-facilities- based providers, the Commission does so in a way that continues to follow the principles identified in the 2000 Tribal Order and Sections 214 and 254 of the Act. (See U.S.C 214(e) and 254(b)(3).) 4. To identify rural areas on Tribal lands, the Commission adopts the definition of ``rural'' used in the E-rate ***program*** rules, which define ``urban'' as ``an urbanized area or urban cluster area with a population equal to or greater than 25,000.'' The Commission defines all other areas as ``rural.'' (47 CFR 54.505(b)(3).) In the 2015 Lifeline FNPRM, 80 FR 42669, July 17, 2015, the Commission asked for comment on ``what level of density'' and at ``what level of geographic granularity'' it should define such rural areas. Shortly thereafter, the Commission began consultations with Tribal Nations regarding the Lifeline proposals that the Commission sought comment on in the 2015 Lifeline FNPRM. After consideration of the comments, including comments by numerous Tribal stakeholders, and evaluation of the practicality of implementation, the Commission believes this definition will reasonably identify the Tribal areas the Commission intends to benefit from additional Lifeline funding. Accordingly, the Commission amends Sec. Sec. 54.403(a)(3), 54.413, and 54.414 of the Lifeline ***program*** rules and directs the Universal Service Administrative Company (USAC) to develop a tool that will allow Lifeline service providers to determine whether a subscriber residing on Tribal lands resides in a rural area according to this definition. USAC shall update this tool pursuant to the same update schedule used for the E-rate rurality tool. 5. Selection of the E-rate ***program***'s ``rural'' definition is based on consideration of the record and matters of administrative efficiency. In the 2015 Lifeline FNPRM, the Commission sought comment on focusing enhanced support to those Tribal lands with lower population densities. Specifically, the Commission sought comment on ``focus[ing] enhanced support only on areas of low population density that are likely to lack the facilities necessary to serve subscribers.'' The Commission also sought comment on the approach taken by the United States Department of ***Agriculture***'s Food Distribution ***Program*** on Indian Reservations (FDPIR), which excludes from eligibility residents of towns or cities in Oklahoma with populations of 10,000 or more, and sought comment on whether the Commission ``should implement a similar approach that excludes urban areas on Tribal lands from receiving enhanced Tribal support.'' Some commenters expressed concerns with a population density approach, but provided alternative density- based proposals ranging from limiting enhanced support to areas with fewer than 10,000 people and a county population density of less than 125 people per square mile, (Navajo Nation Telecommunications Regulatory Commission Comments at 12-13.) or ``only to Tribal lands that are located outside of a Metropolitan Statistical Area and that have less than 100 persons per square mile.'' (Smith Bagley Inc., Comments at 16) These proposals are more restrictive than the E-rate ***program***'s definition of rural. Other commenters opposed limiting the enhanced Tribal subsidy based on population density. The Commission disagrees with those commenters because their path would preserve the status quo of providing enhanced support to Lifeline subscribers on Tribal lands in densely populated areas where service providers already have sufficient incentive to deploy broadband facilities as in non- Tribal areas. 6. The Commission agrees that focusing enhanced support on less- dense areas will improve the Tribal support mechanism and better serve the goals of enhanced Tribal Lifeline support to incent deployment in areas that need it most and to increase the affordability of Lifeline services for Tribal lands residents. Based on the record, however, the Commission declines to adopt a population-density threshold to identify the Tribal areas that are eligible for enhanced Tribal support. Instead, the Commission takes an approach similar to the approach used by the FDPIR and use the E-rate ***program*** definition of ``rural'' to identify Tribal areas that are eligible for enhanced Lifeline support. This approach provides consistency between the E-rate and Lifeline ***programs***. In addition, the Commission's definition of ``rural'' in the E-rate ***program*** serves the goals of enhanced Tribal Lifeline support by focusing enhanced support where communications services are more costly. As explained in the 2014 E-rate Order, 80 FR 5961, February 4, 2015, the Commission adopted the current E-rate ***program*** definition of ``rural'' after numerous parties demonstrated that a narrower definition would result in an urban classification for numerous schools and libraries in small towns and remote areas where E-rate supported services are more costly. Using the E-rate definition of ``rural'' to identify Tribal areas that are eligible for enhanced support would ensure that the enhanced support is available for Tribal lands in these small towns and remote areas where supported services are more costly. Further, the E-rate definition of ``rural'' is less restrictive than the alternative population density-based methodologies proposed by Smith Bagley and the Navajo Nation Telecommunications Regulatory Commission. 7. The Commission also concludes that identifying less-dense areas by using the same definition of ``rural'' as the E-rate ***program*** (which was adopted in December 2014 and implemented for E-rate Funding ***Year*** 2015) will allow for more accurate, efficient administration by USAC. The Commission expects that consistency between the two USF ***programs*** will simplify the urban/rural determinations for carriers and eligible households. Specifically, standard ***program*** definitions of rurality would allow USAC to develop master data sources and simplify the development and updating of service provider tools for identifying addresses that qualify for enhanced support. The Commission therefore declines to adopt commenters' proposals to create an entirely new definition of rurality based directly on the number of persons per square mile in a particular geographic area. Those proposals would create unnecessary administrative difficulties and uncertainty for Lifeline providers, which the Commission believes would in turn create confusion and fewer choices for eligible low-income consumers. 8. The Commission also concludes that the provision of enhanced support in more densely populated Tribal lands, such as large cities (e.g , Tulsa, Oklahoma or Reno, Nevada), is inconsistent with the Commission's primary purpose of the enhanced support. (Despite being ``The Biggest Little City in the World,'' Reno, NV has a population of 446,154 and, according to Form 477 data, 97.5% percent of the [[Page 2077]] population in its county have access to fixed broadband speeds of at least 25 Mbps/3 Mbps. Tulsa, OK has a population of 637,215 and 100% percent of the population in its county has access to fixed broadband speeds of at least 25 Mbps/3 Mbps. See Fixed Broadband Deployment Data, Deployment (last visited Oct. 24, 2017),   [*https://www.fcc.gov/maps/fixed-broadband-deployment-data/*](https://www.fcc.gov/maps/fixed-broadband-deployment-data/).) When the Commission first adopted enhanced support on Tribal lands, it noted that ``unlike in urban areas where there may be a greater concentration of both residential and business customers, carriers may need additional incentives to serve Tribal lands that, due to their extreme geographic remoteness, are sparsely populated and have few businesses.'' That remains too true today. Approximately 98 percent of Americans in urban areas already have access to fixed broadband internet access service at speeds of 25 Mbps/3 Mbps, including residents of both Tulsa and Reno. (See Fixed Broadband Deployment Data, Deployment (last visited Oct. 24, 2017),   [*https://www.fcc.gov/maps/fixed-broadband-deployment-data/*](https://www.fcc.gov/maps/fixed-broadband-deployment-data/).) Directing enhanced support to Tribal lands in urban areas is unlikely to materially increase the deployment of facilities in such areas and, therefore, risks wasting scarce ***program*** resources. In contrast, rural Americans, particularly those residing on Tribal lands, are much less likely to have access to high-speed internet access services, with Commission data showing that 63 percent of Americans living on rural, Tribal lands lack access to fixed broadband services at speeds of 25 Mbps/3 Mbps, making enhanced support more likely to incentivize deployment to serve low-income, rural residents on Tribal lands. (See Fixed Broadband Deployment Data, Deployment (last visited Oct. 24, 2017),   [*https://www.fcc.gov/maps/fixed-broadband-deployment-data/*](https://www.fcc.gov/maps/fixed-broadband-deployment-data/).) This policy supports our view that enhanced Tribal support should be targeted to rural areas where the need is greatest. 9. The Commission next identifies mapping resources that can be used to locate ``Tribal lands'' under our rules. These maps can then be intersected with the maps delineating rural areas in order to create a map showing where enhanced Tribal lands Lifeline support is available. The Commission directs USAC to make these mapping resources available to providers. 10. Section 54.400(e) of our rules defines Tribal lands to include any federally recognized Indian tribe's reservation, pueblo, or colony (including former reservations in Oklahoma); Alaska Native regions established pursuant to the Alaska Native Claims Settlement Act; Indian allotments; Hawaiian Home Lands held in trust for Native Hawaiians pursuant to the Hawaiian Homes Commission Act; and ``. . . any land designated as such by the Commission for purposes of this subpart.'' Before 2015, the Commission had not established any mapping resources to provide ready access to the boundaries of these Tribal lands. 11. The geographic areas described in Sec. 54.400(e) of the Lifeline ***program*** rules correspond with the map of Hawaiian Home Lands maintained by the Department of Hawaiian Home Lands (DHHL), the U.S Census Bureau's American Indians and Alaska Natives Map, the Oklahoma Historical Map 1870-1890, as amended by the Commission to include the Cherokee Outlet, and the Alaska Native regions established pursuant to the Alaska Native Claims Settlement Act. (See 85 Stat. 688.) 12. To assist carriers and subscribers, the Commission identifies specific maps of these Tribal lands. In the 2015 Lifeline FNPRM, the Commission interpreted the term ``former reservations in Oklahoma'' to establish boundaries for Tribal lands in the Lifeline ***program*** for residents in Oklahoma. The Commission and USAC later provided a map and shapefile for carriers to use in determining whether their customers reside on Tribal lands in Oklahoma. The Commission believes making this map available has successfully given clarity to providers and subscribers about the boundaries of Tribal lands in Oklahoma. The Commission thus believes providing additional maps and data, including in shapefile format, is appropriate for the other Tribal lands listed in Sec. 54.400(e) of the Commission's rules. By providing carriers the information they need to quickly and accurately determine if an enrolling customer qualifies for enhanced support under the Lifeline rules, these maps and data will help prevent waste, fraud, and abuse in the ***program***. These maps and data will also help Lifeline providers avoid situations in which the provider improperly requests enhanced Tribal support for customers who self-certified their Tribal residence but did not actually reside on Tribal lands. 13. The Hawaiian Homes Commission Act of 1921 (42 Stat. 108.) delineated the boundaries of ``Hawaiian Home Lands'' and tasked the DHHL with maintaining those boundaries, along with the responsibility of promulgating rules under that Act. As part of its responsibilities, the DHHL makes available a map and shapefile that precisely defines the geographic areas within the state of Hawaii considered ``Hawaiian Home Lands.'' Using this map will assist both Lifeline providers and consumers. Likewise, the Census Bureau maintains a map of every ``federally recognized Indian tribe's reservation, pueblo, or colony,'' called the American Indian and Alaska Native Areas Map. (See 47 CFR 54.400(e).) This map, and its accompanying shapefile, comports with the data sources the Commission uses regularly and will also provide clear guidance for Lifeline providers and consumers. 14. In light of these identified mapping resources, as well as the expected need for a reasonable transition period, the Commission directs USAC to prepare a map and the corresponding shapefiles to delineate the areas on which subscribers may receive enhanced Lifeline support for rural Tribal lands. USAC shall make this map and data available at least sixty (60) days before the effective date of this Order's rule changes for enhanced Lifeline support on Tribal lands. If, in the future, any of the sources identified in this section issue updated maps or shapefiles, the Commission directs USAC to make an updated map and the underlying data available within a reasonable time period but no later than ninety (90) days after the updated map or shapefile is issued. 15. The Commission also directs USAC to incorporate the map discussed above in its administration and implementation of the National Lifeline Accountability Database (NLAD) and National Eligibility Verifier (NV). 16. In the 2015 Lifeline FNPRM, the Commission sought comment on requiring additional evidence of Tribal residency beyond the current self-certification requirement and placing the obligation to confirm Tribal residency with the Lifeline provider. To see that enhanced Lifeline support for rural Tribal lands is actually directed to subscribers who verifiably reside on Tribal lands, the Commission now establishes that only subscribers whose residential address or location is shown to fall within the boundary of the enhanced Tribal Lifeline map discussed above may receive enhanced support. Previously, the Commission had permitted providers to accept subscribers' self- certifications that they reside on Tribal lands according to the Commission's Lifeline rules, which made the ***program*** vulnerable to fraud and abuse and resulted in a $2 million settlement with one provider for claiming enhanced Tribal support for [[Page 2078]] subscribers who did not reside on Tribal lands. The Commission finds that the provision of maps delineating the boundaries of areas eligible for enhanced Tribal Lifeline support will give consumers and providers a more effective and simpler means of determining rural Tribal residency, thereby eliminating the need for reliance on self- certification. Accordingly, going forward, Lifeline providers will be required to independently verify and document subscribers' rural Tribal residency according to the map and data sources identified above. An ETC may seek enhanced reimbursement only for subscribers whose residential address is located within the bounds of that map. 17. In response to the 2015 Lifeline FNPRM, some commenters urged the Commission to continue to permit consumers to self-certify their residence on Tribal lands. Commenters supporting this approach argue that there is no evidence of abuse of the self-certification mechanism, and eliminating self-certification would only increase subscriber costs. However, the Commission has recently found concrete evidence of abuse of the self-certification mechanism, resulting in improper ***payments*** that had to be reclaimed through an enforcement proceeding. (See Blue Jay Wireless, LLC, Order, 31 FCC Rcd 7603 (EB 2016).) In that instance, a Lifeline provider relied on subscriber self-certifications to improperly enroll several thousand customers as residents of Tribal lands, and continued to do so even after being informed that it was apparently over-claiming enhanced Tribal support. The Commission also finds that providing a map against which providers can verify eligibility for enhanced Tribal support provides greater certainty to providers and consumers alike, and thus eliminates questions about how to handle a consumer's self-certification if that consumer seems to reside outside Tribal lands. 18. The Commission concludes that a process by which providers determine enhanced eligibility by comparing the subscriber's residential address to data sources delineating rural Tribal lands is a more accurate method of verifying that a subscriber is entitled to enhanced Tribal reimbursement. If a subscriber does not reside within the bounds of the map that the Commission now provides, permitting that subscriber to receive reimbursement by simply certifying that she or he lives on Tribal lands leaves the ***program*** open to improper ***payments***, waste, and possibly fraud and abuse. 19. The Commission is also sensitive to Tribal residences that have not been assigned conventional addresses and instead use descriptive addresses that are not recognized by the U.S Postal Service. For those residences, a Lifeline subscriber may provide a descriptive address when enrolling in the ***program***. A provider enrolling a subscriber with a descriptive residential address in a state where the National Verifier is not responsible for eligibility determinations must retain records documenting compliance with the ***program*** rules, including the rules the Commission amends in this Order limiting enhanced Lifeline support to rural Tribal lands and removing subscriber self-certification of Tribal lands residency. Accordingly, the Commission reminds providers that they must retain the documentation demonstrating how the provider determined that a subscriber with a descriptive address resides on rural Tribal lands to claim the enhanced Tribal Lifeline support. For example, as providers do today to verify the accuracy of consumers' self-certification, providers may note if a subscriber has a ZIP code that is entirely located in an area eligible for enhanced support, or may record the latitude and longitude of the subscriber's residence to compare against a map identifying areas eligible for enhanced support. The Commission directs USAC to develop a process for subscribers with descriptive addresses who reside on Tribal lands for use in the National Verifier, and to make public the steps in that process to better inform providers about acceptable methods of determining whether such subscribers are eligible for enhanced support. 20. In the 2015 Lifeline FNPRM, the Commission sought comment on limiting enhanced Tribal Lifeline support to facilities-based service providers, just as the Commission in 2012 had limited enhanced Tribal Link Up support to facilities-based service providers that also received high-cost support. The Commission now concludes that such a limitation is appropriate. Accordingly, the Commission amends Sec. 54.403(a)(3) of the Lifeline ***program*** rules to effectuate this change. 21. The Commission finds that last-mile facilities are critical to deploying, maintaining, and building voice- and broadband-capable networks on Tribal lands and Lifeline funds are more efficiently spent when supporting such networks. When the Lifeline discount is applied to a consumer's bill for a facilities-based service, those funds go directly toward the cost of providing that service, including provisioning, maintaining, and upgrading that provider's facilities. Since the introduction of enhanced Tribal and Link Up support in 2000, facilities-based providers have used that support to construct and upgrade networks on Tribal lands. 22. In contrast, Lifeline funds disbursed to non-facilities-based providers will still lower the cost of the consumer's service, but cannot directly support the provider's network because the provider does not have one. When the Commission eliminated Link Up support for non-facilities-based carriers on Tribal lands in 2012, it noted that at least one wireless reseller ``has received approximately a million in Link Up support for two months in 2011 on Tribal lands in [Oklahoma] without building infrastructure''--contravening the purposes of the enhanced support. And in the 2015 Lifeline FNPRM, the Commission explained, ``Lifeline ***program*** data show that two-thirds of enhanced Tribal support goes to non-facilities based providers, and it is unclear whether the support is being used to deploy facilities in Tribal areas''--which contravened the Commission's express ``desire to use enhanced support to incent the deployment of facilities on Tribal lands.'' 23. For the purposes of the Lifeline ***program***, to enforce our revised Sec. 54.403(a)(3), the Commission limits enhanced Tribal support to (1) fixed or mobile wireless facilities-based Lifeline service provided on Tribal lands with wireless network facilities covering all or a portion of the relevant Lifeline ETC's service area on Tribal lands; and (2) facilities-based fixed broadband or voice telephony service provided through the ETC's ownership or a long-term lease of last-mile wireline loop facilities capable of providing Lifeline service to all or a portion of the ETC's service area on Tribal lands. For purposes of enhanced Lifeline support, a fixed wireless provider must, consistent with FCC Form 477 instructions, provision or equip a broadband wireless channel to the end-user premises over licensed or unlicensed spectrum, while a mobile wireless provider must hold usage rights under a spectrum license or a long-term spectrum leasing arrangement along with wireless network facilities that that can be used to provide wireless voice and broadband services. (The Commission considers a long-term spectrum leasing arrangement as long-term de facto ***transfer*** spectrum leasing arrangements as defined and identified in 47 CFR 1.9003 and 1.9030, and long- [[Page 2079]] term spectrum manager leasing arrangements as defined and identified in 47 CFR 1.9003 and 1.9020(e).) For wireline providers, the Commission considers a ``long-term lease'' as an indefeasible right of use (IRU) of 10 ***years*** or more over the last-mile facility in question. The Commission has found that IRUs carry many of the same indicia of control as full ownership and therefore are considered fully owned facilities in other regulatory contexts. 24. The Commission concludes that, in the Lifeline ***program***, an ETC's use of tariffed and un-tariffed special access services, resold services offered pursuant to sections 251(b) and (c), commercially available resold services, or unbundled network elements (UNEs) does not demonstrate that the service is ``facilities-based'' because such services do not reflect investment in broadband-capable networks in the service area by the ETC. Previously, the Commission found that competitors' use of incumbent local exchange carrier (LEC) special access services is not relevant to whether there is sufficient facilities-based competition in a market to justify forbearance from the incumbent LEC's obligation to provide UNEs. Additionally, UNEs themselves are only available in those cases where competitors are ``impaired'' without access--that is, UNEs are available to competitive carriers for those network components that a ``reasonably efficient'' competitor would not likely be able to construct on its own and without which market entry would likely be uneconomic. 25. If an ETC offers service using its own as well as others' facilities in its service area on rural Tribal lands, it may only receive enhanced support for the customers it serves using its own last-mile facilities. The Commission finds this definition is technology-neutral as between fixed and mobile services. 26. For many of the same reasons the Commission limited Link Up support to facilities-based carriers on Tribal lands, the Commission finds that limiting enhanced Lifeline support to facilities-based service provided to subscribers residing on Tribal lands will focus the enhanced support toward those providers directly investing in voice- and broadband-capable networks on rural Tribal lands. The Commission finds that this result comports with the Act's direction to the Commission to base its policies on the principle that ``low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services . . . that are reasonably comparable to those services provided in urban areas. . . .'' (47 U.S.C 254(b)(3).) Directing enhanced Lifeline funds to facilities-based services makes those services more affordable and competitive for low-income consumers and also encourages investment that will ultimately provide more robust networks and higher quality service on rural Tribal lands. Doing so also ensures that the ***payments*** Lifeline providers receive from the Fund to serve rural Tribal lands will be reinvested in the ``provision, maintenance, and upgrading'' of facilities in those areas. (47 U.S.C 254(e).) A number of Tribal Nations, Tribally-owned Lifeline providers, and other Lifeline providers agree with this decision and favor limiting enhanced support to providers with facilities, arguing that it will ensure that the enhanced subsidies reach the Tribal lands and residences that have never been connected and will support those network facilities already constructed. 27. The Commission disagrees with parties who argue that resellers' purchase of wholesale services from carriers that own facilities increases the incentive of those carriers to deploy and maintain their networks. Resellers offer little evidence beyond their own assertions that funneling Lifeline enhanced support funding through middle men will spur facilities-based carriers to invest in their rural, Tribal networks. Moreover, even if revenue from resellers marginally increases the ability and incentive of other providers to deploy or maintain facilities, the Commission concludes that this benefit is outweighed by our need to prud

ently manage Fund expenditures. Indeed, these resellers cannot explain how passing only a fraction of funds through to facilities-based carriers will mean more investment in rural Tribal areas than ensuring that facilities-based carriers receive 100 percent of the support. The Commission concludes that providing the enhanced support to Lifeline providers deploying, building, and maintaining critical last mile infrastructure is a more appropriate way to support the expansion of voice- and broadband-capable networks on Tribal lands. (The Commission reminds all ETCs that they may not discontinue Lifeline service to any community they serve without first relinquishing their ETC designation after the approval of the designation (state or federal) commission. See 47 U.S.C 214(e)(4).) 28. To ensure compliance with this requirement and prevent potential waste, fraud, and abuse, the Commission directs USAC to take appropriate measures to verify that any ETC claiming enhanced rural Tribal support satisfies the facilities requirement outlined in this section prior to disbursing the enhanced support. 29. The Commission also clarifies that the ``facilities-based'' standard it describes bears only on whether the Lifeline provider is eligible to receive enhanced rural Tribal support. Whether a provider is ``facilities-based'' under the Act for purposes of seeking a Lifeline-only ETC designation and must obtain approval for a compliance plan to take advantage of blanket forbearance from the facilities requirement is unaffected by this standard and remains the same. (See 47 U.S.C 214(e)(1)(A) (requiring ETCs to offer service ``either using its own facilities or a combination of its own facilities and resale of another carrier's services'').) 30. To ensure all impacted parties have sufficient time to make the necessary changes adopted in this Fourth Report and Order, the Commission provides a transition period. The changes made in this Fourth Report and Order for enhanced Lifeline support on Tribal lands shall be effective 90 days after the Wireline Competition Bureau announces that the Commission has received approval from the Office of Management and Budget (OMB) for the new information collection requirements in this Fourth Report and Order subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13, or on August 1, 2018, whichever date occurs later. The Commission directs ETCs to notify, in writing, any customers who are currently receiving enhanced support who will no longer be eligible for enhanced support as a result of the changes in this Order. This notice must be sent no more than 30 days after the announcement of PRA approval. (Or, if the Commission has not received approval from the Office of Management and Budget (OMB) for the new information collection requirements in this Order subject to the Paperwork Reduction Act of 1995 (PRA), once OMB approval has been received.) This notice must inform any impacted customers that they will not receive the enhanced Lifeline discount beginning 90 days after the announcement of PRA approval or on August 1, 2018, whichever occurs later, and that customers residing on rural Tribal lands who are currently receiving service from a non-facilities-based provider have the option of switching their Lifeline benefit to a facilities-based provider to continue receiving enhanced rural Tribal support. The notice must also detail the ETC's offerings for Lifeline subscribers who are not eligible for enhanced support. [[Page 2080]] III. Order on Reconsideration 31. By this Order, the Commission eliminates the port freeze for voice and broadband internet access services found in Sec. 54.411 of the Commission's rules. The Commission takes this action in response to significant concerns regarding the port freeze raised in Petitions for Reconsideration and other recent filings in the docket. In the 2016 Lifeline Order, 81 FR 33026, May 24, 2016, the Commission codified port freezes lasting 12 months for broadband internet access service and 60 days for voice telephony service. After reconsideration of certain findings in the 2016 Lifeline Order, the Commission now eliminates the Lifeline port freeze for voice and broadband internet access service. 32. The Commission established the extended port freeze for broadband internet access service ``[t]o facilitate market entry for Lifeline-supported BIAS [broadband internet access service] offerings, provide additional consumer benefits, and encourage competition'' by ``allowing broadband providers the security of a longer term relationship with subscribers. . . .'' Since the Commission adopted these requirements, multiple parties have filed Petitions for Reconsideration raising a variety of concerns regarding the port freeze rule. Petitioners argue that the port freeze requirements adversely impact consumers by restricting consumer choice and the record lacks evidence that demonstrates new entrants were or are having difficulty entering the Lifeline market. Petitioners also argue that the port freeze requirements were imposed without adequate notice, as required under the Administrative Procedure Act (APA); and raise concerns regarding the challenges ETCs will face from an administrative perspective in attempting to comply with the 12-month port freeze requirement. Because the Commission grants the petitions for reconsideration on other grounds below, it does not address the APA and administrative burden arguments here. Additionally, since implementation of the port freeze rule, other parties have raised concerns regarding the alleged improper invocation of consumer port freezes by certain Lifeline providers, which limits consumer choice, especially with regard to the 12-month port freeze for broadband service. 33. The Commission agrees with arguments raised by Petitioners and others that the disadvantages to consumers of the port freeze rule, in practice, outweigh the anticipated advantages; accordingly, the Commission eliminates the codified Lifeline benefit port freeze for voice and broadband internet access service. (See 47 CFR 54.411 ) The Commission concludes that restricting the ability of Lifeline consumers to ***transfer*** their Lifeline benefit between service providers ultimately disadvantages Lifeline consumers. Such a restriction limits Lifeline consumers' ability to seek more competitive offerings and obtain those services that best meet their needs. In addition, restricting consumers' ability to ***transfer*** their Lifeline benefit will not promote competitive service offerings and, in fact, may diminish providers' motivation to provide higher quality service after enrolling a Lifeline-supported broadband subscriber, because the provider is assured a 12-month commitment from the subscriber. The Commission also agrees that the record evidence does not clearly support the view that a 12-month port freeze is necessary to ease market entry, and indeed can discourage new providers from entering the Lifeline market or a new geographical area because a significant portion of Lifeline subscribers would not be able to ***transfer*** their benefit to otherwise compelling new services offerings. Nor does the Commission believe that the 60-day port freeze for voice services adopted in the 2016 Lifeline Order, while leading to these disadvantages, is effective in furthering its desired goals. 34. In general, parties that filed in support of a longer port freeze argued that carriers will be willing to make more significant investments as a result of longer term customer-carrier relationships and that a longer port freeze will discourage consumers from ``flipping.'' Indeed, several carriers decry ``flipping'' and explain how consumer churn makes it harder for carriers to recover their costs, including the costs of free phones. But flipping and consumer churn are not unique to the Lifeline marketplace, and companies have repeatedly turned to voluntary agreements (such as contracts) and alternative business models (such as prepaid plans) to address such concerns without the federal government artificially limiting consumer choice. In addition, the Commission notes that the primary intent of the Lifeline ***program*** is to provide a discount on service rather than devices. To the extent that providing discounted or free devices incentivizes consumers to engage in flipping, that outcome primarily results from a service provider's own marketing practices. The Commission also notes that supporters of the port freeze generally did not assert the 12-month port freeze was needed to address impediments to entering the market. 35. The Commission disagrees with those commenters who contend that removing the 12-month broadband internet access service port freeze will reduce provider participation in the Lifeline ***program*** and make it ``impossible to meet the Commission's minimum service standards and handset requirements at a cost that is affordable for low-income consumers.'' (Joint Lifeline ETC Respondents' Opposition at 7-8.) The Commission adopted minimum service standards after considering the record and concluding that minimum service standards are not unduly burdensome. Affordability was an important factor in adopting minimum service standards, and the standards the Commission adopted struck ``a balance between the demands of affordability and reasonable comparability.'' While the Commission considered concerns raised by some providers that they would not be able to offer services that meet the minimum standards, the Commission ultimately concluded that allowing the Lifeline benefit to be used on services that do not meet minimum service standards would lead to the type of ``second class'' service that the minimum service standards are meant to eliminate. Furthermore, prior to the 2016 Lifeline Order, the shorter USAC- administered 60-day benefit port freeze for voice service did not drive providers out of the ***program***. Indeed, the Commission is now acting in response to requests from Lifeline providers to eliminate or shorten the port freeze due to the administrative burdens associated with compliance. 36. The Commission codified the port freeze in part because it anticipated that consumers would benefit from greater choice and innovative service offerings as a result. In addition, the Commission envisioned benefits would accrue to consumers from a longer term relationship with their service providers. Since the implementation of the port freeze, the Commission has been presented with evidence, however, that it has not delivered the consumer benefits the Commission envisioned when it codified the requirement, but instead has incented certain providers to enroll consumers in offerings that provide little meaningful residential broadband access while locking in their Lifeline benefit with that provider for the following 12 months. These providers have used the port freeze to prevent customer churn, asserting that the service falls within the 12-month port freeze timeframe, even when [[Page 2081]] offering plans with only 10 MB of guaranteed mobile cellular data. As a result, although the port freeze rule has in some instances resulted in longer term relationships as anticipated, any benefits have come at the expense of consumers who find themselves trapped in low-quality plans for a full ***year***. Parties such as Consumer Action and the National Consumers League have urged the Commission ``to stop the abuse of the so-called `port freeze' rule, which is now being used to limit consumer choice and access to true broadband service and broadband-suitable devices.'' Because implementation of the port freeze has not, on balance, resulted in the anticipated benefits to Lifeline consumers and instead appears to have harmed consumers, the Commission now determines that this rule should be eliminated. The Commission also finds that retaining existing customers' port freezes would hinder consumer choice without leading or having led to improved offerings for consumers, and so the Commission declines to continue subscribers' existing port freezes. 37. Finally, the Commission clarifies the application of the Commission's rolling recertification rule in the absence of the port freeze rule and the port freeze exceptions. (47 CFR 54.410(f).) For purposes of rolling recertification, the subscriber's service initiation date is twelve months from the date of the most recent ***transfer*** or enrollment with the subscriber's current service provider, and recertification will be required every twelve months thereafter. 38. These changes to Sec. 54.411 of the Commission's rules will become effective 60 days after publication of this Order in the Federal Register. 39. To ensure that qualifying low-income Americans receive quality, affordable Lifeline-supported broadband service, the Commission revises its rules concerning the application of Lifeline support. Section 54.403(b)(1) of the Commission's rules requires ETCs ``that charge federal End User Common Line charges or equivalent federal charges'' to apply federal Lifeline support to waive such charges for Lifeline subscribers. (47 CFR 54.403(b)(1).) The rule is silent, however, on the application of Lifeline support for subscribers receiving the Lifeline benefit for broadband internet access service, either in a bundle with qualifying voice telephony service or on a standalone basis, which does not have an End User Common Line charge. The Commission hereby clarifies that Sec. 54.403(b)(1) of the Commission's rules only applies to subscribers receiving Lifeline-supported standalone voice telephony service or a bundled offering where the ETC is requesting reimbursement from the Lifeline ***program*** for the voice telephony component of the bundle. 40. USTelecom has filed a petition for reconsideration requesting, in relevant part, that the Commission eliminate Sec. 54.403(b) of the Commission's rules to resolve the rule's ambiguity with regard to Lifeline-supported broadband internet access service. USTelecom argues that broadband internet access service does not have a federal End User Common Line charge or intrastate service, creating confusion as to how ETCs may comply with Sec. 54.403(b) of the Commission's rules when the customer is receiving Lifeline-supported broadband internet access service. No parties filed in opposition to USTelecom's petition on this issue. 41. The Commission declines to eliminate the rule, as requested by USTelecom, so that ETCs seeking reimbursement for Lifeline voice telephony service, either on a standalone basis or in a bundle, will continue to apply the Lifeline discount to the EUCL. Instead the Commission now modifies Sec. 54.403(b)(1) to clarify that this rule only applies to subscribers receiving standalone voice telephony service or a bundled offering where the ETC is requesting reimbursement from the Lifeline ***program*** for the voice telephony component of the bundle. By not addressing whether and how Sec. 54.403(b)(1) applies to Lifeline-supported broadband internet access service, the rule causes unnecessary uncertainty for ETCs and may result in less affordable offerings for subscribers without any corresponding benefit for Lifeline subscribers. This revision of Sec. 54.403(b)(1) also comports with the longstanding Commission goal of simplifying administration of the Lifeline ***program*** and reflecting current marketplace conditions. Accordingly, the Commission amends Sec. 54.403(b)(1) to clarify that ETCs are only required to apply the Lifeline discount to the End User Common Line charge or equivalent federal charges where the ETC is receiving Lifeline support for that subscriber's voice telephony service. 42. The 2016 Lifeline Order modified Sec. 54.410(b)(2)(ii), (c)(2)(ii), and (e) to require the National Verifier, where it is responsible for determining subscriber eligibility or conducting recertification, to provide a copy of the subscriber's certification to the provider. (47 CFR 54.410(b)(2)(ii), (c)(2)(ii), (e).) The Commission now resolves an apparent conflict in our rules and alters Sec. 54.410(b)(2)(ii), (c)(2)(ii), and (e) of the Commission's rules to eliminate the requirement that the National Verifier provide copies of certifications to ETCs where the National Verifier is responsible for eligibility determinations. 43. USTelecom filed a petition for reconsideration requesting, in relevant part, modifications to Sec. 54.410(b)(2)(ii), (c)(2)(ii), and (e) of the Commission's rules to properly reflect the 2016 Lifeline Order's intent with regard to the National Verifier. USTelecom argues that the text of the rule is in direct conflict with the 2016 Lifeline Order's language and intent. The 2016 Lifeline Order states: ``[t]he National Verifier will retain eligibility information collected as a result of the eligibility determination process'' and that ``Lifeline providers will not be required to retain eligibility documentation for subscribers who have been determined eligible by the National Verifier.'' However, Sec. 54.410(b)(2)(ii), (c)(2)(ii), and (e) require Lifeline providers to retain eligibility documentation and certifications even when the National Verifier was responsible for the enrollment process. USTelecom adds that the cost and burden to providers of maintaining duplicative subscriber eligibility information from the National Verifier are unsupported by any ``sound policy basis.'' Further, USTelecom argues the rule may actually subvert ***program*** goals of ``. . . `ensur[ing] that the National Verifier will incorporate robust privacy and data security best practices in its creation and operation of the National Verifier.' '' No parties filed in opposition to USTelecom's petition on this issue. 44. The Commission now modifies Sec. 54.410(b)(2)(ii), (c)(2)(ii), and (e) to clarify that where the National Verifier is responsible for the consumer's initial eligibility determination or recertification, the National Verifier is not required to deliver copies of those certifications to the ETC. The Commission finds that this amendment to the rules is consistent with the goals of the National Verifier to ease burdens on Lifeline providers while improving privacy and security for consumers applying to participate in the ***program***. This amendment also brings Sec. 54.410 of the Commission's rules in line with the Commission's stated intent in the 2016 Lifeline Order that Lifeline providers would not be required to retain eligibility documentation for eligibility determinations made by the National Verifier. Additionally, the Commission agrees with USTelecom that requiring Lifeline providers to maintain duplicative subscriber enrollment documentation presents unnecessary [[Page 2082]] risk to the privacy and security of subscriber information. IV. Memorandum Opinion and Order 45. To fully realize the Commission's objectives of providing Lifeline-support for broadband services, the Commission provides clarity to ensure that service providers claiming Lifeline support for broadband service actually provide Lifeline customers with the level of broadband service intended in the 2016 Lifeline Order. In February 2017, the Wireline Competition Bureau solicited public comment on a TracFone Wireless, Inc. (TracFone) request for clarification regarding Sec. Sec. 54.408 and 54.411 of the Commission's rules. The Commission now removes any uncertainty in the record with respect to whether certain Wi-Fi technologies qualify for Lifeline reimbursement by clarifying that broadband internet access delivered via Wi-Fi is not eligible for reimbursement as mobile broadband under the Lifeline ***program*** rules, and the Commission reiterates that mobile broadband service eligible for Lifeline reimbursement must be provided on a network using at least 3G (Third Generation) mobile technologies. The Commission also clarifies that a provider does not directly serve a customer with fixed broadband service under the Lifeline rules if that customer cannot access the services at their residential address and, therefore, Wi-Fi offerings like the ``premium Wi-Fi'' service described in the record also do not qualify for Lifeline support as fixed broadband service offerings. 46. In its request for clarification, TracFone sought clarification regarding the types of service that meet the minimum service standards for Lifeline-supported mobile broadband and qualify for the twelve- month benefit port freeze. In response, several commenters expressed concerns that interpreting the minimum service standards for Lifeline- eligible mobile broadband to allow for Wi-Fi-delivered broadband as described in the request would inhibit the Commission's goal of supporting quality service to low-income consumers, while others supported an interpretation of the Commission's rules that would permit Lifeline support for ``premium Wi-Fi'' access offerings. 47. The Commission clarifies that ``premium Wi-Fi'' and other similar networks of Wi-Fi-delivered broadband internet access service do not qualify as mobile broadband under the Lifeline ***program*** rules. (See 47 CFR 54.400 et seq.) In the 2016 Lifeline Order, the Commission focused on ``mobile network technologies'' and mobile service offerings over different generations of mobile technologies in adopting rules for Lifeline-eligible mobile broadband service. (See 47 CFR 54.408(b)(2)(i).) Against this backdrop, the Commission established minimum service standards, including minimum 3G (Third Generation mobile network) speeds, to qualify for Lifeline support. There is no evidence in the record that Wi-Fi-only technology, as deployed today, is a ``mobile technology'' or one of the ``generations'' of mobile technologies, as contemplated by the Commission in the 2016 Lifeline Order. Further, nothing in the record demonstrates that Wi-Fi, including ``premium Wi-Fi,'' as deployed today, should be treated as an industry accepted generation of mobile technology. 48. The Commission also disagrees with Telrite that the use of the term ``3G'' in the Sec. 54.408(b)(2)(i) of the Commission's rules was only intended as a proxy for a particular minimum network speed threshold and not a generation of mobile technology. In the 2016 Lifeline Order, the Commission's discussion makes it clear that it was incorporating industry mobile technology generations, and that 3G was not just a proxy for a speed threshold. The Commission, for example, stated that ``[f]or the mobile broadband minimum service standard for speed, it relies on Form 477 data while also incorporating industry mobile technology generation (i.e , 3G, 4G).'' 49. Unlike Wi-Fi, mobile networks provide ubiquitous mobility with large service area coverage. Wi-Fi access, however, can be a complement to a consumer's primary broadband service. Lifeline-eligible mobile broadband requires a mobile service provided through 3G mobile broadband technologies or subsequent and superior generations of mobile broadband technologies. Accordingly, the rules governing Lifeline support for a ``mobile broadband service'' contemplate not just a minimum of ``3G'' mobile network threshold speeds, but also a mobile network. (47 U.S.C 153(33) (defining ``mobile service''); 47 CFR 20.3 (same).) As noted above, mobile networks, unlike current Wi-Fi networks, provide ubiquitous mobility within a large service area. Was the Commission to interpret the minimum service standard otherwise, an ETC could offer any fixed service with an arguably fast-enough speed, limit it to serve end users primarily using mobile devices, and claim that such a service was in fact ``mobile'' broadband because it offers speeds faster than ``3G.'' As a result, the section establishing Lifeline minimum service standards for fixed broadband service would have no meaningful application, because ETCs could simply offer the much lower data allowances permitted under the mobile broadband standards, supplement that amount with Wi-Fi-delivered data, and receive the same Lifeline support amount. (See 47 CFR 54.408(b)(1).) 50. The Commission also clarifies that a provider does not directly serve a customer with fixed broadband service under the Lifeline rules if that customer cannot access the service at their residential address. (See 47 CFR 54.407(a) (``Universal service support for providing Lifeline shall be provided directly to an eligible telecommunications carrier based on the number of actual qualifying low-income customers it serves directly as of the first day of the month.'')) The 2016 Lifeline Order contemplates Lifeline-supported fixed broadband service as a residential service. A service that, for example, purports to offer Lifeline-supported fixed broadband service but only provides customers with access to hotspots that a qualifying low-income subscriber cannot access from their own residence undermines the Commission's requirement that carriers directly provide service to receive reimbursement. A review of the Wi-Fi service disputed in the record before us indicates that the iPass network used to provide the premium Wi-Fi service keeps customers connected in ``hotels, airports, and other business venues,'' trains, airplanes, and convention centers, and in many towns only includes hotspots at establishments with pre- existing free public Wi-Fi offerings, like McDonald's, Burger King, and Walmart. (See The iPass Global Wi-Fi Network, iPass (last visited Oct. 24, 2017), [*https://www.ipass.com/mobile-network/*](https://www.ipass.com/mobile-network/). See also, e.g , iPass hotspot locations in Indianola, Iowa, and Forrest City, Arkansas,   [*https://hotspot-finder.ipass.com/united-states/indianola-iowa*](https://hotspot-finder.ipass.com/united-states/indianola-iowa),   [*https://hotspot-finder.ipass.com/united-states/forrest-city-arkansas*](https://hotspot-finder.ipass.com/united-states/forrest-city-arkansas) (last visited Oct. 24, 2017).) Some commenters indicated that these hot spot locations are ``likely to be of little use to most Lifeline customers'' because few of the hot spots are located in low-income residential areas, and the hot spot locations ``may not be common areas in which Lifeline customers would find themselves trying to utilize their Lifeline supported [broadband internet access service].'' (TracFone Wireless Reply at 7 & n. 12; Public Utility Division of Oklahoma Comments at 4.) TracFone also states that based on its sample testing for one Florida ZIP [[Page 2083]] Code, ``[l]ess than one percent of the 10,223 Lifeline households within that ZIP Code reside within areas covered by iPass hotspots'' and that nine of the twelve iPass hot spots within that ZIP Code ``are located inside business locations (typically, restaurants and hotels, and only available to patrons of those businesses).'' Accordingly, these types of premium Wi-Fi services would be functionally inaccessible to many Lifeline consumers and, thus, offering such services does not directly serve a Lifeline customer with fixed broadband service as required by Sec. 54.407(a) of the Lifeline rules. V. Procedural Matters A. Paperwork Reduction Act 51. The Fourth Report and Order contains new information collection requirements subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. It will be submitted to the Office of Management and Budget (OMB) for review under section 3507(d) of the PRA. OMB, the general public, and other federal agencies will be invited to comment on the revised information collection requirements contained in this proceeding. In addition, the Commission notes that pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, the Commission previously sought specific comment on how it might further reduce the information collection burden on small business concerns with fewer than 25 employees. 52. As required by the Regulatory Flexibility Act of 1980, as amended (RFA), the Federal Communications Commission (Commission) included an Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on a substantial number of small entities by the policies and rules proposed in the 2015 Lifeline FNPRM in WC Docket Nos. 11-42, 09-197, 10-90. The Commission sought written public comment on the proposals in the 2015 Lifeline FNPRM, including comment on the IRFA. This Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA. 53. The Commission is required by section 254 of the Communications Act of 1934, as amended, to promulgate rules to implement the universal service provisions of section 254. The Lifeline ***program*** was implemented in 1985 in the wake of the 1984 divestiture of AT&T. On May 8, 1997, the Commission adopted rules to reform its system of universal service support mechanisms so that universal service is preserved and advanced as markets move toward competition. Since the 2012 Lifeline Reform Order, 77 FR 12952, March 2, 2012, the Commission has acted to address waste, fraud and abuse in the Lifeline ***program*** and improved ***program*** administration and accountability. In this Fourth Report and Order, Order on Reconsideration, and Memorandum Opinion and Order (Order), the Commission takes steps to focus Lifeline ***program*** support to effectively and efficiently bridge the digital divide for low-income consumers while minimizing the contributions burden on ratepayers. The Commission resolves questions regarding enhanced Lifeline support for Tribal lands, which were raised in the 2015 Lifeline Further Notice of Proposed Rulemaking but left unaddressed by the 2016 Lifeline Order. The Commission resolves Petitions for Reconsideration to improve competition and efficiency in the Lifeline ***program***. The Commission enables competition and empower Lifeline consumers by increasing their ability to switch their Lifeline benefit to a new provider. The Commission also clarifies how Lifeline providers should apply the Lifeline discount to service offerings that include Lifeline-supported broadband internet access service. 54. The RFA directs agencies to provide a description of and, where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted. The RFA generally defines the term ``small entity'' as having the same meaning as the terms ``small business,'' ``small organization,'' and ``small governmental jurisdiction.'' In addition, the term ``small business'' has the same meaning as the term ``small business concern'' under the Small Business Act. A small business concern is one that: (1) Is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the Small Business Administration (SBA). Nationwide, there are a total of approximately 28.2 million small businesses, according to the SBA. A ``small organization'' is generally ``any not-for-profit enterprise which is independently owned and operated and is not dominant in its field.'' 55. Small Entities, Small Organizations, Small Governmental Jurisdictions. Our actions, over time, may affect small entities that are not easily categorized at present. The Commission therefore describes here, at the outset, three comprehensive small entity size standards that could be directly affected herein. As of 2016, according to the SBA, there were 28.8 million small businesses in the U.S , which represented 99.9 percent of all businesses in the United States. Additionally, a ``small organization is generally any not-for-profit enterprise which is independently owned and operated and not dominant in its field.'' Nationwide, as of 2014, there were approximately 2,131,200 small organizations. Finally, the term ``small governmental jurisdiction'' is defined generally as ``governments of cities, towns, townships, villages, school districts, or special districts, with a population of less than fifty thousand''. U.S Census Bureau data published in 2012 indicates that there were 89,476 local governmental jurisdictions in the United States. The Commission estimates that, of this total, as many as 88,761 entities may qualify as ``small governmental jurisdictions.'' Thus, the Commission estimates that most governmental jurisdictions are small. 56. A number of our rule changes will result in additional reporting, recordkeeping, or compliance requirements for small entities. For all of those rule changes, the Commission has determined that the benefit the rule change will bring for the Lifeline ***program*** outweighs the burden of the increased requirement/s. Other rule changes decrease reporting, recordkeeping, or compliance requirements for small entities. The Commission has noted the applicable rule changes below impacting small entities. 57. Compliance burdens. All of the rules the Commission implements impose some compliance burdens on small entities by requiring them to become familiar with the new rules to comply with them. For several of the new rules the burden of becoming familiar with the new rule in order to comply with it is the only additional burden the rule imposes. 58. The RFA requires an agency to describe any significant, specifically small business, alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): ``(1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.'' 59. This rulemaking could impose minimal additional burdens on small entities. In this Order, the Commission [[Page 2084]] modifies certain Lifeline rules to target funding to areas where it is most needed. In developing these rules, the Commission worked to ensure the burdens associated with implementing these rules would be minimized for all service providers, including small entities. In taking this action, the Commission considered potential impacts on service providers, including small entities. The Commission considered alternatives to the rulemaking changes that increase projected reporting, recordkeeping and other compliance requirements for small entities, including alternatives on how to define ``rural'' for purposes of describing rural Tribal lands and how the Commission and USAC could provide mapping resources to help small entities identify with certainty areas that are eligible for enhanced support. In developing our rules related to Tribal benefits, the Commission carefully crafted the requirements to be easier on all service providers and determined that a specific carve-out for small businesses was not necessary. 60. No commenters specifically offered alternatives to the changes made in this Order. Further, given the narrow and targeted scope of the changes being made no alternative readily presents itself to limit the burdens on small business or organizations. The identified increase in burden is minimal and outweighed by the advantages in combating waste, fraud, and abuse in the ***program***. VII. Ordering Clauses 61. Accordingly, it is ordered, that pursuant to the authority contained in sections 1 through 4, 201 through 205, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C 151-154, 201-205, 254, and 403, and Sec. 1.2 of the Commission's rules, 47 CFR 1.2, this Fourth Report and Order, Order on Reconsideration, and Memorandum Opinion and Order is adopted effective thirty (30) days after the publication of this Fourth Report and Order, Order on Reconsideration, and Memorandum Opinion and Order, in the Federal Register, except to the extent provided herein and expressly addressed below. 62. It is further ordered, that pursuant to the authority contained in sections 1 through 4, 201 through 205, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C 151-154, 201-205, 254, and 403, part 54 of the Commission's rules, 47 CFR part 54, is amended as described in the following Final Rules, and such rule amendments to Sec. Sec. 54.403(b) and 54.410 of the Commission's rules shall be effective thirty (30) days after the publication of this Fourth Report and Order, Order on Reconsideration, and Memorandum Opinion and Order in the Federal Register. 63. It is further ordered, that pursuant to the authority contained in sections 1 through 4, 201 through 205, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C 151-154, 201-205, 254, and 403, that the removal and reservation of Sec. 54.411 of the Commission's rules shall be effective sixty (60) days after the publication of this Fourth Report and Order, Order on Reconsideration, and Memorandum Opinion and Order in the Federal Register. 64. It is further ordered, that pursuant to the authority contained in sections 1 through 4, 201 through 205, 254, and 403 of the Communications Act of 1934, as amended, 47 U.S.C 151-154, 201-205, 254, and 403, part 54 of the Commission's rules, 47 CFR part 54, is amended as described in the following Final Rules, and such rule amendments to Sec. Sec. 54.403(a)(3), 54.413, and 54.414 of the Commission's rules are subject to the PRA and shall be effective ninety (90) days after announcement in the Federal Register of OMB approval of the subject information collection requirements or on August 1, 2018, whichever occurs later. 65. It is further ordered that, pursuant to the authority contained in sections 1-5 and 254 of the Communications Act of 1934, as amended, 47 U.S.C 151-155 and 254, and Sec. 1.429 of the Commission's rules, 47 CFR 1.429, the Petition for Reconsideration filed by United States Telecom Association on June 23, 2016 and the Petition for Reconsideration/Clarification of NTCA--The Rural Broadband Association and WTA--Advocates for Rural Broadband are granted to the extent described above. 66. It is further ordered that the Commission shall send a copy of this Fourth Report and Order, Order on Reconsideration, and Memorandum Opinion and Order to Congress and to the Government Accountability Office pursuant to the Congressional Review Act, see 5 U.S.C 801(a)(1)(A). List of Subjects in 47 CFR Part 54 Communications common carriers, Health facilities, Infants and children, internet, Libraries, Reporting and recordkeeping requirements, Schools, Telecommunications, Telephone. Federal Communications Commission. Katura Jackson, Federal Register Liaison Officer, Office of the Secretary. Final Rule For the reasons discussed in the preamble, the Federal Communications Commission amends 47 CFR part 54 as follows: PART 54--UNIVERSAL SERVICE 0 1. The authority citation for part 54 continues to read as follows: Authority: 47 U.S.C 151, 154(i), 155, 201, 205, 214, 219, 220, 254, 303(r), 403, and 1302 unles otherwise noted. 0 2. Amend Sec. 54.403 by revising paragraphs (a)(3) and (b)(1) to read as follows: Sec. 54.403 Lifeline support amount. \* \* \* \* \* (a) \* \* \* (3) Tribal lands support amount. Additional federal Lifeline support of up to $25 per month will be made available to a eligible telecommunications carrier providing facilities-based Lifeline service to an eligible resident of Tribal lands, as defined in Sec. 54.400(e), if the subscriber's residential location is rural, as defined in Sec. 54.505(b)(3)(i) and (ii), and the eligible telecommunications carrier certifies to the Administrator that it will pass through the full Tribal lands support amount to the qualifying eligible resident of Tribal lands and that it has received any non-federal regulatory approvals necessary to implement the required rate reduction. (b) Application of Lifeline discount amount. (1) Eligible telecommunications carriers that charge federal End User Common Line charges or equivalent federal charges must apply federal Lifeline support to waive the federal End User Common Line charges for Lifeline subscribers if the carrier is seeking Lifeline reimbursement for eligible voice telephony service provided to those subscribers. Such carriers must apply any additional federal support amount to a qualifying low-income consumer's intrastate rate, if the carrier has received the non-federal regulatory approvals necessary to implement the required rate reduction. Other eligible telecommunications carriers must apply the federal Lifeline support amount, plus any additional support amount, to reduce the cost of any generally available residential service plan or package offered by such carriers that provides at least one supported service as described in Sec. 54.101(a), and charge [[Page 2085]] Lifeline subscribers the resulting amount. \* \* \* \* \* 0 3. Amend Sec. 54.410 by revising paragraphs (b)(2)(ii), (c)(2)(ii), and (e) to read as follows: Sec. 54.410 Subscriber eligibility determination and certification. \* \* \* \* \* (b) \* \* \* (2) \* \* \* (ii) If a state Lifeline administrator or other state agency is responsible for the initial determination of a subscriber's eligibility, a copy of the subscriber's certification that complies with the requirements set forth in paragraph (d) of this section. \* \* \* \* \* (c) \* \* \* (2) \* \* \* (ii) If a state Lifeline administrator or other state agency is responsible for the initial determination of a subscriber's eligibility, a copy of the subscriber's certification that complies with the requirements set forth in paragraph (d) of this section. \* \* \* \* \* (e) State Lifeline administrators or other state agencies that are responsible for the initial determination of a subscriber's eligibility for Lifeline must provide each eligible telecommunications carrier with a copy of each of the certification forms collected by the state Lifeline administrator or other state agency for that carrier's subscribers. \* \* \* \* \* Sec. 54.411 [Removed and Reserved] 0 4. Remove and reserve Sec. 54.411 0 5. Revise Sec. 54.413 to read as follows: Sec. 54.413 Link Up for rural Tribal lands. (a) For purposes of this subpart, the term ``Tribal Link Up'' means an assistance ***program*** for eligible residents of Tribal lands, if the subscriber's location is rural, as defined in Sec. 54.505(b)(3)(i) and (ii), seeking telecommunications service from a telecommunications carrier that is receiving high-cost support on rural Tribal lands, pursuant to subpart D of this part, that provides: (1) A 100 percent reduction, up to $100, of the customary charge for commencing telecommunications service for a single telecommunications connection at a subscriber's principal place of residence imposed by an eligible telecommunications carrier that is also receiving high-cost support on rural Tribal lands, pursuant to subpart D of this part. For purposes of this subpart, a ``customary charge for commencing telecommunications service'' is the ordinary charge an eligible telecommunications carrier imposes and collects from all subscribers to initiate service with that eligible telecommunications carrier. A charge imposed only on qualifying low- income consumers to initiate service is not a customary charge for commencing telecommunications service. Activation charges routinely waived, reduced, or eliminated with the purchase of additional products, services, or minutes are not customary charges eligible for universal service support; and (2) A deferred schedule of ***payments*** of the customary charge for commencing telecommunications service for a single telecommunications connection at a subscriber's principal place of residence imposed by an eligible telecommunications carrier that is also receiving high-cost support on rural Tribal lands, pursuant to subpart D of this part, for which the eligible resident of rural Tribal lands does not pay interest. The interest charges not assessed to the eligible resident of rural Tribal lands shall be for a customary charge for connecting the telecommunications service of up to $200 and such interest charges shall be deferred for a period not to exceed one ***year***. (b) An eligible resident of rural Tribal lands may receive the benefit of the Tribal Link Up ***program*** for a second or subsequent time only for otherwise qualifying commencement of telecommunications service at a principal place of residence with an address different from the address for which Tribal Link Up assistance was provided previously. 0 5. Amend Sec. 54.414 by revising paragraph (b) to read as follows: Sec. 54.414 Reimbursement for Tribal Link Up. \* \* \* \* \* (b) In order to receive universal support reimbursement for providing Tribal Link Up, eligible telecommunications carriers must use the maps made available by the Administrator to determine an eligible resident of rural Tribal lands' initial eligibility for Tribal Link Up. Eligible telecommunications carriers must obtain a certification form from each eligible resident of Tribal lands that complies with Sec. 54.410 prior to enrolling him or her in Tribal Link Up. \* \* \* \* \* [FR Doc. 2018-00152 Filed 1-12-18; 8:45 am] BILLING CODE 6712-01-P

**Load-Date:** January 17, 2018

**End of Document**



[***Federal Register: Small Business HUBZone Program; Government Contracting Programs Pages 54812 - 54835 [FR DOC # 2018-23285]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TMF-2C21-JDG9-Y0GS-00000-00&context=1516831)

Impact News Service

October 31, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 28917 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

Small Business Administration ----------------------------------------------------------------------- 13 CFR Parts 115, 121, 125, et al. Small Business HUBZone ***Program***; Government Contracting ***Programs***; Proposed Rules Federal Register / Vol. 83 , No. 211 / Wednesday, October 31, 2018 / Proposed Rules [[Page 54812]] ----------------------------------------------------------------------- SMALL BUSINESS ADMINISTRATION 13 CFR Parts 115, 121, 125, and 126 RIN 3245-AG38 Small Business HUBZone ***Program***; Government Contracting ***Programs*** AGENCY: U.S Small Business Administration. ACTION: Proposed rule. ----------------------------------------------------------------------- SUMMARY: The U.S Small Business Administration (SBA or Agency) proposes to amend its regulations for the Historically Underutilized Business Zone (HUBZone) ***Program*** to reduce the regulatory burdens imposed on HUBZone small business concerns and government agencies, implement new statutory provisions, and eliminate ambiguities in the regulations.

SBA has reviewed all of its HUBZone regulations and is proposing a comprehensive revision to the HUBZone ***Program*** to clarify current HUBZone ***Program*** policies and procedures and to make changes that will benefit the small business community by making the HUBZone ***Program*** more efficient and effective. The proposed amendments are intended to make it easier for small business concerns to understand and comply with the ***program***'s requirements and to make the HUBZone ***program*** a more attractive avenue for procuring agencies. DATES: Comments must be received on or before December 31, 2018. ADDRESSES: You may submit comments, identified by RIN 3245-AG38, by any of the following methods:  Federal eRulemaking Portal: [*http://www.regulations.gov*](http://www.regulations.gov) and follow the instructions for submitting comments.      Mail (for paper, disk, or CD-ROM submissions): Mariana Pardo, Director, HUBZone ***Program***, 409 Third Street SW, Washington, DC 20416.     Instructions: All submissions received must include the agency name and docket number or Regulatory Information Number (RIN) for this rulemaking. All comments received will be posted on   [*http://www.regulations.gov*](http://www.regulations.gov) If you wish to submit confidential business information (CBI) as defined in the User Notice at   [*http://www.regulations.gov*](http://www.regulations.gov), please submit the comments to Mariana Pardo and highlight the information that you consider to be CBI and explain why you believe this information should be held confidential. SBA will make a final determination as to whether the comments will be published or not.

FOR FURTHER INFORMATION CONTACT: Mariana Pardo, Director, Office of HUBZone (D/HUB), 202-205-2985 or [*hubzone@sba.gov*](mailto:hubzone@sba.gov)

SUPPLEMENTARY INFORMATION: On January 30, 2017, President Trump issued Executive Order 13771 directing federal departments and agencies to reduce regulatory burdens and control regulatory costs. In response to this directive, SBA initiated a review of all of its regulations to determine which might be revised or eliminated. This proposed rule would implement revisions to the HUBZone ***program***. The HUBZone ***program*** was established pursuant to the HUBZone Act of 1997 (HUBZone Act), Title VI of the Small Business Reauthorization Act of 1997, Public Law 105-135, enacted December 2, 1997. The stated purpose of the HUBZone ***program*** is to provide for Federal contracting assistance to HUBZone small business concerns. 15 U.S.C 657a(a).     In general, HUBZone small business concerns are those that have a principal place of business located in a HUBZone and 35 percent of their employees residing in one or more HUBZones. After SBA certifies eligible businesses into the ***program***, they become eligible for HUBZone contracting preferences. HUBZone areas are generally defined as areas with low income levels, high poverty and unemployment rates, Indian reservations, closed military bases, or disaster areas.     SBA has not issued a comprehensive regulatory amendment to the HUBZone ***program*** since the ***program***'s initial implementation nearly twenty ***years*** ago, although SBA has issued numerous smaller amendments to the HUBZone ***Program*** to implement specific changes in 1998, 2001, 2004, 2005, 2007, 2009, 2013, and 2016. As such, SBA's review of the HUBZone ***program*** in response to President Trump's directive highlighted several areas that needed revision. This proposed rule would clarify and modify a number of the regulations implementing the ***program*** to update the rules to reflect SBA's current policies, to eliminate ambiguities in the regulations, and to reduce burdens on small businesses and procuring agencies.     As part of this proposed rulemaking process, SBA also held tribal consultations pursuant to Executive Order 13175, Tribal Consultations, in Anchorage, AK, Albuquerque, NM, and Oklahoma City, OK to provide interested tribal representatives with an opportunity to discuss their views on various HUBZone-related issues. SBA considers tribal consultation meetings a valuable component of its deliberations and believes that these tribal consultation meetings allowed for constructive dialogue with the Tribal community, Tribal Leaders, Tribal Elders, elected members of Alaska Native Villages or their appointed representatives, and principals of tribally-owned and Alaska Native Corporations (ANC) owned firms participating in the HUBZone ***program***. SBA has taken these discussions into account in drafting this proposed rule.     In addition, SBA is proposing to implement section 1701(i) of the National Defense Authorization Act for Fiscal ***Year*** 2018 (NDAA 2018), Public Law 115-91, Dec. 12, 2017, which allows certain certified HUBZone small business concerns to maintain their HUBZone status until 2021, by amending the definition of ``HUBZone small business concern.''     The major challenge with the HUBZone ***program*** over the last two decades is the lack of stability and predictability for ***program*** participants. HUBZones change at different times based on economic data. Once certified, it is unrealistic to expect a business concern, or employee, to relocate in order to attempt to maintain the concern's HUBZone status when the area where the business is located or the employee resides loses its HUBZone status. This rule proposes changes that will help the HUBZone ***program*** achieve its intended results-- investment in communities and continued employment. First, the rule proposes to treat an individual as a HUBZone resident if that individual worked for the firm and resided in a HUBZone at the time the concern was certified or recertified as a HUBZone small business concern and he or she continues to work for that same firm, even if the area where the individual lives no longer qualifies as a HUBZone or the individual has moved to a non-HUBZone area. Second, the proposed rule would eliminate the burden on HUBZone small businesses to continually demonstrate that they meet all eligibility requirements at the time of each offer and award for any HUBZone contract opportunity. It is hard for many firms to meet the requirement that at least 35% of the firm's employees must live in a HUBZone. Firms with a significant number of employees have a hard time meeting this requirement because it is often difficult to find a large number of individuals living in a HUBZone who possess the necessary qualifications. Smaller firms also have a hard time meeting this requirement because the loss of one employee could adversely affect their HUBZone eligibility. If a certified HUBZone small business receives a Federal contract (HUBZone or otherwise), it often must

[[Page 54813]]

hire additional employees to perform the contract and would lose its status as a certified HUBZone small business if it no longer meets the requirement that at least 35% of its employees reside in a HUBZone. This makes it ineligible for any future HUBZone contracts. The 35% HUBZone residency requirement also makes it hard for service contractors to perform contracts in other locations. For example, if a firm wins a contract in another state, it would most likely need to hire additional employees from that state. If there is no HUBZone near that location, the firm would have to hire non-HUBZone residents to perform the contract, which would most likely make it ineligible for future HUBZone contracts. To alleviate these problems, the proposed rule would require only annual recertification rather than immediate recertification at the time of every offer for a HUBZone contract award. This reduced burden on certified HUBZone small businesses would allow a firm to remain eligible for future HUBZone contracts for an entire ***year***, without requiring it to demonstrate that it continues to meet all HUBZone eligibility requirements at the time it submits an offer for each additional HUBZone opportunity. A concern would represent that it is a certified HUBZone small business concern at the time of each offer, but its eligibility would relate back to the date of its certification or recertification, not to the date of the offer. The concern would be required to come into compliance with the 35% HUBZone residency requirement again at the time of its annual recertification in order to continue to be eligible for additional HUBZone contracts after the one-***year*** certification period. During the tribal consultation process, SBA also received a few comments recommending that SBA count ``seasonal'' employees in a firm's count of total employees for purposes of determining whether it meets the 35% HUBZone residency requirement even if those individuals are currently employed by the firm. SBA is concerned that counting any individuals who are not currently on a firm's payroll (in the anticipation that they will again be employed by the firm at some point) would allow firms to circumvent the 35% residency requirement and subject the ***program*** to abuse. SBA requests comments on whether seasonal employees can or should be counted and still maintain the integrity of the eligibility requirements.     SBA addresses each proposed amendment below.

II. Section-by-Section Analysis

1. Definitions

    SBA has reviewed the current definitions set forth in 13 CFR 126.103 and has determined that several definitions need to be revised, added, or eliminated to remove ambiguities and make the HUBZone ***program*** easier for firms to use.     SBA proposes to delete the definitions of ``Alaska Native Village'' and ``ANCSA'' (i.e , Alaska Native Claims Settlement Act) and incorporate those terms in an amended definition of ``Alaska Native Corporation (ANC)'' to make the regulations more readable.     SBA proposes to amend the definition of ``attempt to maintain'' to clarify what happens if a HUBZone small business concern's HUBZone residency percentage drops too low. The Small Business Act provides that a HUBZone small business concern must ``attempt to maintain'' compliance with the 35% employee HUBZone residency requirement during the performance of a HUBZone contract. 15 U.S.C 632(p)(5)(A)(i)(II). This statutory requirement seeks to ensure that funds from HUBZone contracts flow to HUBZone areas and the residents of those areas, while at the same time recognizing that a HUBZone small business may need to hire additional employees in order to fully meet the terms of a contract. Under the ``attempt to maintain'' requirement, when hiring additional employees to perform on a HUBZone contract, the HUBZone small business must make efforts to hire HUBZone residents in order to try to maintain compliance with the 35% HUBZone residency requirement. The current regulation provides that ``attempt to maintain'' means ``making substantive and documented efforts such as written offers of employment, published advertisements seeking employees, and attendance at job fairs.'' 13 CFR 126.103 SBA believes it is necessary to clarify that if the HUBZone residency percentage drops too low, then SBA will find that the HUBZone small business has not made its best efforts to ``attempt to maintain'' compliance with this requirement. Therefore, SBA is proposing to amend this definition to add that falling below 20% HUBZone residency during the performance of a HUBZone contract will be deemed a failure to attempt to maintain compliance with the statutory 35% HUBZone residency requirement. In such a case, SBA would propose that the concern be decertified from the HUBZone ***program***. The concern would then have the opportunity to demonstrate that it in fact continues to have at least 20% HUBZone employees and that it continues to attempt to hire additional HUBZone residents in order to reach 35%. SBA does not intend to require that employees be hired in any particular order (i.e , in an order that ensures that at any moment in time, at least 20% of its total employees reside in a HUBZone), but merely that it always have at least 20% HUBZone employees once the hiring for contract performance is complete (and continues to attempt to hire more HUBZone employees). For example, if a certified HUBZone small business has 4 employees, 2 of which reside in a HUBZone, and wins a contract where it will be required to hire an additional 11 employees to perform the contract, SBA would not propose decertification if the first 8 new hires were non-HUBZone residents (meaning that for a time, only 2 employees out of 12 would be HUBZone residents, which is less than 20% of the firm's total employees), as long as the firm makes documented efforts to hire HUBZone residents and at least 1 of the remaining individuals hired to perform the contract lives in a HUBZone (i.e , after hiring is complete, the firm employs 3 HUBZone residents out of a total of 15 employees, which equals 20%, thus allowing the firm to be deemed to have attempted to maintain the 35% HUBZone resident requirement). Of course, SBA would not believe that a firm truly attempted to maintain the 35% HUBZone resident requirement if it hired one HUBZone resident (in the example above, if it hired the third HUBZone resident in total, or first of the 11 supposedly hired to perform the newly awarded contract) one day before its annual HUBZone eligibility review and that individual really had no input in contract performance. Thus, considering SBA's desire not to insert itself into a firm's business decisions in hiring individuals to perform a HUBZone contract and its responsibility to ensure that additional HUBZone employees are in fact hired to perform the contract and that the overall purposes of the ***program*** are served, SBA requests comments on how best to look at this 20% minimum requirement. SBA also believes that a lower percentage (i.e , allowing less than 20% HUBZone residents) would unreasonably diminish the impact of the ***program*** on the targeted areas and populations. However, SBA requests comments as to whether a different percentage is also reasonable and would accomplish the objectives of the HUBZone ***program*** while not unduly burdening firms performing HUBZone contracts.

[[Page 54814]]

    SBA proposes to eliminate the definition of ``county unemployment rate'' and incorporate it into the definition of ``qualified non- metropolitan county (QNMC),'' as discussed further below.     The proposed rule would amend the definition of ``D/HUB'' to make clear that this term refers to the Director of SBA's Office of HUBZone.     SBA proposes to amend the definition of ``decertify'' to clarify that the decertification procedures described in part 126 are applicable to firms which voluntarily withdraw from the HUBZone ***program***. If a certified HUBZone small business concern is unable to recertify its HUBZone eligibility at the time of its annual recertification, or if it acquires, is acquired by, or merges with another concern and no longer meets the HUBZone eligibility requirements, it should submit a request to SBA to voluntarily withdraw. Upon receipt of such request, SBA will remove the firm as a certified HUBZone small business concern from the Dynamic Small Business Search (DSBS) system.     SBA proposes to amend the definition of the term ``employee.'' This term is key to the HUBZone ***program*** since the basic HUBZone eligibility requirements for a small business are to have at least 35% of its employees residing in a HUBZone and to have a principal office located in a HUBZone. SBA believes that a clarification is necessary because the existing definition's language--``a minimum of 40 hours per month''--is ambiguous. The proposed rule would explain that an individual is an employee if he or she works at least 40 hours during the four-week period immediately prior to the relevant date--either the date the concern submits its HUBZone application to SBA or the date of recertification. SBA will review a firm's payroll records for the most recently completed pay periods that account for the four-week period immediately prior to the date of application or date of recertification in order to determine which individuals meet this definition. If the firm has weekly pay periods, then SBA will review the payroll records for the most recently completed last four pay periods. If the firm has two-week pay periods, then SBA will review the payroll records for the last two most recently completed pay periods. If the payroll records demonstrate that an individual worked forty or more hours during that four-week period, he or she would be considered an employee of the concern. Additionally, SBA is considering revising the requirement from 40 hours per month to 20 hours per week, due to concerns that the 40 hours per month requirement is not sufficient to stimulate employment in HUBZones. Considering the purpose of the HUBZone ***program*** to stimulate meaningful employment in communities with high unemployment, SBA specifically requests comments on the number of hours SBA should require in order to count an individual as an employee of the firm for HUBZone eligibility purposes.     The proposed definition of ``employee'' continues to specify that employees include temporary and leased employees, individuals obtained through a union agreement, and those co-employed through a professional employer organization (PEO) agreement. To further respond to the number of hours an individual must work in order to be considered an employee of the firm, SBA also requests comments on whether SBA should count only full-time employees or full-time equivalents.     The proposed definition clarifies that all owners of a HUBZone applicant or HUBZone small business who work at least 40 hours per month will be considered employees, regardless of whether they receive compensation. This current interpretation responds to situations where the counting of one individual (i.e , a non-HUBZone resident owner who works at the firm but does not collect a direct salary and claims not to be an employee) would render the firm ineligible for HUBZone participation. SBA believes that any time an owner works at least 40 hours per month for the concern, he or she should be counted as an employee. In addition, the proposed definition adds that if the sole owner of a firm works less than 40 hours during the four-week period immediately prior to the relevant date of review, but has not hired another individual to direct the actions of the concern's employees, then that owner will be considered an employee as well.     The proposed definition clarifies that individuals who do not receive compensation and those who receive deferred compensation are generally not considered employees. The proposed definition further clarifies that individuals who receive in-kind compensation commensurate with the work performed will be considered employees. This means that an individual who works at least 40 hours per month and receives in-kind compensation equaling the value of 10 working hours would generally not be considered an employee. SBA believes these clarifications are needed because there has been confusion about whether someone who receives in-kind compensation should be considered an employee, about what SBA considers in-kind compensation, and about what deferred compensation means. In general, in-kind compensation is non-monetary compensation, or anything other than cash, wages, salary or other monetary benefit received in exchange for work performed. An example of in-kind compensation is housing received in exchange for work performed. SBA generally treats individuals receiving in-kind compensation as employees because they are receiving an economic benefit from working for the firm, which is consistent with the purposes of the HUBZone ***program***. In a previous proposed rule amending the definition of ``employee'' to address in-kind compensation, SBA explained: ``SBA intended the term compensation to be read broadly and to encompass more than wages. Thus, a person who receives food, housing, or other non-monetary compensation in exchange for work performed would not be considered a volunteer under that proposed regulation. SBA believes that allowing volunteers to be counted as employees would not fulfill the purpose of the HUBZone Act--job creation and economic growth in underutilized communities.'' 67 FR 3826 (Jan. 28, 2002). SBA requests comments on whether it is reasonable to continue treating in-kind compensation this way, and on how to measure whether in-kind compensation is commensurate with work performed. There has also been some confusion surrounding SBA's treatment of deferred compensation. In general, deferred compensation means compensation that is not received at the time it is earned, but is received sometime in the future. SBA does not treat individuals receiving deferred compensation as employees for HUBZone purposes because such individuals are not receiving a present economic benefit from working for the firm, which is not consistent with the purpose of the HUBZone ***program***. The Court of Federal Claims has found this policy to be reasonable. In Aeolus Systems, LLC v. United States, 79 Fed. Cl. 1, 9 (2007), the Court held that: ``(1) the concept of deferred compensation is contrary to the ***program***'s goal of increasing gainful employment in HUBZones, and (2) the identification of non-owner individuals who work for deferred compensation as `employees' would open up the HUBZone ***program*** to potential abuse.''     The proposed definition also clarifies that independent contractors who receive compensation through Internal Revenue Service (IRS) Form 1099 generally are not considered employees,

[[Page 54815]]

as long as such individuals are not considered to be employees for size purposes under SBA's Size Policy Statement No. 1. SBA believes that it would not make sense to find an individual to be an employee of a firm when determining the concern's size, but to then not consider that same individual to be an employee when determining compliance with HUBZone eligibility rules. If an independent contractor meets the employee test under SBA Size Policy Statement No. 1, such individual should also be considered an employee for HUBZone eligibility purposes. If someone is truly acting as an independent contractor, that individual is acting as a subcontractor, not an employee. Such an individual does not receive the same benefits as an employee, but is also not under the same control as an employee. The proposed rule also clarifies that subcontractors are not considered employees when determining compliance with the HUBZone eligibility rules.     Additionally, the proposed definition states that employees of affiliates may be counted as employees of a HUBZone applicant or certified HUBZone small business concern, if the totality of circumstances demonstrates that there is no clear line of fracture between the concerns. This has always been SBA's policy and this amendment is intended to eliminate ambiguities in the regulation. When looking at the totality of circumstances to determine whether individuals are employees of a concern, SBA will review all information, including criteria used by the Internal Revenue Service (IRS) for Federal income tax purposes and those set forth in SBA's Size Policy Statement No. 1. This means that SBA will consider the employees of an affiliate firm as employees of the HUBZone small business if there is no clear line of fracture between the business concerns in question, the employees are in fact shared, or there is evidence of intentional subterfuge. When determining whether there is a clear line of fracture, SBA will review, among other criteria, whether the firms: Operate in the same or similar line of business; operate in the same geographic location; share office space or equipment; share any employees; share payroll or other administrative or support services; share or have similar websites or email addresses; share telephone lines or facsimile machines; have entered into agreements together (e.g , subcontracting, teaming, joint venture, or leasing agreements) or otherwise use each other's services; share customers; have similar names; have key employees participating in each other's business decisions; or have hired each other's former employees. For example, if John Smith owns 100% of Company A and 51% of Company B, the two companies are affiliated under SBA's size regulations based on common ownership. Thus, SBA would look at the totality of circumstances to determine whether it would be reasonable to treat the employees of Company B as employees of Company A for HUBZone ***program*** purposes. If both companies do construction work and share office space and equipment, then SBA would find that there is not a clear line of fracture between the firms, and would treat the employees of Company B as employees of Company A for HUBZone ***program*** purposes. This means that the employees of Company B would be counted in determining Company A's compliance with the 35% HUBZone residency requirement and the principal office requirement. Conversely, SBA would not treat the employees of one company as employees of another for HUBZone ***program*** purposes if the two firms would not be considered affiliates for size purposes. SBA will look at the totality of circumstances to determine whether it would be reasonable to treat the employees of one concern as employees of another for HUBZone ***program*** purposes only where SBA first determines that the two firms should be considered affiliates for size purposes.     SBA specifically requests comments on these proposed changes to the definition of ``employee.'' SBA also requests comments on how SBA should treat individuals who are employed through an agreement with a third-party business that specializes in providing HUBZone resident employees to prospective HUBZone small business concerns for the specific purpose of achieving and maintaining HUBZone eligibility. For example, one individual could work 10 hours per month for four separate businesses and be counted as a HUBZone resident employee for each of those businesses. SBA has seen this arrangement several times in recent ***years*** and requests public input on whether such an arrangement is consistent with the purposes of the HUBZone ***program*** and/or how such arrangements should be structured in order to be consistent with such purposes.     SBA proposes to revise the definition of ``HUBZone small business concern'' to remove ambiguities in the regulation. Currently, the definition of this term is copied directly from the Small Business Act and addresses only the ownership and control requirements. SBA proposes to revise the definition to state that ``HUBZone small business concern'' or ``certified HUBZone small business concern'' means a small business concern that meets the requirements described in Sec.  126.200 and that SBA has certified as eligible for federal contracting assistance under the HUBZone ***program***. In addition, SBA proposes to replace the term ``qualified HUBZone SBC'' with the term ``certified HUBZone small business concern'' to make the regulations more clear, since firms must apply to SBA and be certified as HUBZone small business concerns before they are can qualify to receive the benefits of the HUBZone ***program***. Accordingly, this rule proposes to remove the phrase ``qualified HUBZone SBC'' or ``qualified HUBZone small business concern'' everywhere it appears in SBA's regulations and replace it with ``certified HUBZone small business concern.''     In addition, SBA proposes to implement section 1701(i) of the NDAA 2018 in the amended definition of ``HUBZone small business concern.'' The NDAA 2018 was enacted on December 12, 2017. Section 1701 of the act makes a number of amendments to sections 3(p) and 31 of the Small Business Act, 15. U.S.C 632(p), 657a, which govern the HUBZone ***program***. Most of these changes are not effective until January 1, 2020, with the exception of the provision contained in section 1701(i). In enacting section 1701(i), Congress intended for small businesses located in redesignated areas that are set to expire to retain their HUBZone eligibility until the date on which SBA updates the HUBZone maps in accordance with the broader changes described in section 1701. In other words, firms that were certified HUBZone small business concerns as of the date of enactment (December 12, 2017), and that had principal offices located in redesignated areas set to expire prior to January 1, 2020, shall remain certified HUBZone small business concerns until SBA updates the HUBZone maps after the 2020 decennial census, so long as all other HUBZone eligibility requirements described in Sec.   126.200 are met. This means that in order to continue to be considered a certified HUBZone small business concern, the firm must: Continue to meet the HUBZone ownership and control requirements; continue to meet the 35% HUBZone residency requirement; and maintain its principal office in the redesignated area or another qualified HUBZone. SBA

[[Page 54816]]

notes that to implement this change, SBA will ``freeze'' the HUBZone maps with respect to qualified census tracts, qualified non- metropolitan counties, and redesignated areas. As a result, for all redesignated areas in existence on December 12, 2017, the expiration of their HUBZone treatment has been extended until December 31, 2021. SBA selected this date because SBA estimates that the HUBZone maps will have been updated to incorporate the results of the 2020 census and to reflect the broad changes mandated by section 1701 by that time, and selecting a specific date provides stability to ***program*** participants. With respect to the 35% residency requirement, SBA notes that an employee of a certified HUBZone small business concern who resided in a redesignated area as of December 12, 2017, will continue to be treated as a HUBZone resident through December 31, 2021.     SBA proposes to eliminate the definition of ``median household income'' and incorporate it into the definition of ``qualified non- metropolitan county,'' to make the regulations more readable and to clarify that SBA obtains the data on median household income from the Bureau of the Census' publication titled, ``American Community Survey 5-***year*** estimates.''     SBA also proposes to remove the definition of ``non-metropolitan'' and incorporate it into the definition of ``qualified non-metropolitan county'' to make the regulations more clear and explain that the term ``non-metropolitan'' is defined by the Bureau of the Census, United States Department of Commerce, in its publications on the Census of Population, Social and Economic Characteristics.     SBA proposes to remove the definition of ``metropolitan statistical area'' and incorporate it into the definitions of the terms ``qualified census tract'' and ``qualified non-metropolitan county'' to make the regulations more readable.     SBA proposes to add a definition for ``primary industry classification'' that refers to SBA's definition of such term in 13 CFR 121.107 To be certified into the HUBZone ***program***, an applicant must be small, which means it must meet the size standard corresponding to the North American Industry Classification System (NAICS) code associated with its primary industry classification.     SBA proposes to amend the definition of ``principal office'' to eliminate ambiguities in the regulation. SBA proposes to clarify that when determining whether a concern's principal office is located in a HUBZone. SBA counts all employees of the concern, other than those employees who work at jobsites. This includes both HUBZone residents and non-HUBZone residents. SBA is proposing this clarification because some applicants have been under the mistaken impression that only HUBZone resident employees are counted for purposes of determining a firm's principal office, but this is not and has never been SBA's intent. In addition, SBA proposes to add that in order for a location to be considered a concern's principal office, the concern must demonstrate that it conducts business at this location. SBA has included this clarification to address situations such as when firms are only able to provide a lease document but not utility bills. SBA believes that evidence that business is being conducted at the location is necessary to ensure the purposes of the HUBZone ***Program*** are being fulfilled. Finally, SBA proposes to add examples to the definition of principal office, to illustrate how the agency treats situations in which employees work at multiple locations. The first example provides that if an employee spends more than 50% of his or her time at one location, the employee is deemed to work at that location. If the employee does not spend more than 50% of his or her time at any one location, then generally the employee will be deemed to work at a non- HUBZone location (assuming all locations are not in HUBZones). SBA specifically requests comments on these proposed changes.     SBA proposes to amend the definition of ``qualified base closure area'' to remove ambiguities in the regulation and to be consistent with SBA's interpretation of the statutory text. In paragraph (1)(i) of the definition, SBA proposes to replace the language ``The date the Administrator makes a final determination as to whether or not to implement the applicable designations in accordance with the results of the decennial census conducted after the area was initially designated as a base closure area'' with ``the date on which the results of the decennial census conducted after the area was initially designated as a base closure area are released.'' In paragraph (2), SBA proposes to replace the language ``until such time as the Administrator makes a final determination as to whether or not to implement the applicable designations in accordance with the results of the 2020 decennial census are released'' with ``until the results of the 2020 decennial census are released.'' SBA believes these changes are needed to make clear that SBA interprets ``the date the Administrator makes a final determination as to whether or not to implement the applicable designations'' to mean the date that the public data is released.     SBA proposes to amend the definition of ``qualified census tract'' to make the regulation more readable. The proposed definition provides the criteria used to define the term in the Internal Revenue Code, rather than simply cross-referencing it as the regulation currently does.     SBA proposes to eliminate the definition of ``qualified HUBZone SBC,'' as discussed above.     SBA proposes to amend the definition of ``qualified non- metropolitan county'' to include Difficult Development Areas (DDAs) and to reflect SBA's current policy of utilizing the most recent data from the Local Area Unemployment Statistics report, which is annually produced by the Department of Labor's Bureau of Labor and Statistics. The proposed definition explains that a DDA is an area defined by the Department of Housing and Urban Development that is within Alaska, Hawaii, or any territory or possession of the United Sates outside the 48 contiguous states. DDAs may be HUBZones if they are also nonmetropolitan counties. SBA notes that it has been including qualified non-metropolitan counties that are DDAs in its ***program*** since the statutory authority was enacted, but had not yet amended the term qualified non-metropolitan county to include DDAs.     SBA proposes to amend the definition of ``redesignated area'' to delete an obsolete reference to the 2010 census. SBA proposes to define ``redesignated area'' as a census tract or non-metropolitan county that remains qualified as a HUBZone for 3 ***years*** after the date on which the area ceased to be either a qualified census tract or a qualified non- metropolitan county.     The proposed rule would also amend the definition of ``reside.'' This term is used when analyzing whether an employee should be considered a HUBZone resident for purposes of determining a firm's compliance with the 35% HUBZone residency requirement. SBA proposes to remove the reference to primary residence, to eliminate the requirement that an individual demonstrate the intent to live somewhere indefinitely, and to provide clarifying examples. SBA proposes to remove the reference to primary residence because many individuals do not have primary residences as the term is traditionally defined. SBA proposes to remove the requirement to prove intent to live somewhere indefinitely

[[Page 54817]]

because SBA does not have a reasonably reliable method of enforcing this requirement. In the alternative, SBA proposes that ``reside'' means to live at a location full-time and for at least 180 days immediately prior to the date of application or date of recertification, as applicable. SBA believes that this is consistent with the purposes of the HUBZone ***program***, while taking into account the realities of the unique living arrangements that may be utilized by certain small business' workforces. The definition also makes clear that to determine an individual's residence, SBA will first look to an individual's address as identified on his or her driver's license or voter's registration card, which is SBA's current and long-standing policy. Where such documentation is not available, SBA will require other specific proof of residency, such as deeds or leases, or utility bills. Additionally, this rule also proposes examples to add clarity to these revisions. SBA specifically requests comments on these proposed changes.     In addition, SBA notes that more small businesses are performing contracts overseas and are faced with the problem of how to treat those employees who reside in a HUBZone when in the United States or its territories, but are temporarily residing overseas to perform a contract. SBA proposes that it will consider the residence located in the United States as that employee's residence, if the employee is working overseas for the period of a contract. SBA believes that as long as that employee can provide documents showing he or she is paying rent or owns a home in a HUBZone, then the employee should be counted as a HUBZone resident in determining whether the small business meets the 35% HUBZone residency requirement. Because of the proposed change, discussed below (which treats an individual as a HUBZone resident if that individual resided in a HUBZone at the time his or her employer was certified into the HUBZone ***program*** or at the time he or she first worked for the certified HUBZone small business concern (i.e , the individual was hired after the firm was certified into the HUBZone ***program***), so long as he or she continues to work for that same firm, even if the area where the individual lives no longer qualifies as a HUBZone or the individual has moved to a non-HUBZone area) this provision would have meaning only with respect to firms that have employees performing overseas contracts and are applying to the HUBZone ***program*** for the first time. An individual who already qualified as a HUBZone resident for a certified HUBZone small business would continue to be treated as a resident of a HUBZone for HUBZone ***program*** eligibility purposes as long as he or she continued to work for the same certified HUBZone small business. SBA believes that this proposal strikes the right balance between acknowledging the increased prevalence of overseas contracting by small businesses and the need to ensure that the ***program*** benefits HUBZone areas. However, SBA requests comments on this issue.     SBA proposes to eliminate the definition of ``small disadvantaged business (SDB)'' because SBA no longer certifies firms as SDBs, and SDB set-asides and price evaluation preferences no longer exist. However, the term SDB continues to be defined in part 124 for use in other contexts such as subcontracting.     Finally, SBA proposes to remove the definition of ``statewide average unemployment rate'' and incorporate it into the definition of ``qualified non-metropolitan county'' to make the regulations more readable and to clarify that the statewide average unemployment rate is determined using the Local Area Unemployment Statistics report, which is produced by the Department of Labor's Bureau of Labor Statistics.

2. Eligibility Requirements

    SBA proposes to reorganize Sec.  126.200 to make the section more readable and to make the HUBZone eligibility requirements more clear.     With respect to the 35% HUBZone residency requirement, SBA proposes to clarify that all employees are counted when determining a concern's compliance with this requirement, regardless of where the employee performs his or her work. This has always been SBA's policy, but it appears that some applicants have misinterpreted SBA's rules. SBA has received several comments indicating that some in the community mistakenly believe that SBA would look only at those employees performing work in the principal office, and not any employees performing work at job site locations, in determining whether the firm meets the 35% HUBZone residency requirement. This has never been the case. SBA counts all individuals considered ``employees'' under the HUBZone definition of the term toward the 35% HUBZone residency requirement. SBA believes that the misunderstanding stems from the definition of the term ``principal office.'' In determining a concern's ``principal office,'' SBA excludes the concern's employees who perform the majority of their work at job-site locations. That exclusion, however, applies only to the principal office determination, and not to whether a concern meets the 35% HUBZone residency requirement. The proposed rule seeks to clarify SBA's intent. In addition, SBA proposes to change its application of how SBA requires a firm to meet the 35% residency requirement when the calculation results in a fraction. Previously, when the calculation of 35% of a concern's total employees resulted in a fraction, SBA would round up to the nearest whole number. For example, under the current rule, if a firm has 6 total employees, since 35% of 6 is 2.1, then SBA would round 2.1 up to 3 and require the firm to employ 3 HUBZone residents to meet the 35% HUBZone residency requirement. This rule proposes rounding to the nearest whole number, rather than rounding up in every instance. This means that if 35% of a firm's employees equates to X plus .49 or less, SBA would round down to X and not up to the next whole number. Thus, in the example above, SBA would round 2.1 down to 2 and would only require the firm to employ 2 HUBZone residents. SBA believes that this proposed change would have a minimal impact, but would clear up confusion that several small businesses seeking HUBZone status have encountered.     In addition, SBA has proposed new examples relating to the HUBZone residency requirement. With respect to the principal office and HUBZone residency requirements for tribally owned entities, SBA has clarified the regulatory language without making any substantive changes to the rule. Specifically, the proposed rule would replace the word ``adjoining'' with the word ``adjacent'' as it was used to describe HUBZones neighboring Indian reservations, because SBA believes this term is more accurate.     In order to provide stability and certainty for ***program*** participants, SBA is also proposing that an employee that resides in a HUBZone at the time of a HUBZone small business concern's certification or recertification shall continue to count as a HUBZone employee as long as the individual remains an employee of the firm, even if the employee moves to a location that is not in a qualified HUBZone area or the area where the employee's residence is located is redesignated and no longer qualifies as a HUBZone. SBA understands that a few HUBZone concerns have become ineligible for further HUBZone contracts merely because one or two of their employees

[[Page 54818]]

have moved their residences from a HUBZone to non-HUBZone area. This has placed such businesses in the unenviable position of firing those individuals and replacing them with other individuals currently living in a HUBZone, or allowing the individuals to remain on the payroll and either becoming ineligible for the HUBZone ***program*** or having to hire additional HUBZone individuals that might cause a substantial hardship on very small businesses by increasing costs and reducing profits of those businesses. One of the purposes of the ***program*** is to promote job creation for individuals living in HUBZones, enabling them to better their lives and their communities. Someone who is hired by a HUBZone small business concern and who is then able to better the lives of his or her family by moving to a different location outside a HUBZone area (due to that newly created job) should not face losing his or her job because the HUBZone small business concern cannot maintain its HUBZone eligibility with that individual on the payroll. Under this proposed change, a certified HUBZone small business concern would have to maintain records of the employee's original HUBZone address, as well as records of the individual's continued and uninterrupted employment by the HUBZone small business concern, for the duration of the firm's participation in the HUBZone ***program***.     Further, SBA proposes to clarify in proposed Sec.  126.200(g) that the concern and its owners cannot have an active exclusion in the System for Award Management and be certified into the ***program***. SBA believes that this logically follows from a debarred or suspended status, but would amend the regulations for clarity nevertheless. Debarred/suspended entities are ineligible for federal contracting assistance and would thus not receive any benefits from being certified as a HUBZone small business concern.     In Sec.  126.204, SBA proposes to clarify that a HUBZone small business concern may have affiliates, but the affiliate's employees may be counted as employees of the HUBZone applicant/participant when determining the concern's compliance with the principal office and 35% percent HUBZone residency requirements. Proposed Sec.  126.204 clarifies that where there is evidence that a HUBZone applicant/ participant and its affiliate are intertwined and acting as one, SBA will count the employees of one as employees of the other. The HUBZone applicant or concern must demonstrate a clear line of fracture between it and any affiliate in order for SBA to not count the affiliate's employees when determining the concern's principal office or compliance with the 35% residency requirement. The above supplementary information on the proposed definition of the term ``employee'' discusses this issue in more detail.     In Sec.  126.205, SBA proposes to delete the following: ``Participation in other SBA ***Programs*** is not a requirement for participation in the HUBZone ***Program***.'' SBA believes that this language is unnecessary and may merely confuse prospective HUBZone small businesses.     In Sec.  126.206, SBA proposes to replace the term ``non- manufacturers'' with ``nonmanufacturers'' to be consistent with SBA's regulations at Sec.  121.406(b).     SBA proposes to amend the title and text of Sec.  126.207 to clarify that a HUBZone small business concern may have multiple offices, as long as the firm's principal office is located in a HUBZone, and to clarify that a different rule applies to concerns owned by Indian Tribal Governments.

3. Certification

    The HUBZone ***program*** is a certification ***program***. In other words, a small business concern must submit an application and supporting documents to SBA in order for SBA to determine eligibility and certify the company into the ***program***. SBA has proposed several clarifications to its certification process.     SBA proposes to amend Sec.  126.300 by breaking up the section to make it clearer and more readable, to move the discussion of the adverse inference rule to Sec.  126.306, and to clarify that SBA may conduct site visits, conduct independent research, and review additional information (such as tax and property records, public utility records, postal records, and other relevant information).     SBA proposes to revise Sec.  126.303 to update the instructions for submitting electronic applications.     This proposed rule would also clarify that an applicant must submit a completed application and all documents and a representation that it meets the ***program***'s requirements as of the date of the application and that the information provided and any subsequent information provided is complete, true and accurate. Further, SBA proposes to require that the representation be electronically signed by a person who is authorized to represent the concern. SBA believes that this should either an owner or officer of the applicant, and not an administrative employee acting on behalf of an officer.     Further, SBA proposes to clarify that after an application has been submitted, the applicant must notify SBA of any changes that could affect its eligibility. The applicant would have to provide information and documents to support the changes.     SBA also proposes to clarify that if an applicant believes that an area is a HUBZone but SBA's website is not showing the area to be a qualified HUBZone, the applicant must note this on the application. Further, the applicant must provide documents demonstrating why it believes that the area meets the statutory criteria of a HUBZone. It cannot merely assert that it believes the area is underutilized and should be a HUBZone; it must show that the area meets the statutory criteria.     SBA proposes to delete and reserve Sec.  126.305, addressing what format the certification to SBA must take, because this is addressed in Sec.  126.303     SBA proposes several changes to Sec.  126.306 First, SBA proposes to clarify that the agency must receive all required information, supporting documents, and a completed HUBZone representation before it will begin processing a concern's application and that SBA will make a final decision within 90 ***calendar*** days after receipt of a complete package, whenever practicable. SBA proposes to clarify that the burden of proof to demonstrate eligibility is on the applicant concern and if the concern does not provide requested information within the allotted time provided by SBA, or if it submits incomplete information, SBA may presume that disclosure of the missing information would adversely affect the business concern and demonstrate a lack of eligibility in the area or areas to which the information relates and decline the applicant.     Similarly, SBA proposes to clarify that an applicant must be eligible as of the date it submitted its application and up until the time the D/HUB issues a decision. SBA cannot certify a business into the ***program*** that does not meet the eligibility requirements at that time.     SBA proposes to amend Sec.  126.307 to make a general reference to the website where SBA identifies where firms are listed as certified HUBZone small business concerns so that the regulation itself does not have to be updated every time a change in the website location occurs. The proposed rule would also delete the reference to the ability of requesters to obtain a copy of the list of certified HUBZone small business concerns by writing to the D/HUB at SBA. An interested party may find all firms that are certified HUBZone small business concerns by searching the

[[Page 54819]]

Dynamic Small Business Search (DSBS) system, and can verify a specific concern's HUBZone certification. SBA believes that the availability of this search function makes written requests an outdated and inefficient way of obtaining current information about certified HUBZone small business concerns.     SBA proposes to amend Sec.  126.308 to clarify that certified HUBZone small business concerns cannot ``opt out'' of being publicly displayed in the DSBS system. All certified HUBZone small business concerns appear in DSBS as certified HUBZone small business concerns, and those not so appearing will not be eligible for HUBZone contracts. Contracting officers refer to DSBS to ensure that potential awardees are in fact HUBZone certified small business concerns.     SBA proposes to revise Sec.  126.309 to add a new provision permitting a firm to submit a formal request for reconsideration when it receives a determination denying admission to the HUBZone ***program***. Under the proposed regulation, the business would be able to submit a request for reconsideration within 15 ***calendar*** days after receiving SBA's decision. SBA will presume that written notice was provided if SBA sends a communication to the concern at an address, email address, or fax number provided in the concern's System for Award Management (SAM) (or any successor system) profile. The applicant would be required to set forth the reasons why it believes the D/HUB's initial decision was erroneous and include information and documentation pertinent to overcoming the reasons for the initial decline, whether or not available at the time of initial application.     Proposed Sec.  126.309(a)(4) would explain that SBA would not add a concern to DSBS as a certified HUBZone small business concern during the reconsideration process. SBA would recognize a concern as a certified HUBZone small business concern in DSBS only if the D/HUB certifies the concern into the ***program***. The D/HUB would have 30 ***calendar*** days to issue a decision and could either approve the application, deny it on the same grounds as the original decision, or deny it on other grounds. If the D/HUB declines the application solely on issues not raised in the initial decline, the applicant could ask for reconsideration as if it were an initial decline.     SBA proposes that if a concern that has been declined does not request reconsideration of the D/HUB's decision, the concern could reapply for certification 90 ***calendar*** days after the date of decline. If a concern that has been declined requests reconsideration and the decline is affirmed, the concern could apply for certification 90 ***calendar*** days after the date of the D/HUB's decision on the request for reconsideration.

4. ***Program*** Examinations

    As part of SBA's oversight responsibilities for the HUBZone ***program***, SBA monitors the HUBZone ***program*** and certified HUBZone small business concerns, and verifies information submitted by HUBZone applicants, by conducting ***program*** examinations.     SBA proposes to revise Sec.  126.401 to clarify what a ***program*** examination is. The proposed rule would provide that a ***program*** examination is a review by SBA that verifies the accuracy of any certification made or information provided as part of the HUBZone application or recertification process.     SBA proposes to revise Sec.  126.403 to clarify what SBA will review during a ***program*** examination. SBA would be able to review any information related to the concern's HUBZone eligibility, including documentation related to the concern's ownership and principal office, compliance with the 35% HUBZone residency requirement, and the concern's ``attempt to maintain'' 35% of its employees from a HUBZone during the performance of a HUBZone contract.     SBA proposes to add a new Sec.  126.404 to provide the procedures and possible outcomes of a ***program*** examination. Whether the concern is applying to the HUBZone ***program*** for the first time, is undergoing a recertification analysis, or is subject to a ***program*** examination for another reason, SBA's ***program*** examination can result in a decision finding the concern either to be eligible to participate in the ***program*** (either for the first time or to be able to continue in the ***program***), or not eligible to participate in the ***program*** (which would result in a disapproval of an application or the decertification of a HUBZone concern). The proposed regulation provides that SBA will make its determination within 90 ***calendar*** days after receiving all requested information, when practicable, and that possible outcomes of a ***program*** examination include certification, denial of certification, continued certification, or proposed decertification.

5. Maintaining HUBZone Status

    SBA proposes to amend Sec.  126.500 to require HUBZone small business concerns to recertify annually to SBA that they continue to meet all of the HUBZone eligibility requirements, instead of requiring them to undergo a recertification by SBA every three ***years***. The proposed rule also provides that when a concern fails to submit its annual recertification to SBA, SBA will start proceedings to decertify the concern.     SBA proposes to amend Sec.  126.501 to clarify that once certified, a HUBZone small business concern will remain eligible for HUBZone contract awards for one ***year*** from the date of certification, provided that the concern qualifies as small for the size standard corresponding to the NAICS code assigned to the contract. On the one-***year*** anniversary of the certification, the firm would be required to recertify that it continues to meet the HUBZone eligibility requirements or voluntarily withdraw from the HUBZone ***program***. Although requiring annual recertification instead of every three ***years*** may appear to impose additional burdens on a HUBZone small business concern, the annual recertification burden would be easily offset by the elimination of the requirement that a firm must demonstrate that it continues to be an eligible HUBZone small business concern both at the time of offer and time of award for any HUBZone contract. As set forth in proposed Sec.   126.501(a), once SBA certifies a concern as eligible to participate in the HUBZone ***program***, the concern would be treated as an eligible HUBZone small business for all HUBZone contracts for which the concern qualifies as small for a period of one ***year*** from the date of its initial certification or its annual recertification. Thus, any certification that the firm makes representing that it qualifies as a HUBZone small business concern relates back to the initial certification or annual recertification. The HUBZone concern would not have to review and demonstrate its continued compliance with all HUBZone eligibility requirements throughout the ***year*** for each new HUBZone contract that it seeks.     HUBZone status protests would also relate back to the date of initial certification or most recent annual recertification (except for protests against HUBZone joint ventures). Thus, the protest would have to demonstrate that the information relied on by SBA in certifying or recertifying the concern as an eligible HUBZone small business concern was incorrect, not that there may have been changed circumstances since that certification that would render the concern ineligible. For HUBZone status protests filed against a

[[Page 54820]]

HUBZone joint venture in connection with a HUBZone contract, a protester could challenge both the HUBZone status of the HUBZone member(s) of the joint venture and the joint venture's compliance with the requirements governing HUBZone joint ventures, including the contents of the joint venture agreement. If a protester challenged the HUBZone status of the HUBZone member(s) of the joint venture, the protest would relate back to the date of that firm's initial certification or annual recertification (whichever was more recent) and the firm's HUBZone status would be determined as of that date. If the protester challenged the joint venture's compliance with the HUBZone joint venture requirements set forth in Sec.  126.616, the protest would relate to the date on which the joint venture submitted its initial offer including price and the joint venture's compliance with Sec.  126.616 would be determined as of that date. SBA will also utilize the ***program*** examination mechanism to review the status of selected firms on the date of initial certification or recertification.     The proposed rule would also clarify that a HUBZone small business concern could voluntarily withdraw from the ***program*** at any time. This may be because the concern believes that it no longer meets the ***program***'s eligibility requirements and could not be recertified or it may simply no longer want to participate in the ***program*** for a variety of other reasons. The proposed rule would also clarify that any firm that voluntarily withdraws from the ***program*** could reapply to the ***program*** at any point after 90 ***calendar*** days from the date it was decertified. For a firm that voluntarily withdrew because it no longer met all the HUBZone eligibility requirements, it could make the necessary changes that would enable it to come back into compliance and reapply to the ***program*** after 90 days.     SBA proposes to amend Sec.  126.503 to clarify that if SBA is unable to verify a HUBZone small business concern's eligibility or determines that it may not be eligible for the ***program***, the SBA could conduct a ***program*** examination or propose the concern for decertification and the HUBZone small business concern would be required to rebut each of the reasons SBA sets forth in its written notification letter within 15 ***calendar*** days from the date that it receives SBA's notification. If SBA finds that the concern is not eligible, the SBA would provide notice to the concern stating the basis for the determination, decertify the concern and remove it as a certified HUBZone small business concern from DSBS. In addition, the proposed rule would authorize SBA to propose decertification of a HUBZone small business concern that is performing one or more HUBZone contracts if SBA determines that the concern no longer has at least 20% of its employees living in a HUBZone. As identified above, the proposed rule has defined the statutory requirement that a HUBZone small business concern ``attempt to maintain'' compliance with the 35% HUBZone while performing a HUBZone contract to mean having not less than 20% HUBZone employees. During the proposed decertification process, the concern could demonstrate that it does in fact continue to have at least 20% HUBZone employees and has otherwise attempted to meet the 35% requirement.     SBA proposes to amend Sec.  126.504 to reflect the various ways that a HUBZone small business concern could lose its designation in DSBS as a certified HUBZone small business concern, including if it has: (1) Been decertified as a result of a protest; (2) been decertified as a result of the procedures set forth in the regulations; or (3) submitted a voluntary withdrawal agreement to SBA. SBA proposes to add a new Sec.  126.506 to provide that a decertified firm could reapply for admission to the HUBZone ***program*** after ninety (90) ***calendar*** days. This is the current rule for reapplying, but SBA has moved it to a new section to make the process clearer.

6. Contractual Assistance

    SBA proposes to revise Sec.  126.601 to remove the discussion of the acquisition-related dollar thresholds in paragraph (a) because this does not relate to additional requirements a certified HUBZone small business concern must meet to submit an offer on a HUBZone contract. In addition, SBA proposes to move the discussion of compliance with the limitations on subcontracting for multiple award contracts currently in paragraph Sec.  126.601(g) to proposed Sec.  126.700, which specifically addresses the limitations on subcontracting requirements for HUBZone contracts. Finally, SBA proposes to move the discussion of recertification currently in paragraph Sec.  126.601(h) to proposed new Sec.  126.619     SBA proposes to amend Sec.  126.602 to be consistent with the proposed change requiring certified HUBZone small businesses to demonstrate their eligibility at the time of initial certification and annual certification only. Under this proposed regulation, certified HUBZone small business concerns would no longer be required to meet the 35% HUBZone residency requirement at all times while certified in the ***program***. This means that they no longer would have to meet this requirement at the time of offer and time of award for a HUBZone contract. HUBZone small businesses would continue to have to ``attempt to maintain'' compliance with this requirement during the performance of a HUBZone contract. With respect to HUBZone status for the underlying contract, the agency will get credit if the firm was in the HUBZone ***program*** at the time of offer, and that status will continue unless and until recertification for the contract is required.

7. Protests

    SBA proposes to amend Sec.  126.801 to clarify how a HUBZone status protest should be filed and referred to SBA. Among other clarifications, SBA proposes to clarify that HUBZone status protests may be filed against HUBZone joint ventures. The grounds for such protests would include (1) arguments that the HUBZone small business concern partner(s) to the joint venture did not meet the HUBZone eligibility requirements set forth in Sec.  126.200 at the time of the concern's initial certification or most recent annual recertification, and (2) arguments that the HUBZone joint venture did not meet the requirements set forth in Sec.  126.616 at the time the joint venture submitted its offer for the HUBZone contract. For consistency purposes, SBA proposes to also make these clarifications for Service-Disabled Veteran-Owned (SDVO) small business joint ventures and Women-Owned Small Business (WOSB) joint ventures by amending sections 125.28(b) and 127.602 For the SDVO and WOSB ***programs***, unlike the HUBZone ***program***, the eligibility of the SDVO/WOSB joint venture partner would continue to be determined as of the date of offer.     SBA proposes to amend Sec.  126.803, addressing how SBA will process a HUBZone status protest, to reduce the timeframe by which a protested concern must respond to SBA's notification that an interested party has filed a protest to 3 business days after the date of receipt of the SBA's letter. SBA believes that businesses generally respond in a short period of time since an award on a contract is pending and the business has this information readily available. In addition to the above, SBA proposes to update all instructions contained in the HUBZone regulations related to submission of information and documentation to SBA to specify that such submissions must be completed

[[Page 54821]]

electronically. The appropriate email addresses have been added and updated where necessary, and mailing addresses and fax numbers have been removed. This change is intended to reduce the paperwork burden on ***program*** applicants and participants.

Compliance With Executive Orders 12866, 13563, 12988, 13132, and 13771, the Paperwork Reduction Act (44 U.S.C Ch. 35), and the Regulatory Flexibility Act (5 U.S.C 601-612)

Executive Order 12866

    The Office of Management and Budget (OMB) has determined that this proposed rule is a significant regulatory action for purposes of Executive Order 12866. Accordingly, the next section contains SBA's Regulatory Impact Analysis. However, this is not a major rule under the Congressional Review Act, 5 U.S.C 801, et seq.

Regulatory Impact Analysis

    1. Is there a need for the regulatory action?     SBA is proposing to make several changes to clarify its regulations. Through the ***years***, SBA has spoken with small business and representatives and has determined that several regulations need further refinement so that they are easier to understand and implement. Further, SBA has added in new provisions providing for reconsiderations of application denials and decertifications. Currently, there is no request for reconsideration process in the regulations, unlike SBA's other certification ***programs***. SBA believes that making the ***programs*** as consistent and similar as possible, where practicable, will make it easier for small businesses to understand the process.     2. What are the potential benefits and costs of this regulatory action?     The proposed regulations seek to address or clarify issues, which will provide clarity to small businesses and contracting personnel. Further, SBA is proposing a formal request for reconsideration process, which could increase costs to the government (e.g , additional workload for requests for reconsideration), but will provide consistency in the processes for SBA's ***programs***. SBA declined approximately 87 applicants in fiscal ***year*** 2017. The cost for requesting reconsideration is estimated at one and a half hours, and we estimate that approximately ten applicants would request reconsideration. That equates to 15 hours at an estimated rate of $33.34 an hour, for a de minimis annual total of $500. However, a reconsideration process is beneficial to HUBZone applicants because it allows them to correct deficiencies and come into compliance without waiting 90 days to reapply for the ***program***. This should enable additional firms to be more quickly certified for the HUBZone ***program***, which should allow them to seek and be awarded HUBZone contracts sooner. Thus, any costs associated with the voluntary request for reconsideration would be outweighed by the potential benefit of allowing firms to request reconsideration, although it is difficult to quantify the opportunity cost avoidance associated with this benefit. For example, if only one of the ten HUBZone firms applying for reconsideration was able to be recertified earlier and received a set aside contract of $150,000, it would clearly offset the entire cost incurred by the ten applicants.     SBA proposes to require HUBZone small business concerns to recertify annually to SBA that they continue to meet all of the HUBZone eligibility requirements, instead of requiring them to undergo a recertification by SBA every three ***years***. There are approximately 5,000 firms in the HUBZone ***program***. Under SBA's current rules, firms must recertify every three ***years***. Approximately 1,200 firms recertify each ***year*** based on HUBZone data, and we estimate it takes approximately 1 hour to recertify. OMB Control #3245-0320. Consequently, these proposed changes would increase the annual hourly burden for HUBZone firms by 3,800 hours or an estimated annual cost of $126,692.00 Instead, of 1,200 firms recertifying annually, all 5,000 would have to recertify annually.     SBA is also proposing that HUBZone small business concerns will not have to represent or certify that they are eligible at the time of offer and award for every HUBZone contract, which are the current ***program*** requirements. Under current rules, a HUBZone small business concern must be eligible both at the time of offer and award of a HUBZone contract. Based on FPDS data, approximately 2,100 new HUBZone contracts are awarded each fiscal ***year***. We estimate it takes approximately 1 hour for a firm to determine it is eligible at the time of offer and approximately 1 hour for a firm to determine it is eligible at the time of award. Thus, this proposed rule will reduce burden on HUBZone small business concerns by approximately 4,200 hours for an estimated annual savings of $140,028.00     SBA is proposing that an employee who resides in a HUBZone at the time of a HUBZone concern's certification or recertification shall continue to count as a HUBZone employee as long as the individual remains an employee of the firm, even if the employee moves to a location that is not in a qualified HUBZone area or the area where the employee's residence is located is redesignated and no longer qualifies as a HUBZone. This will greatly reduce burden on firms, as they will not have to continuously track whether their employees still reside in a HUBZone or seek to employ new individuals if the location that one or more current employees reside loses its HUBZone status. We estimate that it takes 1 hour to determine eligibility and that this proposed change will save approximately 0.5 hours because once a HUBZone employee is hired, the firm will never again have to examine where that employee resides. Thus, this proposed rule should reduce the hourly burden on approximately 5,000 HUBZone small business concerns by 2,500 hours annually for an estimated annual savings of $83,350.00     3. What are the alternatives to this final rule?     The alternative to the proposed regulations would be the status quo, where a firm must be eligible at the time of offer and time of award. SBA has also identified other alternatives that SBA considered in the supplementary information to this proposed rule. With respect to the requirement to annually recertify, SBA could instead require firms to certify at time of offer, as is done for the other small business or socioeconomic set aside contract ***programs***. In addition, SBA could propose only a formal request for reconsideration process or could have proposed no request for reconsideration process. However, as noted above, SBA has modeled these processes from its other contracting ***programs*** (e.g , 8(a) request for reconsideration) and believes that these processes have worked well for these ***programs*** and should therefore be utilized for the HUBZone ***program***. SBA also considered whether eligibility or protest decisions should be appealed to the Office of Hearings and Appeals. Summary of Costs and Cost Savings     Table 1: Summary of Incremental Costs and Cost Savings, below, sets out the estimated net incremental cost/(cost saving) associated with this proposed rule. Table 2: Detailed Breakdown of Incremental Costs and Cost Savings, below, provides a detailed explanation of the annual cost/(cost saving) estimates associated with this proposed rule.

[[Page 54822]]

         Table 1--Summary of Incremental Costs and Cost Savings ------------------------------------------------------------------------                                  Regulatory action    Annual cost/ (cost            Item No.                     item           saving) estimate ------------------------------------------------------------------------ 1............................  Annual                           $126,692                                 recertification                                 instead of every 3                                 ***years***. 2............................  Requiring a formal                    500                                 request of                                 reconsideration. 3............................  Removing requirement            (140,028)                                 to present                                 eligibility at award. 4............................  Change to employee               (83,350)                                 count eligibility.                                                      -------------------     Estimated Net Incremental Cost/(Cost Saving)....            (96,186) ------------------------------------------------------------------------

                        Table 2--Detailed Breakdown of Incremental Costs and Cost Savings ----------------------------------------------------------------------------------------------------------------                                                                              Annual cost/ (cost saving) estimate                 Item No.                   Regulatory action item details                 breakdown ---------------------------------------------------------------------------------------------------------------- 1.......................................  Proposed regulatory change: SBA   ....................................                                            proposes to require HUBZone                                            SBCs to recertify annually to                                            SBA that they continue to meet                                            all of the HUBZone eligibility                                            requirements instead of                                            requiring them to undergo a                                            recertification by SBA every                                            three ***years***.                                           Estimated number of impacted      3,800 entities.                                            entities: There are                                            approximately 5,000 firms in                                            the HUBZone ***program***, and under                                            the proposed rule all these                                            firms will need to recertify                                            each ***year***. However, since 1,200                                            firms recertify each ***year***                                            currently, the incremental                                            increase in recertifications is                                            3,800 firms annually.                                           Estimated average impact \*        1 hour.                                            (labor hour): SBA estimates                                            that it takes the average                                            participating firm about 1 hour                                            to complete the recertification                                            process.                                           2017 Median Pay \*\* (per hour):    $33.34                                            Most HUBZone firms use an                                            accountant or someone with                                            similar skills for this task.                                                                            -------------------------------------     Estimated Cost/(Cost Saving)..........................................  $126,692. ---------------------------------------------------------------------------------------------------------------- 2.......................................  Proposed regulatory change: SBA                                            proposes to add a new provision                                            permitting a firm to submit a                                            formal request for                                            reconsideration when it                                            receives a determination                                            denying admission to the                                            HUBZone ***program***.                                           Estimated number of impacted      10 entities.                                            entities: SBA declined 87                                            applications in FY 2017. Of                                            these, we estimate that only 10                                            firms would seek                                            reconsideration.                                           Estimated average impact \*        1.50 hours.                                            (labor hour): SBA estimates                                            that it would take 1.5 hours to                                            respond to the denial and to                                            request reconsideration.                                           2017 Median Pay \*\* (per hour):    $33.34                                            Most HUBZone firms use an                                            accountant or someone with                                            similar skills for this task.                                                                            -------------------------------------     Estimated Cost/(Cost Saving)..........................................  $500. ---------------------------------------------------------------------------------------------------------------- 3.......................................  Proposed regulatory change:       ....................................                                            Under current rules, a HUBZone                                            firm must be eligible at the                                            time of offer and award of a                                            HUBZone contract. SBA is                                            proposing that firms will not                                            have to represent or certify                                            that they are eligible at the                                            time of offer and award for                                            every contract, which are the                                            current ***program*** requirements.                                           Estimated number of impacted      4,200 entities.                                            entities: Approximately 2,100                                            new HUBZone contracts awarded                                            each fiscal ***year*** and each firm                                            will need to certify twice per                                            each contract.                                           Estimated average impact \*        1 hour.                                            (labor hour): SBA estimates                                            that it takes the average                                            participating firm about 1 hour                                            to complete the recertification                                            process.                                           2017 Median Pay \*\* (per hour):    $33.34                                            Most HUBZone firms use an                                            accountant or someone with                                            similar skills for this task.     Estimated Cost/(Cost Saving)..........................................  ($140,028). ---------------------------------------------------------------------------------------------------------------- 4.......................................  Proposed regulatory change: SBA   ....................................                                            is proposing that an employee                                            that resides in a HUBZone at                                            the time of a HUBZone SBC's                                            certification or                                            recertification shall continue                                            to count as a HUBZone employee                                            as long as the individual                                            remains an employee of the                                            firm, even if the employee                                            moves to a location that is not                                            in a qualified HUBZone area or                                            the area where the employee's                                            residence is located is                                            redesignated and no longer                                            qualifies as a HUBZone. This                                            will greatly reduce burden on                                            firms, as they will not have to                                            continually track whether their                                            employees still reside in a                                            HUBZone.                                           Estimated number of impacted      5,000 entities.                                            entities: SBA estimates that                                            approximately 5,000 firms                                            participate in the HUBZone                                            ***program***. All participating                                            firms will be impacted by this                                            change.                                           Estimated average impact \*        0.50 hours.                                            (labor hour): SBA estimates                                            that it would take 1 hour to                                            determine eligibility but this                                            proposed change will save 0.5,                                            because once a HUBZone employee                                            is hired the firm will never                                            have to check residency for                                            that employee.                                                                            -------------------------------------

[[Page 54823]]

                                            2017 Median Pay \*\* (per hour):    $33.34                                            Most HUBZone firms use an                                            accountant or someone with                                            similar skills for this task.     Estimated Cost/(Cost Saving)..........................................  ($83,350). ----------------------------------------------------------------------------------------------------------------     Estimated Net Annual Impact...........................................  ($96,186). ---------------------------------------------------------------------------------------------------------------- \* This estimate is based on HUBZone and FPDS data, as well as best professional judgment. \*\* Source: Bureau of Labor Statistics, Accountants and Auditors.

Executive Order 13563

    This executive order directs agencies to, among other things: (a) Afford the public a meaningful opportunity to comment through the internet on proposed regulations, with a comment period that should generally consist of not less than 60 days; (b) provide for an ``open exchange'' of information among government officials, experts, stakeholders, and the public; and (c) seek the views of those who are likely to be affected by the rulemaking, even before issuing a notice of proposed rulemaking. As far as practicable or relevant, SBA considered these requirements in developing this rule, as discussed below.     1. Did the agency use the best available techniques to quantify anticipated present and future costs when responding to Executive Order 12866 (e.g , identifying changing future compliance costs that might result from technological innovation or anticipated behavioral changes)?     To the extent possible, the agency utilized the most recent data available in the Federal Procurement Data System--Next Generation, DSBS and SAM.     2. Public participation: Did the agency: (a) Afford the public a meaningful opportunity to comment through the internet on any proposed regulation, with a comment period that should generally consist of not less than 60 days; (b) provide for an ``open exchange'' of information among government officials, experts, stakeholders, and the public; (c) provide timely online access to the rulemaking docket on Regulations.gov; and (d) seek the views of those who are likely to be affected by rulemaking, even before issuing a notice of proposed rulemaking? SBA has also discussed some of the proposals in this rule with stakeholders at various small business procurement conferences, and received written comments on suggested changes to the HUBZone ***Program*** regulations generally in response to SBA's regulatory reform initiative implementing Executive Order 13771.     The proposed rule will have a 60-day comment period and will be posted on [*www.regulations.gov*](http://www.regulations.gov) to allow the public to comment meaningfully on its provisions.     3. Flexibility: Did the agency identify and consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public?     The proposed rule is intended to make it easier for firms to apply for, or participate in, the HUBZone ***program***, as well as for procuring agencies to utilize the ***program***.

Executive Order 12988

    This action meets applicable standards set forth in section 3(a) and 3(b)(2) of Executive Order 12988, Civil Justice Reform, to minimize litigation, eliminate ambiguity, and reduce burden. This action does not have any retroactive or preemptive effect.

Executive Order 13132

    SBA has determined that this proposed rule will not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, for the purposes of Executive Order 13132, SBA has determined that this proposed rule has no federalism implications warranting preparation of a federalism assessment.

Executive Order 13771

    This proposed rule is expected to be an Executive Order 13771 deregulatory action. Details on the estimated cost savings of this proposed rule can be found in this rule's regulatory impact analysis. SBA proposes to require HUBZone small business concerns to recertify annually to SBA that they continue to meet all of the HUBZone eligibility requirements, instead of requiring them to undergo a recertification by SBA every three ***years***. While the proposal to require firms to recertify annually will increase the burden on firms, this burden will be offset by the proposal to no longer require firms to be eligible at the time of offer and award for a contract, and will provide that if a firm hires a HUBZone resident, the firm will be able to count that employee towards the residency requirement, this reducing the burden on the firm to determine whether it meets the 35 percent residency requirement. Thus, the proposed rule will result in an estimated annual savings of $96,185.00

Paperwork Reduction Act, 44 U.S.C Ch. 35

    For the purposes of the Paperwork Reduction Act, SBA has determined that this rule, if adopted in final form, would impose new government- wide reporting requirements on HUBZone small business concerns. In the rule, SBA proposes that small businesses recertify annually to SBA concerning their status. At this time, HUBZone small businesses recertify every three ***years***. Although requiring annual recertification instead of every three ***years*** may appear to impose additional burdens on a HUBZone small business concern, the annual recertification burden is offset by the elimination of the requirement to be eligible at the time of offer and award of a contract and the requirement to continually monitor the residency status of an employee that resides in a HUBZone at the time of hiring, resulting in an estimated annual savings of $96,186.00 In addition, SBA believes the annual recertification would assist in deterring fraud and abuse in the ***program***. SBA also proposes that certified HUBZone small business concerns maintain records demonstrating the home address of employees who resided in a HUBZone at the time of the concern's certification or recertification, as well as records of the employee's continued employment with the firm. SBA believes allowing a HUBZone small business concern to continue employing individuals who once lived in HUBZones is consistent with the purpose of the HUBZone

[[Page 54824]]

***program*** of increasing employment and would provide greater opportunities for certified HUBZone small business concerns to be eligible for and receive HUBZone contracts. Further, this will reduce burden as the firm will not have to continually determine whether the employee that resided in a HUBZone at the time of certification continues to reside in a HUBZone in connection with the offer and offer of each contract or future recertifications. A firm's ability to request reconsideration will be added to the existing information collection for the HUBZone ***program*** (OMB Control #3245-0320).

Regulatory Flexibility Act, 5 U.S.C 601-612

    According to the Regulatory Flexibility Act (RFA), 5 U.S.C 601, when an agency issues a rulemaking, it must prepare a regulatory flexibility analysis to address the impact of the rule on small entities. However, section 605 of the RFA allows an agency to certify a rule, in lieu of preparing an analysis, if the rulemaking is not expected to have a significant economic impact on a substantial number of small entities. The RFA defines ``small entity'' to include ``small businesses,'' ``small organizations,'' and ``small governmental jurisdictions.'' This proposed rule concerns various aspects of SBA's HUBZone ***program***, as such the rule relates to small business concerns but would not affect ``small organizations'' or ``small governmental jurisdictions'' because those ***programs*** generally apply only to ``business concerns'' as defined by SBA regulations, in other words, to small businesses organized for profit. ``Small organizations'' or ``small governmental jurisdictions'' are non-profits or governmental entities and do not generally qualify as ``business concerns'' within the meaning of SBA's regulations.     There are approximately 5,000 certified HUBZone small business concerns that are listed as certified HUBZone small businesses in DSBS, and SBA receives approximately 1,500 applications annually. Most of the changes are clarification of current policy and therefore should not impact many of these concerns. Further, there is a new compliance or other costs imposed by the proposed rule on current or prospective HUBZone small business concerns. Under current law, HUBZone small business concerns must recertify every three ***years*** and under the proposed rule, the same firms will need to recertify every ***year***.     Nonetheless, most of these costs relating to reconsideration and appeals will be borne by the agency and not the small business. In addition, recertifying every ***year*** should not impose a significant cost on small business since the rules already require the business to actively monitor its compliance from the moment it applies to the ***program***. As a result, SBA does not believe that the proposed amendments would have a disparate impact on small businesses or would impose any additional significant costs. For the reasons discussed, SBA certifies that this proposed rule would not have a significant economic impact on a substantial number of small business concerns.

List of Subjects

13 CFR Part 115

    Claims, Reporting and recordkeeping requirements, Small businesses, Surety bonds.

13 CFR Part 121

    Administrative practice and procedure, Government procurement, Government property, Grant ***programs***-business, Individuals with disabilities, Loan ***programs***-business, Small businesses.

13 CFR Part 125

    Government contracts, Government procurement, Reporting and recordkeeping requirements, Small businesses, Technical assistance, Veterans.

13 CFR Part 126

    Administrative practice and procedure, Government procurement, Penalties, Reporting and recordkeeping requirements, Small businesses.

    For the reasons set forth in the preamble, SBA proposes to amend 13 CFR parts 115, 121, 125, and 126 as set forth below:

PART 115--SURETY BOND GUARANTEE

0 1. The authority citation for part 115 continues to read as follows:

    Authority:  5 U.S.C app 3; 15 U.S.C 687b, 687c, 694a, 694b note; and Pub. L. 110-246, Sec. 12079, 122 Stat. 1651.

Sec.  115.31   [Amended]

0 2. Amend Sec.  115.31(a)(2) by removing the phrase ``qualified HUBZone small business concern'' and adding in its place the phrase ``certified HUBZone small business concern''.

PART 121--SMALL BUSINESS SIZE REGULATIONS

0 3. The authority citation for part 121 continues to read as follows:

    Authority: 15 U.S.C 632, 634(b)(6), 662, and 694a(9).

Sec.  121.404   [Amended]

0 4. Amend Sec.  121.404(g)(4) by removing the phrase ``HUBZone SBCs'' and adding in its place the phrase ``certified HUBZone small business concerns''.

Sec.  121.1001   [Amended]

0 5. Amend Sec.  121.1001 as follows: 0 a. In paragraph (a)(6)(ii), remove the phrase ``qualified HUBZone SBC'' and add in its place the phrase ``certified HUBZone small business concern''; and 0 b. In paragraph (b)(8)(i), remove the phrase ``qualified HUBZone business concern'' and add in its place the phrase ``certified HUBZone small business concern''.

PART 125--GOVERNMENT CONTRACTING ***PROGRAMS***

0 6. The authority citation for part 125 is revised to read as follows:

    Authority: 15 U.S.C 632(p), (q); 634(b)(6); 637; 644; 657f; 657q; 657r; and 657s.

Sec.  125.1   [Amended]

0 7. In Sec.  125.1, amend the definition of ``similarly situated entity'' by removing the phrase ``qualified HUBZone small business concern'' and adding in its place the phrase ``certified HUBZone small business concern''.

Sec.  125.2   [Amended]

0 8. Amend Sec.  125.2(c)(1)(i) by removing the phrase ``qualified HUBZone small business concerns'' and adding in its place the phrase ``certified HUBZone small business concerns''.

Sec.  125.3   [Amended]

0 9. Amend Sec.  125.3(c)(1)(xi) by removing the phrase ``qualified HUBZone small business concerns'' and adding in its place the phrase ``certified HUBZone small business concerns''.

Sec.  125.6   [Amended]

0 10. Amend Sec.  125.6 by removing paragraph (d) and redesignating paragraphs (e) through (h) as paragraphs (d) through (g), respectively. 0 11. Revise Sec.  125.28(b) to read as follows:

Sec.  125.28  How does one file a service disabled veteran-owned status protest?

\* \* \* \* \*     (b) Format and specificity. (1) Protests must be in writing and must specify all the grounds upon which the protest is based. A protest merely asserting that the protested concern is not an eligible SDVO SBC, without setting forth specific facts or allegations is insufficient.

[[Page 54825]]

    Example to paragraph (b)(1): A protester submits a protest stating that the apparent successful offeror is not owned by a service-disabled veteran. The protest does not state any basis for this assertion. The protest allegation is insufficient.

    (2) For a protest filed against a SDVO SBC joint venture, the protest must state all specific grounds for why--     (i) The SDVO SBC partner to the joint venture did not meet the SDVO SBC eligibility requirements set forth in subpart B of part 125; and/or     (ii) The protested SDVO SBC joint venture did not meet the requirements set forth in Sec.  125.18 \* \* \* \* \*

PART 126--HUBZONE ***PROGRAM***

0 12. The authority citation for part 126 continues to read as follows:

    Authority: 15 U.S.C 632(a), 632(j), 632(p), 644 and 657a.

Sec.  126.101   [Amended]

0 13. Amend Sec.  126.101(b) by removing the phrase ``qualified HUBZone SBCs'' and adding in its place the phrase ``certified HUBZone small business concerns''. 0 14. Amend Sec.  126.103 as follows: 0 a. Remove the definitions of ``Alaska Native Village'', ``ANCSA'', ``County unemployment rate'', ``De-certify'', ``List'', ``Median household income'', ``Metropolitan statistical area'', ``Qualified HUBZone SBC'', ``Small Disadvantaged Business (SDB)'', and ``Statewide average unemployment rate''; 0 b. Revise the definitions of ``Alaska Native Corporation'', ``Attempt to maintain'', ``Certify'', ``D/HUB'', ``Employee'', ``HUBZone small business concern'', ``Interested party'', ``Principal office'', ``Qualified base closure area'', ``Qualified census tract'', ``Qualified non-metropolitan county'', ``Redesignated area'', ``Reside''; and 0 c. Add definitions for ``Decertify'', ``Dynamic Small Business Search (DSBS)'' and ``Primary industry classification or primary industry'' in alphabetical order.     The revisions and additions read as follows:

Sec.  126.103  What definitions are important in the HUBZone ***Program***?

\* \* \* \* \*     Alaska Native Corporation (ANC) has the same meaning as the term ``Native Corporation'' in section 3 of the Alaska Native Claims Settlement Act (ANCSA), 43 U.S.C 1602.     Attempt to maintain means making substantive and documented efforts, such as written offers of employment, published advertisements seeking employees, and attendance at job fairs and applies only to concerns during the performance of any HUBZone contract. A certified HUBZone small business concern that has less than 20% of its total employees residing in a HUBZone during the performance of a HUBZone contract has failed to attempt to maintain the HUBZone residency requirement. \* \* \* \* \*     Certify means the process by which SBA determines that a firm is qualified for the HUBZone ***program*** and eligible to be designated by SBA as a certified HUBZone small business concern in the Dynamic Small Business Search (DSBS) system (or successor system). \* \* \* \* \*     D/HUB means the Director of SBA's Office of HUBZone.     Decertify means the process by which SBA determines that a concern no longer qualifies as a HUBZone small business concern and removes that concern as a certified HUBZone small business concern from DSBS (or successor system), or the process by which SBA removes a concern as a certified HUBZone small business concern from DSBS (or successor system) after receiving a request to voluntarily withdraw from the HUBZone ***program***.     Dynamic Small Business Search (DSBS) means the database that government agencies use to find small business contractors for upcoming contracts. The information a business provides when registering in the System for Award Management (SAM) is used to populate DSBS. For HUBZone ***Program*** purposes, a firm's DSBS profile will indicate whether it is a certified HUBZone small business concern, and if so, the date it was certified or recertified.     Employee means all individuals employed on a full-time, part-time, or other basis, so long as that individual works a minimum of 40 hours during the four-week period immediately prior to the relevant date of review, which is either the date the concern submits its HUBZone application to SBA or the date of recertification. SBA will review a firm's payroll records for the most recently completed pay periods that account for the four-week period immediately prior to the date of application or date of recertification in order to determine which individuals meet this definition. To determine if an individual is an employee, SBA reviews the totality of circumstances, including criteria used by the Internal Revenue Service (IRS) for Federal income tax purposes and the factors set forth in SBA's Size Policy Statement No. 1 (51 FR 6099, Feb. 20, 1986).     (1) In general, the following are considered employees:     (i) Individuals obtained from a temporary employee agency, leasing concern, or through a union agreement, or co-employed pursuant to a professional employer organization agreement;     (ii) An individual who has an ownership interest in the firm and who works for the firm a minimum of 40 hours during the four-week period immediately prior to the relevant date of review, whether or not the individual receives compensation;     (iii) The sole owner of a firm who works less than 40 hours during the four-week period immediately prior to the relevant date of review, but who has not hired another individual to direct the actions of the concern's employees;     (iv) Individuals who receive in-kind compensation commensurate with work performed.     (2) In general, the following are not considered employees:     (i) Individuals who receive no compensation (including no in-kind compensation) for work performed;     (ii) Individuals who receive deferred compensation for work performed;     (iii) Independent contractors that receive ***payment*** via IRS Form 1099 and are not considered employees under SBA's Size Policy Statement No. 1 (51 FR 6099, Feb. 20, 1986); and     (iv) Subcontractors.     (3) Employees of an affiliate may be considered employees, if the totality of the circumstances shows that there is no clear line of fracture between the HUBZone applicant (or certified HUBZone small business concern) and its affiliate(s) (see Sec.  126.204). \* \* \* \* \*     HUBZone small business concern or certified HUBZone small business concern (1) Means a small business concern that meets the requirements described in Sec.  126.200 and that SBA has certified as eligible for federal contracting assistance under the HUBZone ***program***.     (2) A firm that was a certified HUBZone small business concern as of December 12, 2017, and that had its principal office located in a redesignated area set to expire prior to January 1, 2020, shall remain a certified HUBZone small business concern until December 31, 2021, so long as all other HUBZone eligibility requirements are met. \* \* \* \* \*     Interested party means any concern that submits an offer for a specific

[[Page 54826]]

HUBZone set-aside contract (including Multiple Award Contracts) or order, any concern that submitted an offer in full and open competition and its opportunity for award will be affected by a price evaluation preference given a qualified HUBZone small business concern, any concern that submitted an offer in a full and open competition and its opportunity for award will be affected by a reserve of an award given to a qualified HUBZone small business concern, the contracting activity's contracting officer, or SBA. \* \* \* \* \*     Primary industry classification or primary industry means the six digit North American Industry Classification System (NAICS) code designation which best describes the primary business activity of the HUBZone applicant or HUBZone small business concern. SBA utilizes Sec.   121.107 of this chapter in determining a firm's primary industry classification.     Principal office means the location where the greatest number of the concern's employees at any one location perform their work.     (1) If an employee works at multiple locations, then the employee will be deemed to work at the location where the employee spends more than 50% of his or her time. If an employee does not spend more than 50% of his or her time at any one location and at least one of those locations is a non-HUBZone location, then the employee will be deemed to work at a non-HUBZone location;     (2) In order for a location to be considered the principal office, the concern must conduct business at this location.     (3) For those concerns whose ``primary industry classification'' is services or construction (see Sec.  121.201 of this chapter), the determination of principal office excludes the concern's employees who perform more than 50% of their work at job-site locations to fulfill specific contract obligations. If all of a concern's employees perform more than 50% of their work at job sites, the concern does not comply with the principal office requirement.     Example 1: A business concern whose primary industry is construction has a total of 78 employees, including the owners. The business concern has one office (Office A), which is located in a HUBZone, with 3 employees working at that location. The business concern also has a job-site for a current contract, where 75 employees perform more than 50% of their work. The 75 job-site employees are excluded for purposes of determining principal office. Since the remaining 3 employees all work at Office A, Office A is the firm's principal office. Since Office A is in a HUBZone, the business concern complies with the principal office requirement.

    Example 2: A business concern has a total of 4 employees, including the owner. The business concern has one office located in a HUBZone (Office A), where 2 employees perform more than 50% of their work, and a second office not located in HUBZone (Office B), where 2 employees perform more than 50% of their work. Since there is not one location where the greatest number of the concern's employees at any one location perform their work, the business concern would not have a principal office in a HUBZone.     Example 3: A business concern whose primary industry is services has a total of 6 employees, including the owner. Five of the employees perform all of their work at jobsites fulfilling specific contract obligations. The business concern's owner performs 45% of her work at jobsites, and 55% of her work at an office located in a HUBZone (Office A) conducting tasks such as writing proposals, generating payroll, and responding to emails. Office A would be considered the principal office of the firm since it is the only location where any employees of the firm work that is not a job site and the 1 individual working there spends more than 50% of her time at Office A. Since Office A is located in a HUBZone, the small business concern would meet the principal office requirement.

    Qualified base closure area means:     (1) A base closure area that is treated by SBA as a HUBZone for a period of at least 8 ***years***, beginning on the date the military installation undergoes final closure and ending on the latter of the following:     (i) The date on which the results of the decennial census conducted after the area was initially designated as a base closure area are released; or     (ii) The date 8 ***years*** after the base closure area was initially designated as a HUBZone.     (2) However, if a base closure area was treated as a HUBZone at any time after 2010, it shall be treated as a HUBZone until the results of the 2020 decennial census are released.     Qualified census tract (1) Means any census tract which is designated by the Secretary of Housing and Urban Development, and for the most recent ***year*** for which census data are available on household income in such tract, either in which 50 percent or more of the households have an income which is less than 60 percent of the area median gross income for such ***year*** or which has a poverty rate of at least 25 percent. See 26 U.S.C 42(d)(5)(B)(ii)(I).     (2) The portion of a metropolitan statistical area (as defined by the Bureau of the Census, United States Department of Commerce, in its publications on the Census of Population, Social and Economic Characteristics) which may be designated as ``qualified census tracts'' shall not exceed an area having 20 percent of the population of such metropolitan statistical area. See 26 U.S.C 42(d)(5)(B)(ii)(II). This paragraph does not apply to any metropolitan statistical area in the Commonwealth of Puerto Rico until December 22, 2027, or the date on which the Financial Oversight and Management Board for the Commonwealth of Puerto Rico created by the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) (Pub. L. 114-187, June 30, 2016) ceases to exist, whichever event occurs first. \* \* \* \* \*     Qualified non-metropolitan county means any county that was not located in a metropolitan statistical area (as defined by the Bureau of the Census, United States Department of Commerce, in its publications on the Census of Population, Social and Economic Characteristics) at the time of the most recent census taken for purposes of selecting qualified census tracts under section 26 U.S.C 42(d)(5)(B)(ii), and in which:     (1) The median household income is less than 80% of the non- metropolitan State median household income, based on the most recent data available from the American Community Survey 5-***year*** estimates, published by the Bureau of the Census of the Department of Commerce;     (2) The unemployment rate is not less than 140% of the average unemployment rate for the United States or for the State in which such county is located, whichever is less, based on the most recent data available from the Local Area Unemployment Statistics report, produced by the Department of Labor's Bureau of Labor Statistics; or     (3) There is located a Difficult Development Area within Alaska, Hawaii, or any territory or possession of the United States outside the 48 contiguous States. A Difficult Development Area (DDA) is an area designated by the Secretary of the Department of Housing and Urban Development, in accordance with section 26 U.S.C 42(d)(5)(B)(iii), with high construction, land, and utility costs relative to its Area Median Gross Income.     Redesignated area (1) Means any census tract that ceases to be a ``qualified census tract'' or any non-metropolitan county that ceases to be a ``qualified non-metropolitan county.''     (2) A redesignated area generally shall be treated as a HUBZone for a period of three ***years***, starting from the date on

[[Page 54827]]

which the area ceased to be a qualified census tract or a qualified non-metropolitan county. The date on which the census tract or non- metropolitan county ceases to be qualified is the date on which the official government data affecting the eligibility of the HUBZone is released to the public. However, an area that was a redesignated area on or after December 12, 2017 shall remain a redesignated area until December 31, 2021.     Reside means to live at a location full-time and for at least 180 days immediately prior to the date of application or date of recertification, as applicable.     (1) To determine residence, SBA will first look to an individual's address identified on his or her driver's license or voter's registration card. Where such documentation is not available, SBA will require other specific proof of residency, such as deeds, leases, and utility bills.     (2) For HUBZone purposes, SBA will consider individuals temporarily residing overseas in connection with the performance of a contract to reside at their U.S residence.

    Example 1:  A person possesses the deed to a residential property and pays utilities and property taxes for that property. However, the person does not live at this property, but instead rents out this property to another individual. For HUBZone purposes, the person does not reside at the address listed on the deed.     Example 2:  A person moves into an apartment under a month-to- month lease and lives in that apartment full-time. SBA would consider the person to reside at the address listed on the lease if the person can show that he or she has lived at that address for at least 180 days immediately prior to the date of application or date of recertification.     Example 3: A person is working overseas on a contract for the small business and is therefore temporarily living abroad. The employee can provide documents showing he is paying rent for an apartment located in a HUBZone. That person is deemed to reside in a HUBZone.

\* \* \* \* \*

Subpart B--Requirements To Be a Certified HUBZone Small Business Concern

0 15. Revise the heading for subpart B to read as set forth above. 0 16. Revise Sec.  126.200 to read as follows:

Sec.  126.200   What requirements must a concern meet to be eligible as a certified HUBZone small business concern?

    (a) Ownership. In order to be eligible for HUBZone certification and to continue to be certified, a small business concern must be owned in accordance with this paragraph. The concern must be:     (1) At least 51% owned and controlled by one or more individuals who are United States citizens;     (2) An ANC or at least 51% owned by an ANC or a wholly-owned business entity of an ANC;     (3) At least 51% owned by one or more Indian Tribal Governments, or by a corporation that is wholly owned by one or more Indian Tribal Governments;     (4) At least 51% owned by one or more CDCs;     (5) A small ***agricultural*** cooperative organized or incorporated in the United States, or at least 51% owned by one or more small ***agricultural*** cooperatives organized or incorporated in the United States; or     (6) At least 51% owned by one or more NHO, or by a corporation that is wholly owned by one or more NHO.     (b) Size. (1) An applicant concern, together with its affiliates, must qualify as a small business under the size standard corresponding to its primary industry classification as defined in part 121 of this chapter.     (2) In order to remain eligible as a certified HUBZone small business concern, a firm must qualify as small under the size standard corresponding to one or more NAICS codes in which it does business.     (3) If the concern is a small ***agricultural*** cooperative, in determining size, the small ***agricultural*** cooperative is treated as a ``business concern'' and its member shareholders are not considered affiliated with the cooperative by virtue of their membership in the cooperative.     (c) Principal office. (1) The concern's principal office must be located in a HUBZone, except for concerns owned in whole or in part by one or more Indian Tribal Governments.     (2) A concern that is owned in whole or in part by one or more Indian Tribal Governments (or by a corporation that is wholly owned by Indian Tribal Governments) must either:     (i) Maintain a principal office located in a HUBZone and ensure that at least 35% of its employees reside in a HUBZone as provided in paragraph (d)(1) of this section; or     (ii) Certify that when performing a HUBZone contract, at least 35% of its employees engaged in performing that contract will reside within any Indian reservation governed by one or more of the Indian Tribal Government owners, or reside within any HUBZone adjacent to such Indian reservation.     (d) Employees. (1) At least 35% of the concern's employees must reside in a HUBZone. When determining the percentage of employees that reside in a HUBZone, if the percentage results in a fraction, SBA rounds to the nearest whole number.

    Example 1 to paragraph (d)(1):  A concern has 25 employees; 35% of 25, or 8.75, employees must reside in a HUBZone. The number 8.75 rounded to the nearest whole number is 9. Thus, 9 employees must reside in a HUBZone.     Example 2 to paragraph (d)(1):  A concern has 95 employees; 35% of 95, or 33.25, employees must reside in a HUBZone. The number 33.25 rounded to the nearest whole number is 33. Thus, 33 employees must reside in a HUBZone.

    (2) If the concern is owned in whole or in part by one or more Indian Tribal Governments (or by a corporation that is wholly owned by one or more Indian Tribal Governments), see paragraph (c)(2) of this section.     (3) An employee who resides in a HUBZone at the time of certification or recertification shall continue to count as a HUBZone resident employee as long as the individual remains an employee of the firm, even if the employee moves to a location that is not in a HUBZone or the area in which the employee's residence is located no longer qualifies as a HUBZone. The certified HUBZone small business concern must maintain records of the employee's original HUBZone address, as well as records of the individual's continued and uninterrupted employment by the HUBZone small business concern, for the duration of the firm's participation in the HUBZone ***program***.     (e) Attempt to maintain. (1) At the time of application, an applicant concern must certify that it will ``attempt to maintain'' (see Sec.  126.103) having at least 35% of its employees reside in a HUBZone during the performance of any HUBZone contract it receives.     (2) If the concern is owned in whole or in part by one or more Indian Tribal Governments (or by a corporation that is wholly owned by one or more Indian Tribal Governments), the concern must certify that it will ``attempt to maintain'' (see Sec.  126.103) the applicable employment percentage described in paragraph (c)(2) of this section during the performance of any HUBZone contract it receives.     (f) Subcontracting. At the time of application, an applicant concern must certify that it will comply with the applicable limitations on subcontracting requirements in connection with any procurement that it receives as a certified HUBZone small business concern (see Sec.  126.5 and Sec.  126.700).     (g) Suspension and Debarment. The concern and any of its owners must not

[[Page 54828]]

have an active exclusion in the System for Award Management, available at [*www.SAM.gov*](http://www.SAM.gov), at the time of application.

Sec.  126.202   [Amended]

0 17. Amend Sec.  126.202 by removing the phrase ``Many persons share control'' and adding in its place the phrase ``Many persons may share control''.

Sec.  126.203   [Amended]

0 18. Amend Sec.  126.203 paragraph (a) by removing the phrase ``qualified HUBZone SBC'' and adding in its place the phrase ``certified HUBZone small business concern''. 0 19. Revise Sec.  126.204 to read as follows:

Sec.  126.204   May a HUBZone small business concern have affiliates?

    (a) A HUBZone small business concern may have affiliates, provided that the aggregate size of the concern together with all of its affiliates is small as defined in part 121 of this title, except as otherwise provided for small ***agricultural*** cooperatives in Sec.   126.103     (b) The employees of an affiliate may be counted as employees of a HUBZone applicant or HUBZone small business concern for purposes of determining compliance with the HUBZone ***program***'s principal office and 35% residency requirements. In determining whether individuals should be counted as employees of a HUBZone applicant or HUBZone small business concern, SBA will review all information, including criteria used by the Internal Revenue Service (IRS) for Federal income tax purposes and those set forth in SBA's Size Policy Statement No. 1 (Pub. L. 114-187, June 30, 2016). If the firms would be affiliated for size purposes and the totality of the circumstances shows that there is no clear line of fracture between the HUBZone applicant (or HUBZone small business concern) and the affiliate, SBA will consider the employees of the affiliate as employees of the HUBZone applicant (or HUBZone small business concern). 0 20. Revise Sec.  126.205 to read as follows:

Sec.  126.205   May participants in other SBA ***programs*** be certified as HUBZone small business concerns?

    Participants in other SBA ***programs*** may be certified as HUBZone small business concerns if they meet all of the requirements set forth in this part. 0 21. Revise Sec.  126.206 to read as follows:

Sec.  126.206   May nonmanufacturers be certified as HUBZone small business concerns?

    Nonmanufacturers (referred to in the HUBZone Act of 1997 as ``regular dealers'') may be certified as HUBZone small business concerns if they meet all of the requirements set forth in Sec.   126.200 For purposes of this part, a ``nonmanufacturer'' is defined in Sec.  121.406(b) of this chapter. 0 22. Revise Sec.  126.207 to read as follows:

Sec.  126.207   Do all of the offices or facilities of a certified HUBZone small business concern have to be located in a HUBZone?

    A HUBZone small business concern may have offices or facilities in multiple HUBZones or even outside a HUBZone. However, in order to be certified as a HUBZone small business concern, the concern's principal office must be located in a HUBZone (except see Sec.  126.200(c)(2) for concerns owned by Indian Tribal Governments). 0 23. Revise Sec.  126.300 to read as follows:

Sec.  126.300   How may a concern be certified as a HUBZone small business concern?

    (a) A concern must apply to SBA for HUBZone certification. SBA will consider the information provided by the concern in order to determine whether the concern qualifies.     (b) SBA, at its discretion, may rely solely upon the information submitted, may request additional information, may conduct independent research, or may verify the information before making an eligibility determination.     (c) If SBA determines that a concern meets the eligibility requirements of a HUBZone small business concern, it will notify the firm and designate the firm as a certified HUBZone small business concern in DSBS (or successor system). 0 24. Revise Sec.  126.303 to read as follows:

Sec.  126.303   Where must a concern submit its application for certification?

    A concern seeking certification as a HUBZone small business concern must submit an electronic application to SBA's HUBZone ***Program*** Office via SBA's web page at [*www.SBA.gov*](http://www.sba.gov) The application and any supporting documentation must be submitted by a person authorized to represent the concern. 0 25. Revise Sec.  126.304 to read as follows:

Sec.  126.304   What must a concern submit to SBA in order to be certified as a HUBZone small business concern?

    (a) General. To be certified by SBA as a HUBZone small business concern, a concern must submit a completed application and all documents requested by SBA. The concern must also represent to SBA that it meets the requirements set forth in Sec.  126.200 and that all of the information provided as of the date of the application (and any subsequent information provided) is complete, true and accurate. The representation must be electronically signed by an owner of the applicant.     (b) Supporting documents. (1) SBA may request documents to verify that the applicant meets the HUBZone ***program***'s eligibility requirements. The documents must show that the concern meets the ***program***'s requirements at the time it submits its application to SBA.     (2) The concern must document compliance with the requirements listed in Sec.  126.200, including but not limited to employment records and documentation showing the address of each HUBZone resident employee. Records sufficient to demonstrate HUBZone residency include copies of driver's licenses and voter registration cards; only where such documentation is unavailable will SBA accept alternative documentation (such as copies of leases, deeds, and/or utility bills) accompanied by signed statements explaining why the alternative documentation is being provided.     (c) Changes after submission of application. After submitting an application, a concern applying for HUBZone certification must notify SBA of any changes that could affect its eligibility, and provide information and documents to verify the changes. If the changed information indicates that the firm is not eligible, the applicant will be given the option to withdraw its application, or SBA will decline certification and the firm must wait 90 days to reapply.     (d) HUBZone areas. Concerns applying for HUBZone status must use SBA's website (i.e , maps or other tools showing qualified HUBZones) to verify that the location of the concern's principal office and the residences of at least 35% of the concern's employees are within HUBZones. If SBA's website indicates that a particular location is not within a HUBZone and the applicant disagrees, then the applicant must note this on the application and submit relevant documents showing why the applicant believes the area meets the statutory criteria of a HUBZone. SBA will determine whether the location is within a HUBZone using available methods (e.g , contact Bureau of Indian Affairs for Indian reservations or Department of Defense for BRACs).     (e) Record Maintenance. HUBZone small business concerns must retain

[[Page 54829]]

documentation demonstrating satisfaction of all qualifying requirements for 6 ***years*** from date of submission of all initial and continuing eligibility actions as required by this part. In addition, HUBZone small business concerns must retain documentation as required in Sec.   126.200(d)(3).

Sec.  126.305   [Removed and reserved]

0 26. Remove and reserve Sec.  126.305 0 27. Revise Sec.  126.306 to read as follows:

Sec.  126.306   How will SBA process an application for HUBZone certification?

    (a) The D/HUB or designee is authorized to approve or decline applications for HUBZone certification. SBA will receive and review all applications and request supporting documents. SBA must receive all required information, supporting documents, and a completed HUBZone representation before it will begin processing a concern's application. SBA will not process incomplete packages. SBA will make its determination within 90 ***calendar*** days after receipt of a complete package whenever practicable.     (b) The burden of proof to demonstrate eligibility is on the applicant concern. If a concern does not provide requested information within the allotted time provided by SBA, or if it submits incomplete information, SBA may draw an adverse inference and presume that the information that the applicant failed to provide would demonstrate ineligibility and deny certification on this basis.     (c) SBA's decision will be based on the facts set forth in the application, any information received in response to SBA's request for clarification, any independent research conducted by SBA, and any changed circumstances.     (d) In order to be certified into the ***program***, the applicant must be eligible as of the date it submitted its application and at the time the D/HUB issues a decision. An applicant must inform SBA of any changes to its circumstances that occur after its application and before its certification that may affect its eligibility. SBA will consider such changed circumstances in determining whether to certify the firm.     (e) If SBA approves the application, it will send a written notice to the concern and designate the firm as a certified HUBZone small business concern in DSBS (or successor system) as described in Sec.   126.307     (f) If SBA denies the application, it will send a written notice to the concern and state the specific reasons for denial. The decision will also state the reconsideration rights.     (g) SBA will presume that notice of its decision was provided to an applicant if SBA sends a communication to the concern at a mailing address, email address, or fax number provided in the concern's profile in the System for Award Management (or successor system). 0 28. Revise Sec.  126.307 to read as follows:

Sec.  126.307   Where is there a list of certified HUBZone small business concerns?

    SBA designates firms as certified HUBZone small business concerns in DSBS (or successor system). 0 29. Revise Sec.  126.308 to read as follows:

Sec.  126.308   What happens if a HUBZone small business concern receives notice of its certification but it does not appear in DSBS as a certified HUBZone small business concern?

    (a) A certified HUBZone small business concern that has received SBA's notice of certification, but does not appear in DSBS (or successor system) as a certified HUBZone small business concern within 10 business days, should immediately notify the D/HUB via email at [*hubzone@sba.gov*](mailto:hubzone@sba.gov)     (b) A certified HUBZone small business concern that has received SBA's notice of certification must appear as a certified HUBZone small business concern in DSBS (or successor system) in order to be eligible for HUBZone contracts (i.e , it cannot ``opt out'' of a public display in the System for Award Management (SAM.gov) or DSBS (or successor systems)). 0 30. Revise Sec.  126.309 to read as follows:

Sec.  126.309   May a declined concern request reconsideration or seek certification at a later date?

    (a) Reconsideration. An applicant may request that the D/HUB reconsider the initial decline decision by filing a request for reconsideration with SBA.     (1) Method of submission. The applicant must submit its request for reconsideration to the SBA's HUBZone ***Program*** Office by email to [*hubzone@sba.gov*](mailto:hubzone@sba.gov)     (2) Filing deadline. The request for reconsideration must be submitted within 15 ***calendar*** days of receipt of written notice that the concern's application was declined.     (3) Contents of request. The request for reconsideration must set forth the reasons why the D/HUB's initial decision was erroneous and include information and documentation pertinent to overcoming the reason(s) for the initial decline, whether or not available at the time of initial application.     (4) Decision on reconsideration. The D/HUB will issue a written decision within 30 ***calendar*** days of SBA's receipt of the applicant's request for reconsideration. The D/HUB may approve the application, deny it on the same grounds as the original decision, or deny it on other grounds.     (i) If denied, the D/HUB will provide written notice and explain why the applicant is not eligible for admission to the ***program*** and give specific reasons for the decline.     (ii) If the D/HUB declines the application solely on issues not raised in the initial decline, the applicant can ask for reconsideration as if it were an initial decline.     (b) Reapplying for certification. A declined concern may reapply for certification ninety (90) ***calendar*** days after the date of the final agency decision (i.e , the initial decision of the D/HUB where the concern does not seek reconsideration, or the decision on reconsideration), if it believes that it has overcome all reasons for decline through changed circumstances and is currently eligible. 0 31. Revise Sec.  126.401 to read as follows:

Sec.  126.401   What is a ***program*** examination?

    A ***program*** examination is an investigation by SBA officials, which verifies the accuracy of any certification made or information provided as part of the HUBZone application or recertification process. Examiners may verify that the concern met the ***program***'s eligibility requirements at the time of its certification or, if applicable, at the time of its most recent recertification.

Sec.  126.402   [Amended]

0 32. Amend Sec.  126.402 by removing the phrase ``qualified HUBZone SBC'' and adding in its place the phrase ``certified HUBZone small business concern''. 0 33. Revise Sec.  126.403 to read as follows:

Sec.  126.403   What will SBA review during a ***program*** examination?

    (a) SBA may conduct a ***program*** examination, or parts of an examination, at one or more of the concern's offices. SBA will determine the location and scope of the examination and may review any information related to the concern's HUBZone eligibility including, but not limited to, documentation related to the location and ownership of the concern, compliance with the 35% HUBZone

[[Page 54830]]

residency requirement, and the concern's ``attempt to maintain'' (see Sec.  126.103) this percentage.     (b) SBA may require that a HUBZone small business concern (or applicant) submit additional information as part of the ***program*** examination. If SBA requests additional information, SBA will presume that written notice of the request was provided when SBA sends such request to the concern at a mailing address, email address or fax number provided in the concern's profile in the Dynamic Small Business Search (DSBS) or the System for Award Management (SAM) (or successor systems). SBA may draw an adverse inference from a concern's failure to cooperate with a ***program*** examination or provide requested information and assume that the information that the HUBZone small business concern (or applicant) failed to provide would demonstrate ineligibility, and decertify (or deny certification) on this basis.     (c) The concern must retain documentation provided in the course of a ***program*** examination for 6 ***years*** from the date of submission. 0 34. Add Sec.  126.404 to read as follows:

Sec.  126.404   What are the possible outcomes of a ***program*** examination and when will SBA make its determination?

    (a) Timing. SBA will make its determination within 90 ***calendar*** days after SBA receives all requested information, when practicable.     (b) ***Program*** examinations on certified HUBZone small business concerns. If the ***program*** examination was conducted on a certified HUBZone small business concern--     (1) And the D/HUB (or designee) determines that the firm is eligible, SBA will send a written notice to the HUBZone small business concern and continue to designate the concern as a certified HUBZone small business concern in DSBS (or successor system).     (2) And the D/HUB (or designee) determines that the firm is not eligible, SBA will propose the concern for decertification pursuant to the procedures set forth in Sec.  126.503     (c) ***Program*** examinations on applicants. If the ***program*** examination was conducted on an applicant to the HUBZone ***program***--     (1) And the D/HUB (or designee) determines that the firm is eligible, SBA will send a written certification notice to the firm and designate the concern as a certified HUBZone small business concern in DSBS (or successor system).     (2) And the D/HUB (or designee) determines that the firm is ineligible, SBA will send a written decline notice to the firm. 0 35. Revise Sec.  126.500 to read as follows:

Sec.  126.500  How does a concern maintain HUBZone certification?

    Any concern seeking to remain a certified HUBZone small business concern in DSBS (or successor system) must annually provide a written recertification to SBA that it continues to meet all HUBZone eligibility criteria (see Sec.  126.200) and provide supporting documentation when requested to do so by SBA. In order to remain in the ***program*** without any interruption, a HUBZone small business concern must recertify its eligibility to SBA on the anniversary of the date of its original HUBZone certification. The date of HUBZone certification is the date specified in the firm's certification letter. If the business fails to recertify, SBA may propose the firm for decertification pursuant to Sec.  126.503 0 36. Revise Sec.  126.501 to read as follows:

Sec.  126.501  How long does HUBZone certification last?

    (a) Once SBA certifies a concern as eligible to participate in the HUBZone ***program***, the concern will be treated as a certified HUBZone small business concern eligible for all HUBZone contracts for which the concern qualifies as small, for a period of one ***year*** from the date of its initial certification or recertification, unless the concern acquires, is acquired by, or merges with another firm during that one- ***year*** period. Where a HUBZone small business concern acquires, is acquired by, or merges with another firm, the concern must demonstrate to SBA that it continues to meet the HUBZone eligibility requirements in order for it to remain eligible as a certified HUBZone small business concern.     (b) On the annual anniversary of a firm's certification or recertification, the firm must recertify that it is fully compliant with all HUBZone eligibility requirements (see Sec.  126.200), or it can request to voluntarily withdraw from the HUBZone ***program***.     (c) SBA may review the firm's recertification through the ***program*** examination process.     (1) If SBA determines that the firm is no longer eligible at the time of its annual recertification, SBA will propose the HUBZone small business concern for decertification pursuant to Sec.  126.503     (2) If SBA determines that the firm continues to be eligible, SBA will notify the firm of this determination. In such case, the concern will:     (i) Continue to be designated as a certified HUBZone small business concern in DSBS (or successor system); and     (ii) Be treated as an eligible HUBZone small business concern for all HUBZone contracts for which the concern qualifies as small for a period of one ***year*** from the date of the recertification.     (d) Voluntary withdrawal. A HUBZone small business concern may request to voluntarily withdraw from the HUBZone ***program*** at any time. Once SBA concurs, SBA will decertify the concern and no longer designate it as a certified HUBZone small business concern in DSBS (or successor system). The concern may apply again for certification at any point after ninety (90) ***calendar*** days from the date of decertification. At that point, the concern would have to demonstrate that it meets all HUBZone eligibility requirements. 0 37. Revise Sec.  126.502 to read as follows:

Sec.  126.502  Is there a limit to the length of time a concern may be a certified HUBZone small business concern?

    There is no limit to the length of time a concern may remain qualified as a certified HUBZone small business concern in DSBS (or successor system) so long as it continues to comply with the provisions of Sec. Sec.  126.200, 126.500, and 126.501 0 38. Revise Sec.  126.503 to read as follows:

Sec.  126.503  What happens if SBA is unable to verify a HUBZone small business concern's eligibility or determines that a concern is no longer eligible for the ***program***?

    (a) Proposed decertification. (1) If SBA is unable to verify a certified HUBZone small business concern's eligibility or has information indicating that a firm was not eligible for the ***program*** at the time of certification or recertification, SBA may propose decertification of the concern. In addition, if during the one-***year*** period of time after certification or recertification SBA believes that a HUBZone small business concern that is performing one or more HUBZone contracts no longer has at least 20% of its employees living in a HUBZone, SBA will propose the concern for decertification based on the concern's failure to attempt to maintain compliance with the 35% HUBZone residency requirement.     (i) Notice of proposed decertification. SBA will notify the HUBZone small business concern in writing that SBA is proposing to decertify it and state the reasons for the proposed decertification. SBA will consider that written notice was provided if SBA sends the notice of

[[Page 54831]]

proposed decertification to the concern at a mailing address, email address, or fax number provided in the concern's profile in the System for Award Management (SAM.gov) or the Dynamic Small Business Search (DSBS) (or successor systems).     (ii) Response to notice of proposed decertification. The HUBZone small business concern must respond to the notice of proposed decertification within the timeframe specified in the notice. In this response, the HUBZone small business concern must rebut each of the reasons set forth by SBA in the notice of proposed decertification, and where appropriate, the rebuttal must include documents showing that the concern is eligible for the HUBZone ***program*** as of the date specified in the notice.     (iii) Adverse inference. If a HUBZone small business concern fails to cooperate with SBA or fails to provide the information requested, the D/HUB may draw an adverse inference and assume that the information that the concern failed to provide would demonstrate ineligibility.     (2) SBA's decision. SBA will determine whether the HUBZone small business concern remains eligible for the ***program*** within 90 ***calendar*** days after receiving all requested information, when practicable. The D/HUB will provide written notice to the concern stating the basis for the determination. If SBA finds that the concern is not eligible, the D/HUB will decertify the concern and remove its designation as a certified HUBZone small business concern in DSBS (or successor system). If SBA finds that the concern is eligible, the concern will continue to be designated as a certified HUBZone small business concern in DSBS (or successor system).     (b) Decertification pursuant to a protest. The procedures described in paragraph (a) of this section do not apply to HUBZone status protests. If the D/HUB sustains a protest pursuant to Sec.  126.803, SBA will decertify the HUBZone small business concern immediately and change the firm's status in DSBS (or successor system) to reflect that it no longer qualifies as a certified HUBZone small business concern without first proposing it for decertification. 0 39. Revise Sec.  126.504 to read as follows:

Sec.  126.504  When will SBA remove the designation of a concern in DSBS (or successor system) as a certified HUBZone small business concern?

    (a) SBA will remove the designation of a concern in DSBS (or successor system) as a certified HUBZone small business concern if the concern has:     (1) Been decertified as a result of a HUBZone status protest pursuant to Sec.  126.803;     (2) Been decertified as a result of the procedures set forth in Sec.  126.503; or     (3) Voluntarily withdrawn from the HUBZone ***program*** pursuant to Sec.  126.501(b).     (b) SBA may remove the designation of a concern in DSBS (or successor system) as a certified HUBZone small business concern as soon as the D/HUB issues a decision decertifying the concern from the ***program***.     (c) After a concern has been removed as a certified HUBZone small business concern in DSBS (or successor system), it is ineligible for the HUBZone ***program*** and may not submit an offer on or be an awarded a HUBZone contract, or receive any other benefit as a HUBZone small business concern.

Subpart F--Contracting with Certified HUBZone Small Business Concerns

0 40. Revise the heading of subpart F to read as set forth above.

Sec.  126.600   [Amended]

0 41. Amend Sec.  126.600 as follows: 0 a. In the introductory text, remove the phrase ``qualified HUBZone SBC'' and add in its place the phrase ``certified HUBZone small business concern''; 0 b. In paragraphs (a), (b), and (c), remove the phrase ``qualified HUBZone SBCs'' wherever it appears and add in its place the phrase ``certified HUBZone small business concerns''; 0 c. In paragraphs (d) and (e), remove the phrase ``HUBZone SBCs'' wherever it appears and add in its place the phrase ``certified HUBZone small business concerns''; 0 d. In paragraph (e), remove the word ``against'' and add in its place the word ``under'' and remove the phrase ``, which had been'' and add in its place the phrase ``that was''. 0 42. Revise Sec.  126.601 to read as follows:

Sec.  126.601   What additional requirements must a certified HUBZone small business concern meet to submit an offer on a HUBZone contract?

    (a) Only certified HUBZone small business concerns are eligible to submit offers for a HUBZone contract or to receive a price evaluation preference under Sec.  126.613     (b) At the time a certified HUBZone small business concern submits its initial offer (including price) on a specific HUBZone contract, it must certify to the contracting officer that it:     (1) Is a certified HUBZone small business concern in DSBS (or successor system);     (2) Is small, together with its affiliates, at the time of its offer under the size standard corresponding to the NAICS code assigned to the procurement;     (3) Will ``attempt to maintain'' having at least 35% of its employees residing in a HUBZone during the performance of the contract, as set forth in Sec.  126.200(e); and     (4) Will comply with the applicable limitations on subcontracting during performance of the contract, as set forth in Sec.  125.6 of this chapter and Sec. Sec.  126.200(f), and 126.700     (c) A certified HUBZone small business concern may submit an offer on a HUBZone contract for supplies as a nonmanufacturer if it meets the requirements of the nonmanufacturer rule set forth at Sec.  121.406 of this chapter. 0 43. Revise Sec.  126.602 to read as follows:

Sec.  126.602   Must a certified HUBZone small business concern maintain the employee residency percentage during contract performance?

    (a) A certified HUBZone small business concern eligible for the ***program*** pursuant to Sec.  126.200(b) must have at least 35% of its employees residing within a HUBZone at the time of certification and annual recertification. Such a certified HUBZone small business concern must ``attempt to maintain'' (see Sec.  126.103) having at least 35% of its employees residing in a HUBZone during the performance of any HUBZone contract awarded to the concern on the basis of its HUBZone status.     (b) For indefinite delivery, indefinite quantity contracts, including multiple award contracts, a certified HUBZone small business concern must ``attempt to maintain'' the HUBZone residency requirement during the performance of each order that is set aside for HUBZone small business concerns.     (c) A certified HUBZone small business concern eligible for the ***program*** pursuant to Sec.  126.200(a) must have at least 35% of its employees engaged in performing a HUBZone contract residing within any Indian reservation governed by one or more of the concern's Indian Tribal Government owners, or residing within any HUBZone adjoining any such Indian reservation.     (d) A certified HUBZone small business concern that has less than 20% of its total employees residing in a HUBZone during the performance of a HUBZone contract has failed to attempt

[[Page 54832]]

to maintain the HUBZone residency requirement. Such failure will result in proposed decertification pursuant to Sec.  126.503

Sec.  126.603   [Amended]

0 44. Amend Sec.  126.603 by removing the phrase ``qualified HUBZone SBCs'' and adding in its place the phrase ``certified HUBZone small business concerns''. 0 45. Amend Sec.  126.607 as follows: 0 a. Revise the section heading; 0 b. In paragraph (c), amend the introductory text by removing the phrase ``qualified HUBZone SBCs'' and adding in its place the phrase ``certified HUBZone small business concerns''; 0 c. In paragraph (c)(1), remove the phrase ``SBA's list of qualified HUBZone SBCs'' and add in its place the phrase ``the list of certified HUBZone small business concerns contained in DSBS (or successor system)''.     The revision reads as follows:

Sec.  126.607  When must a contracting officer set aside a requirement for certified HUBZone small business concerns?

\* \* \* \* \*

Sec.  126.608   [Amended]

0 46. Amend Sec.  126.608 by removing the phrase ``HUBZone set-aside'' and adding in its place the phrase ``HUBZone set-aside or sole source award''.

Sec.  126.611   [Amended]

0 47. Amend the heading of Sec.  126.611 by removing the phrase ``such an appeal'' and adding in its place the phrase ``an appeal of a contracting officer's decision not to issue a procurement as a HUBZone contract''.

Sec.  126.612   [Amended]

0 48. Amend Sec.  126.612 as follows: 0 a. In the introductory text and paragraph (d), remove the phrase ``qualified HUBZone SBC'' wherever it appears and add in its place the phrase ``certified HUBZone small business concern''; 0 b. In paragraph (c), remove the phrase ``qualified HUBZone SBCs'' and add in its place the phrase ``certified HUBZone small business concerns''.

Sec.  126.613   [Amended]

0 49. Amend Sec.  126.613 as follows: 0 a. In the section heading and paragraphs (a)(1), (a)(2), (b)(2), and (d), remove the phrase ``qualified HUBZone SBC'' wherever it appears and add in its place the phrase ``certified HUBZone small business concern''; 0 b. In paragraph (a)(1): 0 i. Remove the phrase ``another SBC'' and add in its place the phrase ``another small business concern''; 0 ii. In the final sentence, remove the phrase ``HUBZone SBC'' and add in its place the phrase ``certified HUBZone small business concern''; 0 iii. In the final sentence, remove the phrase ``HUBZone SBCs'' and add in its place the phrase ``certified HUBZone small business concerns''; 0 c. In Examples 1, 2, and 3 in paragraph (a)(2), remove the phrase ``non-HUBZone SBC'' wherever it appears and add in its place the phrase ``non-HUBZone small business concern'' 0 d. In the second and third sentences in Example 4 in paragraph (a)(2), remove the phrase ``HUBZone SBC'' wherever it appears and add in its place the phrase ``HUBZone small business concern''; 0 e. In the third sentence in Example 4 in paragraph (a)(2), remove the phrase ``HUBZone SBCs'' and add in its place the phrase ``certified HUBZone small business concerns''; 0 f. In paragraph (b)(2), remove the phrase ``qualified HUBZone SBCs'' and add in its place the phrase ``certified HUBZone small business concerns''; and 0 g. In paragraph (d), remove the phrase ``SBCs'' and add in its place the phrase ``small business concerns''. 0 50. Amend Sec.  126.616 as follows: 0 a. Revise the section heading; 0 b. Revise paragraph (a); 0 c. In paragraph (b) and (d)(1), remove the phrase ``qualified HUBZone SBC'' wherever it appears and add in its place the phrase ``certified HUBZone small business concern''; 0 d. In the introductory text of paragraph (c), remove the phrase ``HUBZone SBC'' and add in its place ``certified HUBZone small business concern''; 0 e. In paragraphs (c)(2) through (4), (c)(9), (c)(10), (d)(2), (g), and (i) remove the phrase ``HUBZone SBC'' wherever it appears'' and add in its place the phrase ``certified HUBZone small business concern''; 0 f. In paragraphs (c)(7), (i), (j)(2), and (k), remove the phrase ``performance of work'' wherever it appears and add in its place the phrase ``limitations on subcontracting''; and 0 g. Revise paragraph (e).     The revisions read as follows:

 Sec.  126.616  What requirements must a joint venture satisfy to submit an offer and be eligible to perform on a HUBZone contract?

    (a) General. A certified HUBZone small business concern may enter into a joint venture agreement with one or more other small business concerns, or with an approved mentor authorized by Sec.  125.9 of this chapter (or, if also an 8(a) BD Participant, with an approved mentor authorized by Sec.  124.520 of this chapter), for the purpose of submitting an offer for a HUBZone contract. The joint venture itself need not be a certified HUBZone small business concern. \* \* \* \* \*     (e) Certification of compliance.--(1) At time of offer. If submitting an offer as a joint venture for a HUBZone contract, at the time of initial offer (and if applicable, final offer), each certified HUBZone small business concern joint venture partner must make the following certifications to the contracting officer separately under its own name:     (i) It is a certified HUBZone small business concern that appears in DSBS (or successor system) as a certified HUBZone small business concern and it met the eligibility requirements in Sec.  126.200 at the time of its initial certification or, if applicable, at the time of its most recent recertification;     (ii) It, together with its affiliates, is small under the size standard corresponding to the NAICS code assigned to the procurement;     (iii) It will ``attempt to maintain'' having at least 35% of its employees residing in a HUBZone during performance of the contract; and     (iv) It will comply with the applicable limitations on subcontracting during performance of the contract, as set forth in Sec.  125.6 of this chapter and Sec. Sec.  126.200(f) and 126.700     (2) Prior to performance. Prior to the performance of any HUBZone contract as a joint venture, the HUBZone small business concern partner to the joint venture must submit a written certification to the contracting officer and SBA, signed by an authorized official of each partner to the joint venture, stating the following:     (i) The parties have entered into a joint venture agreement that fully complies with paragraph (c) of this section; and     (ii) The parties will perform the contract in compliance with the joint venture agreement. \* \* \* \* \*

Sec.  126.617   [Amended]

0 51. Amend Sec.  126.617 as follows: 0 a. In the section heading, remove the phrase ``qualified HUBZone SBC'' and add in its place the phrase ``certified HUBZone small business concern''; 0 b. Remove the phrase ``qualified HUBZone SBC'' and add in its place the phrase ``certified HUBZone small business concern''.

[[Page 54833]]

Sec.  126.618   [Amended]

0 52. Amend Sec.  126.618 as follows: 0 a. In paragraph (a), remove the phrase ``the underlying HUBZone requirements'' and add in its place the phrase ``the HUBZone requirements described in Sec.  126.200''; 0 b. In paragraphs (a) through (c), remove the phrase ``qualified HUBZone SBC'' wherever it appears and add in its place the phrase ``certified HUBZone small business concern''; 0 c. In paragraph (c)(1), remove the phrase ``HUBZone SBC'' and add in its place the phrase ``certified HUBZone small business concern''; 0 d. In paragraphs (c)(1) and (c)(2), remove the phrase ``performance of work'' wherever it appears and add in its place the phrase ``limitations on subcontracting''. 0 53. Add Sec.  126.619 to read as follows:

Sec.  126.619   When must a certified HUBZone small business concern recertify its status for a HUBZone contract?

    (a) A concern that is a certified HUBZone small business concern at the time of initial offer (including a Multiple Award Contract) is generally considered a HUBZone small business concern throughout the life of that contract.     (1) If a concern is a certified HUBZone small business concern at the time of initial offer for a HUBZone Multiple Award Contract, then it will be considered a certified HUBZone small business concern for each order issued against the contract, unless a contracting officer requests a new HUBZone certification in connection with a specific order.     (2) Where the underlying Multiple Award Contract is not a HUBZone contract and a procuring agency is setting aside an order for the HUBZone ***program***, a firm must be a certified HUBZone small business concern and appear in DSBS (or successor system) as a certified HUBZone small business concern at the time it submits its offer for the order.     (3) Where a HUBZone contract is novated to another business concern, the concern that will continue performance on the contract must certify its status as a certified HUBZone small business concern to the procuring agency, or inform the procuring agency that it is not a certified HUBZone small business concern, within 30 days of the novation approval. If the concern is not a certified HUBZone small business concern, the agency can no longer count any work performed under the contract, including any options or orders issued pursuant to the contract, from that point forward towards its HUBZone goals.     (4) Where a concern that is performing a HUBZone contract acquires, is acquired by, or merges with another concern and contract novation is not required, the concern must, within 30 days of the transaction becoming final, recertify its status as a certified HUBZone small business concern status to the procuring agency, or inform the procuring agency that it no longer qualifies as a HUBZone small business concern. If the contractor is unable to recertify its status as a HUBZone small business concern, the agency can no longer count the options or orders issued pursuant to the contract, from that point forward, towards its HUBZone goals. The agency must immediately revise all applicable Federal contract databases to reflect the new status.     (5) Where a concern is decertified after the award of a HUBZone contract, the procuring agency may exercise options and still count the award as an award to a HUBZone small business concern, except where recertification is required or requested under this section.     (b) For the purposes of contracts (including Multiple Award Contracts) with durations of more than five ***years*** (including options), a contracting officer must request that a business concern recertify its status as a HUBZone small business concern no more than 120 days prior to the end of the fifth ***year*** of the contract, and no more than 120 days prior to exercising any option.     (1) If the concern cannot recertify that it qualifies as a HUBZone small business concern, the agency can no longer count the options or orders issued pursuant to the contract, from that point forward, towards its HUBZone goals. This means that if the firm either no longer meets the HUBZone eligibility requirements or no longer qualifies as small for the size standard corresponding to NAICS code assigned to the contract, the agency can no longer count the options or orders issued pursuant to the contract, from that point forward, towards its HUBZone goals.     (2) A concern that did not certify itself as a HUBZone small business concern, either initially or prior to an option being exercised, may recertify itself as a HUBZone small business concern for a subsequent option period if it meets the eligibility requirements at that time.     (3) Recertification does not change the terms and conditions of the contract. The limitations on subcontracting, nonmanufacturer and subcontracting plan requirements in effect at the time of contract award remain in effect throughout the life of the contract.     (4) Where the contracting officer explicitly requires concerns to recertify their status in response to a solicitation for an order, SBA will determine eligibility as of the date of the firm's initial certification or, if applicable, its most recent recertification.     (c) A concern's status will be determined at the time of submission of its initial response to a solicitation for and award of an Agreement (including Blanket Purchase Agreements (BPAs), Basic Agreements, Basic Ordering Agreements, or any other Agreement that a contracting officer sets aside or reserves awards for certified HUBZone small business concerns) and each order issued pursuant to the Agreement. 0 54. Revise Sec.  126.700 to read as follows:

Sec.  126.700   What are the limitations on subcontracting requirements for HUBZone contracts?

    (a) Other than Multiple Award Contracts. For other than a Multiple Award Contract, a prime contractor receiving an award as a certified HUBZone small business concern must meet the limitations on subcontracting requirements set forth in Sec.  125.6 of this chapter.     (b) Multiple Award Contracts.--(1) Total Set-Aside Contracts. For a Multiple Award Contract that is totally set aside for certified HUBZone small business concerns, a certified HUBZone small business concern must comply with the applicable limitations on subcontracting (see Sec.  126.5), or if applicable, the nonmanufacturer rule (see Sec.   121.406 of this chapter), during the base term and during each subsequent option period. However, the contracting officer, at his or her discretion, may also require the concern to comply with the limitations on subcontracting or the nonmanufacturer rule for each individual order awarded under the Multiple Award Contract.     (2) Partial Set-Aside Contracts. For Multiple Award Contracts that are partially set aside for certified HUBZone small business concerns, paragraph (b)(1) of this section applies to the set-aside portion of the contract. For orders awarded under the non-set-aside portion of a Multiple Award Contract, a certified HUBZone small business concern need not comply with any limitations on subcontracting or nonmanufacturer rule requirements.     (3) Orders Set Aside for certified HUBZone small business concerns. For each individual order that is set aside for certified HUBZone small business concerns under a Multiple Award Contract that is not itself setaside for certified HUBZone small business

[[Page 54834]]

concerns, a certified HUBZone small business concern must comply with the applicable limitations on subcontracting (see Sec.  125.6 of this chapter), or if applicable, the nonmanufacturer rule (see Sec.  121.406 of this chapter), in the performance of such order.     (4) Reserves. For an order that is set aside for certified HUBZone small business concerns against a Multiple Award Contract with a HUBZone reserve, a certified HUBZone small business concern must comply with the applicable limitations on subcontracting (see Sec.  125.6 of this chapter), or if applicable, the nonmanufacturer rule (see Sec.   121.406 of this chapter), in the performance of such order. However, the certified HUBZone small business concern does not have to comply with the limitations on subcontracting or the nonmanufacturer rule for any order issued against the Multiple Award Contract if the order is competed amongst certified HUBZone small business concerns and one or more other-than-small business concerns.

Sec.  126.800   [Amended]

0 55. Amend Sec.  126.800 as follows: 0 a. Amend the section heading by removing the phrase ``qualified HUBZone SBC'' and adding in its place the phrase ``certified HUBZone small business concern''; and 0 b. In paragraphs (a) and (b), remove the phrase ``qualified HUBZone SBC'' wherever it appears and add in its place the phrase ``certified HUBZone small business concern''; 0 56. Amend Sec.  126.801 as follows: 0 a. Revise the section heading; 0 b. Revise paragraphs (a), (b), and (c)(3); and 0 c. Revise the second and third sentences in paragraph (e).     The revisions read as follows:

Sec.  126.801   How does an interested party file a HUBZone status protest?

    (a) General. (1) A HUBZone status protest is the process by which an interested party may challenge the HUBZone status of an apparent successful offeror on a HUBZone contract, including a HUBZone joint venture submitting an offer under Sec.  126.616     (2) The protest procedures described in this part are separate from those governing size protests and appeals. All protests relating to whether a certified HUBZone small business concern is other than small for purposes of any Federal ***program*** are subject to part 121 of this chapter and must be filed in accordance with that part. If a protester protests both the size of the HUBZone small business concern and whether the concern meets the HUBZone eligibility requirements set forth in Sec.  126.200, SBA will process the protests concurrently, under the procedures set forth in part 121 of this chapter and this part.     (3) SBA does not review issues concerning the administration of a HUBZone contract.     (b) Format and specificity. (1) Protests must be in writing and must state all specific grounds for why the protested concern did not meet the HUBZone eligibility requirements set forth in Sec.  126.200 at the time the concern applied for certification or at the time SBA last recertified the concern as a HUBZone small business concern. A protest merely asserting that the protested concern did not qualify as a HUBZone small business concern at the time of certification or recertification, without setting forth specific facts or allegations, is insufficient. A protest asserting that a firm was not in compliance with the HUBZone eligibility requirements at the time of offer or award will be dismissed.     (2) For a protest filed against a HUBZone joint venture, the protest must state all specific grounds for why--     (i) The HUBZone small business concern partner to the joint venture did not meet the HUBZone eligibility requirements set forth in Sec.   126.200 at the time the concern applied for certification or at the time SBA last recertified the concern as a HUBZone small business concern; and/or     (ii) The protested HUBZone joint venture did not meet the requirements set forth in Sec.  126.616 at the time the joint venture submitted an offer for a HUBZone contract.     (c) \* \* \*     (3) Protestors may submit their protests by email to [*hzprotests@sba.gov*](mailto:hzprotests@sba.gov) \* \* \* \* \*     (e) \* \* \* The contracting officer must send the protest, along with a referral letter, to the D/HUB by email to [*hzprotests@sba.gov*](mailto:hzprotests@sba.gov) The contracting officer's referral letter must include information pertaining to the solicitation that may be necessary for SBA to determine timeliness and standing, including the following:     (1) The solicitation number;     (2) The name, address, telephone number, email address, and facsimile number of the contracting officer;     (3) The type of HUBZone contract at issue;     (4) If the procurement was conducted using full and open competition with a HUBZone price evaluation preference, whether the protester's opportunity for award was affected by the preference;     (5) If the procurement was a HUBZone set-aside, whether the protester submitted an offer;     (6) Whether the protested concern was the apparent successful offeror;     (7) Whether the procurement was conducted using sealed bid or negotiated procedures;     (8) The bid opening date, if applicable;     (9) The date the protester was notified of the apparent successful offeror;     (10) The date the protest was submitted to the contracting officer;     (11) The date the protested firm submitted its initial offer or bid to the contracting activity; and     (12) Whether a contract has been awarded, and if applicable, the date of contract award and contract number.

Sec.  126.802   [Amended]

0 57. Amend Sec.  126.802 by removing the phrase ``has qualified HUBZone status'' and adding in its place the phrase ``qualifies as a certified HUBZone small business concern''. 0 58. Amend Sec.  126.803 by: 0 a. Revising the section heading; 0 b. Redesignating paragraphs (a) through (d) as paragraphs (b) through (e), respectively; 0 c. Adding new paragraph (a); and 0 d. Revising newly redesignated paragraphs (b)(2), (c), and (e).     The addition and revisions read as follows:

Sec.  126.803   How will SBA process a HUBZone status protest and what are the possible outcomes?

    (a) Date at which eligibility determined. SBA will determine the eligibility of a concern subject to a HUBZone status protest as of the date of its initial certification or, if applicable, its most recent recertification.     (b) \* \* \*     (2) If SBA determines the protest is timely and sufficiently specific, SBA will notify the protested concern of the protest and the identity of the protestor. The protested concern must submit information responsive to the protest within 3 business days of the date of receipt of the protest.     (c) Time period for determination. (1) SBA will determine the HUBZone status of the protested concern within 15 business days after receipt of a complete protest referral.     (2) If SBA does not issue its determination within 15 business days (or request an extension that is granted), the contracting officer may award the contract if he or she determines in writing that there is an immediate need to award the contract and that waiting until SBA makes its determination will

[[Page 54835]]

be disadvantageous to the Government. Notwithstanding such a determination, the provisions of paragraph (d) of this section apply to the procurement in question. \* \* \* \* \*     (e) Effect of determination. The determination is effective immediately and is final unless overturned on appeal by the AA/GC&BD, or designee, pursuant to Sec.  126.805     (1) Protest sustained. If the D/HUB finds the protested concern ineligible and sustains the protest, SBA will decertify the concern and remove its designation as a certified HUBZone small business concern in DSBS (or successor system). A contracting officer shall not award a contract to a protested concern that the D/HUB has determined is not an eligible HUBZone small business concern for the procurement in question.     (i) No appeal filed. If a contracting officer receives a determination sustaining a protest after contract award, and no appeal has been filed, the contracting officer shall terminate the award.     (ii) Appeal filed. (A) If a timely appeal is filed after contract award, the contracting officer must consider whether performance can be suspended until an appellate decision is rendered.     (B) If the AA/GCBD affirms the initial determination finding the protested concern ineligible, the contracting officer shall either terminate the contract or not exercise the next option.     (iii) Update FPDS-NG. Where the contract was awarded to a firm that is found not to qualify as a HUBZone small business concern, the contracting officer must update the Federal Procurement Data System- Next Generation (FPDS-NG) and other procurement reporting databases to reflect the final agency HUBZone decision (i.e , the D/HUB's decision if no appeal is filed, or the decision of the AA/GCBD if the protest is appealed).     (2) Protest dismissed or denied. If the D/HUB denies or dismisses the protest, the contracting officer may award the contract to the protested concern.     (i) No appeal filed. If a contracting officer receives a determination dismissing or denying a protest and no appeal has been filed, the contracting officer may:     (A) Award the contract to the protested concern if it has not yet been awarded; or     (B) Authorize contract performance to proceed if the contract has been awarded.     (ii) Appeal filed. If the AA/GCBD overturns the initial determination or dismissal, the contracting officer may apply the appeal decision to the procurement in question.     (3) A concern found to be ineligible is precluded from applying for HUBZone certification for ninety (90) ***calendar*** days from the date of the final agency decision (the D/HUB's decision if no appeal is filed, or the decision of the AA/GCBD if the protest is appealed).

PART 127--WOMEN-OWNED SMALL BUSINESS FEDERAL CONTRACT ***PROGRAM***

0 59. Amend Sec.  127.602 by redesignating the text of Sec.  127.602 as paragraph (a) and adding paragraph (b).     The addition reads as follows:

Sec.  127.602   What are the grounds for filing an EDWOSB or WOSB status protest?

\* \* \* \* \*     (b) For a protest filed against an EDWOSB or WOSB joint venture, the protest must state all specific grounds for why--     (1) The EDOWSB or WOSB partner to the joint venture did not meet the EDWOSB or WOSB eligibility requirements set forth in Sec.  127.200; and/or     (2) The protested EDWOSB or WOSB joint venture did not meet the requirements set forth in Sec.  127.506

    Dated: October 19, 2018. Linda E. McMahon, Administrator. [FR Doc. 2018-23285 Filed 10-30-18; 8:45 am]  BILLING CODE 8025-01-P

**Load-Date:** November 1, 2018

**End of Document**



[***FAA REAUTHORIZATION ACT OF 2018 (House of Representatives - September 26, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TC6-MCM1-F0YC-N1MJ-00000-00&context=1516831)

Impact News Service

September 27, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 221115 words

**Body**

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

 Mr. SHUSTER. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 1082) providing for the concurrence by the House in the Senate amendment to H.R 302, with an amendment. The Clerk read the title of the resolution. The text of the resolution is as follows: H. Res.

1082 Resolved, That upon the adoption of this resolution the House shall be considered to have taken from the Speaker's table the bill, H.R 302, with the Senate amendment thereto, and to have concurred in the Senate amendment with the following amendment: In lieu of the matter proposed to be inserted by the amendment of the Senate to the text of the bill, insert the following: SECTION 1. SHORT TITLE; TABLE OF CONTENTS. (a) Short Title.--This Act may be cited as the ``FAA Reauthorization Act of 2018''. (b) Table of Contents.--The table of contents for this Act is as follows: Sec. 1. Short title; table of contents. DIVISION A--SPORTS MEDICINE LICENSURE Sec. 11. Short title. Sec. 12. Protections for covered sports medicine professionals. DIVISION B--FAA REAUTHORIZATION ACT OF 2018 Sec. 101. Definition of appropriate committees of Congress. TITLE I--AUTHORIZATIONS Subtitle A--Funding of FAA ***Programs*** Sec. 111. Airport planning and development and noise compatibility planning and ***programs***. Sec. 112. Facilities and equipment. Sec. 113. FAA operations. Sec. 114. Weather reporting ***programs***. Sec. 115. Adjustment to AIP ***program*** funding. Sec. 116. Funding for aviation ***programs***. Sec. 117. Extension of expiring authorities. Subtitle B--Passenger Facility Charges Sec. 121. Passenger facility charge modernization. Sec. 122. Future aviation infrastructure and financing study. Sec. 123. Intermodal access projects. Subtitle C--Airport Improvement ***Program*** Modifications Sec. 131. Grant assurances. Sec. 132. Mothers' rooms. Sec. 133. Contract Tower ***Program***. Sec. 134. Government share of project costs. Sec. 135. Updated veterans' preference. Sec. 136. Use of State highway specifications. Sec. 137. Former military airports. Sec. 138. Eligibility of CCTV projects for airport improvement ***program***. Sec. 139. State block grant ***program*** expansion. Sec. 140. Non-movement area surveillance pilot ***program***. Sec. 141. Property conveyance releases. Sec. 142. Study regarding technology usage at airports. Sec. 143. Study on airport revenue diversion. Sec. 144. GAO study on the effect of granting an exclusive right of aeronautical services to an airport sponsor. Sec. 145. Sense of Congress on smart airports. Sec. 146. Critical airfield markings. Sec. 147. General facilities authority. Sec. 148. Recycling plans; uncategorized small airports. Sec. 149. Evaluation of airport master plans. Sec. 150. Definition of small business concern. Sec. 151. Small airport regulation relief. Sec. 152. Construction of certain control towers. Sec. 153. Nondiscrimination. Sec. 154. Definition of airport development. Sec. 155. General aviation airport expired funds. Sec. 156. Priority review of construction projects in cold weather States. Sec. 157. Minority and disadvantaged business participation. Sec. 158. Supplemental discretionary funds. Sec. 159. State taxation. Sec. 160. Airport investment partnership ***program***. Sec. 161. Remote tower pilot ***program*** for rural and small communities. Sec. 162. Airport access roads in remote locations. Sec. 163. Limited regulation of non-federally sponsored property. Sec. 164. Seasonal airports. Sec. 165. Amendments to definitions. Sec. 166. Pilot ***program*** sunsets. Sec. 167. Buy America requirements. Subtitle D--Airport Noise and Environmental Streamlining Sec. 171. Funding eligibility for airport energy efficiency assessments. Sec. 172. Authorization of certain flights by stage 2 aircraft. Sec. 173. Alternative airplane noise metric evaluation deadline. Sec. 174. Updating airport noise exposure maps. Sec. 175. Addressing community noise concerns. Sec. 176. Community involvement in FAA NextGen projects located in metroplexes. Sec. 177. Lead emissions. Sec. 178. Terminal sequencing and spacing. Sec. 179. Airport noise mitigation and safety study. Sec. 180. Regional ombudsmen. Sec. 181. FAA leadership on civil supersonic aircraft. Sec. 182. Mandatory use of the New York North Shore Helicopter Route. Sec. 183. State standards for airport pavements. Sec. 184. Eligibility of pilot ***program*** airports. Sec. 185. Grandfathering of certain deed agreements granting through- the-fence access to general aviation airports. [[Page H8906]] Sec. 186. Stage 3 aircraft study. Sec. 187. Aircraft noise exposure. Sec. 188. Study regarding day-night average sound levels. Sec. 189. Study on potential health and economic impacts of overflight noise. Sec. 190. Environmental mitigation pilot ***program***. Sec. 191. Extending aviation development streamlining. Sec. 192. Zero-emission vehicles and technology. TITLE II--FAA SAFETY CERTIFICATION REFORM Subtitle A--General Provisions Sec. 201. Definitions. Sec. 202. Safety Oversight and Certification Advisory Committee. Subtitle B--Aircraft Certification Reform Sec. 211. Aircraft certification performance objectives and metrics. Sec. 212. Organization designation authorizations. Sec. 213. ODA review. Sec. 214. Type certification resolution process. Sec. 215. Review of certification process for small general aviation airplanes. Sec. 216. ODA staffing and oversight. Subtitle C--Flight Standards Reform Sec. 221. Flight standards performance objectives and metrics. Sec. 222. FAA task force on flight standards reform. Sec. 223. Centralized safety guidance database. Sec. 224. Regulatory Consistency Communications Board. Subtitle D--Safety Workforce Sec. 231. Safety workforce training strategy. Sec. 232. Workforce review. Subtitle E--International Aviation Sec. 241. Promotion of United States aerospace standards, products, and services abroad. Sec. 242. Bilateral exchanges of safety oversight responsibilities. Sec. 243. FAA leadership abroad. Sec. 244. Registration, certification, and related fees. TITLE III--SAFETY Subtitle A--General Provisions Sec. 301. Definitions. Sec. 302. FAA technical training. Sec. 303. Safety critical staffing. Sec. 304. International efforts regarding tracking of civil aircraft. Sec. 305. Aircraft data access and retrieval systems. Sec. 306. Advanced cockpit displays. Sec. 307. Emergency medical equipment on passenger aircraft. Sec. 308. FAA and NTSB review of general aviation safety. Sec. 309. Call to action airline engine safety review. Sec. 310. Sense of Congress on access to air carrier flight decks. Sec. 311. Part 135 accident and incident data. Sec. 312. Sense of Congress; pilot in command authority. Sec. 313. Report on conspicuity needs for surface vehicles operating on the airside of air carrier served airports. Sec. 314. Helicopter air ambulance operations data and reports. Sec. 315. Aviation rulemaking committee for part 135 pilot rest and duty rules. Sec. 316. Report on obsolete test equipment. Sec. 317. Helicopter fuel system safety. Sec. 318. Applicability of medical certification standards to operators of air balloons. Sec. 319. Designated pilot examiner reforms. Sec. 320. Voluntary reports of operational or maintenance issues related to aviation safety. Sec. 321. Evaluation regarding additional ground based transmitters. Sec. 322. Improved safety in rural areas. Sec. 323. Exit rows. Sec. 324. Comptroller General report on FAA enforcement policy. Sec. 325. Annual safety incident report. Sec. 326. Aircraft air quality. Sec. 327. Approach control radar. Sec. 328. Report on airline and passenger safety. Sec. 329. Performance-based standards. Sec. 330. Report and recommendations on certain aviation safety risks. Sec. 331. Review of FAA's Aviation Safety Information Analysis and Sharing System. Sec. 332. Airport rescue and firefighting. Sec. 333. Safe air transportation of lithium cells and batteries. Sec. 334. Runway safety. Sec. 335. Flight attendant duty period limitations and rest requirements. Sec. 336. Secondary cockpit barriers. Sec. 337. Aircraft cabin evacuation procedures. Sec. 338. Sense of Congress. Sec. 339. Civil penalties for interference. Sec. 339A. National in-flight sexual misconduct task force. Sec. 339B. Reporting process for sexual misconduct onboard aircraft. Subtitle B--Unmanned Aircraft Systems Sec. 341. Definitions; Integration of civil unmanned aircraft systems into national airspace system. Sec. 342. Update of FAA comprehensive plan. Sec. 343. Unmanned aircraft test ranges. Sec. 344. Small unmanned aircraft in the Arctic. Sec. 345. Small unmanned aircraft safety standards. Sec. 346. Public unmanned aircraft systems. Sec. 347. Special authority for certain unmanned aircraft systems. Sec. 348. Carriage of property by small unmanned aircraft systems for compensation or hire. Sec. 349. Exception for limited recreational operations of unmanned aircraft. Sec. 350. Use of unmanned aircraft systems at institutions of higher education. Sec. 351. Unmanned aircraft systems integration pilot ***program***. Sec. 352. Part 107 transparency and technology improvements. Sec. 353. Emergency exemption process. Sec. 354. Treatment of unmanned aircraft operating underground. Sec. 355. Public UAS operations by Tribal governments. Sec. 356. Authorization of appropriations for Know Before You Fly campaign. Sec. 357. Unmanned aircraft systems privacy policy. Sec. 358. UAS privacy review. Sec. 359. Study on fire department and emergency service agency use of unmanned aircraft systems. Sec. 360. Study on financing of unmanned aircraft services. Sec. 361. Report on UAS and chemical aerial application. Sec. 362. Sense of Congress regarding unmanned aircraft safety. Sec. 363. Prohibition regarding weapons. Sec. 364. U.S Counter-UAS system review of interagency coordination processes. Sec. 365. Cooperation related to certain counter-UAS technology. Sec. 366. Strategy for responding to public safety threats and enforcement utility of unmanned aircraft systems. Sec. 367. Incorporation of Federal Aviation Administration occupations relating to unmanned aircraft into veterans employment ***programs*** of the administration. Sec. 368. Public UAS access to special use airspace. Sec. 369. Applications for designation. Sec. 370. Sense of Congress on additional rulemaking authority. Sec. 371. Assessment of aircraft registration for small unmanned aircraft. Sec. 372. Enforcement. Sec. 373. Federal and local authorities. Sec. 374. Spectrum. Sec. 375. Federal Trade Commission authority. Sec. 376. Plan for full operational capability of unmanned aircraft systems traffic management. Sec. 377. Early implementation of certain UTM services. Sec. 378. Sense of Congress. Sec. 379. Commercial and governmental operators. Sec. 380. Transition language. Sec. 381. Unmanned aircraft systems in restricted buildings or grounds. Sec. 382. Prohibition. Sec. 383. Airport safety and airspace hazard mitigation and enforcement. Sec. 384. Unsafe operation of unmanned aircraft. Subtitle C--General Aviation Safety Sec. 391. Short title. Sec. 392. Expansion of Pilot's Bill of Rights. Sec. 393. Notification of reexamination of certificate holders. Sec. 394. Expediting updates to NOTAM ***Program***. Sec. 395. Accessibility of certain flight data. Sec. 396. Authority for legal counsel to issue certain notices. TITLE IV--AIR SERVICE IMPROVEMENTS Subtitle A--Airline Customer Service Improvements Sec. 401. Definitions. Sec. 402. Reliable air service in American Samoa. Sec. 403. Cell phone voice communication ban. Sec. 404. Improved notification of insecticide use. Sec. 405. Consumer complaints hotline. Sec. 406. Consumer information on actual flight times. Sec. 407. Training policies regarding racial, ethnic, and religious nondiscrimination. Sec. 408. Training on human trafficking for certain staff. Sec. 409. Prohibitions against smoking on passenger flights. Sec. 410. Report on baggage reporting requirements. Sec. 411. Enforcement of aviation consumer protection rules. Sec. 412. Strollers. Sec. 413. Causes of airline delays or cancellations. Sec. 414. Involuntary changes to itineraries. Sec. 415. Extension of Advisory Committee for Aviation Consumer Protection. Sec. 416. Online access to aviation consumer protection information. Sec. 417. Protection of pets on airplanes. Sec. 418. Advisory committee on air ambulance and patient billing. Sec. 419. Air ambulance complaints to the Department of Transportation. [[Page H8907]] Sec. 420. Report to Congress on air ambulance oversight. Sec. 421. Refunds for other fees that are not honored by a covered air carrier. Sec. 422. Advance boarding during pregnancy . Sec. 423. Consumer complaint process improvement. Sec. 424. Aviation consumer advocate. Sec. 425. TICKETS Act. Sec. 426. Report on availability of lavatories on commercial aircraft. Sec. 427. Consumer protection requirements relating to large ticket agents. Sec. 428. Widespread disruptions. Sec. 429. Passenger rights. Subtitle B--Aviation Consumers With Disabilities Sec. 431. Aviation consumers with disabilities study. Sec. 432. Study on in-cabin wheelchair restraint systems. Sec. 433. Improving wheelchair assistance for individuals with disabilities . Sec. 434. Airline Passengers with Disabilities Bill of Rights. Sec. 435. Sense of Congress regarding equal access for individuals with disabilities. Sec. 436. Civil penalties relating to harm to passengers with disabilities. Sec. 437. Harmonization of service animal standards. Sec. 438. Review of practices for ticketing, pre-flight seat assignments, and stowing of assistive devices for passengers with disabilities. Sec. 439. Advisory committee on the air travel needs of passengers with disabilities. Sec. 440. Regulations ensuring assistance for passengers with disabilities in air transportation. Sec. 441. Transparency for disabled passengers. Subtitle C--Small Community Air Service Sec. 451. Essential air service authorization. Sec. 452. Study on essential air service reform. Sec. 453. Air transportation to noneligible places. Sec. 454. Inspector general review of service and oversight of unsubsidized carriers. Sec. 455. Small community air service. Sec. 456. Waivers. Sec. 457. Extension of final order establishing mileage adjustment eligibility. Sec. 458. Reduction in subsidy-per-passenger. TITLE V--MISCELLANEOUS Sec. 501. Definitions. Sec. 502. Report on air traffic control modernization. Sec. 503. Return on investment report. Sec. 504. Air traffic control operational contingency plans. Sec. 505. 2020 ADS-B Out mandate plan. Sec. 506. Securing aircraft avionics systems. Sec. 507. Human factors. Sec. 508. Programmatic risk management. Sec. 509. Review of FAA strategic cybersecurity plan. Sec. 510. Consolidation and realignment of FAA services and facilities. Sec. 511. FAA review and reform. Sec. 512. Air shows. Sec. 513. Part 91 review, reform, and streamlining. Sec. 514. Aircraft leasing. Sec. 515. Pilots sharing flight expenses with passengers. Sec. 516. Terminal Aerodrome Forecast. Sec. 517. Public aircraft eligible for logging flight times. Sec. 518. Aircraft Registry Office. Sec. 519. FAA data transparency. Sec. 520. Intra-agency coordination. Sec. 521. Administrative Services Franchise Fund. Sec. 522. Automatic dependent surveillance-broadcast. Sec. 523. Contract weather observers. Sec. 524. Regions and centers. Sec. 525. Geosynthetic materials. Sec. 526. National Airmail Museum. Sec. 527. Status of agreement between FAA and Little Rock Port Authority. Sec. 528. Briefing on aircraft diversions from Los Angeles International Airport to Hawthorne Municipal Airport. Sec. 529. TFR report. Sec. 530. Air traffic services at aviation events. Sec. 531. Application of veterans' preference to Federal Aviation Administration personnel management system. Sec. 532. Clarification of requirements for living history flights. Sec. 533. Review and reform of FAA performance management system. Sec. 534. NextGen delivery study. Sec. 535. Study on allergic reactions. Sec. 536. Oxygen mask design study. Sec. 537. Air cargo study. Sec. 538. Sense of Congress on preventing the transportation of disease-carrying mosquitoes and other insects on commercial aircraft. Sec. 539. Technical corrections. Sec. 540. Report on illegal charter flights. Sec. 541. Use of NASA's super guppy aircraft for commercial transport. Sec. 542. Prohibited airspace assessment. Sec. 543. Report on multiagency use of airspace and environmental review. Sec. 544. Agency procurement reporting requirements. Sec. 545. FAA organizational reform. Sec. 546. FAA Civil Aviation Registry upgrade. Sec. 547. Enhanced air traffic services. Sec. 548. Sense of Congress on artificial intelligence in aviation. Sec. 549. Study on cybersecurity workforce of FAA. Sec. 550. Treatment of multiyear lessees of large and turbine-powered multiengine aircraft. Sec. 551. Employee Assault Prevention and Response Plans. Sec. 552. Study on training of customer-facing air carrier employees. Sec. 553. Automated weather observing systems policy. Sec. 554. Prioritizing and supporting the Human Intervention Motivation Study (HIMS) ***program*** and the Flight Attendant Drug and Alcohol ***Program*** (FADAP). Sec. 555. Cost-effectiveness analysis of equipment rental. Sec. 556. Aircraft registration. Sec. 557. Requirement to consult with stakeholders in defining scope and requirements for future flight service ***program***. Sec. 558. Federal Aviation Administration performance measures and targets. Sec. 559. Report on plans for air traffic control facilities in the New York City and Newark region. Sec. 560. Work plan for the New York/New Jersey/Philadelphia Metropolitan Area Airspace Project. Sec. 561. Annual report on inclusion of disabled veteran leave in personnel management system. Sec. 562. Enhanced surveillance capability. Sec. 563. Access of air carriers to information about applicants to be pilots from national driver register. Sec. 564. Regulatory reform. Sec. 565. Aviation fuel. Sec. 566. Right to privacy when using air traffic control system. Sec. 567. Federal Aviation Administration workforce review. Sec. 568. Review of approval process for use of large air tankers and very large air tankers for wildland firefighting. Sec. 569. FAA technical workforce. Sec. 570. Study on airport credit assistance. Sec. 571. Spectrum availability. Sec. 572. Special review relating to air space changes. Sec. 573. Reimbursement for immigration inspections. Sec. 574. FAA employees in Guam. Sec. 575. GAO study on airline computer network disruptions. Sec. 576. Tower marking. Sec. 577. Minimum dimensions for passenger seats. Sec. 578. Judicial review for proposed alternative environmental review and approval procedures. Sec. 579. Regulatory streamlining. Sec. 580. Spaceports. Sec. 581. Special rule for certain aircraft operations (space support vehicles). Sec. 582. Portability of repairman certificates. Sec. 583. Undeclared hazardous materials public awareness campaign. Sec. 584. Liability protection for volunteer pilots who fly for the public benefit. TITLE VI--AVIATION WORKFORCE Subtitle A--Youth in Aviation Sec. 601. Student outreach report. Sec. 602. Youth Access to American Jobs in Aviation Task Force. Subtitle B--Women in Aviation Sec. 611. Sense of Congress regarding women in aviation. Sec. 612. Supporting women's involvement in the aviation field. Subtitle C--Future of Aviation Workforce Sec. 621. Aviation and aerospace workforce of the future. Sec. 622. Aviation and aerospace workforce of the future study. Sec. 623. Sense of Congress on hiring veterans. Sec. 624. Aviation maintenance industry technical workforce. Sec. 625. Aviation workforce development ***programs***. Subtitle D--Unmanned Aircraft Systems Workforce Sec. 631. Community and technical college centers of excellence in small unmanned aircraft system technology training. Sec. 632. Collegiate training initiative ***program*** for unmanned aircraft systems. TITLE VII--FLIGHT R&D ACT Subtitle A--General Provisions Sec. 701. Short title. Sec. 702. Definitions. Sec. 703. Authorization of appropriations. Subtitle B--FAA Research and Development Organization Sec. 711. Assistant Administrator for Research and Development. Sec. 712. Research advisory committee. Subtitle C--Unmanned Aircraft Systems Sec. 721. Unmanned aircraft systems research and development roadmap. [[Page H8908]] Subtitle D--Cybersecurity and Responses to Other Threats Sec. 731. Cyber Testbed. Sec. 732. Study on the effect of extreme weather on air travel. Subtitle E--FAA Research and Development Activities Sec. 741. Research plan for the certification of new technologies into the national airspace system. Sec. 742. Technology review. Sec. 743. CLEEN aircraft and engine technology partnership. Sec. 744. Research and deployment of certain airfield pavement technologies. Subtitle F--Geospatial Data Sec. 751. Short title; findings. Sec. 752. Definitions. Sec. 753. Federal Geographic Data Committee. Sec. 754. National Geospatial Advisory Committee. Sec. 755. National Spatial Data Infrastructure. Sec. 756. National Geospatial Data Asset data themes. Sec. 757. Geospatial data standards. Sec. 758. GeoPlatform. Sec. 759. Covered agency responsibilities. Sec. 759A. Limitation on use of Federal funds. Sec. 759B. Savings provision. Sec. 759C. Private sector. Subtitle G--Miscellaneous Sec. 761. NextGen research. Sec. 762. Advanced Materials Center of Excellence. TITLE VIII--AVIATION REVENUE PROVISIONS Sec. 801. Expenditure authority from Airport and Airway Trust Fund. Sec. 802. Extension of taxes funding Airport and Airway Trust Fund. DIVISION C--NATIONAL TRANSPORTATION SAFETY BOARD REAUTHORIZATION ACT OF 2018 Sec. 1101. Short title. Sec. 1102. Definitions. Sec. 1103. Authorization of appropriations. Sec. 1104. Still images. Sec. 1105. Electronic records. Sec. 1106. Report on Most Wanted List methodology. Sec. 1107. Methodology. Sec. 1108. Multimodal accident database management system. Sec. 1109. Addressing the needs of families of individuals involved in accidents. Sec. 1110. Government Accountability Office report on investigation launch decision-making processes. Sec. 1111. Periodic review of safety recommendations. Sec. 1112. General organization. Sec. 1113. Technical and conforming amendments. DIVISION D--DISASTER RECOVERY REFORM Sec. 1201. Short title. Sec. 1202. Applicability. Sec. 1203. Definitions. Sec. 1204. Wildfire prevention. Sec. 1205. Additional activities. Sec. 1206. Eligibility for code implementation and enforcement. Sec. 1207. ***Program*** improvements. Sec. 1208. Prioritization of facilities. Sec. 1209. Guidance on evacuation routes. Sec. 1210. Duplication of benefits. Sec. 1211. State administration of assistance for direct temporary housing and permanent housing construction. Sec. 1212. Assistance to individuals and households. Sec. 1213. Multifamily lease and repair assistance. Sec. 1214. Private nonprofit facility. Sec. 1215. Management costs. Sec. 1216. Flexibility. Sec. 1217. Additional disaster assistance. Sec. 1218. National veterinary emergency teams. Sec. 1219. Right of arbitration. Sec. 1220. Unified Federal environmental and historic preservation review. Sec. 1221. Closeout incentives. Sec. 1222. Performance of services. Sec. 1223. Study to streamline and consolidate information collection. Sec. 1224. Agency accountability. Sec. 1225. Audit of contracts. Sec. 1226. Inspector general audit of FEMA contracts for tarps and plastic sheeting. Sec. 1227. Relief organizations. Sec. 1228. Guidance on inundated and submerged roads. Sec. 1229. Extension of assistance. Sec. 1230. Guidance and recommendations. Sec. 1231. Guidance on hazard mitigation assistance. Sec. 1232. Local impact. Sec. 1233. Additional hazard mitigation activities. Sec. 1234. National public infrastructure predisaster hazard mitigation. Sec. 1235. Additional mitigation activities. Sec. 1236. Guidance and training by FEMA on coordination of emergency response plans. Sec. 1237. Certain recoupment prohibited. Sec. 1238. Federal assistance to individuals and households and nonprofit facilities. Sec. 1239. Cost of assistance estimates. Sec. 1240. Report on insurance shortfalls. Sec. 1241. Post disaster building safety assessment. Sec. 1242. FEMA updates on national preparedness assessment. Sec. 1243. FEMA report on duplication in non-natural disaster preparedness grant ***programs***. Sec. 1244. Study and report. Sec. 1245. Review of assistance for damaged underground water infrastructure. Sec. 1246. Extension. DIVISION E--CONCRETE MASONRY Sec. 1301. Short title. Sec. 1302. Declaration of policy. Sec. 1303. Definitions. Sec. 1304. Issuance of orders. Sec. 1305. Required terms in orders. Sec. 1306. Assessments. Sec. 1307. Referenda. Sec. 1308. Petition and review. Sec. 1309. Enforcement. Sec. 1310. Investigation and power to subpoena. Sec. 1311. Suspension or termination. Sec. 1312. Amendments to orders. Sec. 1313. Effect on other laws. Sec. 1314. Regulations. Sec. 1315. Limitation on expenditures for administrative expenses. Sec. 1316. Limitations on obligation of funds. Sec. 1317. Study and report by the Government Accountability Office. Sec. 1318. Study and report by the Department of Commerce. DIVISION F--BUILD ACT OF 2018 Sec. 1401. Short title. Sec. 1402. Definitions. TITLE I--ESTABLISHMENT Sec. 1411. Statement of policy. Sec. 1412. United States International Development Finance Corporation. Sec. 1413. Management of Corporation. Sec. 1414. Inspector General of the Corporation. Sec. 1415. Independent accountability mechanism. TITLE II--AUTHORITIES Sec. 1421. Authorities relating to provision of support. Sec. 1422. Terms and conditions. Sec. 1423. ***Payment*** of losses. Sec. 1424. Termination. TITLE III--ADMINISTRATIVE AND GENERAL PROVISIONS Sec. 1431. Operations. Sec. 1432. Corporate powers. Sec. 1433. Maximum contingent liability. Sec. 1434. Corporate funds. Sec. 1435. Coordination with other development agencies. TITLE IV--MONITORING, EVALUATION, AND REPORTING Sec. 1441. Establishment of risk and audit committees. Sec. 1442. Performance measures, evaluation, and learning. Sec. 1443. Annual report. Sec. 1444. Publicly available project information. Sec. 1445. Engagement with investors. Sec. 1446. Notifications to be provided by the Corporation. TITLE V--CONDITIONS, RESTRICTIONS, AND PROHIBITIONS Sec. 1451. Limitations and preferences. Sec. 1452. Additionality and avoidance of market distortion. Sec. 1453. Prohibition on support in countries that support terrorism or violate human rights and with sanctioned persons. Sec. 1454. Applicability of certain provisions of law. TITLE VI--TRANSITIONAL PROVISIONS Sec. 1461. Definitions. Sec. 1462. Reorganization plan. Sec. 1463. ***Transfer*** of functions. Sec. 1464. Termination of Overseas Private Investment Corporation and other superceded authorities. Sec. 1465. Transitional authorities. Sec. 1466. Savings provisions. Sec. 1467. Other terminations. Sec. 1468. Incidental ***transfers***. Sec. 1469. Reference. Sec. 1470. Conforming amendments. DIVISION G--SYRIA STUDY GROUP Sec. 1501. Syria Study Group. DIVISION H--PREVENTING EMERGING THREATS Sec. 1601. Short title. Sec. 1602. Protection of certain facilities and assets from unmanned aircraft. Sec. 1603. Protecting against unmanned aircraft. DIVISION I--SUPPLEMENTAL APPROPRIATIONS FOR DISASTER RELIEF, 2018 Sec. 1701. Budgetary effects. DIVISION J--MARITIME SECURITY Sec. 1801. Short title. Sec. 1802. Definitions. Sec. 1803. Coordination with TSA on maritime facilities. Sec. 1804. Strategic plan to enhance the security of the international supply chain. Sec. 1805. Cybersecurity information sharing and coordination in ports. Sec. 1806. Facility inspection intervals. Sec. 1807. Updates of maritime operations coordination plan . Sec. 1808. Evaluation of Coast Guard deployable specialized forces. [[Page H8909]] Sec. 1809. Repeal of interagency operational centers for port security and secure systems of transportation. Sec. 1810. Duplication of efforts in the maritime domain. Sec. 1811. Maritime security capabilities assessments. Sec. 1812. Container Security Initiative. Sec. 1813. Maritime border security review. Sec. 1814. Maritime border security cooperation. Sec. 1815. Transportation worker identification credential appeals process. Sec. 1816. Technical and conforming amendments. DIVISION K--TRANSPORTATION SECURITY TITLE I--TRANSPORTATION SECURITY Sec. 1901. Short title; references. Sec. 1902. Definitions. Subtitle A--Organization and Authorizations Sec. 1903. Authorization of appropriations. Sec. 1904. Administrator of the Transportation Security Administration; 5-***year*** term. Sec. 1905. Transportation Security Administration organization. Sec. 1906. Transportation Security Administration efficiency. Sec. 1907. Personnel management system review. Sec. 1908. TSA leap pay reform. Sec. 1909. Rank awards ***program*** for transportation security administration executives and senior professionals. Sec. 1910. Transmittals to Congress. Subtitle B--Security Technology Sec. 1911. Third party testing and verification of screening technology. Sec. 1912. Transportation security administration systems integration facility. Sec. 1913. Opportunities to pursue expanded networks for business. Sec. 1914. Reciprocal recognition of security standards. Sec. 1915. Transportation Security Laboratory. Sec. 1916. Innovation Task Force. Sec. 1917. 5-***Year*** technology investment plan update. Sec. 1918. Maintenance of security-related technology. Sec. 1919. Biometrics expansion. Sec. 1920. Pilot ***program*** for automated exit lane technology. Sec. 1921. Authorization of appropriations; exit lane security. Sec. 1922. Real-time security checkpoint wait times. Sec. 1923. GAO report on deployment of screening technologies across airports. Sec. 1924. Screening technology review and performance objectives. Sec. 1925. Computed tomography pilot ***programs***. Subtitle C--Public Area Security Sec. 1926. Definitions. Sec. 1927. Explosives detection canine capacity building. Sec. 1928. Third party domestic canines. Sec. 1929. Tracking and monitoring of canine training and testing. Sec. 1930. VIPR team statistics. Sec. 1931. Public area security working group. Sec. 1932. Public area best practices. Sec. 1933. Airport worker access controls cost and feasibility study. Sec. 1934. Securing airport worker access points. Sec. 1935. Law Enforcement Officer Reimbursement ***Program***. Sec. 1936. Airport perimeter and access control security. Subtitle D--Passenger and Cargo Security Sec. 1937. PreCheck ***Program***. Sec. 1938. PreCheck expedited screening. Sec. 1939. Trusted traveler ***programs***; collaboration. Sec. 1940. Passenger security fee. Sec. 1941. Third party canine teams for air cargo security. Sec. 1942. Known Shipper ***Program*** review. Sec. 1943. Establishment of air cargo security division. Sec. 1944. Air cargo regulation review. Sec. 1945. GAO review. Sec. 1946. Screening partnership ***program*** updates. Sec. 1947. Screening performance assessments. Sec. 1948. Transportation security training ***programs***. Sec. 1949. Traveler redress improvement. Sec. 1950. Improvements for screening of passengers with disabilities. Sec. 1951. Air cargo advance screening ***program***. Sec. 1952. General aviation airports. Subtitle E--Foreign Airport Security Sec. 1953. Last point of departure airports; security directives. Sec. 1954. Last point of departure airport assessment. Sec. 1955. Tracking security screening equipment from last point of departure airports. Sec. 1956. International security standards. Sec. 1957. Aviation security in Cuba. Sec. 1958. Report on airports used by Mahan Air. Subtitle F--Cockpit and Cabin Security Sec. 1959. Federal air marshal service updates. Sec. 1960. Crew member self-defense training. Sec. 1961. Flight deck safety and security. Sec. 1962. Carriage of weapons, explosives, and incendiaries by individuals. Sec. 1963. Federal flight deck officer ***program*** improvements. Subtitle G--Surface Transportation Security Sec. 1964. Surface transportation security assessment and implementation of risk-based strategy. Sec. 1965. Risk-based budgeting and resource allocation. Sec. 1966. Surface transportation security management and interagency coordination review. Sec. 1967. Transparency. Sec. 1968. TSA counterterrorism asset deployment. Sec. 1969. Surface Transportation Security Advisory Committee. Sec. 1970. Review of the explosives detection canine team ***program***. Sec. 1971. Expansion of national explosives detection canine team ***program***. Sec. 1972. Study on security standards and best practices for passenger transportation systems. Sec. 1973. Amtrak security upgrades. Sec. 1974. Passenger rail vetting. Sec. 1975. Study on surface transportation inspectors. Sec. 1976. Security awareness ***program***. Sec. 1977. Voluntary use of credentialing. Sec. 1978. Background records checks for issuance of hazmat licenses. Sec. 1979. Cargo container scanning technology review. Sec. 1980. Pipeline security study. Sec. 1981. Feasibility assessment. Sec. 1982. Best practices to secure against vehicle-based attacks. Sec. 1983. Surface transportation stakeholder survey. Sec. 1984. Nuclear material and explosive detection technology. Subtitle H--Transportation Security Sec. 1985. National strategy for transportation security review. Sec. 1986. Risk scenarios. Sec. 1987. Integrated and unified operations centers. Sec. 1988. National Deployment Force. Sec. 1989. Information sharing and cybersecurity. Sec. 1990. Security technologies tied to foreign threat countries. Subtitle I--Conforming and Miscellaneous Amendments Sec. 1991. Title 49 amendments. Sec. 1992. Table of contents of chapter 449. Sec. 1993. Other laws; Intelligence Reform and Terrorism Prevention Act of 2004. Sec. 1994. Savings provisions. DIVISION A--SPORTS MEDICINE LICENSURE SEC. 11. SHORT TITLE. This division may be cited as the ``Sports Medicine Licensure Clarity Act of 2018''. SEC. 12. PROTECTIONS FOR COVERED SPORTS MEDICINE PROFESSIONALS. (a) In General.--In the case of a covered sports medicine professional who has in effect medical professional liability insurance coverage and provides in a secondary State covered medical services that are within the scope of practice of such professional in the primary State to an athlete or an athletic team (or a staff member of such an athlete or athletic team) pursuant to an agreement described in subsection (c)(4) with respect to such athlete or athletic team-- (1) such medical professional liability insurance coverage shall cover (subject to any related premium adjustments) such professional with respect to such covered medical services provided by the professional in the secondary State to such an individual or team as if such services were provided by such professional in the primary State to such an individual or team; and (2) to the extent such professional is licensed under the requirements of the primary State to provide such services to such an individual or team, the professional shall be treated as satisfying any licensure requirements of the secondary State to provide such services to such an individual or team to the extent the licensure requirements of the secondary State are substantially similar to the licensure requirements of the primary State. (b) Rule of Construction.--Nothing in this section shall be construed-- (1) to allow a covered sports medicine professional to provide medical services in the secondary State that exceed the scope of that professional's license in the primary State; (2) to allow a covered sports medicine professional to provide medical services in the secondary State that exceed the scope of a substantially similar sports medicine professional license in the secondary State; (3) to supersede any reciprocity agreement in effect between the two States regarding such services or such professionals; (4) to supersede any interstate compact agreement entered into by the two States regarding such services or such professionals; or (5) to supersede a licensure exemption the secondary State provides for sports medicine professionals licensed in the primary State. (c) Definitions.--In this division, the following definitions apply: (1) Athlete.--The term ``athlete'' means-- (A) an individual participating in a sporting event or activity for which the individual may be paid; [[Page H8910]] (B) an individual participating in a sporting event or activity sponsored or sanctioned by a national governing body; or (C) an individual for whom a high school or institution of higher education provides a covered sports medicine professional. (2) Athletic team.--The term ``athletic team'' means a sports team-- (A) composed of individuals who are paid to participate on the team; (B) composed of individuals who are participating in a sporting event or activity sponsored or sanctioned by a national governing body; or (C) for which a high school or an institution of higher education provides a covered sports medicine professional. (3) Covered medical services.--The term ``covered medical services'' means general medical care, emergency medical care, athletic training, or physical therapy services. Such term does not include care provided by a covered sports medicine professional-- (A) at a health care facility; or (B) while a health care provider licensed to practice in the secondary State is transporting the injured individual to a health care facility. (4) Covered sports medicine professional.--The term ``covered sports medicine professional'' means a physician, athletic trainer, or other health care professional who-- (A) is licensed to practice in the primary State; (B) provides covered medical services, pursuant to a written agreement with an athlete, an athletic team, a national governing body, a high school, or an institution of higher education; and (C) prior to providing the covered medical services described in subparagraph (B), has disclosed the nature and extent of such services to the entity that provides the professional with liability insurance in the primary State. (5) Health care facility.--The term ``health care facility'' means a facility in which medical care, diagnosis, or treatment is provided on an inpatient or outpatient basis. Such term does not include facilities at an arena, stadium, or practice facility, or temporary facilities existing for events where athletes or athletic teams may compete. (6) Institution of higher education.--The term ``institution of higher education'' has the meaning given such term in section 101 of the Higher Education Act of 1965 (20 U.S.C 1001). (7) License.--The term ``license'' or ``licensure'', as applied with respect to a covered sports medicine professional, means a professional that has met the requirements and is approved to provide covered medical services in accordance with State laws and regulations in the primary State. Such term may include the registration or certification, or any other form of special recognition, of an individual as such a professional, as applicable. (8) National governing body.--The term ``national governing body'' has the meaning given such term in section 220501 of title 36, United States Code. (9) Primary state.--The term ``primary State'' means, with respect to a covered sports medicine professional, the State in which-- (A) the covered sports medicine professional is licensed to practice; and (B) the majority of the covered sports medicine professional's practice is underwritten for medical professional liability insurance coverage. (10) Secondary state.--The term ``secondary State'' means, with respect to a covered sports medicine professional, any State that is not the primary State. (11) State.--The term ``State'' means each of the several States, the District of Columbia, and each commonwealth, territory, or possession of the United States. (12) Substantially similar.--The term ``substantially similar'', with respect to the licensure by primary and secondary States of a sports medicine professional, means that both the primary and secondary States have in place a form of licensure for such professionals that permits such professionals to provide covered medical services. DIVISION B--FAA REAUTHORIZATION ACT OF 2018 SEC. 101. DEFINITION OF APPROPRIATE COMMITTEES OF CONGRESS. In this division, the term ``appropriate committees of Congress'' means the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives. TITLE I--AUTHORIZATIONS Subtitle A--Funding of FAA ***Programs*** SEC. 111. AIRPORT PLANNING AND DEVELOPMENT AND NOISE COMPATIBILITY PLANNING AND ***PROGRAMS***. (a) Authorization.--Section 48103(a) of title 49, United States Code, is amended by striking ``section 47504(c)'' and all that follows through the period at the end and inserting the following: ``section 47504(c)-- ``(1) $3,350,000,000 for fiscal ***year*** 2018; ``(2) $3,350,000,000 for fiscal ***year*** 2019; ``(3) $3,350,000,000 for fiscal ***year*** 2020; ``(4) $3,350,000,000 for fiscal ***year*** 2021; ``(5) $3,350,000,000 for fiscal ***year*** 2022; and ``(6) $3,350,000,000 for fiscal ***year*** 2023.''. (b) Obligation Authority.--Section 47104(c) of title 49, United States Code, is amended in the matter preceding paragraph (1) by striking ``2018,'' and inserting ``2023,''. SEC. 112. FACILITIES AND EQUIPMENT. (a) Authorization of Appropriations From Airport and Airway Trust Fund.--Section 48101(a) of title 49, United States Code, is amended by striking paragraphs (1) through (5) and inserting the following: ``(1) $3,330,000,000 for fiscal ***year*** 2018. ``(2) $3,398,000,000 for fiscal ***year*** 2019. ``(3) $3,469,000,000 for fiscal ***year*** 2020. ``(4) $3,547,000,000 for fiscal ***year*** 2021. ``(5) $3,624,000,000 for fiscal ***year*** 2022. ``(6) $3,701,000,000 for fiscal ***year*** 2023.''. (b) Authorized Expenditures.--Section 48101(c) of title 49, United States Code, is amended-- (1) in the subsection heading by striking ``Automated Surface Observation System/Automated Weather Observing System Upgrade'' and inserting ``Authorized Expenditures''; and (2) by striking ``may be used for the implementation'' and all that follows through the period at the end and inserting the following: ``may be used for the following: ``(1) The implementation and use of upgrades to the current automated surface observation system/automated weather observing system, if the upgrade is successfully demonstrated. ``(2) The acquisition and construction of remote towers (as defined in section 161 of the FAA Reauthorization Act of 2018). ``(3) The remediation and elimination of identified cybersecurity vulnerabilities in the air traffic control system. ``(4) The construction of facilities dedicated to improving the cybersecurity of the National Airspace System. ``(5) Systems associated with the Data Communications ***program***. ``(6) The infrastructure, sustainment, and the elimination of the deferred maintenance backlog of air navigation facilities and other facilities for which the Federal Aviation Administration is responsible. ``(7) The modernization and digitization of the Civil Aviation Registry. ``(8) The construction of necessary Priority 1 National Airspace System facilities. ``(9) Cost-beneficial construction, rehabilitation, or retrofitting ***programs*** designed to reduce Federal Aviation Administration facility operating costs.''. SEC. 113. FAA OPERATIONS. (a) In General.--Section 106(k)(1) of title 49, United States Code, is amended by striking subparagraphs (A) through (F) and inserting the following: ``(A) $10,247,000,000 for fiscal ***year*** 2018; ``(B) $10,486,000,000 for fiscal ***year*** 2019; ``(C) $10,732,000,000 for fiscal ***year*** 2020; ``(D) $11,000,000,000 for fiscal ***year*** 2021; ``(E) $11,269,000,000 for fiscal ***year*** 2022; and ``(F) $11,537,000,000 for fiscal ***year*** 2023.''. (b) Authorized Expenditures.--Section 106(k)(2) of title 49, United States Code, is amended by adding at the end the following: ``(D) Not more than the following amounts for commercial space transportation activities: ``(i) $22,587,000 for fiscal ***year*** 2018. ``(ii) $33,038,000 for fiscal ***year*** 2019. ``(iii) $43,500,000 for fiscal ***year*** 2020. ``(iv) $54,970,000 for fiscal ***year*** 2021. ``(v) $64,449,000 for fiscal ***year*** 2022. ``(vi) $75,938,000 for fiscal ***year*** 2023.''. (c) Authority to ***Transfer*** Funds.--Section 106(k)(3) of title 49, United States Code, is amended by striking ``fiscal ***years*** 2012 through 2018,'' and inserting ``fiscal ***years*** 2018 through 2023,''. SEC. 114. WEATHER REPORTING ***PROGRAMS***. Section 48105 of title 49, United States Code, is amended-- (1) by striking ``To reimburse the'' and all that follows through ``the Secretary of Transportation'' and inserting ``To sustain the aviation weather reporting ***programs*** of the Federal Aviation Administration, the Secretary of Transportation''; and (2) by adding at the end the following: ``(4) $39,000,000 for each of fiscal ***years*** 2019 through 2023.''. SEC. 115. ADJUSTMENT TO AIP ***PROGRAM*** FUNDING. Section 48112 of title 49, United States Code, and the item relating to such section in the analysis for chapter 481 of such title, are repealed. SEC. 116. FUNDING FOR AVIATION ***PROGRAMS***. Section 48114(a)(1)(A)(ii) of title 49, United States Code, is amended by striking ``in fiscal ***year*** 2014 and each fiscal ***year*** thereafter'' and inserting ``in fiscal ***years*** 2014 through 2018''. SEC. 117. EXTENSION OF EXPIRING AUTHORITIES. (a) Marshall Islands, Micronesia, and Palau.--Section 47115 of title 49, United States Code, is amended-- (1) by striking subsection (i); (2) by redesignating subsection (j) as subsection (i); and (3) in subsection (i) (as so redesignated), by striking ``fiscal ***years*** 2012 through 2018'' and inserting ``fiscal ***years*** 2018 through 2023''. (b) Extension of Compatible Land Use Planning and Projects by State and Local Governments.--Section 47141(f) of title 49, United States Code, is amended by striking ``September 30, 2018'' and inserting ``September 30, 2023''. (c) Midway Island Airport.--Section 186(d) of the Vision 100--Century of Aviation Reauthorization Act (Public Law 108- 176; 117 Stat. 2518) is amended by striking ``for fiscal ***years*** 2012 through 2018'' and inserting ``for fiscal ***years*** 2018 through 2023''. (d) Extension of Pilot ***Program*** for Redevelopment of Airport Properties.--Section 822(k) of the FAA Modernization and [[Page H8911]] Reform Act of 2012 (49 U.S.C 47141 note) is amended by striking ``September 30, 2018'' and inserting ``September 30, 2023''. Subtitle B--Passenger Facility Charges SEC. 121. PASSENGER FACILITY CHARGE MODERNIZATION. (a) Passenger Facility Charges; General Authority.--Section 40117(b)(4) of title 49, United States Code, is amended-- (1) in the matter preceding subparagraph (A), by striking ``, if the Secretary finds--'' and inserting a period; and (2) by striking subparagraphs (A) and (B). (b) Pilot ***Program*** for Passenger Facility Charge Authorizations at Nonhub Airports.--Section 40117(l) of title 49, United States Code, is amended-- (1) in the heading, by striking ``at Nonhub Airports''; (2) in paragraph (1), by striking ``nonhub''; and (3) in paragraph (6), by striking ``Not later than 180 days after the date of enactment of this subsection, the'' and inserting ``The''. SEC. 122. FUTURE AVIATION INFRASTRUCTURE AND FINANCING STUDY. (a) Future Aviation Infrastructure and Financing Study.-- Not later than 60 days after the date of enactment of this Act, the Secretary of Transportation shall enter into an agreement with a qualified organization to conduct a study assessing the infrastructure needs of airports and existing financial resources for commercial service airports and make recommendations on the actions needed to upgrade the national aviation infrastructure system to meet the growing and shifting demands of the 21st century. (b) Consultation.--In carrying out the study, the qualified organization shall convene and consult with a panel of national experts, including representatives of-- (1) nonhub airports; (2) small hub airports; (3) medium hub airports; (4) large hub airports; (5) airports with international service; (6) nonprimary airports; (7) local elected officials; (8) relevant labor organizations; (9) passengers; (10) air carriers; (11) the tourism industry; and (12) the business travel industry. (c) Considerations.--In carrying out the study, the qualified organization shall consider-- (1) the ability of airport infrastructure to meet current and projected passenger volumes; (2) the available financial tools and resources for airports of different sizes; (3) the available financing tools and resources for airports in rural areas; (4) the current debt held by airports, and its impact on future construction and capacity needs; (5) the impact of capacity constraints on passengers and ticket prices; (6) the purchasing power of the passenger facility charge from the last increase in 2000 to the ***year*** of enactment of this Act; (7) the impact to passengers and airports of indexing the passenger facility charge for inflation; (8) how long airports are constrained with current passenger facility charge collections; (9) the impact of passenger facility charges on promoting competition; (10) the additional resources or options to fund terminal construction projects; (11) the resources eligible for use toward noise reduction and emission reduction projects; (12) the gap between the cost of projects eligible for the airport improvement ***program*** and the annual Federal funding provided; (13) the impact of regulatory requirements on airport infrastructure financing needs; (14) airline competition; (15) airline ancillary fees and their impact on ticket pricing and taxable revenue; and (16) the ability of airports to finance necessary safety, security, capacity, and environmental projects identified in capital improvement plans. (d) Large Hub Airports.--The study shall, to the extent not considered under subsection (c), separately evaluate the infrastructure requirements of the large hub airports identified in the National Plan of Integrated Airport Systems (NPIAS). The evaluation shall-- (1) analyze the current and future capacity constraints of large hub airports; (2) quantify large hub airports' infrastructure requirements, including terminal, landside, and airside infrastructure; (3) quantify the percentage growth in infrastructure requirements of the large hub airports relative to other commercial service airports; (4) analyze how much funding from the airport improvement ***program*** (AIP) has gone to meet the requirements of large hub airports over the past 10 ***years***; and (5) project how much AIP funding would be available to meet the requirements of large hub airports in the next 5 ***years*** if funding levels are held constant. (e) Report.--Not later than 15 months after the date of enactment of this Act, the qualified organization shall submit to the Secretary and the appropriate committees of Congress a report on the results of the study described in subsection (a), including its findings and recommendations related to each item in subsections (c) and (d). (f) Definition of Qualified Organization.--In this section, the term ``qualified organization'' means an independent nonprofit organization that recommends solutions to public policy challenges through objective analysis. SEC. 123. INTERMODAL ACCESS PROJECTS. Not later than 6 months after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall, after consideration of all public comments, publish in the Federal Register a final policy amendment consistent with the notice published in the Federal Register on May 3, 2016 (81 Fed. Reg. 26611). Subtitle C--Airport Improvement ***Program*** Modifications SEC. 131. GRANT ASSURANCES. Section 47107 of title 49, United States Code, is amended-- (1) in subsection (a)(17), by striking ``each contract'' and inserting ``if any phase of such project has received funds under this subchapter, each contract''; (2) in subsection (r)(3), by striking ``2018'' and inserting ``2023''; and (3) by adding at the end the following: ``(u) Construction of Recreational Aircraft.-- ``(1) In general.--The construction of a covered aircraft shall be treated as an aeronautical activity for purposes of-- ``(A) determining an airport's compliance with a grant assurance made under this section or any other provision of law; and ``(B) the receipt of Federal financial assistance for airport development. ``(2) Covered aircraft defined.--In this subsection, the term `covered aircraft' means an aircraft-- ``(A) used or intended to be used exclusively for recreational purposes; and ``(B) constructed or under construction by a private individual at a general aviation airport. ``(v) Community Use of Airport Land.-- ``(1) In general.--Notwithstanding subsection (a)(13), and subject to paragraph (2), the sponsor of a public-use airport shall not be considered to be in violation of this subtitle, or to be found in violation of a grant assurance made under this section, or under any other provision of law, as a condition for the receipt of Federal financial assistance for airport development, solely because the sponsor has entered into an agreement, including a revised agreement, with a local government providing for the use of airport property for an interim compatible recreational purpose at below fair market value. ``(2) Restrictions.--This subsection shall apply only-- ``(A) to an agreement regarding airport property that was initially entered into before the publication of the Federal Aviation Administration's Policy and Procedures Concerning the Use of Airport Revenue, dated February 16, 1999; ``(B) if the agreement between the sponsor and the local government is subordinate to any existing or future agreements between the sponsor and the Secretary, including agreements related to a grant assurance under this section; ``(C) to airport property that was acquired under a Federal airport development grant ***program***; ``(D) if the airport sponsor has provided a written statement to the Administrator that the property made available for a recreational purpose will not be needed for any aeronautical purpose during the next 10 ***years***; ``(E) if the agreement includes a term of not more than 2 ***years*** to prepare the airport property for the interim compatible recreational purpose and not more than 10 ***years*** of use for that purpose; ``(F) if the recreational purpose will not impact the aeronautical use of the airport; ``(G) if the airport sponsor provides a certification that the sponsor is not responsible for preparation, start-up, operations, maintenance, or any other costs associated with the recreational purpose; and ``(H) if the recreational purpose is consistent with Federal land use compatibility criteria under section 47502. ``(3) Statutory construction.--Nothing in this subsection may be construed as permitting a diversion of airport revenue for the capital or operating costs associated with the community use of airport land.''. SEC. 132. MOTHERS' ROOMS. (a) Grant Assurances.--Section 47107 of title 49, United States Code, as amended by this Act, is further amended by adding at the end the following: ``(w) Mothers' Rooms.-- ``(1) In general.--In fiscal ***year*** 2021 and each fiscal ***year*** thereafter, the Secretary of Transportation may approve an application under this subchapter for an airport development project grant only if the Secretary receives written assurances that the airport owner or operator will maintain-- ``(A) a lactation area in the sterile area of each passenger terminal building of the airport; and ``(B) a baby changing table in one men's and one women's restroom in each passenger terminal building of the airport. ``(2) Applicability.-- ``(A) Airport size.--The requirement in paragraph (1) shall only apply to applications submitted by the airport sponsor of a medium or large hub airport. ``(B) Preexisting facilities.--On application by an airport sponsor, the Secretary may determine that a lactation area in existence on the date of enactment of this Act complies with the requirement in paragraph [[Page H8912]] (1), notwithstanding the absence of one of the facilities or characteristics referred to in the definition of the term `lactation area' in this subsection. ``(C) Special rule.--The requirement in paragraph (1) shall not apply with respect to a project grant application for a period of time, determined by the Secretary, if the Secretary determines that construction or maintenance activities make it impracticable or unsafe for the lactation area to be located in the sterile area of the building. ``(3) Definition.--In this section, the term-- ``(A) `lactation area' means a room or similar accommodation that-- ``(i) provides a location for members of the public to express breast milk that is shielded from view and free from intrusion from the public; ``(ii) has a door that can be locked; ``(iii) includes a place to sit, a table or other flat surface, a sink or sanitizing equipment, and an electrical outlet; ``(iv) is readily accessible to and usable by individuals with disabilities, including individuals who use wheelchairs; and ``(v) is not located in a restroom; and ``(B) `sterile area' has the same meaning given that term in section 1540.5 of title 49, Code of Federal Regulations.''. (b) Terminal Development Costs.--Section 47119(a) of title 49, United States Code, is amended by adding at the end the following: ``(3) Lactation areas.--In addition to the projects described in paragraph (1), the Secretary may approve a project for terminal development for the construction or installation of a lactation area (as defined in section 47107(w)) at a commercial service airport.''. SEC. 133. CONTRACT TOWER ***PROGRAM***. (a) Air Traffic Control Contract ***Program***.-- (1) Special rule.--Section 47124(b)(1)(B) of title 49, United States Code, is amended-- (A) by striking ``under the ***program*** continued under this paragraph'' and inserting ``under the Contract Tower ***Program***''; and (B) by striking ``exceeds the benefit for a period of 18 months after such determination is made'' and inserting the following: ``exceeds the benefit-- ``(i) for the 1-***year*** period after such determination is made; or ``(ii) if an appeal of such determination is requested, for the 1-***year*** period described in subsection (d)(4)(D).''. (2) Exemption.--Section 47124(b)(3)(D) of title 49, United States Code, is amended-- (A) by striking ``under the ***program***'' and inserting ``under the Cost-share ***Program***''; and (B) by adding at the end the following: ``Airports with air service provided under part 121 of title 14, Code of Federal Regulations, and more than 25,000 passenger enplanements in ***calendar*** ***year*** 2014 shall be exempt from any cost-share requirement under this paragraph.''. (3) Construction of air traffic control towers.-- (A) Grants.--Section 47124(b)(4)(A) of title 49, United States Code, is amended in each of clauses (i)(III) and (ii)(III) by inserting ``, including remote air traffic control tower equipment certified by the Federal Aviation Administration'' after ``1996''. (B) Eligibility.--Section 47124(b)(4)(B)(i)(I) of title 49, United States Code, is amended by striking ``contract tower ***program*** established under subsection (a) and continued under paragraph (1) or the pilot ***program*** established under paragraph (3)'' and inserting ``Contract Tower ***Program*** or the Cost-share ***Program***''. (C) Limitation on federal share.--Section 47124(b)(4) of title 49, United States Code, is amended by striking subparagraph (C). (4) Benefit-to-cost calculation for ***program*** applicants.-- Section 47124(b)(3) of title 49, United States Code, is amended by adding at the end the following: ``(G) Benefit-to-cost calculation.--Not later than 90 days after receiving an application to the Contract Tower ***Program***, the Secretary shall calculate a benefit-to-cost ratio (as described in subsection (d)) for the applicable air traffic control tower for purposes of selecting towers for participation in the Contract Tower ***Program***.''. (b) Criteria To Evaluate Participants.--Section 47124 of title 49, United States Code, is amended by adding at the end the following: ``(d) Criteria To Evaluate Participants.-- ``(1) Timing of evaluations.-- ``(A) Towers participating in cost-share ***program***.--In the case of an air traffic control tower that is operated under the Cost-share ***Program***, the Secretary shall annually calculate a benefit-to-cost ratio with respect to the tower. ``(B) Towers participating in contract tower ***program***.--In the case of an air traffic control tower that is operated under the Contract Tower ***Program***, the Secretary shall not calculate a benefit-to-cost ratio after the date of enactment of this subsection with respect to the tower unless the Secretary determines that the annual aircraft traffic at the airport where the tower is located has decreased-- ``(i) by more than 25 percent from the previous ***year***; or ``(ii) by more than 55 percent cumulatively in the preceding 3-***year*** period. ``(2) Costs to be considered.--In establishing a benefit- to-cost ratio under this section with respect to an air traffic control tower, the Secretary shall consider only the following costs: ``(A) The Federal Aviation Administration's actual cost of wages and benefits of personnel working at the tower. ``(B) The Federal Aviation Administration's actual telecommunications costs directly associated with the tower. ``(C) The Federal Aviation Administration's costs of purchasing and installing any air traffic control equipment that would not have been purchased or installed except as a result of the operation of the tower. ``(D) The Federal Aviation Administration's actual travel costs associated with maintaining air traffic control equipment that is owned by the Administration and would not be maintained except as a result of the operation of the tower. ``(E) Other actual costs of the Federal Aviation Administration directly associated with the tower that would not be incurred except as a result of the operation of the tower (excluding costs for noncontract tower-related personnel and equipment, even if the personnel or equipment is located in the contract tower building). ``(3) Other criteria to be considered.--In establishing a benefit-to-cost ratio under this section with respect to an air traffic control tower, the Secretary shall add a 10 percentage point margin of error to the benefit-to-cost ratio determination to acknowledge and account for the direct and indirect economic and other benefits that are not included in the criteria the Secretary used in calculating that ratio. ``(4) Review of cost-benefit determinations.--In issuing a benefit-to-cost ratio determination under this section with respect to an air traffic control tower located at an airport, the Secretary shall implement the following procedures: ``(A) The Secretary shall provide the airport (or the State or local government having jurisdiction over the airport) at least 90 days following the date of receipt of the determination to submit to the Secretary a request for an appeal of the determination, together with updated or additional data in support of the appeal. ``(B) Upon receipt of a request for an appeal submitted pursuant to subparagraph (A), the Secretary shall-- ``(i) transmit to the Administrator of the Federal Aviation Administration any updated or additional data submitted in support of the appeal; and ``(ii) provide the Administrator not more than 90 days to review the data and provide a response to the Secretary based on the review. ``(C) After receiving a response from the Administrator pursuant to subparagraph (B), the Secretary shall-- ``(i) provide the airport, State, or local government that requested the appeal at least 30 days to review the response; and ``(ii) withhold from taking further action in connection with the appeal during that 30-day period. ``(D) If, after completion of the appeal procedures with respect to the determination, the Secretary requires the tower to transition into the Cost-share ***Program***, the Secretary shall not require a cost-share ***payment*** from the airport, State, or local government for 1 ***year*** following the last day of the 30-day period described in subparagraph (C). ``(e) Definitions.--In this section: ``(1) Contract tower ***program***.--The term `Contract Tower ***Program***' means the level I air traffic control tower contract ***program*** established under subsection (a) and continued under subsection (b)(1). ``(2) Cost-share ***program***.--The term `Cost-share ***Program***' means the cost-share ***program*** established under subsection (b)(3).''. (c) Conforming Amendments.--Section 47124(b) of title 49, United States Code, is amended-- (1) in paragraph (1)(C), by striking ``the ***program*** established under paragraph (3)'' and inserting ``the Cost- share ***Program***''; (2) in paragraph (3)-- (A) in the heading, by striking ``contract air traffic control tower ***program***'' and inserting ``Cost-share ***program***''; (B) in subparagraph (A), by striking ``contract tower ***program*** established under subsection (a) and continued under paragraph (1) (in this paragraph referred to as the `Contract Tower ***Program***')'' and inserting ``Contract Tower ***Program***''; (C) in subparagraph (B), by striking ``In carrying out the ***program***'' and inserting ``In carrying out the Cost-share ***Program***''; (D) in subparagraph (C), by striking ``participate in the ***program***'' and inserting ``participate in the Cost-share ***Program***''; and (E) in subparagraph (F), by striking ``the ***program*** continued under paragraph (1)'' and inserting ``the Contract Tower ***Program***''. (d) Approval of Certain Applications for the Contract Tower ***Program***.-- (1) In general.--If the Administrator of the Federal Aviation Administration has not implemented a revised cost- benefit methodology for purposes of determining eligibility for the Contract Tower ***Program*** before the date that is 30 days after the date of enactment of this Act, any airport with an application for participation in the Contract Tower ***Program*** pending as of January 1, 2017, shall be approved for participation in the Contract Tower ***Program*** if the Administrator determines the tower is eligible under the criteria set forth in the Federal Aviation [[Page H8913]] Administration report entitled ``Establishment and Discontinuance Criteria for Airport Traffic Control Towers'', and dated August 1990 (FAA-APO-90-7). (2) Requests for additional authority.--The Administrator shall respond not later than 60 days after the date the Administrator receives a formal request from an airport and air traffic control contractor for additional authority to expand contract tower operational hours and staff to accommodate flight traffic outside of current tower operational hours. (3) Definition of contract tower ***program***.--In this section, the term ``Contract Tower ***Program***'' has the meaning given the term in section 47124(e) of title 49, United States Code, as added by this Act. SEC. 134. GOVERNMENT SHARE OF PROJECT COSTS. Section 47109(a) of title 49, United States Code, is amended-- (1) in paragraph (1), by striking ``primary airport having at least .25 percent of the total number of passenger boardings each ***year*** at all commercial service airports;'' and inserting ``medium or large hub airport;''; and (2) by striking paragraph (5) and inserting the following: ``(5) 95 percent for a project that-- ``(A) the Administrator determines is a successive phase of a multiphase construction project for which the sponsor received a grant in fiscal ***year*** 2011; and ``(B) for which the United States Government's share of allowable project costs would otherwise be capped at 90 percent under paragraph (2) or (3).''. SEC. 135. UPDATED VETERANS' PREFERENCE. Section 47112(c)(1)(C) of title 49, United States Code, is amended-- (1) by striking ``or Operation New Dawn for more'' and inserting ``Operation New Dawn, Operation Inherent Resolve, Operation Freedom's Sentinel, or any successor contingency operation to such operations for more''; and (2) by striking ``or Operation New Dawn (whichever is later)'' and inserting ``Operation New Dawn, Operation Inherent Resolve, Operation Freedom's Sentinel, or any successor contingency operation to such operations (whichever is later)''. SEC. 136. USE OF STATE HIGHWAY SPECIFICATIONS. Section 47114(d)(5) of title 49, United States Code, is amended to read as follows: ``(5) Use of state highway specifications.--The Secretary shall use the highway specifications of a State for airfield pavement construction and improvement using funds made available under this subsection at nonprimary airports serving aircraft that do not exceed 60,000 pounds gross weight if-- ``(A) such State requests the use of such specifications; and ``(B) the Secretary determines that-- ``(i) safety will not be negatively affected; and ``(ii) the life of the pavement, with necessary maintenance and upkeep, will not be shorter than it would be if constructed using Administration standards.''. SEC. 137. FORMER MILITARY AIRPORTS. Section 47118(a) of title 49, United States Code, is amended-- (1) in paragraph (1)(C), by striking ``or'' at the end; (2) in paragraph (2), by striking the period at the end and inserting ``; or''; and (3) by adding at the end the following: ``(3) the airport is-- ``(A) a former military installation that, at any time after December 31, 1965, was owned and operated by the Department of Defense; and ``(B) a nonhub primary airport.''. SEC. 138. ELIGIBILITY OF CCTV PROJECTS FOR AIRPORT IMPROVEMENT ***PROGRAM***. Section 47119(a)(1)(B) is amended-- (1) by striking ``; and'' at the end and inserting ``; or''; (2) by striking ``directly related to moving passengers'' and inserting the following: ``directly related to-- ``(i) moving passengers''; and (3) by adding at the end the following: ``(ii) installing security cameras in the public area of the interior and exterior of the terminal; and''. SEC. 139. STATE BLOCK GRANT ***PROGRAM*** EXPANSION. Section 47128(a) of title 49, United States Code, is amended by striking ``not more than 9 qualified States for fiscal ***years*** 2000 and 2001 and 10 qualified States for each fiscal ***year*** thereafter'' and inserting ``not more than 20 qualified States for each fiscal ***year***''. SEC. 140. NON-MOVEMENT AREA SURVEILLANCE PILOT ***PROGRAM***. (a) In General.--Subchapter I of chapter 471 of title 49, United States Code, is amended by inserting after section 47142 the following: ``Sec. 47143. Non-movement area surveillance surface display systems pilot ***program*** ``(a) In General.--The Administrator of the Federal Aviation Administration may carry out a pilot ***program*** to support non-Federal acquisition and installation of qualifying non-movement area surveillance surface display systems and sensors if-- ``(1) the Administrator determines that such systems and sensors would improve safety or capacity in the National Airspace System; and ``(2) the non-movement area surveillance surface display systems and sensors supplement existing movement area systems and sensors at the selected airports established under other ***programs*** administered by the Administrator. ``(b) Project Grants.-- ``(1) In general.--For purposes of carrying out the pilot ***program***, the Administrator may make a project grant out of funds apportioned under paragraph (1) or paragraph (2) of section 47114(c) to not more than 5 eligible sponsors to acquire and install qualifying non-movement area surveillance surface display systems and sensors. The airports selected to participate in the pilot ***program*** shall have existing Administration movement area systems and airlines that are participants in Federal Aviation Administration's airport collaborative decision-making process. ``(2) Data exchange processes.--As part of the pilot ***program*** carried out under this section, the Administrator may establish data exchange processes to allow airport participation in the Administration's airport collaborative decision-making process and fusion of the non-movement surveillance data with the Administration's movement area systems. ``(c) Sunset.--This section shall cease to be effective on October 1, 2023. ``(d) Definitions.--In this section: ``(1) Non-movement area.--The term `non-movement area' means the portion of the airfield surface that is not under the control of air traffic control. ``(2) Non-movement area surveillance surface display systems and sensors.--The term `non-movement area surveillance surface display systems and sensors' means a non-Federal surveillance system that uses on-airport sensors that track vehicles or aircraft that are equipped with transponders in the non-movement area. ``(3) Qualifying non-movement area surveillance surface display system and sensors.--The term `qualifying non- movement area surveillance surface display system and sensors' means a non-movement area surveillance surface display system that-- ``(A) provides the required transmit and receive data formats consistent with the National Airspace System architecture at the appropriate service delivery point; ``(B) is on-airport; and ``(C) is airport operated.''. (b) Technical and Conforming Amendments.--The table of contents of chapter 471 of title 49, United States Code, is amended by inserting after the item relating to section 47142 the following: ``47143. Non-movement area surveillance surface display systems pilot ***program***.''. SEC. 141. PROPERTY CONVEYANCE RELEASES. Section 817(a) of the FAA Modernization and Reform Act of 2012 (49 U.S.C 47125 note) is amended-- (1) by striking ``or section 23'' and inserting ``, section 23''; and (2) by inserting ``, or section 47125 of title 49, United States Code'' before the period at the end. SEC. 142. STUDY REGARDING TECHNOLOGY USAGE AT AIRPORTS. (a) In General.--Not later than 6 months after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall initiate a study on-- (1) technology developed by international entities (including foreign nations and companies) that have been installed in American airports and aviation systems over the past decade, including the nation where the technology was developed and any airports utilizing the technology; and (2) aviation safety-related technology developed and implemented by international entities with proven track records of success that may assist in establishing best practices to improve American aviation operations and safety. (b) Report.--Not later than 18 months after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the results of the study. SEC. 143. STUDY ON AIRPORT REVENUE DIVERSION. (a) Study.--Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States shall initiate a study of-- (1) the legal and financial challenges related to repealing the exception in section 47107(b)(2) of title 49, United States Code, for those airports that the Federal Aviation Administration has identified are covered by the exception; and (2) measures that may be taken to mitigate the impact of repealing the exception. (b) Contents.--The study required under subsection (a) shall address-- (1) the level of revenue diversion at the airports covered by the exception described in subsection (a)(1) and the uses of the diverted revenue; (2) the terms of any bonds or financial covenants an airport owner has issued relying on diverted airport revenue; (3) applicable local laws or ordinances requiring use of airport revenue for nonairport purposes; (4) whether repealing the exception would improve the long- term financial performance of impacted airports; and (5) any other practical implications of repealing the exception for airports or the national aviation system. (c) Report.--Not later than 18 months after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the results of the study. [[Page H8914]] SEC. 144. GAO STUDY ON THE EFFECT OF GRANTING AN EXCLUSIVE RIGHT OF AERONAUTICAL SERVICES TO AN AIRPORT SPONSOR. (a) In General.--Not later than 2 ***years*** after the date of enactment of this Act, the Comptroller General of the United States shall conduct a study to examine the cases in which an airport sponsor has exercised an exclusive right (commonly known as a proprietary exclusive right), as described in the Federal Aviation Advisory Circular 150/1590-6 issued on January 4, 2007. (b) Report.--Upon completion of the study described under subsection (a), the Comptroller General shall submit to the appropriate committees of Congress a report on the findings of the study. SEC. 145. SENSE OF CONGRESS ON SMART AIRPORTS. It is the sense of Congress that the Administrator of the Federal Aviation Administration and the Secretary of Transportation should produce a smart airports initiative plan that focuses on creating a more consumer-friendly and digitally connected airport experience. The plan should include recommendations on modernizing technologies to provide more efficient check-ins, shortened security lines, Wi-Fi and GPS upgrades, as well as improvements of aircraft turnaround for on-time boarding and flights. The purpose of the initiative is to invest in technologies and infrastructure toward better-connected airports while providing appropriate national security and cybersecurity for travelers. SEC. 146. CRITICAL AIRFIELD MARKINGS. Not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall issue a request for proposal for a study that includes-- (1) an independent, third-party study to assess the durability of Type III and Type I glass beads applied to critical markings over a 2-***year*** period at not fewer than 2 primary airports in varying weather conditions to measure the retroreflectivity levels of such markings on a quarterly basis; and (2) a study at 2 other airports carried out by applying Type III glass beads on half of the centerline and Type I glass beads to the other half and providing for assessments from pilots through surveys administered by a third party as to the visibility and performance of the Type III glass beads as compared to the Type I glass beads over a 1-***year*** period. SEC. 147. GENERAL FACILITIES AUTHORITY. Section 44502 of title 49, United States Code, is amended-- (1) by striking subsection (e) and inserting the following: ``(e) ***Transfers*** of Air Traffic Systems.-- ``(1) In general.--An airport may ***transfer***, without consideration, to the Administrator of the Federal Aviation Administration, an eligible air traffic system or equipment that conforms to performance specifications of the Administrator if a Government airport aid ***program***, airport development aid ***program***, or airport improvement project grant was used to assist in purchasing the system or equipment. ``(2) Acceptance.--The Administrator shall accept the eligible air traffic system or equipment and operate and maintain it under criteria of the Administrator. ``(3) Definition.--In this subsection, the term `eligible air traffic system or equipment' means-- ``(A) an instrument landing system consisting of a glide slope and localizer (if the Administrator has determined that a satellite navigation system cannot provide a suitable approach to an airport); ``(B) an Automated Weather Observing System weather observation system; or ``(C) a Remote Communication Air/Ground and Remote Communication Outlet communications facility.''; and (2) by adding at the end the following: ``(f) Airport Space.-- ``(1) Restriction.--The Administrator may not require an airport owner or sponsor (as defined in section 47102) to provide to the Federal Aviation Administration without cost any of the following: ``(A) Building construction, maintenance, utilities, or expenses for services relating to air traffic control, air navigation, or weather reporting. ``(B) Space in a facility owned by the airport owner or sponsor for services relating to air traffic control, air navigation, or weather reporting. ``(2) Rule of construction.--Nothing in this subsection may be construed to affect-- ``(A) any agreement the Secretary may have or make with an airport owner or sponsor for the airport owner or sponsor to provide any of the items described in paragraph (1)(A) or (1)(B) at below-market rates; or ``(B) any grant assurance that requires an airport owner or sponsor to provide land to the Administration without cost for an air traffic control facility.''. SEC. 148. RECYCLING PLANS; UNCATEGORIZED SMALL AIRPORTS. (a) Project Grant Application Approval.--Section 47106(a) of title 49, United States Code, is amended-- (1) in paragraph (5), by striking ``and'' at the end; (2) in paragraph (6), by inserting ``that includes the project'' before ``, the master plan''; (3) in paragraph (6)(E), by striking the period at the end and inserting ``; and''; and (4) by adding at the end the following: ``(7) if the project is at an airport that is listed as having an unclassified status under the most recent national plan of integrated airport systems (as described in section 47103), the project will be funded with an amount appropriated under section 47114(d)(3)(B) and is-- ``(A) for maintenance of the pavement of the primary runway; ``(B) for obstruction removal for the primary runway; ``(C) for the rehabilitation of the primary runway; or ``(D) for a project that the Secretary considers necessary for the safe operation of the airport.''. (b) Nonprimary Apportionment.--Section 47114(d)(3) of title 49, United States Code, is amended by adding at the end the following: ``(C) During fiscal ***years*** 2019 and 2020-- ``(i) an airport that accrued apportionment funds under subparagraph (A) in fiscal ***year*** 2013 that is listed as having an unclassified status under the most recent national plan of integrated airport systems shall continue to accrue apportionment funds under subparagraph (A) at the same amount the airport accrued apportionment funds in fiscal ***year*** 2013, subject to the conditions of this paragraph; ``(ii) notwithstanding the period of availability as described in section 47117(b), an amount apportioned to an airport under clause (i) shall be available to the airport only during the fiscal ***year*** in which the amount is apportioned; and ``(iii) notwithstanding the waiver permitted under section 47117(c)(2), an airport receiving apportionment funds under clause (i) may not waive its claim to any part of the apportioned funds in order to make the funds available for a grant for another public-use airport. ``(D) An airport that re-establishes its classified status shall be eligible to accrue apportionment funds pursuant to subparagraph (A) so long as such airport retains its classified status.''. SEC. 149. EVALUATION OF AIRPORT MASTER PLANS. Section 47106 of title 49, United States Code, is amended by adding at the end the following: ``(h) Evaluation of Airport Master Plans.--When evaluating the master plan of an airport for purposes of this subchapter, the Secretary shall take into account-- ``(1) the role the airport plays with respect to medical emergencies and evacuations; and ``(2) the role the airport plays in emergency or disaster preparedness in the community served by the airport.''. SEC. 150. DEFINITION OF SMALL BUSINESS CONCERN. Section 47113(a)(1) of title 49, United States Code, is amended to read as follows: ``(1) `small business concern'-- ``(A) has the meaning given the term in section 3 of the Small Business Act (15 U.S.C 632); but ``(B) in the case of a concern in the construction industry, a concern shall be considered a small business concern if the concern meets the size standard for the North American Industry Classification System Code 237310, as adjusted by the Small Business Administration;''. SEC. 151. SMALL AIRPORT REGULATION RELIEF. Section 47114(c)(1) of title 49, United States Code, is amended by striking subparagraph (F) and inserting the following: ``(F) Special rule for fiscal ***years*** 2018 through 2020.-- Notwithstanding subparagraph (A) and subject to subparagraph (G), the Secretary shall apportion to a sponsor of an airport under that subparagraph for each of fiscal ***years*** 2018 through 2020 an amount based on the number of passenger boardings at the airport during ***calendar*** ***year*** 2012 if the airport-- ``(i) had 10,000 or more passenger boardings during ***calendar*** ***year*** 2012; ``(ii) had fewer than 10,000 passenger boardings during the ***calendar*** ***year*** used to calculate the apportionment for fiscal ***year*** 2018, 2019, or 2020, as applicable, under subparagraph (A); and ``(iii) had scheduled air service at any point in the ***calendar*** ***year*** used to calculate the apportionment. ``(G) Limitations and waivers.--The authority to make apportionments in the manner prescribed in subparagraph (F) may be utilized no more than 3 ***years*** in a row. The Secretary may waive this limitation if the Secretary determines that an airport's enplanements are substantially close to 10,000 enplanements and the airport sponsor or affected communities are taking reasonable steps to restore enplanements above 10,000. ``(H) Minimum apportionment for commercial service airports with more than 8,000 passenger boardings in a ***calendar*** ***year***.--Not less than $600,000 may be apportioned under subparagraph (A) for each fiscal ***year*** to each sponsor of a commercial service airport that had fewer than 10,000 passenger boardings, but at least 8,000 passenger boardings, during the prior ***calendar*** ***year***.''. SEC. 152. CONSTRUCTION OF CERTAIN CONTROL TOWERS. Section 47116(d) of title 49, United States Code, is amended by adding at the end the following: ``(3) Control tower construction.--Notwithstanding section 47124(b)(4)(A), the Secretary may provide grants under this section to an airport sponsor participating in the contract tower ***program*** under section 47124 [[Page H8915]] for the construction or improvement of a nonapproach control tower, as defined by the Secretary, and for the acquisition and installation of air traffic control, communications, and related equipment to be used in that tower. Such grants shall be subject to the distribution requirements of subsection (b) and the eligibility requirements of section 47124(b)(4)(B).''. SEC. 153. NONDISCRIMINATION. Section 47123 of title 49, United States Code, is amended-- (1) by striking ``The Secretary of Transportation'' and inserting the following: ``(a) In General.--The Secretary of Transportation''; and (2) by adding at the end the following: ``(b) Indian Employment.-- ``(1) Tribal sponsor preference.--Consistent with section 703(i) of the Civil Rights Act of 1964 (42 U.S.C 2000e- 2(i)), nothing in this section shall preclude the preferential employment of Indians living on or near a reservation on a project or contract at-- ``(A) an airport sponsored by an Indian tribal government; or ``(B) an airport located on an Indian reservation. ``(2) State preference.--A State may implement a preference for employment of Indians on a project carried out under this subchapter near an Indian reservation. ``(3) Implementation.--The Secretary shall consult with Indian tribal governments and cooperate with the States to implement this subsection. ``(4) Indian tribal government defined.--In this section, the term `Indian tribal government' has the same meaning given that term in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122).''. SEC. 154. DEFINITION OF AIRPORT DEVELOPMENT. Section 47116(d)(2) of title 49, United States Code, is amended to read as follows: ``(2) Airport development for eligible mountaintop airports.--In making grants to sponsors described in subsection (b), the Secretary shall give priority consideration to mass grading and associated structural support (including access road, duct banks, and other related infrastructure) at mountaintop airports, provided that the airport would not otherwise have sufficient surface area for-- ``(A) eligible and justified airport development projects; or ``(B) additional hangar space.''. SEC. 155. GENERAL AVIATION AIRPORT EXPIRED FUNDS. Section 47117(b) of title 49, United States Code, is amended-- (1) by striking ``An amount'' and inserting ``(1) In general.--An amount''; (2) by striking ``If the amount'' and inserting ``Except as provided in paragraph (2), if the amount''; and (3) by adding at the end the following: ``(2) Expired amounts apportioned for general aviation airports.-- ``(A) In general.--Except as provided in subparagraph (B), if an amount apportioned under section 47114(d) is not obligated within the time specified in paragraph (1), that amount shall be added to the discretionary fund under section 47115 of this title, provided that-- ``(i) amounts made available under paragraph (2)(A) shall be used for grants for projects in accordance with section 47115(d)(2) at airports eligible to receive an apportionment under section 47114(d)(2) or (3)(A), whichever is applicable; and ``(ii) amounts made available under paragraph (2)(A) that are not obligated by July 1 of the fiscal ***year*** in which the funds will expire shall be made available for all projects in accordance with section 47115(d)(2). ``(B) State block grant ***program***.--If an amount apportioned to an airport under section 47114(d)(3)(A) is not obligated within the time specified in paragraph (1), and the airport is located in a State participating in the State block grant ***program*** under section 47128, the amount shall be made available to that State under the same conditions as if the State had been apportioned the amount under section 47114(d)(3)(B).''. SEC. 156. PRIORITY REVIEW OF CONSTRUCTION PROJECTS IN COLD WEATHER STATES. (a) In General.--The Administrator of the Federal Aviation Administration, to the extent practicable, shall schedule the Administrator's review of construction projects so that projects to be carried out in the States in which the weather during a typical ***calendar*** ***year*** prevents major construction projects from being carried out before May 1 are reviewed as early as possible. (b) Briefing.--The Administrator shall provide a briefing to the appropriate committees of Congress annually on the effectiveness of the review and prioritization. (c) Technical Amendment.--Section 154 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 47112 note) and the item relating to that section in the table of contents under section 1(b) of that Act (126 Stat. 13) are repealed. SEC. 157. MINORITY AND DISADVANTAGED BUSINESS PARTICIPATION. (a) Findings.--Congress finds the following: (1) While significant progress has occurred due to the establishment of the airport disadvantaged business enterprise ***program*** (sections 47107(e) and 47113 of title 49, United States Code), discrimination and related barriers continue to pose significant obstacles for minority- and women-owned businesses seeking to do business in airport- related markets across the Nation. These continuing barriers merit the continuation of the airport disadvantaged business enterprise ***program***. (2) Congress has received and reviewed testimony and documentation of race and gender discrimination from numerous sources, including congressional hearings and roundtables, scientific reports, reports issued by public and private agencies, news stories, reports of discrimination by organizations and individuals, and discrimination lawsuits. This testimony and documentation shows that race- and gender- neutral efforts alone are insufficient to address the problem. (3) This testimony and documentation demonstrates that discrimination across the Nation poses a barrier to full and fair participation in airport-related businesses of women business owners and minority business owners in the racial groups detailed in parts 23 and 26 of title 49, Code of Federal Regulations, and has impacted firm development and many aspects of airport-related business in the public and private markets. (4) This testimony and documentation provides a strong basis that there is a compelling need for the continuation of the airport disadvantaged business enterprise ***program*** and the airport concessions disadvantaged business enterprise ***program*** to address race and gender discrimination in airport-related business. (b) Prompt ***Payments***.-- (1) Reporting of complaints.--Not later than 120 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall ensure that each airport that participates in the ***Program*** tracks, and reports to the Administrator, the number of covered complaints made in relation to activities at that airport. (2) Improving compliance.-- (A) In general.--The Administrator shall take actions to assess and improve compliance with prompt ***payment*** requirements under part 26 of title 49, Code of Federal Regulations. (B) Contents of assessment.--In carrying out subparagraph (A), the Administrator shall assess-- (i) whether requirements relating to the inclusion of prompt ***payment*** language in contracts are being satisfied; (ii) whether and how airports are enforcing prompt ***payment*** requirements; (iii) the processes by which covered complaints are received and resolved by airports; (iv) whether improvements need to be made to-- (I) better track covered complaints received by airports; and (II) assist the resolution of covered complaints in a timely manner; (v) whether changes to prime contractor specifications need to be made to ensure prompt ***payments*** to subcontractors; and, (vi) whether changes to prime contractor specifications need to be made to ensure prompt ***payment*** of retainage to subcontractors. (C) Reporting.--The Administrator shall make available to the public on an appropriate website operated by the Administrator a report describing the results of the assessment completed under this paragraph, including a plan to respond to such results. (3) Definitions.--In this subsection, the following definitions apply: (A) Covered complaint.--The term ``covered complaint'' means a complaint relating to an alleged failure to satisfy a prompt ***payment*** requirement under part 26 of title 49, Code of Federal Regulations. (B) ***Program***.--The term ``***Program***'' means the airport disadvantaged business enterprise ***program*** referenced in subsection (a)(1) of the FAA Modernization and Reform Act of 2012 (49 U.S.C 47113 note). SEC. 158. SUPPLEMENTAL DISCRETIONARY FUNDS. Section 47115 of title 49, United States Code, is further amended by adding at the end the following: ``(j) Supplemental Discretionary Funds.-- ``(1) In general.--The Secretary shall establish a ***program*** to provide grants, subject to the conditions of this subsection, for any purpose for which amounts are made available under section 48103 that the Secretary considers most appropriate to carry out this subchapter. ``(2) Treatment of grants.-- ``(A) In general.--A grant made under this subsection shall be treated as having been made pursuant to the Secretary's authority under section 47104(a) and from the Secretary's discretionary fund under subsection (a) of this section. ``(B) Exception.--Except as otherwise provided in this subsection, grants made under this subsection shall not be subject to subsection (c), section 47117(e), or any other apportionment formula, special apportionment category, or minimum percentage set forth in this chapter. ``(3) Eligibility and prioritization.-- ``(A) Eligibility.--The Secretary may provide grants under this subsection for an airport or terminal development project at any airport that is eligible to receive a grant from the discretionary fund under subsection (a) of this section. ``(B) Prioritization.--Not less than 50 percent of the amounts available under this subsection shall used to provide grants at-- ``(i) airports that are eligible for apportionment under section 47114(d)(3); and ``(ii) nonhub and small hub airports. [[Page H8916]] ``(4) Authorization.-- ``(A) In general.--There is authorized to be appropriated to the Secretary to carry out this subsection the following amounts: ``(i) $1,020,000,000 for fiscal ***year*** 2019. ``(ii) $1,041,000,000 for fiscal ***year*** 2020. ``(iii) $1,064,000,000 for fiscal ***year*** 2021. ``(iv) $1,087,000,000 for fiscal ***year*** 2022. ``(v) $1,110,000,000 for fiscal ***year*** 2023. ``(B) Availability.--Sums authorized to be appropriated under subparagraph (A) shall remain available for 2 fiscal ***years***.''. SEC. 159. STATE TAXATION. (a) In General.--Section 40116(d)(2)(A) of title 49, United States Code, is amended by adding at the end the following: ``(v) except as otherwise provided under section 47133, levy or collect a tax, fee, or charge, first taking effect after the date of enactment of this clause, upon any business located at a commercial service airport or operating as a permittee of such an airport that is not generally imposed on sales or services by that State, political subdivision, or authority unless wholly utilized for airport or aeronautical purposes.''. (b) Rule of Construction.--Nothing in this section or an amendment made by this section shall affect a change to a rate or other provision of a tax, fee, or charge under section 40116 of title 49, United States Code, that was enacted prior to the date of enactment of this Act. Such provision of a tax, fee, or charge shall continue to be subject to the requirements to which such provision was subject under that section as in effect on the day before the date of enactment of this Act. SEC. 160. AIRPORT INVESTMENT PARTNERSHIP ***PROGRAM***. (a) In General.--Section 47134 of title 49, United States Code, is amended-- (1) by striking the section heading and inserting ``Airport investment partnership ***program***''; (2) in subsection (b), by striking ``, with respect to not more than 10 airports,''; (3) in subsection (b)(2), by striking ``The Secretary may grant an exemption to a sponsor'' and inserting ``If the Secretary grants an exemption to a sponsor pursuant to paragraph (1), the Secretary shall grant an exemption to the sponsor''; (4) in subsection (b)(3), by striking ``The Secretary may grant an exemption to a purchaser or lessee'' and inserting ``If the Secretary grants an exemption to a sponsor pursuant to paragraph (1), the Secretary shall grant an exemption to the corresponding purchaser or lessee''; (5) by amending subsection (d) to read as follows: ``(d) ***Program*** Participation.-- ``(1) Multiple airports.--The Secretary may consider applications under this section submitted by a public airport sponsor for multiple airports under the control of the sponsor if all airports under the control of the sponsor are located in the same State. ``(2) Partial privatization.--A purchaser or lessee may be an entity in which a sponsor has an interest.''; and (6) by striking subsections (l) and (m) and inserting the following: ``(l) Predevelopment Limitation.--A grant to an airport sponsor under this subchapter for predevelopment planning costs relating to the preparation of an application or proposed application under this section may not exceed $750,000 per application or proposed application.''. (b) Clerical Amendment.--The analysis for chapter 471 of title 49, United States Code, is amended by striking the item relating to section 47134 and inserting the following: ``47134. Airport investment partnership ***program***.''. SEC. 161. REMOTE TOWER PILOT ***PROGRAM*** FOR RURAL AND SMALL COMMUNITIES. (a) Pilot ***Program***.-- (1) Establishment.--The Administrator of the Federal Aviation Administration shall establish-- (A) in consultation with airport operators and other aviation stakeholders, a pilot ***program*** at public-use airports to construct and operate remote towers in order to assess their operational benefits; (B) a selection process for participation in the pilot ***program***; and (C) a clear process for the safety and operational certification of the remote towers. (2) Safety considerations.-- (A) Safety risk management panel.--Prior to the operational use of a remote tower under the pilot ***program*** established in subsection (a), the Administrator shall convene a safety risk management panel for the tower to address any safety issues with respect to the tower. The panels shall be created and utilized in a manner similar to that of the safety risk management panels previously convened for remote towers and shall take into account existing best practices and operational data from existing remote towers in the United States. (B) Consultation.--In establishing the pilot ***program***, the Administrator shall consult with operators of remote towers in the United States and foreign countries to design the pilot ***program*** in a manner that leverages as many safety and airspace efficiency benefits as possible. (3) Applications.--The operator of an airport seeking to participate in the pilot ***program*** shall submit to the Administrator an application that is in such form and contains such information as the Administrator may require. (4) ***Program*** design.--In designing the pilot ***program***, the Administrator shall-- (A) to the maximum extent practicable, ensure that at least 2 different vendors of remote tower systems participate; (B) identify which air traffic control information and data will assist the Administrator in evaluating the feasibility, safety, costs, and benefits of remote towers; (C) implement processes necessary to collect the information and data identified in subparagraph (B); (D) develop criteria, in addition to considering possible selection criteria in paragraph (5), for the selection of airports that will best assist the Administrator in evaluating the feasibility, safety, costs, and benefits of remote towers, including the amount and variety of air traffic at an airport; and (E) prioritize the selection of airports that can best demonstrate the capabilities and benefits of remote towers, including applicants proposing to operate multiple remote towers from a single facility. (5) Selection criteria for consideration.--In selecting airports for participation in the pilot ***program***, the Administrator, after consultation with representatives of labor organizations representing operators and employees of the air traffic control system, shall consider for participation in the pilot ***program***-- (A) 1 nonhub airport; (B) 3 airports that are not primary airports and that do not have existing air traffic control towers; (C) 1 airport that participates in the Contract Tower ***Program***; and (D) 1 airport selected at the discretion of the Administrator. (6) Data.--The Administrator shall clearly identify and collect air traffic control information and data from participating airports that will assist the Administrator in evaluating the feasibility, safety, costs, and benefits of remote towers. (7) Report.--Not later than 1 ***year*** after the date the first remote tower is operational, and annually thereafter, the Administrator shall submit to the appropriate committees of Congress a report-- (A) detailing any benefits, costs, or safety improvements associated with the use of the remote towers; and (B) evaluating the feasibility of using remote towers, particularly in the Contract Tower ***Program***, for airports without an air traffic control tower, to improve safety at airports with towers, or to reduce costs without impacting safety at airports with or without existing towers. (8) Deadline.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall select airports for participation in the pilot ***program***. (9) Definitions.--In this subsection: (A) Contract tower ***program***.--The term ``Contract Tower ***Program***'' has the meaning given the term in section 47124(e) of title 49, United States Code, as added by this Act. (B) Remote tower.--The term ``remote tower'' means a remotely operated air navigation facility, including all necessary system components, that provides the functions and capabilities of an air traffic control tower whereby air traffic services are provided to operators at an airport from a location that may not be on or near the airport. (C) Other definitions.--The terms ``nonhub airport'', ``primary airport'', and ``public-use airport'' have the meanings given such terms in section 47102 of title 49, United States Code. (10) Sunset.--This subsection, including the report required under paragraph (8), shall not be in effect after September 30, 2023. (b) Remote Tower ***Program***.--Concurrent with the establishment of the process for safety and operational certification of remote towers under subsection (a)(1)(C), the Administrator shall establish a process to authorize the construction and commissioning of additional remote towers that are certificated under subsection (a)(1)(C) at other airports. (c) AIP Funding Eligibility.--For purposes of the pilot ***program*** under subsection (a), and after certificated remote towers are available under subsection (b), constructing a remote tower or acquiring and installing air traffic control, communications, or related equipment specifically for a remote tower shall be considered airport development (as defined in section 47102 of title 49, United States Code) for purposes of subchapter I of chapter 471 of that title if the components are installed and used at the airport, except, as needed, for off-airport sensors installed on leased towers. SEC. 162. AIRPORT ACCESS ROADS IN REMOTE LOCATIONS. Notwithstanding section 47102 of title 49, United States Code, for fiscal ***years*** 2018 through 2023-- (1) the definition of the term ``airport development'' under that section includes the construction of a storage facility to shelter snow removal equipment or aircraft rescue and firefighting equipment that is owned by an airport sponsor and used exclusively to maintain safe airfield operations, up to the facility size necessary to accommodate the types and quantities of equipment prescribed by the FAA, regardless of whether Federal funding was used to acquire the equipment; (2) a storage facility to shelter snow removal equipment may exceed the facility size limitation described in paragraph (1) if the airport sponsor certifies to the Secretary that the following conditions are met: (A) The storage facility to be constructed will be used to store snow removal equipment exclusively used for clearing airfield [[Page H8917]] pavement of snow and ice following a weather event. (B) The airport is categorized as a local general aviation airport in the Federal Aviation Administration's 2017-2021 National Plan of Integrated Airport Systems (NPIAS) report. (C) The 30-***year*** annual snowfall normal of the nearest weather station based on the National Oceanic and Atmospheric Administration Summary of Monthly Normals 1981-2010 exceeds 26 inches. (D) The airport serves as a base for a medical air ambulance transport aircraft. (E) The airport master record (Form 5010-1) effective on September 14, 2017 for the airport indicates 45 based aircraft consisting of single engine, multiple engine, and jet engine aircraft. (F) No funding under this section will be used for any portion of the storage facility designed to shelter maintenance and operations equipment that are not required for clearing airfield pavement of snow and ice. (G) The airport sponsor will complete design of the storage building not later than September 30, 2019, and will initiate construction of the storage building not later than September 30, 2020. (H) The area of the storage facility, or portion thereof, to be funded under this subsection does not exceed 6,000 square feet; and (3) the definition of the term ``terminal development'' under that section includes the development of an airport access road that-- (A) is located in a noncontiguous State; (B) is not more than 5 miles in length; (C) connects to the nearest public roadways of not more than the 2 closest census designated places; and (D) may provide incidental access to public or private property that is adjacent to the road and is not otherwise connected to a public road. SEC. 163. LIMITED REGULATION OF NON-FEDERALLY SPONSORED PROPERTY. (a) In General.--Except as provided in subsection (b), the Secretary of Transportation may not directly or indirectly regulate-- (1) the acquisition, use, lease, encumbrance, ***transfer***, or disposal of land by an airport owner or operator; (2) any facility upon such land; or (3) any portion of such land or facility. (b) Exceptions.--Subsection (a) does not apply to-- (1) any regulation ensuring-- (A) the safe and efficient operation of aircraft or safety of people and property on the ground related to aircraft operations; (B) that an airport owner or operator receives not less than fair market value in the context of a commercial transaction for the use, lease, encumbrance, ***transfer***, or disposal of land, any facilities on such land, or any portion of such land or facilities; or (C) that the airport pays not more than fair market value in the context of a commercial transaction for the acquisition of land or facilities on such land; (2) any regulation imposed with respect to land or a facility acquired or modified using Federal funding; or (3) any authority contained in-- (A) a Surplus Property Act instrument of ***transfer***, or (B) section 40117 of title 49, United States Code. (c) Rule of Construction.--Nothing in this section shall be construed to affect the applicability of sections 47107(b) or 47133 of title 49, United States Code, to revenues generated by the use, lease, encumbrance, ***transfer***, or disposal of land under subsection (a), facilities upon such land, or any portion of such land or facilities. (d) Amendments to Airport Layout Plans.--Section 47107(a)(16) of title 49, United States Code, is amended-- (1) by striking subparagraph (B) and inserting the following: ``(B) the Secretary will review and approve or disapprove only those portions of the plan (or any subsequent revision to the plan) that materially impact the safe and efficient operation of aircraft at, to, or from the airport or that would adversely affect the safety of people or property on the ground adjacent to the airport as a result of aircraft operations, or that adversely affect the value of prior Federal investments to a significant extent;''; (2) in subparagraph (C), by striking ``if the alteration'' and all that follows through ``airport; and'' and inserting the following: ``unless the alteration-- ``(i) is outside the scope of the Secretary's review and approval authority as set forth in subparagraph (B); or ``(ii) complies with the portions of the plan approved by the Secretary; and''; and (3) in subparagraph (D), in the matter preceding clause (i), by striking ``when an alternation'' and all that follows through ``Secretary, will'' and inserting ``when an alteration in the airport or its facility is made that is within the scope of the Secretary's review and approval authority as set forth in subparagraph (B), and does not conform with the portions of the plan approved by the Secretary, and the Secretary decides that the alteration adversely affects the safety, utility, or efficiency of aircraft operations, or of any property on or off the airport that is owned, leased, or financed by the Government, then the owner or operator will, if requested by the Secretary''. SEC. 164. SEASONAL AIRPORTS. Section 47114(c)(1) of title 49, United States Code, as amended by this Act, is further amended by adding at the end the following: ``(I) Seasonal airports.--Notwithstanding section 47102, if the Secretary determines that a commercial service airport with at least 8,000 passenger boardings receives scheduled air carrier service for fewer than 6 months in the ***calendar*** ***year*** used to calculate apportionments to airport sponsors in a fiscal ***year***, then the Secretary shall consider the airport to be a nonhub primary airport for purposes of this chapter.''. SEC. 165. AMENDMENTS TO DEFINITIONS. Section 47102 of title 49, United States Code, is amended-- (1) in paragraph (3)-- (A) in subparagraph (K), by striking ``7505a) and if such project will result in an airport receiving appropriate'' and inserting ``7505a)) and if the airport would be able to receive''; (B) by striking subparagraph (L) and inserting the following: ``(L) a project by a commercial service airport for the acquisition of airport-owned vehicles or ground support equipment equipped with low-emission technology if the airport is located in an air quality nonattainment or maintenance area (as defined in sections 171(2) and 175A of the Clean Air Act (42 U.S.C 7501(2); 7505a)), if the airport would be able to receive appropriate emission credits (as described in section 47139), and the vehicles are; ``(i) used exclusively on airport property; or ``(ii) used exclusively to transport passengers and employees between the airport and the airport's consolidated rental car facility or an intermodal surface transportation facility adjacent to the airport.''; and (C) by adding at the end the following: ``(P) an on-airport project to improve the reliability and efficiency of the airport's power supply and to prevent power disruptions to the airfield, passenger terminal, and any other airport facilities, including the acquisition and installation of electrical generators, separation of the airport's main power supply from its redundant power supply, and the construction or modification of airport facilities to install a microgrid (as defined in section 641 of the United States Energy Storage Competitiveness Act of 2007 (42 U.S.C 17231)). ``(Q) converting or retrofitting vehicles and ground support equipment into eligible zero-emission vehicles and equipment (as defined in section 47136) and for acquiring, by purchase or lease, eligible zero-emission vehicles and equipment. ``(R) predevelopment planning, including financial, legal, or procurement consulting services, related to an application or proposed application for an exemption under section 47134.''; (2) in paragraph (5), by striking ``regulations'' and inserting ``requirements''; and (3) in paragraph (8), by striking ``public'' and inserting ``public-use''. SEC. 166. PILOT ***PROGRAM*** SUNSETS. (a) In General.--Sections 47136 and 47140 of title 49, United States Code, are repealed. (b) Conforming Amendments.-- (1) Sections 47136a and 47140a of title 49, United States Code, are redesignated as sections 47136 and 47140, respectively. (2) Section 47139 of title 49, United States Code, is amended-- (A) by striking subsection (c); and (B) by redesignating subsection (d) as subsection (c). (c) Clerical Amendments.--The analysis for chapter 471 of title 49, United States Code, is amended-- (1) by striking the items relating to sections 47136, 47136a, 47140, and 47140a; (2) by inserting after the item relating to section 47135 the following: ``47136. Zero-emission airport vehicles and infrastructure.''; and (3) by inserting after the item relating to section 47139 the following: ``47140. Increasing the energy efficiency of airport power sources.''. SEC. 167. BUY AMERICA REQUIREMENTS. (a) Notice of Waivers.--If the Secretary of Transportation determines that it is necessary to waive the application of section 50101(a) of title 49, United States Code, based on a finding under section 50101(b) of that title, the Secretary, at least 10 days before the date on which the waiver takes effect, shall-- (1) make publicly available, in an easily identifiable location on the website of the Department of Transportation, a detailed written justification of the waiver determination; and (2) provide an informal public notice and comment opportunity on the waiver determination. (b) Annual Report.--For each fiscal ***year***, the Secretary shall submit to the appropriate committees of Congress a report on waivers issued under section 50101 of title 49, United States Code, during the fiscal ***year***. Subtitle D--Airport Noise and Environmental Streamlining SEC. 171. FUNDING ELIGIBILITY FOR AIRPORT ENERGY EFFICIENCY ASSESSMENTS. (a) Cost Reimbursements.--Section 47140(a) of title 49, United States Code, as so redesignated, is amended by striking ``airport.'' and inserting ``airport, and to reimburse the airport sponsor for the costs incurred in conducting the assessment.''. (b) Safety Priority.--Section 47140(b)(2) of title 49, United States Code, as so redesignated, is amended by inserting ``, including a [[Page H8918]] certification that no safety projects are being be deferred by requesting a grant under this section,'' after ``an application''. SEC. 172. AUTHORIZATION OF CERTAIN FLIGHTS BY STAGE 2 AIRCRAFT. (a) In General.--Notwithstanding chapter 475 of title 49, United States Code, not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall initiate a pilot ***program*** to permit an operator of a stage 2 aircraft to operate that aircraft in nonrevenue service into not more than 4 medium hub airports or nonhub airports if-- (1) the airport-- (A) is certified under part 139 of title 14, Code of Federal Regulations; (B) has a runway that-- (i) is longer than 8,000 feet and not less than 200 feet wide; and (ii) is load bearing with a pavement classification number of not less than 38; and (C) has a maintenance facility with a maintenance certificate issued under part 145 of such title; and (2) the operator of the stage 2 aircraft operates not more than 10 flights per month using that aircraft. (b) Termination.--The pilot ***program*** shall terminate on the earlier of-- (1) the date that is 10 ***years*** after the date of the enactment of this Act; or (2) the date on which the Administrator determines that no stage 2 aircraft remain in service. (c) Definitions.--In this section: (1) Medium hub airport; nonhub airport.--The terms ``medium hub airport'' and ``nonhub airport'' have the meanings given those terms in section 40102 of title 49, United States Code. (2) Stage 2 aircraft.--The term ``stage 2 aircraft'' has the meaning given the term ``stage 2 airplane'' in section 91.851 of title 14, Code of Federal Regulations (as in effect on the day before the date of the enactment of this Act). SEC. 173. ALTERNATIVE AIRPLANE NOISE METRIC EVALUATION DEADLINE. Not later than 1 ***year*** after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall complete the ongoing evaluation of alternative metrics to the current Day Night Level (DNL) 65 standard. SEC. 174. UPDATING AIRPORT NOISE EXPOSURE MAPS. Section 47503(b) of title 49, United States Code, is amended to read as follows: ``(b) Revised Maps.-- ``(1) In general.--An airport operator that submits a noise exposure map under subsection (a) shall submit a revised map to the Secretary if, in an area surrounding an airport, a change in the operation of the airport would establish a substantial new noncompatible use, or would significantly reduce noise over existing noncompatible uses, that is not reflected in either the existing conditions map or forecast map currently on file with the Federal Aviation Administration. ``(2) Timing.--A submission under paragraph (1) shall be required only if the relevant change in the operation of the airport occurs during-- ``(A) the forecast period of the applicable noise exposure map submitted by an airport operator under subsection (a); or ``(B) the implementation period of the airport operator's noise compatibility ***program***.''. SEC. 175. ADDRESSING COMMUNITY NOISE CONCERNS. When proposing a new area navigation departure procedure, or amending an existing procedure that would direct aircraft between the surface and 6,000 feet above ground level over noise sensitive areas, the Administrator of the Federal Aviation Administration shall consider the feasibility of dispersal headings or other lateral track variations to address community noise concerns, if-- (1) the affected airport operator, in consultation with the affected community, submits a request to the Administrator for such a consideration; (2) the airport operator's request would not, in the judgment of the Administrator, conflict with the safe and efficient operation of the national airspace system; and (3) the effect of a modified departure procedure would not significantly increase noise over noise sensitive areas, as determined by the Administrator. SEC. 176. COMMUNITY INVOLVEMENT IN FAA NEXTGEN PROJECTS LOCATED IN METROPLEXES. (a) Community Involvement Policy.--Not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall complete a review of the Federal Aviation Administration's community involvement practices for Next Generation Air Transportation System (NextGen) projects located in metroplexes identified by the Administration. The review shall include, at a minimum, a determination of how and when to engage airports and communities in performance-based navigation proposals. (b) Report.--Not later than 60 days after completion of the review, the Administrator shall submit to the appropriate committees of Congress a report on-- (1) how the Administration will improve community involvement practices for NextGen projects located in metroplexes; (2) how and when the Administration will engage airports and communities in performance-based navigation proposals; and (3) lessons learned from NextGen projects and pilot ***programs*** and how those lessons learned are being integrated into community involvement practices for future NextGen projects located in metroplexes. SEC. 177. LEAD EMISSIONS. (a) Study.--The Secretary of Transportation shall enter into appropriate arrangements with the National Academies of Sciences, Engineering, and Medicine under which the National Research Council will study aviation gasoline. (b) Contents.--The study shall include an assessment of-- (1) existing non-leaded fuel alternatives to the aviation gasoline used by piston-powered general aviation aircraft; (2) ambient lead concentrations at and around airports where piston-powered general aviation aircraft are used; and (3) mitigation measures to reduce ambient lead concentrations, including increasing the size of run-up areas, relocating run-up areas, imposing restrictions on aircraft using aviation gasoline, and increasing the use of motor gasoline in piston-powered general aviation aircraft. (c) Report to Congress.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary shall submit to the appropriate committees of Congress the study developed by the National Research Council pursuant to this section. SEC. 178. TERMINAL SEQUENCING AND SPACING. Not later than 60 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall provide a briefing to the appropriate committees of Congress on the status of Terminal Sequencing and Spacing (TSAS) implementation across all completed NextGen metroplexes with specific information provided by airline regarding the adoption and equipping of aircraft and the training of pilots in its use. SEC. 179. AIRPORT NOISE MITIGATION AND SAFETY STUDY. (a) Study.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall initiate a study to review and evaluate existing studies and analyses of the relationship between jet aircraft approach and takeoff speeds and corresponding noise impacts on communities surrounding airports. (b) Considerations.--In conducting the study initiated under subsection (a), the Administrator shall determine-- (1) whether a decrease in jet aircraft approach or takeoff speeds results in significant aircraft noise reductions; (2) whether the jet aircraft approach or takeoff speed reduction necessary to achieve significant noise reductions-- (A) jeopardizes aviation safety; or (B) decreases the efficiency of the National Airspace System, including lowering airport capacity, increasing travel times, or increasing fuel burn; (3) the advisability of using jet aircraft approach or takeoff speeds as a noise mitigation technique; and (4) if the Administrator determines that using jet aircraft approach or takeoff speeds as a noise mitigation technique is advisable, whether any of the metropolitan areas specifically identified in section 189(b)(2) would benefit from such a noise mitigation technique without a significant impact to aviation safety or the efficiency of the National Airspace System. (c) Report.--Not later than 2 ***years*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the results of the study initiated under subsection (a). SEC. 180. REGIONAL OMBUDSMEN. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, with respect to each region of the Federal Aviation Administration, the Regional Administrator for that region shall designate an individual to be the Regional Ombudsman for the region. (b) Requirements.--Each Regional Ombudsman shall-- (1) serve as a regional liaison with the public, including community groups, on issues regarding aircraft noise, pollution, and safety; (2) make recommendations to the Administrator for the region to address concerns raised by the public and improve the consideration of public comments in decision-making processes; and (3) be consulted on proposed changes in aircraft operations affecting the region, including arrival and departure routes, in order to minimize environmental impacts, including noise. SEC. 181. FAA LEADERSHIP ON CIVIL SUPERSONIC AIRCRAFT. (a) In General.--The Administrator of the Federal Aviation Administration shall exercise leadership in the creation of Federal and international policies, regulations, and standards relating to the certification and safe and efficient operation of civil supersonic aircraft. (b) Exercise of Leadership.--In carrying out subsection (a), the Administrator shall-- (1) consider the needs of the aerospace industry and other stakeholders when creating policies, regulations, and standards that enable the safe commercial deployment of civil supersonic aircraft technology and the safe and efficient operation of civil supersonic aircraft; and [[Page H8919]] (2) obtain the input of aerospace industry stakeholders regarding-- (A) the appropriate regulatory framework and timeline for permitting the safe and efficient operation of civil supersonic aircraft within United States airspace, including updating or modifying existing regulations on such operation; (B) issues related to standards and regulations for the type certification and safe operation of civil supersonic aircraft, including noise certification, including-- (i) the operational differences between subsonic aircraft and supersonic aircraft; (ii) costs and benefits associated with landing and takeoff noise requirements for civil supersonic aircraft, including impacts on aircraft emissions; (iii) public and economic benefits of the operation of civil supersonic aircraft and associated aerospace industry activity; and (iv) challenges relating to ensuring that standards and regulations aimed at relieving and protecting the public health and welfare from aircraft noise and sonic booms are economically reasonable, technologically practicable, and appropriate for civil supersonic aircraft; and (C) other issues identified by the Administrator or the aerospace industry that must be addressed to enable the safe commercial deployment and safe and efficient operation of civil supersonic aircraft. (c) International Leadership.--The Administrator, in the appropriate international forums, shall take actions that-- (1) demonstrate global leadership under subsection (a); (2) address the needs of the aerospace industry identified under subsection (b); and (3) protect the public health and welfare. (d) Report to Congress.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report detailing-- (1) the Administrator's actions to exercise leadership in the creation of Federal and international policies, regulations, and standards relating to the certification and safe and efficient operation of civil supersonic aircraft; (2) planned, proposed, and anticipated actions to update or modify existing policies and regulations related to civil supersonic aircraft, including those identified as a result of industry consultation and feedback; and (3) a timeline for any actions to be taken to update or modify existing policies and regulations related to civil supersonic aircraft. (e) Long-term Regulatory Reform.-- (1) Noise standards.--Not later than March 31, 2020, the Administrator shall issue a notice of proposed rulemaking to revise part 36 of title 14, Code of Federal Regulations, to include supersonic aircraft in the applicability of such part. The proposed rule shall include necessary definitions, noise standards for landing and takeoff, and noise test requirements that would apply to a civil supersonic aircraft. (2) Special flight authorizations.--Not later than December 31, 2019, the Administrator shall issue a notice of proposed rulemaking to revise appendix B of part 91 of title 14, Code of Federal Regulations, to modernize the application process for a person applying to operate a civil aircraft at supersonic speeds for the purposes stated in that rule. (f) Near-Term Certification of Supersonic Civil Aircraft.-- (1) In general.--If a person submits an application requesting type certification of a civil supersonic aircraft pursuant to part 21 of title 14, Code of Federal Regulations, before the Administrator promulgates a final rule amending part 36 of title 14, Code of Federal Regulations, in accordance with subsection (e)(1), the Administrator shall, not later than 18 months after having received such application, issue a notice of proposed rulemaking applicable solely for the type certification, inclusive of the aircraft engines, of the supersonic aircraft design for which such application was made. (2) Contents.--A notice of proposed rulemaking described in paragraph (1) shall-- (A) address safe operation of the aircraft type, including development and flight testing prior to type certification; (B) address manufacturing of the aircraft; (C) address continuing airworthiness of the aircraft; (D) specify landing and takeoff noise standards for that aircraft type that the Administrator considers appropriate, practicable, and consistent with section 44715 of title 49, United States Code; and (E) consider differences between subsonic and supersonic aircraft including differences in thrust requirements at equivalent gross weight, engine requirements, aerodynamic characteristics, operational characteristics, and other physical properties. (3) Noise and performance data.--The requirement of the Administrator to issue a notice of proposed rulemaking under paragraph (1) shall apply only if an application contains sufficient aircraft noise and performance data as the Administrator finds necessary to determine appropriate noise standards and operating limitations for the aircraft type consistent with section 44715 of title 49, United States Code. (4) Final rule.--Not later than 18 months after the end of the public comment period provided in the notice of proposed rulemaking required under paragraph (1), the Administrator shall publish in the Federal Register a final rule applying solely to the aircraft model submitted for type certification. (5) Review of rules of civil supersonic flights.--Beginning December 31, 2020, and every 2 ***years*** thereafter, the Administrator shall review available aircraft noise and performance data, and consult with heads of appropriate Federal agencies, to determine whether section 91.817 of title 14, Code of Federal Regulations, and Appendix B of part 91 of title 14, Code of Federal Regulations, may be amended, consistent with section 44715 of title 49, United States Code, to permit supersonic flight of civil aircraft over land in the United States. (6) Implementation of noise standards.--The portion of the regulation issued by the Administrator of the Federal Aviation Administration titled ``Revision of General Operating and Flight Rules'' and published in the Federal Register on August 18, 1989 (54 Fed. Reg. 34284) that restricts operation of civil aircraft at a true flight Mach number greater than 1 shall have no force or effect beginning on the date on which the Administrator publishes in the Federal Register a final rule specifying sonic boom noise standards for civil supersonic aircraft. SEC. 182. MANDATORY USE OF THE NEW YORK NORTH SHORE HELICOPTER ROUTE. (a) Public Comment Period.-- (1) In general.--The Administrator of the Federal Aviation Administration shall provide notice of, and an opportunity for, at least 60 days of public comment with respect to the regulations in subpart H of part 93 of title 14, Code of Federal Regulations. (2) Timing.--The public comment period required under paragraph (1) shall begin not later than 30 days after the date of enactment of this Act. (b) Public Hearing.--Not later than 30 days after the date of enactment of this Act, the Administrator shall hold a public hearing in the communities impacted by the regulations described in subsection (a)(1) to solicit feedback with respect to the regulations. (c) Review.--Not later than 30 days after the date of enactment of this Act, the Administrator shall initiate a review of the regulations described in subsection (a)(1) that assesses the-- (1) noise impacts of the regulations for communities, including communities in locations where aircraft are transitioning to or from a destination or point of landing; (2) enforcement of applicable flight standards, including requirements for helicopters operating on the relevant route to remain at or above 2,500 feet mean sea level; and (3) availability of alternative or supplemental routes to reduce the noise impacts of the regulations, including the institution of an all water route over the Atlantic Ocean. SEC. 183. STATE STANDARDS FOR AIRPORT PAVEMENTS. Section 47105(c) of title 49, United States Code, is amended-- (1) by inserting ``(1) In general.--'' before ``The Secretary'' the first place it appears; and (2) by adding at the end the following: ``(2) Pavement standards.-- ``(A) Technical assistance.--At the request of a State, the Secretary shall, not later than 30 days after the date of the request, provide technical assistance to the State in developing standards, acceptable to the Secretary under subparagraph (B), for pavement on nonprimary public-use airports in the State. ``(B) Requirements.--The Secretary shall-- ``(i) continue to provide technical assistance under subparagraph (A) until the standards are approved under paragraph (1); and ``(ii) clearly indicate to the State the standards that are acceptable to the Secretary, considering, at a minimum, local conditions and locally available materials.''. SEC. 184. ELIGIBILITY OF PILOT ***PROGRAM*** AIRPORTS. (a) Discretionary Fund.--Section 47115 of title 49, United States Code, is further amended by adding at the end the following: ``(k) Partnership ***Program*** Airports.-- ``(1) Authority.--The Secretary may make grants with funds made available under this section for an airport participating in the ***program*** under section 47134 if-- ``(A) the Secretary has approved the application of an airport sponsor under section 47134(b) in fiscal ***year*** 2019; and ``(B) the grant will-- ``(i) satisfy an obligation incurred by an airport sponsor under section 47110(e) or funded by a nonpublic sponsor for an airport development project on the airport; or ``(ii) provide partial Federal reimbursement for airport development (as defined in section 47102) on the airport layout plan initiated in the fiscal ***year*** in which the application was approved, or later, for over a period of not more than 10 ***years***. ``(2) Nonapplicability of certain sections.--Grants made under this subsection shall not be subject to-- ``(A) subsection (c) of this section; ``(B) section 47117(e); or ``(C) any other apportionment formula, special apportionment category, or minimum percentage set forth in this chapter.''. (b) Allowable Project Costs; Letters of Intent.--Section 47110(e) of such title is amended by adding at the end the following: ``(7) Partnership ***Program*** Airports.--The Secretary may issue a letter of intent under this section to an airport sponsor with an approved application under section 47134(b) if-- [[Page H8920]] ``(A) the application was approved in fiscal ***year*** 2019; and ``(B) the project meets all other requirements set forth in this chapter.''. SEC. 185. GRANDFATHERING OF CERTAIN DEED AGREEMENTS GRANTING THROUGH-THE-FENCE ACCESS TO GENERAL AVIATION AIRPORTS. Section 47107(s) of title 49, United States Code, is amended by adding at the end the following: ``(3) Exemption.--The terms and conditions of paragraph (2) shall not apply to an agreement described in paragraph (1) made before the enactment of the FAA Modernization and Reform Act of 2012 (Public Law 112-95) that the Secretary determines does not comply with such terms and conditions but involves property that is subject to deed or lease restrictions that are considered perpetual and that cannot readily be brought into compliance. However, if the Secretary determines that the airport sponsor and residential property owners are able to make any modification to such an agreement on or after the date of enactment of this paragraph, the exemption provided by this paragraph shall no longer apply.''. SEC. 186. STAGE 3 AIRCRAFT STUDY. (a) Study.--Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States shall initiate a review of the potential benefits, costs, and other impacts that would result from a phaseout of covered stage 3 aircraft. (b) Contents.--The review shall include-- (1) a determination of the number, types, frequency of operations, and owners and operators of covered stage 3 aircraft; (2) an analysis of the potential benefits, costs, and other impacts to air carriers, general aviation operators, airports, communities surrounding airports, and the general public associated with phasing out or reducing the operations of covered stage 3 aircraft, assuming such a phaseout or reduction is put into effect over a reasonable period of time; (3) a determination of lessons learned from the phaseout of stage 2 aircraft that might be applicable to a phaseout or reduction in the operations of covered stage 3 aircraft, including comparisons between the benefits, costs, and other impacts associated with the phaseout of stage 2 aircraft and the potential benefits, costs, and other impacts determined under paragraph (2); (4) a determination of the costs and logistical challenges associated with recertifying stage 3 aircraft capable of meeting stage 4 noise levels; and (5) a determination of stakeholder views on the feasibility and desirability of phasing out covered stage 3 aircraft, including the views of-- (A) air carriers; (B) airports; (C) communities surrounding airports; (D) aircraft and avionics manufacturers; (E) operators of covered stage 3 aircraft other than air carriers; and (F) such other stakeholders and aviation experts as the Comptroller General considers appropriate. (c) Report.--Not later than 18 months after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the results of the review. (d) Covered Stage 3 Aircraft Defined.--In this section, the term ``covered stage 3 aircraft'' means a civil subsonic jet aircraft that is not capable of meeting the stage 4 noise levels in part 36 of title 14, Code of Federal Regulations. SEC. 187. AIRCRAFT NOISE EXPOSURE. (a) Review.--The Administrator of the Federal Aviation Administration shall conclude the Administrator's ongoing review of the relationship between aircraft noise exposure and its effects on communities around airports. (b) Report.-- (1) In general.--Not later than 2 ***years*** after the date of enactment of this Act, the Administrator shall submit to Congress a report containing the results of the review. (2) Preliminary recommendations.--The report shall contain such preliminary recommendations as the Administrator determines appropriate for revising the land use compatibility guidelines in part 150 of title 14, Code of Federal Regulations, based on the results of the review and in coordination with other agencies. SEC. 188. STUDY REGARDING DAY-NIGHT AVERAGE SOUND LEVELS. (a) Study.--The Administrator of the Federal Aviation Administration shall evaluate alternative metrics to the current average day-night level standard, such as the use of actual noise sampling and other methods, to address community airplane noise concerns. (b) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the results of the study under subsection (a). SEC. 189. STUDY ON POTENTIAL HEALTH AND ECONOMIC IMPACTS OF OVERFLIGHT NOISE. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall enter into an agreement with an eligible institution of higher education to conduct a study on the health impacts of noise from aircraft flights on residents exposed to a range of noise levels from such flights. (b) Scope of Study.--The study conducted under subsection (a) shall-- (1) include an examination of the incremental health impacts attributable to noise exposure that result from aircraft flights, including sleep disturbance and elevated blood pressure; (2) be focused on residents in the metropolitan area of-- (A) Boston; (B) Chicago; (C) the District of Columbia; (D) New York; (E) the Northern California Metroplex; (F) Phoenix; (G) the Southern California Metroplex; (H) Seattle; or (I) such other area as may be identified by the Administrator; (3) consider, in particular, the incremental health impacts on residents living partly or wholly underneath flight paths most frequently used by aircraft flying at an altitude lower than 10,000 feet, including during takeoff or landing; (4) include an assessment of the relationship between a perceived increase in aircraft noise, including as a result of a change in flight paths that increases the visibility of aircraft from a certain location, and an actual increase in aircraft noise, particularly in areas with high or variable levels of nonaircraft-related ambient noise; and (5) consider the economic harm or benefits to businesses located party or wholly underneath flight paths most frequently used by aircraft flying at an altitude lower than 10,000 feet, including during takeoff or landing. (c) Eligibility.--An institution of higher education is eligible to conduct the study if the institution-- (1) has-- (A) a school of public health that has participated in the Center of Excellence for Aircraft Noise and Aviation Emissions Mitigation of the Federal Aviation Administration; or (B) a center for environmental health that receives funding from the National Institute of Environmental Health Sciences; (2) is located in one of the areas identified in subsection (b); (3) applies to the Administrator in a timely fashion; (4) demonstrates to the satisfaction of the Administrator that the institution is qualified to conduct the study; (5) agrees to submit to the Administrator, not later than 3 ***years*** after entering into an agreement under subsection (a), the results of the study, including any source materials used; and (6) meets such other requirements as the Administrator determines necessary. (d) Submission of Study.--Not later than 90 days after the Administrator receives the results of the study, the Administrator shall submit to the appropriate committees of Congress the study and a summary of the results. SEC. 190. ENVIRONMENTAL MITIGATION PILOT ***PROGRAM***. (a) In General.--The Secretary of Transportation may carry out a pilot ***program*** involving not more than 6 projects at public-use airports in accordance with this section. (b) Grants.--In carrying out the ***program***, the Secretary may make grants to sponsors of public-use airports from funds apportioned under section 47117(e)(1)(A) of title 49, United States Code. (c) Use of Funds.--Amounts from a grant received by the sponsor of a public-use airport under the ***program*** shall be used for environmental mitigation projects that will measurably reduce or mitigate aviation impacts on noise, air quality, or water quality at the airport or within 5 miles of the airport. (d) Eligibility.--Notwithstanding any other provision of chapter 471 of title 49, United States Code, an environmental mitigation project approved under this section shall be treated as eligible for assistance under that chapter. (e) Selection Criteria.--In selecting from among applicants for participation in the ***program***, the Secretary may give priority consideration to projects that-- (1) will achieve the greatest reductions in aircraft noise, airport emissions, or airport water quality impacts either on an absolute basis or on a per dollar of funds expended basis; and (2) will be implemented by an eligible consortium. (f) Federal Share.--The Federal share of the cost of a project carried out under the ***program*** shall be 50 percent. (g) Maximum Amount.--Not more than $2,500,000 may be made available by the Secretary in grants under the ***program*** for any single project. (h) Identifying Best Practices.--The Secretary may establish and publish information identifying best practices for reducing or mitigating aviation impacts on noise, air quality, and water quality at airports or in the vicinity of airports based on the projects carried out under the ***program***. (i) Sunset.--The ***program*** shall terminate 5 ***years*** after the Secretary makes the first grant under the ***program***. (j) Definitions.--In this section, the following definitions apply: (1) Eligible consortium.--The term ``eligible consortium'' means a consortium that is composed of 2 or more of the following entities: (A) Businesses incorporated in the United States. (B) Public or private educational or research organizations located in the United States. [[Page H8921]] (C) Entities of State or local governments in the United States. (D) Federal laboratories. (2) Environmental mitigation project.--The term ``environmental mitigation project'' means a project that-- (A) introduces new environmental mitigation techniques or technologies that have been proven in laboratory demonstrations; (B) proposes methods for efficient adaptation or integration of new concepts into airport operations; and (C) will demonstrate whether new techniques or technologies for environmental mitigation are-- (i) practical to implement at or near multiple public-use airports; and (ii) capable of reducing noise, airport emissions, or water quality impacts in measurably significant amounts. (k) Authorization for the ***Transfer*** of Funds From Department of Defense.-- (1) In general.--The Administrator of the Federal Aviation Administration may accept funds from the Secretary of Defense to increase the authorized funding for this section by the amount of such ***transfer*** only to carry out projects designed for environmental mitigation at a site previously, but not currently, managed by the Department of Defense. (2) Additional grantees.--If additional funds are made available by the Secretary of Defense under paragraph (1), the Administrator may increase the number of grantees under subsection (a). SEC. 191. EXTENDING AVIATION DEVELOPMENT STREAMLINING. (a) In General.--Section 47171 of title 49, United States Code, is amended-- (1) in subsection (a), in the matter preceding paragraph (1), by inserting ``general aviation airport construction or improvement projects,'' after ``congested airports,''; (2) in subsection (b)-- (A) by redesignating paragraph (2) as paragraph (3); and (B) by inserting after paragraph (1) the following: ``(2) General aviation airport construction or improvement project.--A general aviation airport construction or improvement project shall be subject to the coordinated and expedited environmental review process requirements set forth in this section.''; (3) in subsection (c)(1), by striking ``subsection (b)(2)'' and inserting ``subsection (b)(3)''; (4) in subsection (d), by striking ``subsection (b)(2)'' and inserting ``subsection (b)(3)''; (5) in subsection (h), by striking ``subsection (b)(2)'' and inserting ``subsection (b)(3)''; and (6) in subsection (k), by striking ``subsection (b)(2)'' and inserting ``subsection (b)(3)''. (b) Definitions.--Section 47175 of title 49, United States Code, is amended by adding at the end the following: ``(8) General aviation airport construction or improvement project.--The term `general aviation airport construction or improvement project' means-- ``(A) a project for the construction or extension of a runway, including any land acquisition, helipad, taxiway, safety area, apron, or navigational aids associated with the runway or runway extension, at a general aviation airport, a reliever airport, or a commercial service airport that is not a primary airport (as such terms are defined in section 47102); and ``(B) any other airport development project that the Secretary designates as facilitating aviation capacity building projects at a general aviation airport.''. SEC. 192. ZERO-EMISSION VEHICLES AND TECHNOLOGY. (a) In General.--Section 47136 of title 49, United States Code, as so redesignated, is amended-- (1) by striking subsections (a) and (b) and inserting the following: ``(a) In General.--The Secretary of Transportation may establish a pilot ***program*** under which the sponsors of public- use airports may use funds made available under this chapter or section 48103 for use at such airports to carry out-- ``(1) activities associated with the acquisition, by purchase or lease, and operation of eligible zero-emission vehicles and equipment, including removable power sources for such vehicles; and ``(2) the construction or modification of infrastructure to facilitate the delivery of fuel, power or services necessary for the use of such vehicles. ``(b) Eligibility.--A public-use airport is eligible for participation in the ***program*** if the eligible vehicles or equipment are-- ``(1) used exclusively on airport property; or ``(2) used exclusively to transport passengers and employees between the airport and-- ``(A) nearby facilities which are owned or controlled by the airport or which otherwise directly support the functions or services provided by the airport; or ``(B) an intermodal surface transportation facility adjacent to the airport.''; (2) by striking subsections (d) through (f) and inserting the following: ``(d) Federal Share.--The Federal share of the cost of a project carried out under the ***program*** shall be the Federal share specified in section 47109. ``(e) Technical Assistance.-- ``(1) In general.--The sponsor of a public-use airport may use not more than 10 percent of the amounts made available to the sponsor under the ***program*** in any fiscal ***year*** for-- ``(A) technical assistance; and ``(B) project management support to assist the airport with the solicitation, acquisition, and deployment of zero- emission vehicles, related equipment, and supporting infrastructure. ``(2) Providers of technical assistance.--To receive the technical assistance or project management support described in paragraph (1), participants in the ***program*** may use-- ``(A) a nonprofit organization selected by the Secretary; or ``(B) a university transportation center receiving grants under section 5505 in the region of the airport. ``(f) Materials Identifying Best Practices.--The Secretary may create and make available materials identifying best practices for carrying out activities funded under the ***program*** based on previous related projects and other sources. ``(g) Allowable Project Cost.--The allowable project cost for the acquisition of a zero-emission vehicle shall be the total cost of purchasing or leasing the vehicle, including the cost of technical assistance or project management support described in subsection (e). ``(h) Flexible Procurement.--A sponsor of a public-use airport may use funds made available under the ***program*** to acquire, by purchase or lease, a zero-emission vehicle and a removable power source in separate transactions, including transactions by which the airport purchases the vehicle and leases the removable power source. ``(i) Testing Required.-- ``(1) In general.--A sponsor of a public-use airport may not use funds made available under the ***program*** to acquire a zero-emission vehicle unless that make, model, or type of vehicle has been tested by a Federal vehicle testing facility acceptable to the Secretary. ``(2) Penalties for false statements.--A certification of compliance under paragraph (1) shall be considered a certification required under this subchapter for purposes of section 47126. ``(j) Definitions.--In this section, the following definitions apply: ``(1) Eligible zero-emission vehicle and equipment.--The term `eligible zero-emission vehicle and equipment' means a zero-emission vehicle, equipment related to such a vehicle, or ground support equipment that includes zero-emission technology that is-- ``(A) used exclusively on airport property; or ``(B) used exclusively to transport passengers and employees between the airport and-- ``(i) nearby facilities which are owned or controlled by the airport or which otherwise directly support the functions or services provided by the airport; or ``(ii) an intermodal surface transportation facility adjacent to the airport. ``(2) Removable power source.--The term `removable power source' means a power source that is separately installed in, and removable from, a zero-emission vehicle and may include a battery, a fuel cell, an ultra-capacitor, or other power source used in a zero-emission vehicle. ``(3) Zero-emission vehicle.--The term `zero-emission vehicle' means-- ``(A) a zero-emission vehicle as defined in section 88.102- 94 of title 40, Code of Federal Regulations; or ``(B) a vehicle that produces zero exhaust emissions of any criteria pollutant (or precursor pollutant) under any possible operational modes and conditions.''. (b) Special Apportionment Categories.--Section 47117(e)(1)(A) of title 49, United States Code, is amended by inserting ``for airport development described in section 47102(3)(Q),'' after ``under section 47141,''. (c) Deployment of Zero Emission Vehicle Technology.-- (1) Establishment.--The Secretary of Transportation may establish a zero-emission airport technology ***program***-- (A) to facilitate the deployment of commercially viable zero-emission airport vehicles, technology, and related infrastructure; and (B) to minimize the risk of deploying such vehicles, technology, and infrastructure. (2) General authority.-- (A) Assistance to nonprofit organizations.--The Secretary may provide assistance under the ***program*** to not more than 3 geographically diverse, eligible organizations to conduct zero-emission airport technology and infrastructure projects. (B) Forms of assistance.--The Secretary may provide assistance under the ***program*** in the form of grants, contracts, and cooperative agreements. (3) Selection of participants.-- (A) National solicitation.--In selecting participants, the Secretary shall-- (i) conduct a national solicitation for applications for assistance under the ***program***; and (ii) select the recipients of assistance under the ***program*** on a competitive basis. (B) Considerations.--In selecting from among applicants for assistance under the ***program***, the Secretary shall consider-- (i) the ability of an applicant to contribute significantly to deploying zero-emission technology as the technology relates to airport operations; [[Page H8922]] (ii) the financing plan and cost-share potential of the applicant; and (iii) other factors, as the Secretary determines appropriate. (C) Priority.--ln selecting from among applicants for assistance under the ***program***, the Secretary shall give priority consideration to an applicant that has successfully managed advanced transportation technology projects, including projects related to zero-emission transportation operations. (4) Eligible projects.--A recipient of assistance under the ***program*** shall use the assistance-- (A) to review and conduct demonstrations of zero-emission technologies and related infrastructure at airports; (B) to evaluate the credibility of new, unproven vehicle and energy-efficient technologies in various aspects of airport operations prior to widespread investment in the technologies by airports and the aviation industry; (C) to collect data and make the recipient's findings available to airports, so that airports can evaluate the applicability of new technologies to their facilities; and (D) to report the recipient's findings to the Secretary. (5) Administrative provisions.-- (A) Federal share.--The Federal share of the cost of a project carried out under the ***program*** may not exceed 80 percent. (B) Terms and conditions.--A grant, contract, or cooperative agreement under this section shall be subject to such terms and conditions as the Secretary determines appropriate. (6) Definitions.--In this subsection, the following definitions apply: (A) Eligible organization.--The term ``eligible organization'' means an organization that has expertise in zero-emission technology. (B) Organization.--The term ``organization'' means-- (i) described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of the Internal Revenue Code of 1986; (ii) a university transportation center receiving grants under section 5505 of title 49, United States Code; or (iii) any other Federal or non-Federal entity as the Secretary considers appropriate. TITLE II--FAA SAFETY CERTIFICATION REFORM Subtitle A--General Provisions SEC. 201. DEFINITIONS. In this title, the following definitions apply: (1) Administrator.--The term ``Administrator'' means the Administrator of the FAA. (2) Advisory committee.--The term ``Advisory Committee'' means the Safety Oversight and Certification Advisory Committee established under section 202. (3) FAA.--The term ``FAA'' means the Federal Aviation Administration. (4) Secretary.--The term ``Secretary'' means the Secretary of Transportation. (5) Systems safety approach.--The term ``systems safety approach'' means the application of specialized technical and managerial skills to the systematic, forward-looking identification and control of hazards throughout the lifecycle of a project, ***program***, or activity. SEC. 202. SAFETY OVERSIGHT AND CERTIFICATION ADVISORY COMMITTEE. (a) Establishment.--Not later than 60 days after the date of enactment of this Act, the Secretary shall establish a Safety Oversight and Certification Advisory Committee. (b) Duties.--The Advisory Committee shall provide advice to the Secretary on policy-level issues facing the aviation community that are related to FAA safety oversight and certification ***programs*** and activities, including, at a minimum, the following: (1) Aircraft and flight standards certification processes, including efforts to streamline those processes. (2) Implementation and oversight of safety management systems. (3) Risk-based oversight efforts. (4) Utilization of delegation and designation authorities, including organization designation authorization. (5) Regulatory interpretation standardization efforts. (6) Training ***programs***. (7) Expediting the rulemaking process and giving priority to rules related to safety. (8) Enhancing global competitiveness of United States manufactured and United States certificated aerospace and aviation products and services throughout the world. (c) Functions.--In carrying out its duties under subsection (b), the Advisory Committee shall: (1) Foster industry collaboration in an open and transparent manner. (2) Consult with, and ensure participation by-- (A) the private sector, including representatives of-- (i) general aviation; (ii) commercial aviation; (iii) aviation labor; (iv) aviation maintenance, repair, and overhaul; (v) aviation, aerospace, and avionics manufacturing; (vi) unmanned aircraft systems operators and manufacturers; and (vii) the commercial space transportation industry; (B) members of the public; and (C) other interested parties. (3) Recommend consensus national goals, strategic objectives, and priorities for the most efficient, streamlined, and cost-effective certification and safety oversight processes in order to maintain the safety of the aviation system and, at the same time, allow the FAA to meet future needs and ensure that aviation stakeholders remain competitive in the global marketplace. (4) Provide policy guidance recommendations for the FAA's certification and safety oversight efforts. (5) On a regular basis, review and provide recommendations on the FAA's certification and safety oversight efforts. (6) Periodically review and evaluate registration, certification, and related fees. (7) Provide appropriate legislative, regulatory, and guidance recommendations for the air transportation system and the aviation safety regulatory environment. (8) Recommend performance objectives for the FAA and industry. (9) Recommend performance metrics and goals to track and review the FAA and the regulated aviation industry on their progress towards streamlining certification reform, conducting flight standards reform, and carrying out regulation consistency efforts. (10) Provide a venue for tracking progress toward national goals and sustaining joint commitments. (11) Recommend recruiting, hiring, training, and continuing education objectives for FAA aviation safety engineers and aviation safety inspectors. (12) Provide advice and recommendations to the FAA on how to prioritize safety rulemaking projects. (13) Improve the development of FAA regulations by providing information, advice, and recommendations related to aviation issues. (14) Facilitate the validation and acceptance of United States manufactured and United States certificated products and services throughout the world. (d) Membership.-- (1) In general.--The Advisory Committee shall be composed of the following members: (A) The Administrator (or the Administrator's designee). (B) At least 11 individuals, appointed by the Secretary, each of whom represents at least 1 of the following interests: (i) Transport aircraft and engine manufacturers. (ii) General aviation aircraft and engine manufacturers. (iii) Avionics and equipment manufacturers. (iv) Aviation labor organizations, including collective bargaining representatives of FAA aviation safety inspectors and aviation safety engineers. (v) General aviation operators. (vi) Air carriers. (vii) Business aviation operators. (viii) Unmanned aircraft systems manufacturers and operators. (ix) Aviation safety management experts. (x) Aviation maintenance, repair, and overhaul. (xi) Airport owners and operators. (2) Nonvoting members.-- (A) In general.--In addition to the members appointed under paragraph (1), the Advisory Committee shall be composed of nonvoting members appointed by the Secretary from among individuals representing FAA safety oversight ***program*** offices. (B) Duties.--The nonvoting members may-- (i) take part in deliberations of the Advisory Committee; and (ii) provide input with respect to any final reports or recommendations of the Advisory Committee. (C) Limitation.--The nonvoting members may not represent any stakeholder interest other than that of an FAA safety oversight ***program*** office. (3) Terms.--Each voting member and nonvoting member of the Advisory Committee appointed by the Secretary shall be appointed for a term of 2 ***years***. (4) Committee characteristics.--The Advisory Committee shall have the following characteristics: (A) Each voting member under paragraph (1)(B) shall be an executive officer of the organization who has decisionmaking authority within the member's organization and can represent and enter into commitments on behalf of such organization. (B) The ability to obtain necessary information from experts in the aviation and aerospace communities. (C) A membership size that enables the Advisory Committee to have substantive discussions and reach consensus on issues in a timely manner. (D) Appropriate expertise, including expertise in certification and risked-based safety oversight processes, operations, policy, technology, labor relations, training, and finance. (5) Limitation on statutory construction.--Public Law 104- 65 (2 U.S.C 1601 et seq.) may not be construed to prohibit or otherwise limit the appointment of any individual as a member of the Advisory Committee. (e) Chairperson.-- (1) In general.--The Chairperson of the Advisory Committee shall be appointed by the Secretary from among those members of the Advisory Committee that are voting members under subsection (d)(1)(B). (2) Term.--Each member appointed under paragraph (1) shall serve a term of 2 ***years*** as Chairperson. (f) Meetings.-- [[Page H8923]] (1) Frequency.--The Advisory Committee shall meet at least twice each ***year*** at the call of the Chairperson. (2) Public attendance.--The meetings of the Advisory Committee shall be open and accessible to the public. (g) Special Committees.-- (1) Establishment.--The Advisory Committee may establish special committees composed of private sector representatives, members of the public, labor representatives, and other relevant parties in complying with consultation and participation requirements under this section. (2) Rulemaking advice.--A special committee established by the Advisory Committee may-- (A) provide rulemaking advice and recommendations to the Advisory Committee with respect to aviation-related issues; (B) provide the FAA additional opportunities to obtain firsthand information and insight from those parties that are most affected by existing and proposed regulations; and (C) assist in expediting the development, revision, or elimination of rules without circumventing public rulemaking processes and procedures. (3) Applicable law.--Public Law 92-463 shall not apply to a special committee established by the Advisory Committee. (h) Sunset.--The Advisory Committee shall terminate on the last day of the 6-***year*** period beginning on the date of the initial appointment of the members of the Advisory Committee. (i) Termination of Air Traffic Procedures Advisory Committee.--The Air Traffic Procedures Advisory Committee established by the FAA shall terminate on the date of the initial appointment of the members of the Advisory Committee. Subtitle B--Aircraft Certification Reform SEC. 211. AIRCRAFT CERTIFICATION PERFORMANCE OBJECTIVES AND METRICS. (a) In General.--Not later than 120 days after the date on which the Advisory Committee is established under section 202, the Administrator shall establish performance objectives and apply and track performance metrics for the FAA and the aviation industry relating to aircraft certification in accordance with this section. (b) Collaboration.--The Administrator shall carry out this section in collaboration with the Advisory Committee and update agency performance objectives and metrics after considering the recommendations of the Advisory Committee under paragraphs (8) and (9) of section 202(c). (c) Performance Objectives.--In carrying out subsection (a), the Administrator shall establish performance objectives for the FAA and the aviation industry to ensure that, with respect to aircraft certification, progress is made toward, at a minimum-- (1) eliminating certification delays and improving cycle times; (2) increasing accountability for both the FAA and the aviation industry; (3) achieving full utilization of FAA delegation and designation authorities, including organizational designation authorization; (4) fully implementing risk management principles and a systems safety approach; (5) reducing duplication of effort; (6) increasing transparency; (7) developing and providing training, including recurrent training, in auditing and a systems safety approach to certification oversight; (8) improving the process for approving or accepting certification actions between the FAA and bilateral partners; (9) maintaining and improving safety; (10) streamlining the hiring process for-- (A) qualified systems safety engineers to support the FAA's efforts to implement a systems safety approach; and (B) qualified systems engineers to guide the engineering of complex systems within the FAA; and (11) maintaining the leadership of the United States in international aviation and aerospace. (d) Performance Metrics.--In carrying out subsection (a), the Administrator shall apply and track performance metrics for the FAA and the regulated aviation industry established by the Advisory Committee. (e) Data Generation.-- (1) Baselines.--Not later than 1 ***year*** after the date on which the Advisory Committee recommends initial performance metrics for the FAA and the regulated aviation industry under section 202, the Administrator shall generate initial data with respect to each of the performance metrics applied and tracked under this section. (2) Benchmarks to measure progress toward goals.--The Administrator shall use the metrics applied and tracked under this section to generate data on an ongoing basis and to measure progress toward the achievement of national goals recommended by the Advisory Committee. (f) Publication.--The Administrator shall make data generated using the performance metrics applied and tracked under this section available to the public in a searchable, sortable, and downloadable format through the internet website of the FAA or other appropriate methods and shall ensure that the data are made available in a manner that-- (1) does not provide identifying information regarding an individual or entity; and (2) prevents inappropriate disclosure of proprietary information. SEC. 212. ORGANIZATION DESIGNATION AUTHORIZATIONS. (a) In General.--Chapter 447 of title 49, United States Code, is amended by adding at the end the following: ``Sec. 44736. Organization designation authorizations ``(a) Delegations of Functions.-- ``(1) In general.--Except as provided in paragraph (3), when overseeing an ODA holder, the Administrator of the FAA shall-- ``(A) require, based on an application submitted by the ODA holder and approved by the Administrator (or the Administrator's designee), a procedures manual that addresses all procedures and limitations regarding the functions to be performed by the ODA holder; ``(B) delegate fully to the ODA holder each of the functions to be performed as specified in the procedures manual, unless the Administrator determines, after the date of the delegation and as a result of an inspection or other investigation, that the public interest and safety of air commerce requires a limitation with respect to 1 or more of the functions; ``(C) conduct regular oversight activities by inspecting the ODA holder's delegated functions and taking action based on validated inspection findings; and ``(D) for each function that is limited under subparagraph (B), work with the ODA holder to develop the ODA holder's capability to execute that function safely and effectively and return to full authority status. ``(2) Duties of oda holders.--An ODA holder shall-- ``(A) perform each specified function delegated to the ODA holder in accordance with the approved procedures manual for the delegation; ``(B) make the procedures manual available to each member of the appropriate ODA unit; and ``(C) cooperate fully with oversight activities conducted by the Administrator in connection with the delegation. ``(3) Existing oda holders.--With regard to an ODA holder operating under a procedures manual approved by the Administrator before the date of enactment of the FAA Reauthorization Act of 2018, the Administrator shall-- ``(A) at the request of the ODA holder and in an expeditious manner, approve revisions to the ODA holder's procedures manual; ``(B) delegate fully to the ODA holder each of the functions to be performed as specified in the procedures manual, unless the Administrator determines, after the date of the delegation and as a result of an inspection or other investigation, that the public interest and safety of air commerce requires a limitation with respect to one or more of the functions; ``(C) conduct regular oversight activities by inspecting the ODA holder's delegated functions and taking action based on validated inspection findings; and ``(D) for each function that is limited under subparagraph (B), work with the ODA holder to develop the ODA holder's capability to execute that function safely and effectively and return to full authority status. ``(b) ODA Office.-- ``(1) Establishment.--Not later than 120 days after the date of enactment of this section, the Administrator of the FAA shall identify, within the FAA Office of Aviation Safety, a centralized policy office to be known as the Organization Designation Authorization Office or the ODA Office. ``(2) Purpose.--The purpose of the ODA Office shall be to provide oversight and ensure the consistency of the FAA's audit functions under the ODA ***program*** across the FAA. ``(3) Functions.--The ODA Office shall-- ``(A)(i) at the request of an ODA holder, eliminate all limitations specified in a procedures manual in place on the day before the date of enactment of the FAA Reauthorization Act of 2018 that are low and medium risk as determined by a risk analysis using criteria established by the ODA Office and disclosed to the ODA holder, except where an ODA holder's performance warrants the retention of a specific limitation due to documented concerns about inadequate current performance in carrying out that authorized function; ``(ii) require an ODA holder to establish a corrective action plan to regain authority for any retained limitations; ``(iii) require an ODA holder to notify the ODA Office when all corrective actions have been accomplished; and ``(iv) make a reassessment to determine if subsequent performance in carrying out any retained limitation warrants continued retention and, if such reassessment determines performance meets objectives, lift such limitation immediately; ``(B) improve FAA and ODA holder performance and ensure full utilization of the authorities delegated under the ODA ***program***; ``(C) develop a more consistent approach to audit priorities, procedures, and training under the ODA ***program***; ``(D) review, in a timely fashion, a random sample of limitations on delegated authorities under the ODA ***program*** to determine if the limitations are appropriate; ``(E) ensure national consistency in the interpretation and application of the requirements of the ODA ***program***, including any limitations, and in the performance of the ODA ***program***; and ``(F) at the request of an ODA holder, review and approve new limitations to ODA functions. [[Page H8924]] ``(c) Definitions.--In this section, the following definitions apply: ``(1) FAA.--The term `FAA' means the Federal Aviation Administration. ``(2) ODA holder.--The term `ODA holder' means an entity authorized to perform functions pursuant to a delegation made by the Administrator of the FAA under section 44702(d). ``(3) ODA unit.--The term ``ODA unit'' means a group of 2 or more individuals who perform, under the supervision of an ODA holder, authorized functions under an ODA. ``(4) Organization.--The term ``organization'' means a firm, partnership, corporation, company, association, joint- stock association, or governmental entity. ``(5) Organization designation authorization; oda.--The term `Organization Designation Authorization' or `ODA' means an authorization by the FAA under section 44702(d) for an organization composed of 1 or more ODA units to perform approved functions on behalf of the FAA.''. (b) Clerical Amendment.--The analysis for chapter 447 of title 49, United States Code, is amended by adding at the end the following: ``44736. Organization designation authorizations.''. SEC. 213. ODA REVIEW. (a) Establishment of Expert Review Panel.-- (1) Expert panel.--Not later than 120 days after the date of enactment of this Act, the Administrator shall convene a multidisciplinary expert review panel (in this section referred to as the ``Panel''). (2) Composition of panel.-- (A) Appointment of members.--The Panel shall be composed of not more than 20 members appointed by the Administrator. (B) Qualifications.--The members appointed to the Panel shall-- (i) each have a minimum of 5 ***years*** of experience in processes and procedures under the ODA ***program***; and (ii) represent, at a minimum, ODA holders, aviation manufacturers, safety experts, and FAA labor organizations, including labor representatives of FAA aviation safety inspectors and aviation safety engineers. (b) Survey.--The Panel shall conduct a survey of ODA holders and ODA ***program*** applicants to document and assess FAA certification and oversight activities, including use of the ODA ***program*** and the timeliness and efficiency of the certification process. In carrying out this subsection, the Panel shall consult with appropriate survey experts to best design and conduct the survey. (c) Assessment and Recommendations.--The Panel shall assess and make recommendations concerning-- (1) the FAA's processes and procedures under the ODA ***program*** and whether the processes and procedures function as intended; (2) the best practices of and lessons learned by ODA holders and FAA personnel who provide oversight of ODA holders; (3) performance incentive policies that-- (A) are related to the ODA ***program*** for FAA personnel; and (B) do not conflict with the public interest; (4) training activities related to the ODA ***program*** for FAA personnel and ODA holders; (5) the impact, if any, that oversight of the ODA ***program*** has on FAA resources and the FAA's ability to process applications for certifications outside of the ODA ***program***; and (6) the results of the survey conducted under subsection (b). (d) Report.--Not later than 180 days after the date the Panel is convened under subsection (a), the Panel shall submit to the Administrator, the Advisory Committee, and the appropriate committees of Congress a report on the findings and recommendations of the Panel. (e) Definitions.--The definitions contained in section 44736 of title 49, United States Code, as added by this Act, apply to this section. (f) Applicable Law.--Public Law 92-463 shall not apply to the Panel. (g) Sunset.--The Panel shall terminate on the date of submission of the report under subsection (d), or on the date that is 1 ***year*** after the Panel is convened under subsection (a), whichever occurs first. SEC. 214. TYPE CERTIFICATION RESOLUTION PROCESS. (a) In General.--Section 44704(a) of title 49, United States Code, is amended by adding at the end the following: ``(6) Type certification resolution process.-- ``(A) In general.--Not later than 15 months after the date of enactment of the FAA Reauthorization Act of 2018, the Administrator shall establish an effective, timely, and milestone-based issue resolution process for type certification activities under this subsection. ``(B) Process requirements.--The resolution process shall provide for-- ``(i) resolution of technical issues at pre-established stages of the certification process, as agreed to by the Administrator and the type certificate applicant; ``(ii) automatic elevation to appropriate management personnel of the Federal Aviation Administration and the type certificate applicant of any major certification process milestone that is not completed or resolved within a specific period of time agreed to by the Administrator and the type certificate applicant; and ``(iii) resolution of a major certification process milestone elevated pursuant to clause (ii) within a specific period of time agreed to by the Administrator and the type certificate applicant. ``(C) Major certification process milestone defined.--In this paragraph, the term `major certification process milestone' means a milestone related to a type certification basis, type certification plan, type inspection authorization, issue paper, or other major type certification activity agreed to by the Administrator and the type certificate applicant.''. (b) Technical Amendment.--Section 44704 of title 49, United States Code, is amended in the section heading by striking ``airworthiness certificates,,'' and inserting ``airworthiness certificates,''. SEC. 215. REVIEW OF CERTIFICATION PROCESS FOR SMALL GENERAL AVIATION AIRPLANES. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall initiate a review of the Federal Aviation Administration's implementation of the final rule titled ``Revision of Airworthiness Standards for Normal, Utility, Acrobatic, and Commuter Category Airplanes'' (81 Fed. Reg. 96572). (b) Considerations.--In carrying out the review, the Comptroller General shall assess-- (1) how the rule puts into practice the Administration's efforts to implement performance and risk-based safety standards; (2) the extent to which the rule has resulted in the implementation of a streamlined regulatory regime to improve safety, reduce regulatory burden, and decrease costs; (3) whether the rule and its implementation have spurred innovation and technological adoption; (4) how consensus standards accepted by the FAA facilitate the development of new safety equipment and aircraft capabilities; and (5) whether lessons learned from the rule and its implementation have resulted in best practices that could be applied to airworthiness standards for other categories of aircraft. (c) Report.--Not later than 180 days after the date of initiation of the review, the Comptroller General shall submit to the appropriate committees of Congress a report on the results of the review, including findings and recommendations. SEC. 216. ODA STAFFING AND OVERSIGHT. (a) Report to Congress.--Not later than 270 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the Administration's progress with respect to-- (1) determining what additional model inputs and labor distribution codes are needed to identify ODA oversight staffing needs; (2) developing and implementing system-based evaluation criteria and risk-based tools to aid ODA team members in targeting their oversight activities; (3) developing agreements and processes for sharing resources to ensure adequate oversight of ODA personnel performing certification and inspection work at supplier and company facilities; and (4) ensuring full utilization of ODA authority. (b) ODA Defined.--In this section, the term ``ODA'' has the meaning given that term in section 44736 of title 49, United States Code, as added by this Act. Subtitle C--Flight Standards Reform SEC. 221. FLIGHT STANDARDS PERFORMANCE OBJECTIVES AND METRICS. (a) In General.--Not later than 120 days after the date on which the Advisory Committee is established under section 202, the Administrator shall establish performance objectives and apply and track performance metrics for the FAA and the aviation industry relating to flight standards activities in accordance with this section. (b) Collaboration.--The Administrator shall carry out this section in collaboration with the Advisory Committee, and update agency performance objectives and metrics after considering the recommendations of the Advisory Committee under paragraphs (8) and (9) of section 202(c). (c) Performance Objectives.--In carrying out subsection (a), the Administrator shall establish performance objectives for the FAA and the aviation industry to ensure that, with respect to flight standards activities, progress is made toward, at a minimum-- (1) eliminating delays with respect to such activities; (2) increasing accountability for both the FAA and the aviation industry; (3) achieving full utilization of FAA delegation and designation authorities, including organizational designation authority; (4) fully implementing risk management principles and a systems safety approach; (5) reducing duplication of effort; (6) eliminating inconsistent regulatory interpretations and inconsistent enforcement activities; (7) improving and providing greater opportunities for training, including recurrent training, in auditing and a systems safety approach to oversight; (8) developing and allowing utilization of a single master source for guidance; (9) providing and utilizing a streamlined appeal process for the resolution of regulatory interpretation questions; [[Page H8925]] (10) maintaining and improving safety; and (11) increasing transparency. (d) Performance Metrics.--In carrying out subsection (a), the Administrator shall apply and track performance metrics for the FAA and the regulated aviation industry established by the Advisory Committee. (e) Data Generation.-- (1) Baselines.--Not later than 1 ***year*** after the date on which the Advisory Committee recommends initial performance metrics for the FAA and the regulated aviation industry under section 202, the Administrator shall generate initial data with respect to each of the performance metrics applied and tracked under this section. (2) Benchmarks to measure progress toward goals.--The Administrator shall use the metrics applied and tracked under this section to generate data on an ongoing basis and to measure progress toward the achievement of national goals recommended by the Advisory Committee. (f) Publication.--The Administrator shall make data generated using the performance metrics applied and tracked under this section available to the public in a searchable, sortable, and downloadable format through the internet website of the FAA or other appropriate methods and shall ensure that the data are made available in a manner that-- (1) does not provide identifying information regarding an individual or entity; and (2) prevents inappropriate disclosure of proprietary information. SEC. 222. FAA TASK FORCE ON FLIGHT STANDARDS REFORM. (a) Establishment.--Not later than 90 days after the date of enactment of this Act, the Administrator shall establish the FAA Task Force on Flight Standards Reform (in this section referred to as the ``Task Force''). (b) Membership.-- (1) Appointment.--The membership of the Task Force shall be appointed by the Administrator. (2) Number.--The Task Force shall be composed of not more than 20 members. (3) Representation requirements.--The membership of the Task Force shall include representatives, with knowledge of flight standards regulatory processes and requirements, of-- (A) air carriers; (B) general aviation; (C) business aviation; (D) repair stations; (E) unmanned aircraft systems operators; (F) flight schools; (G) labor unions, including those representing FAA aviation safety inspectors and those representing FAA aviation safety engineers; (H) aviation and aerospace manufacturers; and (I) aviation safety experts. (c) Duties.--The duties of the Task Force shall include, at a minimum, identifying best practices and providing recommendations, for current and anticipated budgetary environments, with respect to-- (1) simplifying and streamlining flight standards regulatory processes, including issuance and oversight of certificates; (2) reorganizing Flight Standards Services to establish an entity organized by function rather than geographic region, if appropriate; (3) FAA aviation safety inspector training opportunities; (4) ensuring adequate and timely provision of Flight Standards activities and responses necessary for type certification, operational evaluation, and entry into service of newly manufactured aircraft; (5) FAA aviation safety inspector standards and performance; and (6) achieving, across the FAA, consistent-- (A) regulatory interpretations; and (B) application of oversight activities. (d) Report.--Not later than 1 ***year*** after the date of the establishment of the Task Force, the Task Force shall submit to the appropriate committees of Congress a report detailing-- (1) the best practices identified and recommendations provided by the Task Force under subsection (c); and (2) any recommendations of the Task Force for additional regulatory, policy, or cost-effective legislative action to improve the efficiency of agency activities. (e) Applicable Law.--Public Law 92-463 shall not apply to the Task Force. (f) Sunset.--The Task Force shall terminate on the earlier of-- (1) the date on which the Task Force submits the report required under subsection (d); or (2) the date that is 18 months after the date on which the Task Force is established under subsection (a). SEC. 223. CENTRALIZED SAFETY GUIDANCE DATABASE. (a) Establishment.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall establish a centralized safety guidance database that will-- (1) encompass all of the regulatory guidance documents of the FAA Office of Aviation Safety; (2) contain, for each such guidance document, a link to the Code of Federal Regulations provision to which the document relates; and (3) be publicly available in a manner that-- (A) protects from disclosure identifying information regarding an individual or entity; and (B) prevents inappropriate disclosure proprietary information. (b) Data Entry Timing.-- (1) Existing documents.--Not later than 14 months after the date of enactment of this Act, the Administrator shall begin entering into the database established under subsection (a) all of the regulatory guidance documents of the Office of Aviation Safety that are in effect and were issued before the date on which the Administrator begins such entry process. (2) New documents and changes.--On and after the date on which the Administrator begins the document entry process under paragraph (1), the Administrator shall ensure that all new regulatory guidance documents of the Office of Aviation Safety and any changes to existing documents are included in the database established under subsection (a) as such documents or changes to existing documents are issued. (c) Consultation Requirement.--In establishing the database under subsection (a), the Administrator shall consult and collaborate with appropriate stakeholders, including labor organizations (including those representing aviation workers, FAA aviation safety engineers and FAA aviation safety inspectors) and aviation industry stakeholders. (d) Regulatory Guidance Documents Defined.--In this section, the term ``regulatory guidance documents'' means all forms of written information issued by the FAA that an individual or entity may use to interpret or apply FAA regulations and requirements, including information an individual or entity may use to determine acceptable means of compliance with such regulations and requirements, such as an order, manual, circular, policy statement, legal interpretation memorandum, or rulemaking document. SEC. 224. REGULATORY CONSISTENCY COMMUNICATIONS BOARD. (a) Establishment.--Not later than 180 days after the date of enactment of this Act, the Administrator shall establish a Regulatory Consistency Communications Board (in this section referred to as the ``Board''). (b) Consultation Requirement.--In establishing the Board, the Administrator shall consult and collaborate with appropriate stakeholders, including FAA labor organizations (including labor organizations representing FAA aviation safety inspectors) and industry stakeholders. (c) Membership.--The Board shall be composed of FAA representatives, appointed by the Administrator, from-- (1) the Flight Standards Service; (2) the Aircraft Certification Service; and (3) the Office of the Chief Counsel. (d) Functions.--The Board shall carry out the following functions: (1) Establish, at a minimum, processes by which-- (A) FAA personnel and persons regulated by the FAA may submit anonymous regulatory interpretation questions without fear of retaliation; (B) FAA personnel may submit written questions, and receive written responses, as to whether a previous approval or regulatory interpretation issued by FAA personnel in another office or region is correct or incorrect; and (C) any other person may submit written anonymous regulatory interpretation questions. (2) Meet on a regular basis to discuss and resolve questions submitted pursuant to paragraph (1) and the appropriate application of regulations and policy with respect to each question. (3) Provide to a person that submitted a question pursuant to subparagraph (A) or (B) of paragraph (1) a timely written response to the question. (4) Establish a process to make resolutions of common regulatory interpretation questions publicly available to FAA personnel, persons regulated by the FAA, and the public without revealing any identifying data of the person that submitted the question and in a manner that protects any proprietary information. (5) Ensure the incorporation of resolutions of questions submitted pursuant to paragraph (1) into regulatory guidance documents, as such term is defined in section 223(d). (e) Performance Metrics, Timelines, and Goals.--Not later than 180 days after the date on which the Advisory Committee recommends performance objectives and performance metrics for the FAA and the regulated aviation industry under section 202, the Administrator, in collaboration with the Advisory Committee, shall-- (1) establish performance metrics, timelines, and goals to measure the progress of the Board in resolving regulatory interpretation questions submitted pursuant to subsection (d)(1); and (2) implement a process for tracking the progress of the Board in meeting the performance metrics, timelines, and goals established under paragraph (1). Subtitle D--Safety Workforce SEC. 231. SAFETY WORKFORCE TRAINING STRATEGY. (a) Safety Workforce Training Strategy.--Not later than 60 days after the date of enactment of this Act, the Administrator shall review and revise its safety workforce training strategy to ensure that such strategy-- (1) aligns with an effective risk-based approach to safety oversight; (2) best uses available resources; (3) allows FAA employees participating in organization management teams or conducting ODA ***program*** audits to complete, in [[Page H8926]] a timely fashion, appropriate training, including recurrent training, in auditing and a systems safety approach to oversight; (4) seeks knowledge-sharing opportunities between the FAA and the aviation industry in new technologies, equipment and systems, best practices, and other areas of interest related to safety oversight; (5) functions within the current and anticipated budgetary environments; (6) fosters an inspector and engineer workforce that has the skills and training necessary to improve risk-based approaches that focus on requirements management and auditing skills; and (7) includes, as appropriate, milestones and metrics for meeting the requirements of paragraphs (1) through (5). (b) Report.--Not later than 270 days after the date of the revision of the strategy required under subsection (a), the Administrator shall submit to the appropriate committees of Congress a report on the implementation of the strategy and progress in meeting any milestones and metrics included in the strategy. (c) Definitions.--In this section, the following definitions apply: (1) ODA; oda holder.--The terms ``ODA'' and ``ODA holder'' have the meanings given those terms in section 44736 of title 49, United States Code, as added by this Act. (2) ODA ***program***.--The term ``ODA ***program***'' means the ***program*** to standardize FAA management and oversight of the organizations that are approved to perform certain functions on behalf of the Administration under section 44702(d) of title 49, United States Code. (3) Organization management team.--The term ``organization management team'' means a team consisting of FAA aviation safety engineers, flight test pilots, and aviation safety inspectors overseeing an ODA holder and its certification activity. SEC. 232. WORKFORCE REVIEW. (a) Workforce Review.--Not later than 90 days after the date of enactment of this Act, the Comptroller General of the United States shall conduct a review to assess the workforce and training needs of the FAA Office of Aviation Safety in the anticipated budgetary environment. (b) Contents.--The review required under subsection (a) shall include-- (1) a review of current aviation safety inspector and aviation safety engineer hiring, training, and recurrent training requirements; (2) an analysis of the skills and qualifications required of aviation safety inspectors and aviation safety engineers for successful performance in the current and future projected aviation safety regulatory environment, including the need for a systems engineering discipline within the FAA to guide the engineering of complex systems, with an emphasis on auditing designated authorities; (3) a review of current performance incentive policies of the FAA, as applied to the Office of Aviation Safety, including awards for performance; (4) an analysis of ways the FAA can work with industry and labor, including labor groups representing FAA aviation safety inspectors and aviation safety engineers, to establish knowledge-sharing opportunities between the FAA and the aviation industry regarding new equipment and systems, best practices, and other areas of interest; and (5) recommendations on the most effective qualifications, training ***programs*** (including e-learning training), and performance incentive approaches to address the needs of the future projected aviation safety regulatory system in the anticipated budgetary environment. (c) Report.--Not later than 270 days after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the results of the review required under subsection (a). Subtitle E--International Aviation SEC. 241. PROMOTION OF UNITED STATES AEROSPACE STANDARDS, PRODUCTS, AND SERVICES ABROAD. Section 40104 of title 49, United States Code, is amended by adding at the end the following: ``(d) Promotion of United States Aerospace Standards, Products, and Services Abroad.--The Secretary shall take appropriate actions to-- ``(1) promote United States aerospace-related safety standards abroad; ``(2) facilitate and vigorously defend approvals of United States aerospace products and services abroad; ``(3) with respect to bilateral partners, utilize bilateral safety agreements and other mechanisms to improve validation of United States certificated aeronautical products, services, and appliances and enhance mutual acceptance in order to eliminate redundancies and unnecessary costs; and ``(4) with respect to the aeronautical safety authorities of a foreign country, streamline validation and coordination processes.''. SEC. 242. BILATERAL EXCHANGES OF SAFETY OVERSIGHT RESPONSIBILITIES. Section 44701(e) of title 49, United States Code, is amended by adding at the end the following: ``(5) Foreign airworthiness directives.-- ``(A) Acceptance.--Subject to subparagraph (D), the Administrator may accept an airworthiness directive, as defined in section 39.3 of title 14, Code of Federal Regulations, issued by an aeronautical safety authority of a foreign country, and leverage that authority's regulatory process, if-- ``(i) the country is the state of design for the product that is the subject of the airworthiness directive; ``(ii) the United States has a bilateral safety agreement relating to aircraft certification with the country; ``(iii) as part of the bilateral safety agreement with the country, the Administrator has determined that such aeronautical safety authority has an aircraft certification system relating to safety that produces a level of safety equivalent to the level produced by the system of the Federal Aviation Administration; ``(iv) the aeronautical safety authority of the country utilizes an open and transparent notice and comment process in the issuance of airworthiness directives; and ``(v) the airworthiness directive is necessary to provide for the safe operation of the aircraft subject to the directive. ``(B) Alternative approval process.--Notwithstanding subparagraph (A), the Administrator may issue a Federal Aviation Administration airworthiness directive instead of accepting an airworthiness directive otherwise eligible for acceptance under such subparagraph, if the Administrator determines that such issuance is necessary for safety or operational reasons due to the complexity or unique features of the Federal Aviation Administration airworthiness directive or the United States aviation system. ``(C) Alternative means of compliance.--The Administrator may-- ``(i) accept an alternative means of compliance, with respect to an airworthiness directive accepted under subparagraph (A), that was approved by the aeronautical safety authority of the foreign country that issued the airworthiness directive; or ``(ii) notwithstanding subparagraph (A), and at the request of any person affected by an airworthiness directive accepted under such subparagraph, approve an alternative means of compliance with respect to the airworthiness directive. ``(D) Limitation.--The Administrator may not accept an airworthiness directive issued by an aeronautical safety authority of a foreign country if the airworthiness directive addresses matters other than those involving the safe operation of an aircraft.''. SEC. 243. FAA LEADERSHIP ABROAD. (a) In General.--To promote United States aerospace safety standards, reduce redundant regulatory activity, and facilitate acceptance of FAA design and production approvals abroad, the Administrator shall-- (1) attain greater expertise in issues related to dispute resolution, intellectual property, and export control laws to better support FAA certification and other aerospace regulatory activities abroad; (2) work with United States companies to more accurately track the amount of time it takes foreign authorities, including bilateral partners, to validate United States certificated aeronautical products; (3) provide assistance to United States companies that have experienced significantly long foreign validation wait times; (4) work with foreign authorities, including bilateral partners, to collect and analyze data to determine the timeliness of the acceptance and validation of FAA design and production approvals by foreign authorities and the acceptance and validation of foreign-certified products by the FAA; (5) establish appropriate benchmarks and metrics to measure the success of bilateral aviation safety agreements and to reduce the validation time for United States certificated aeronautical products abroad; and (6) work with foreign authorities, including bilateral partners, to improve the timeliness of the acceptance and validation of FAA design and production approvals by foreign authorities and the acceptance and validation of foreign- certified products by the FAA. (b) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report that-- (1) describes the FAA's strategic plan for international engagement; (2) describes the structure and responsibilities of all FAA offices that have international responsibilities, including the Aircraft Certification Office, and all the activities conducted by those offices related to certification and production; (3) describes current and forecasted staffing and travel needs for the FAA's international engagement activities, including the needs of the Aircraft Certification Office in the current and forecasted budgetary environment; (4) provides recommendations, if appropriate, to improve the existing structure and personnel and travel policies supporting the FAA's international engagement activities, including the activities of the Aviation Certification Office, to better support the growth of United States aerospace exports; and (5) identifies cost-effective policy initiatives, regulatory initiatives, or legislative initiatives needed to improve and enhance the timely acceptance of United States aerospace products abroad. (c) International Travel.--The Administrator, or the Administrator's designee, may authorize international travel for any FAA employee, without the approval of any other person or entity, if the Administrator determines that the travel is necessary-- (1) to promote United States aerospace safety standards; or (2) to support expedited acceptance of FAA design and production approvals. [[Page H8927]] SEC. 244. REGISTRATION, CERTIFICATION, AND RELATED FEES. Section 45305 of title 49, United States Code, is amended-- (1) in subsection (a) by striking ``Subject to subsection (b)'' and inserting ``Subject to subsection (c)''; (2) by redesignating subsections (b) and (c) as subsections (c) and (d), respectively; and (3) by inserting after subsection (a) the following: ``(b) Certification Services.--Subject to subsection (c), and notwithstanding section 45301(a), the Administrator may establish and collect a fee from a foreign government or entity for services related to certification, regardless of where the services are provided, if the fee-- ``(1) is established and collected in a manner consistent with aviation safety agreements; and ``(2) does not exceed the estimated costs of the services.''. TITLE III--SAFETY Subtitle A--General Provisions SEC. 301. DEFINITIONS. In this title, the following definitions apply: (1) Administrator.--The term ``Administrator'' means the Administrator of the FAA. (2) FAA.--The term ``FAA'' means the Federal Aviation Administration. SEC. 302. FAA TECHNICAL TRAINING. (a) E-learning Training Pilot ***Program***.--Not later than 90 days after the date of enactment of this Act, the Administrator, in collaboration with the exclusive bargaining representatives of covered FAA personnel, shall establish an e-learning training pilot ***program*** in accordance with the requirements of this section. (b) Curriculum.--The pilot ***program*** shall-- (1) include a recurrent training curriculum for covered FAA personnel to ensure that the covered FAA personnel receive instruction on the latest aviation technologies, processes, and procedures; (2) focus on providing specialized technical training for covered FAA personnel, as determined necessary by the Administrator; (3) include training courses on applicable regulations of the Federal Aviation Administration; and (4) consider the efficacy of instructor-led online training. (c) Pilot ***Program*** Termination.--The pilot ***program*** shall terminate 1 ***year*** after the date of establishment of the pilot ***program***. (d) E-learning Training ***Program***.--Upon termination of the pilot ***program***, the Administrator shall assess and establish or update an e-learning training ***program*** that incorporates lessons learned for covered FAA personnel as a result of the pilot ***program***. (e) Definitions.--In this section, the following definitions apply: (1) Covered faa personnel.--The term ``covered FAA personnel'' means airway transportation systems specialists and aviation safety inspectors of the Federal Aviation Administration. (2) E-learning training.--The term ``e-learning training'' means learning utilizing electronic technologies to access educational curriculum outside of a traditional classroom. SEC. 303. SAFETY CRITICAL STAFFING. (a) Update of FAA's Safety Critical Staffing Model.--Not later than 270 days after the date of enactment of this Act, the Administrator shall update the safety critical staffing model of the Administration to determine the number of aviation safety inspectors that will be needed to fulfill the safety oversight mission of the Administration. (b) Audit by DOT Inspector General.-- (1) In general.--Not later than 90 days after the date on which the Administrator has updated the safety critical staffing model under subsection (a), the Inspector General of the Department of Transportation shall conduct an audit of the staffing model. (2) Contents.--The audit shall include, at a minimum-- (A) a review of the assumptions and methodologies used in devising and implementing the staffing model to assess the adequacy of the staffing model in predicting the number of aviation safety inspectors needed-- (i) to properly fulfill the mission of the Administration; and (ii) to meet the future growth of the aviation industry; and (B) a determination on whether the staffing model takes into account the Administration's authority to fully utilize designees. (3) Report on audit.-- (A) Report to secretary.--Not later than 30 days after the date of completion of the audit, the Inspector General shall submit to the Secretary a report on the results of the audit. (B) Report to congress.--Not later than 60 days after the date of receipt of the report, the Secretary shall submit to the appropriate committees of Congress a copy of the report, together with, if appropriate, a description of any actions taken or to be taken to address the results of the audit. SEC. 304. INTERNATIONAL EFFORTS REGARDING TRACKING OF CIVIL AIRCRAFT. The Administrator shall exercise leadership on creating a global approach to improving aircraft tracking by working with-- (1) foreign counterparts of the Administrator in the International Civil Aviation Organization and its subsidiary organizations; (2) other international organizations and fora; and (3) the private sector. SEC. 305. AIRCRAFT DATA ACCESS AND RETRIEVAL SYSTEMS. (a) Assessment.--Not later than 90 days after the date of enactment of this Act, the Administrator shall initiate an assessment of aircraft data access and retrieval systems for part 121 air carrier aircraft that are used in extended overwater operations to-- (1) determine if the systems provide improved access and retrieval of aircraft data and cockpit voice recordings in the event of an aircraft accident; and (2) assess the cost effectiveness of each system assessed. (b) Systems To Be Examined.--The systems to be examined under this section shall include, at a minimum-- (1) various methods for improving detection and retrieval of flight data, including-- (A) low-frequency underwater locating devices; and (B) extended battery life for underwater locating devices; (2) automatic deployable flight recorders; (3) emergency locator transmitters; (4) triggered transmission of flight data and other satellite-based solutions; (5) distress-mode tracking; and (6) protections against disabling flight recorder systems. (c) Report.--Not later than 1 ***year*** after the date of initiation of the assessment, the Administrator shall submit to the appropriate committees of Congress a report on the results of the assessment. (d) Part 121 Air Carrier Defined.--In this section, the term ``part 121 air carrier'' means an air carrier with authority to conduct operations under part 121 of title 14, Code of Federal Regulations. SEC. 306. ADVANCED COCKPIT DISPLAYS. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Administrator shall initiate a review of heads-up display systems, heads-down display systems employing synthetic vision systems, and enhanced vision systems (in this section referred to as ``HUD systems'', ``SVS'', and ``EVS'', respectively). (b) Contents.--The review shall-- (1) evaluate the impacts of single- and dual-installed HUD systems, SVS, and EVS on the safety and efficiency of aircraft operations within the national airspace system; and (2) review a sufficient quantity of commercial aviation accidents or incidents in order to evaluate if HUD systems, SVS, or EVS would have produced a better outcome in each accident or incident. (c) Consultation.--In conducting the review, the Administrator shall consult with aviation manufacturers, representatives of pilot groups, aviation safety organizations, and any government agencies the Administrator considers appropriate. (d) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report containing the results of the review, the actions the Administrator plans to take with respect to the systems reviewed, and the associated timeline for such actions. SEC. 307. EMERGENCY MEDICAL EQUIPMENT ON PASSENGER AIRCRAFT. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall evaluate and revise, as appropriate, regulations in part 121 of title 14, Code of Federal Regulations, regarding emergency medical equipment, including the contents of first-aid kits, applicable to all certificate holders operating passenger aircraft under that part. (b) Consideration.--In carrying out subsection (a), the Administrator shall consider whether the minimum contents of approved emergency medical kits, including approved first-aid kits, include appropriate medications and equipment to meet the emergency medical needs of children and pregnant women. SEC. 308. FAA AND NTSB REVIEW OF GENERAL AVIATION SAFETY. (a) Study Required.--Not later than 30 days after the date of enactment of this Act, the Administrator, in coordination with the Chairman of the National Transportation Safety Board, shall initiate a study of general aviation safety. (b) Study Contents.--The study required under subsection (a) shall include-- (1) a review of all general aviation accidents since 2000, including a review of-- (A) the number of such accidents; (B) the number of injuries and fatalities, including with respect to both occupants of aircraft and individuals on the ground, as a result of such accidents; (C) the number of such accidents investigated by the National Transportation Safety Board; (D) the number of such accidents investigated by the FAA; and (E) a summary of the factual findings and probable cause determinations with respect to such accidents; (2) an assessment of the most common probable cause determinations issued for general aviation accidents since 2000; (3) an assessment of the most common facts analyzed by the FAA and the National Transportation Safety Board in the course of investigations of general aviation accidents since 2000, including operational details; (4) a review of the safety recommendations of the National Transportation Safety Board [[Page H8928]] related to general aviation accidents since 2000; (5) an assessment of the responses of the FAA and the general aviation community to the safety recommendations of the National Transportation Safety Board related to general aviation accidents since 2000; (6) an assessment of the most common general aviation safety issues; (7) a review of the total costs to the Federal Government to conduct investigations of general aviation accidents over the last 10 ***years***; and (8) other matters the Administrator or the Chairman considers appropriate. (c) Recommendations and Actions To Address General Aviation Safety.--Based on the results of the study required under subsection (a), the Administrator, in consultation with the Chairman, shall make such recommendations, including with respect to regulations and enforcement activities, as the Administrator considers necessary to-- (1) address general aviation safety issues identified under the study; (2) protect persons and property on the ground; and (3) improve the safety of general aviation operators in the United States. (d) Authority.--Notwithstanding any other provision of law, the Administrator shall have the authority to undertake actions to address the recommendations made under subsection (c). (e) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the results of the study required under subsection (a), including the recommendations described in subsection (c). (f) General Aviation Defined.--In this section, the term ``general aviation'' means aircraft operation for personal, recreational, or other noncommercial purposes. SEC. 309. CALL TO ACTION AIRLINE ENGINE SAFETY REVIEW. (a) Call to Action Airline Engine Safety Review.--Not later than 90 days after the date of enactment of this Act, the Administrator shall initiate a Call to Action safety review on airline engine safety in order to bring stakeholders together to share best practices and implement actions to address airline engine safety. (b) Contents.--The Call to Action safety review required pursuant to subsection (a) shall include-- (1) a review of Administration regulations, guidance, and directives related to airline engines during design and production, including the oversight of those processes; (2) a review of Administration regulations, guidance, and directives related to airline engine operation and maintenance and the oversight of those processes; (3) a review of reportable accidents and incidents involving airline engines during ***calendar*** ***years*** 2014 through 2018, including any identified contributing factors to the reportable accident or incident; and (4) a process for stakeholders, including inspectors, manufacturers, maintenance providers, airlines, labor, and aviation safety experts, to provide feedback and share best practices. (c) Report and Recommendations.--Not later than 90 days after the conclusion of the Call to Action safety review pursuant to subsection (a), the Administrator shall submit to the appropriate committees of Congress a report on the results of the review and any recommendations for actions or best practices to improve airline engine safety. SEC. 310. SENSE OF CONGRESS ON ACCESS TO AIR CARRIER FLIGHT DECKS. It is the sense of Congress that the Administrator should collaborate with other aviation authorities to advance a global standard for access to air carrier flight decks and redundancy requirements consistent with the flight deck access and redundancy requirements in the United States. SEC. 311. PART 135 ACCIDENT AND INCIDENT DATA. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall-- (1) determine, in collaboration with the National Transportation Safety Board and part 135 industry stakeholders, what, if any, additional data should be reported as part of an accident or incident notice-- (A) to more accurately measure the safety of on-demand part 135 aircraft activity; (B) to pinpoint safety problems; and (C) to form the basis for critical research and analysis of general aviation issues; and (2) provide a briefing to the appropriate committees of Congress on the findings under paragraph (1), including a description of any additional data to be collected, a timeframe for implementing the additional data collection, and any potential obstacles to implementation. (b) Definition of Part 135.--In this section, the term ``part 135'' means part 135 of title 14, Code of Federal Regulations. SEC. 312. SENSE OF CONGRESS; PILOT IN COMMAND AUTHORITY. It is the sense of Congress that the pilot in command of an aircraft is directly responsible for, and is the final authority as to, the operation of that aircraft, as set forth in section 91.3(a) of title 14, Code of Federal Regulations (or any successor regulation thereto). SEC. 313. REPORT ON CONSPICUITY NEEDS FOR SURFACE VEHICLES OPERATING ON THE AIRSIDE OF AIR CARRIER SERVED AIRPORTS. (a) Study Required.--The Administrator shall carry out a study on the need for the FAA to prescribe conspicuity standards for surface vehicles operating on the airside of the categories of airports that air carriers serve as specified in subsection (b). (b) Covered Airports.--The study required by subsection (a) shall cover, at a minimum, 1 large hub airport, 1 medium hub airport, and 1 small hub airport, as those terms are defined in section 40102 of title 49, United States Code. (c) Report to Congress.--Not later than July 1, 2019, the Administrator shall submit to the appropriate committees of Congress a report setting forth the results of the study required by subsection (a), including such recommendations as the Administrator considers appropriate regarding the need for the Administration to prescribe conspicuity standards as described in subsection (a). SEC. 314. HELICOPTER AIR AMBULANCE OPERATIONS DATA AND REPORTS. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator, in collaboration with helicopter air ambulance industry stakeholders, shall assess the availability of information to the general public related to the location of heliports and helipads used by helicopters providing air ambulance services, including helipads and helipads outside of those listed as part of any existing databases of Airport Master Record (5010) forms. (b) Requirements.--Based on the assessment under subsection (a), the Administrator shall-- (1) update, as necessary, any existing guidance on what information is included in the current databases of Airport Master Record (5010) forms to include information related to heliports and helipads used by helicopters providing air ambulance services; or (2) develop, as appropriate and in collaboration with helicopter air ambulance industry stakeholders, a new database of heliports and helipads used by helicopters providing air ambulance services. (c) Reports.-- (1) Assessment report.--Not later than 30 days after the date the assessment under subsection (a) is complete, the Administrator shall submit to the appropriate committees of Congress a report on the assessment, including any recommendations on how to make information related to the location of heliports and helipads used by helicopters providing air ambulance services available to the general public. (2) Implementation report.--Not later than 30 days after completing action under paragraph (1) or paragraph (2) of subsection (b), the Administrator shall submit to the appropriate committees of Congress a report on such action. (d) Incident and Accident Data.--Section 44731 of title 49, United States Code, is amended-- (1) in subsection (a)-- (A) in the matter preceding paragraph (1), by striking ``not later than 1 ***year*** after the date of enactment of this section, and annually thereafter'' and inserting ``annually''; (B) in paragraph (2), by striking ``flights and hours flown, by registration number, during which helicopters operated by the certificate holder were providing helicopter air ambulance services'' and inserting ``hours flown by the helicopters operated by the certificate holder''; (C) in paragraph (3)-- (i) by striking ``of flight'' and inserting ``of patients transported and the number of patient transport''; (ii) by inserting ``or'' after ``interfacility transport,''; and (iii) by striking ``, or ferry or repositioning flight''; (D) in paragraph (5)-- (i) by striking ``flights and''; and (ii) by striking ``while providing air ambulance services''; and (E) by amending paragraph (6) to read as follows: ``(6) The number of hours flown at night by helicopters operated by the certificate holder.''; (2) in subsection (d)-- (A) by striking ``Not later than 2 ***years*** after the date of enactment of this section, and annually thereafter, the Administrator shall submit'' and inserting ``The Administrator shall submit annually''; and (B) by adding at the end the following: ``The report shall include the number of accidents experienced by helicopter air ambulance operations, the number of fatal accidents experienced by helicopter air ambulance operations, and the rate, per 100,000 flight hours, of accidents and fatal accidents experienced by operators providing helicopter air ambulance services.''; (3) by redesignating subsection (e) as subsection (f); and (4) by inserting after subsection (d) the following: ``(e) Implementation.--In carrying out this section, the Administrator, in collaboration with part 135 certificate holders providing helicopter air ambulance services, shall-- ``(1) propose and develop a method to collect and store the data submitted under subsection (a), including a method to protect the confidentiality of any trade secret or proprietary information submitted; and ``(2) ensure that the database under subsection (c) and the report under subsection (d) include data and analysis that will best inform efforts to improve the safety of helicopter air ambulance operations.''. [[Page H8929]] SEC. 315. AVIATION RULEMAKING COMMITTEE FOR PART 135 PILOT REST AND DUTY RULES. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Administrator shall convene an aviation rulemaking committee to review, and develop findings and recommendations regarding, pilot rest and duty rules under part 135 of title 14, Code of Federal Regulations. (b) Duties.--The Administrator shall-- (1) not later than 2 ***years*** after the date of enactment of this Act, submit to the appropriate committees of Congress a report based on the findings of the aviation rulemaking committee; and (2) not later than 1 ***year*** after the date of submission of the report under paragraph (1), issue a notice of proposed rulemaking based on any consensus recommendations reached by the aviation rulemaking committee. (c) Composition.--The aviation rulemaking committee shall consist of members appointed by the Administrator, including-- (1) representatives of industry; (2) representatives of aviation labor organizations, including collective bargaining units representing pilots who are covered by part 135 of title 14, Code of Federal Regulations, and subpart K of part 91 of such title; and (3) aviation safety experts with specific knowledge of flight crewmember education and training requirements under part 135 of such title. (d) Considerations.--The Administrator shall direct the aviation rulemaking committee to consider-- (1) recommendations of prior part 135 rulemaking committees; (2) accommodations necessary for small businesses; (3) scientific data derived from aviation-related fatigue and sleep research; (4) data gathered from aviation safety reporting ***programs***; (5) the need to accommodate the diversity of operations conducted under part 135, including the unique duty and rest time requirements of air ambulance pilots; and (6) other items, as appropriate. SEC. 316. REPORT ON OBSOLETE TEST EQUIPMENT. (a) Report.--Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the National Test Equipment ***Program*** of the FAA (in this section referred to as the ``***Program***''). (b) Contents.--The report shall include-- (1) a list of all known outstanding requests for test equipment, cataloged by type and location, under the ***Program***; (2) a description of the current method under the ***Program*** of ensuring calibrated equipment is in place for utilization; (3) a plan by the Administrator for appropriate inventory of such equipment; (4) the Administrator's recommendations for increasing multifunctionality in future test equipment and all known and foreseeable manufacturer technological advances; and (5) a plan to replace, as appropriate, obsolete test equipment throughout the service areas. SEC. 317. HELICOPTER FUEL SYSTEM SAFETY. (a) In General.--Chapter 447 of title 49, United States Code, is further amended by adding at the end the following: ``Sec. 44737. Helicopter fuel system safety ``(a) Prohibition.-- ``(1) In general.--A person may not operate a covered rotorcraft in United States airspace unless the design of the rotorcraft is certified by the Administrator of the Federal Aviation Administration to-- ``(A) comply with the requirements applicable to the category of the rotorcraft under paragraphs (1), (2), (3), (5), and (6) of section 27.952(a), section 27.952(c), section 27.952(f), section 27.952(g), section 27.963(g) (but allowing for a minimum puncture force of 250 pounds if successfully drop tested in-structure), and section 27.975(b) or paragraphs (1), (2), (3), (5), and (6) of section 29.952(a), section 29.952(c), section 29.952(f), section 29.952(g), section 29.963(b) (but allowing for a minimum puncture force of 250 pounds if successfully drop tested in-structure), and 29.975(a)(7) of title 14, Code of Federal Regulations, as in effect on the date of enactment of this section; or ``(B) employ other means acceptable to the Administrator to provide an equivalent level of fuel system crash resistance. ``(2) Covered rotorcraft defined.--In this subsection, the term `covered rotorcraft' means a rotorcraft not otherwise required to comply with section 27.952, section 27.963, and section 27.975, or section 29.952, section 29.963, and section 29.975 of title 14, Code of Federal Regulations as in effect on the date of enactment of this section for which manufacture was completed, as determined by the Administrator, on or after the date that is 18 months after the date of enactment of this section. ``(b) Administrative Provisions.--The Administrator shall-- ``(1) expedite the certification and validation of United States and foreign type designs and retrofit kits that improve fuel system crashworthiness; and ``(2) not later than 180 days after the date of enactment of this section, and periodically thereafter, issue a bulletin to-- ``(A) inform rotorcraft owners and operators of available modifications to improve fuel system crashworthiness; and ``(B) urge that such modifications be installed as soon as practicable. ``(c) Rule of Construction.--Nothing in this section may be construed to affect the operation of a rotorcraft by the Department of Defense.''. (b) Clerical Amendment.--The analysis for chapter 447 of title 49, United States Code, is amended by adding at the end the following: ``44737. Helicopter fuel system safety.''. SEC. 318. APPLICABILITY OF MEDICAL CERTIFICATION STANDARDS TO OPERATORS OF AIR BALLOONS. (a) Short Title.--This section may be cited as the ``Commercial Balloon Pilot Safety Act of 2018''. (b) In General.--Not later than 180 days after the date of enactment of this Act, the Administrator shall revise section 61.3(c) of title 14, Code of Federal Regulations (relating to second-class medical certificates), to apply to an operator of an air balloon to the same extent such regulations apply to a pilot flight crewmember of other aircraft. (c) Air Balloon Defined.--In this section, the term ``air balloon'' has the meaning given the term ``balloon'' in section 1.1 of title 14, Code of Federal Regulations (or any corresponding similar regulation or ruling). SEC. 319. DESIGNATED PILOT EXAMINER REFORMS. (a) In General.--The Administrator shall assign to the Aviation Rulemaking Advisory Committee (in this section referred to as the ``Committee'') the task of reviewing all regulations and policies related to designated pilot examiners appointed under section 183.23 of title 14, Code of Federal Regulations. The Committee shall focus on the processes and requirements by which the FAA selects, trains, and deploys individuals as designated pilot examiners, and provide recommendations with respect to the regulatory and policy changes necessary to ensure an adequate number of designated pilot examiners are deployed and available to perform their duties. The Committee also shall make recommendations with respect to the regulatory and policy changes if necessary to allow a designated pilot examiner perform a daily limit of 3 new check rides with no limit for partial check rides and to serve as a designed pilot examiner without regard to any individual managing office. (b) Action Based on Recommendations.--Not later than 1 ***year*** after receiving recommendations under subsection (a), the Administrator shall take such action as the Administrator considers appropriate with respect to those recommendations. SEC. 320. VOLUNTARY REPORTS OF OPERATIONAL OR MAINTENANCE ISSUES RELATED TO AVIATION SAFETY. (a) In General.--There shall be a presumption that an individual's voluntary report of an operational or maintenance issue related to aviation safety under an aviation safety action ***program*** meets the criteria for acceptance as a valid report under such ***program***. (b) Disclaimer Required.--Any dissemination, within the participating organization, of a report that was submitted and accepted under an aviation safety action ***program*** pursuant to the presumption under subsection (a), but that has not undergone review by an event review committee, shall be accompanied by a disclaimer stating that the report-- (1) has not been reviewed by an event review committee tasked with reviewing such reports; and (2) may subsequently be determined to be ineligible for inclusion in the aviation safety action ***program***. (c) Rejection of Report.-- (1) In general.--A report described under subsection (a) shall be rejected from an aviation safety action ***program*** if, after a review of the report, an event review committee tasked with reviewing such report, or the Federal Aviation Administration member of the event review committee in the case that the review committee does not reach consensus, determines that the report fails to meet the criteria for acceptance under such ***program***. (2) Protections.--In any case in which a report of an individual described under subsection (a) is rejected under paragraph (1)-- (A) the enforcement-related incentive offered to the individual for making such a report shall not apply; and (B) the protection from disclosure of the report itself under section 40123 of title 49, United States Code, shall not apply. (3) Aviation safety action ***program*** defined.--In this section, the term ``aviation safety action ***program***'' means a ***program*** established in accordance with Federal Aviation Administration Advisory Circular 120-66B, issued November 15, 2002 (including any similar successor advisory circular), to allow an individual to voluntarily disclose operational or maintenance issues related to aviation safety. SEC. 321. EVALUATION REGARDING ADDITIONAL GROUND BASED TRANSMITTERS. The Administrator shall conduct an evaluation of providing additional ground based transmitters for Automatic Dependent Surveillance-Broadcasts (ADS-B) to provide a minimum operational network in Alaska along major flight routes. SEC. 322. IMPROVED SAFETY IN RURAL AREAS. The Administrator shall permit an air carrier operating pursuant to part 135 of title 14, Code of Federal Regulations, to operate to a destination with a published approach, in a noncontiguous State under instrument flight [[Page H8930]] rules and conduct an instrument approach without a destination Meteorological Aerodrome Report (METAR) if a current Area Forecast, supplemented by noncertified local weather observations (such as weather cameras and human observations) is available, and an alternate airport that has a weather report is specified. The operator shall have approved procedures for departure and en route weather evaluation. SEC. 323. EXIT ROWS. (a) Review.--The Administrator shall conduct a review of current safety procedures regarding unoccupied exit rows on a covered aircraft in passenger air transportation during all stages of flight. (b) Consultation.--In carrying out the review, the Administrator shall consult with air carriers, aviation manufacturers, and labor stakeholders. (c) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the results of the review. (d) Covered Aircraft Defined.--In this section, the term ``covered aircraft'' means an aircraft operating under part 121 of title 14, Code of Federal Regulations. SEC. 324. COMPTROLLER GENERAL REPORT ON FAA ENFORCEMENT POLICY. Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall complete a study, and report to the appropriate committees of Congress on the results thereof, on the effectiveness of Order 8000.373, Federal Aviation Administration Compliance Philosophy, announced on June 26, 2015. Such study shall include information about-- (1) whether reports of safety incidents increased following the order; (2) whether reduced enforcement penalties increased the overall number of safety incidents that occurred; and (3) whether FAA enforcement staff registered complaints about reduced enforcement reducing compliance with safety regulations. SEC. 325. ANNUAL SAFETY INCIDENT REPORT. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, and annually thereafter for 5 ***years***, the Administrator, shall submit to the appropriate committees of Congress a report regarding part 121 airline safety oversight. (b) Contents.--The annual report shall include-- (1) a description of the Federal Aviation Administration's safety oversight process to ensure the safety of the traveling public; (2) a description of risk-based oversight methods applied to ensure aviation safety, including to specific issues addressed in the ***year*** preceding the report that in the determination of the Administrator address safety risk; and (3) in the instance of specific reviews of air carrier performance to safety regulations, a description of cases where the timelines for recurrent reviews are advanced. SEC. 326. AIRCRAFT AIR QUALITY. (a) Educational Materials.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall, in consultation with relevant stakeholders, establish and make available on a publicly available Internet website of the Administration, educational materials for flight attendants, pilots, and aircraft maintenance technicians on how to respond to incidents on board aircraft involving smoke or fumes. (b) Reporting of Incidents of Smoke or Fumes on Board Aircraft.--Not later than 180 days after the date of enactment of this Act, the Administrator shall, in consultation with relevant stakeholders, issue guidance for flight attendants, pilots, and aircraft maintenance technicians to report incidents of smoke or fumes on board an aircraft operated by a commercial air carrier and with respect to the basis on which commercial air carriers shall report such incidents through the Service Difficulty Reporting System. (c) Research to Develop Techniques to Monitor Bleed Air Quality.--Not later than 180 days after the date of enactment of this Act, the Administrator shall commission a study by the Airliner Cabin Environment Research Center of Excellence-- (1) to identify and measure the constituents and levels of constituents resulting from bleed air in the cabins of a representative set of commercial aircraft in operation of the United States; (2) to assess the potential health effects of such constituents on passengers and cabin and flight deck crew; (3) to identify technologies suitable to provide reliable and accurate warning of bleed air contamination, including technologies to effectively monitor the aircraft air supply system when the aircraft is in flight; and (4) to identify potential techniques to prevent fume events. (d) Report Required.--Not later than 18 months after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the feasibility, efficacy, and cost-effectiveness of certification and installation of systems to evaluate bleed air quality. (e) Pilot ***Program***.--The FAA may conduct a pilot ***program*** to evaluate the effectiveness of technologies identified in subsection (c). SEC. 327. APPROACH CONTROL RADAR. The Administrator shall-- (1) identify airports that are currently served by FAA towers with nonradar approach and departure control (type 4 classification in the Federal Aviation Administration OPSNET); and (2) develop an implementation plan, which takes into account budgetary and flight volume considerations, to provide an airport identified under paragraph (1), if appropriate, with approach control radar. SEC. 328. REPORT ON AIRLINE AND PASSENGER SAFETY. (a) Report.--Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on airline and passenger safety. (b) Contents.--The report required under subsection (a) shall include-- (1) the average age of commercial aircraft owned and operated by United States air carriers; (2) the over-all use of planes, including average lifetime of commercial aircraft; (3) the number of hours aircraft are in flight over the life of the aircraft and the average number of hours on domestic and international flights, respectively; (4) the impact of metal fatigue on aircraft usage and safety; (5) a review on contractor assisted maintenance of commercial aircraft; and (6) a re-evaluation of the rules on inspection of aging airplanes. SEC. 329. PERFORMANCE-BASED STANDARDS. The Administrator shall, to the maximum extent possible and consistent with Federal law, and based on input by the public, ensure that regulations, guidance, and policies issued by the FAA on and after the date of enactment of this Act are issued in the form of performance-based standards, providing an equal or higher level of safety. SEC. 330. REPORT AND RECOMMENDATIONS ON CERTAIN AVIATION SAFETY RISKS. Not later than 1 ***year*** after the date of the enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report that-- (1) identifies safety risks associated with power outages at airports caused by weather or other factors, and recommends actions to improve resilience of aviation communication, navigation, and surveillance systems in the event of such outages; and (2) reviews alerting mechanisms, devices, and procedures for enhancing the situational awareness of pilots and air traffic controllers in the event of a failure or an irregularity of runway lights, and provides recommendations on the further implementation of such mechanisms, devices, or procedures. SEC. 331. REVIEW OF FAA'S AVIATION SAFETY INFORMATION ANALYSIS AND SHARING SYSTEM. (a) Audit by Department of Transportation Inspector General.--Not later than 90 days after the date of enactment of this Act, the inspector general of the Department of Transportation shall initiate a follow-up review of the FAA's Aviation Safety Information Analysis and Sharing (ASIAS) system to assess FAA's efforts and plans to improve the system. (b) Review.--The review shall include, at a minimum, an evaluation of FAA's efforts to improve the ASIAS system's predictive capabilities and solutions developed to more widely disseminate results of ASIAS data analyses, as well as an update on previous inspector general recommendations to improve this safety analysis and sharing system. (c) Report.--The inspector general shall submit to the appropriate committees of Congress a report on the results of the review carried out under this section and any recommendations to improve FAA's ASIAS system. SEC. 332. AIRPORT RESCUE AND FIREFIGHTING. (a) Firefighting Foam.--Not later than 3 ***years*** after the date of enactment of this Act, the Administrator, using the latest version of National Fire Protection Association 403, ``Standard for Aircraft Rescue and Fire-Fighting Services at Airports'', and in coordination with the Administrator of the Environmental Protection Agency, aircraft manufacturers and airports, shall not require the use of fluorinated chemicals to meet the performance standards referenced in chapter 6 of AC No: 150/5210-6D and acceptable under 139.319(l) of title 14, Code of Federal Regulations. (b) Training Facilities.--Not later than 90 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress-- (1) a report on the number and sufficiency of aircraft rescue and firefighting training facilities in each FAA region; and (2) a plan, if appropriate, to address any coverage gaps identified in the report. SEC. 333. SAFE AIR TRANSPORTATION OF LITHIUM CELLS AND BATTERIES. (a) Harmonization With ICAO Technical Instructions.-- (1) Adoption of icao instructions.-- (A) In general.--Pursuant to section 828 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 44701 note), not later than 90 days after the date of enactment of this Act, the Secretary of Transportation shall conform United States regulations on the air transport of lithium cells and batteries with the lithium cells and battery requirements in the 2015-2016 edition of the International Civil Aviation Organization's (referred to in this subsection as ``ICAO'') Technical Instructions (to include all addenda), including the revised standards adopted by ICAO which became effective on April 1, 2016 and any further revisions adopted by ICAO prior to the effective date of the FAA Reauthorization Act of 2018. [[Page H8931]] (B) Further proceedings.--Beginning on the date the revised regulations under subparagraph (A) are published in the Federal Register, any lithium cell and battery rulemaking action or update commenced on or after that date shall continue to comply with the requirements under section 828 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 44701 note). (2) Review of other regulations.--Pursuant to section 828 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 44701 note), the Secretary of Transportation may initiate a review of other existing regulations regarding the air transportation, including passenger-carrying and cargo aircraft, of lithium batteries and cells. (b) Medical Device Batteries.-- (1) In general.--For United States applicants, the Secretary of Transportation shall consider and either grant or deny, not later than 45 days after receipt of an application, an application submitted in compliance with part 107 of title 49, Code of Federal Regulations, for special permits or approvals for air transportation of lithium ion cells or batteries specifically used by medical devices. Not later than 30 days after the date of application, the Pipeline and Hazardous Materials Safety Administration shall provide a draft special permit to the Federal Aviation Administration based on the application. The Federal Aviation Administration shall conduct an on-site inspection for issuance of the special permit not later than 20 days after the date of receipt of the draft special permit from the Pipeline and Hazardous Materials Safety Administration. (2) Limited exceptions to restrictions on air transportation of medical device batteries.--The Secretary shall issue limited exceptions to the restrictions on transportation of lithium ion and lithium metal batteries to allow the shipment on a passenger aircraft of not more than 2 replacement batteries specifically used for a medical device if-- (A) the intended destination of the batteries is not serviced daily by cargo aircraft if a battery is required for medically necessary care; and (B) with regard to a shipper of lithium ion or lithium metal batteries for medical devices that cannot comply with a charge limitation in place at the time, each battery is-- (i) individually packed in an inner packaging that completely encloses the battery; (ii) placed in a rigid outer packaging; and (iii) protected to prevent a short circuit. (3) Medial device defined.--ln this subsection, the term ``medical device'' means an instrument, apparatus, implement, machine, contrivance, implant, or in vitro reagent, including any component, part, or accessory thereof, which is intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease, of a person. (4) Savings clause.--Nothing in this subsection shall be construed as expanding or constricting any other authority the Secretary of Transportation has under section 828 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 44701 note). (c) Lithium Battery Safety Working Group.-- (1) In general.--Not later than 90 days after the date of enactment of this Act, the Secretary of Transportation shall establish a lithium battery safety working group (referred to as the ``working group'' in this section) to promote and coordinate efforts related to the promotion of the safe manufacture, use, and transportation of lithium batteries and cells. (2) Duties.--The working group shall coordinate and facilitate the ***transfer*** of knowledge and expertise among the following Federal agencies: (A) The Department of Transportation. (B) The Consumer Product Safety Commission. (C) The National Institute on Standards and Technology. (D) The Food and Drug Administration. (3) Members.--The Secretary shall appoint not more than 8 members to the working group with expertise in the safe manufacture, use, or transportation of lithium batteries and cells. (4) Subcommittees.--The Secretary, or members of the working group, may-- (A) establish working group subcommittees to focus on specific issues related to the safe manufacture, use, or transportation of lithium batteries and cells; and (B) include in a subcommittee the participation of nonmember stakeholders with expertise in areas that the Secretary or members consider necessary. (5) Report.--Not later than 1 ***year*** after the date it is established, the working group shall-- (A) identify and assess-- (i) additional ways to decrease the risk of fires and explosions from lithium batteries and cells; (ii) additional ways to ensure uniform transportation requirements for both bulk and individual batteries; and (iii) new or existing technologies that may reduce the fire and explosion risk of lithium batteries and cells; and (B) transmit to the appropriate committees of Congress a report on the assessments conducted under subparagraph (A), including any legislative recommendations to effectuate the safety improvements described in clauses (i) through (iii) of that subparagraph. (6) Termination.--The working group, and any working group subcommittees, shall terminate 90 days after the date the report is transmitted under paragraph (5). (d) Lithium Battery Air Safety Advisory Committee.-- (1) Establishment.--Not later than 60 days after the date of enactment of this Act, the Secretary shall establish, in accordance with the requirements of the Federal Advisory Committee Act (5 U.S.C App.), a lithium ion and lithium metal battery air safety advisory committee (in this subsection referred to as the ``Committee''). (2) Duties.--The Committee shall-- (A) facilitate communication between manufacturers of lithium ion and lithium metal cells and batteries, manufacturers of products incorporating both large and small lithium ion and lithium metal batteries, air carriers, and the Federal Government regarding the safe air transportation of lithium ion and lithium metal cells and batteries and the effectiveness and economic and social impacts of the regulation of such transportation; (B) provide the Secretary, the Federal Aviation Administration, and the Pipeline and Hazardous Materials Safety Administration with timely information about new lithium ion and lithium metal battery technology and transportation safety practices and methodologies; (C) provide a forum for the Secretary to provide information on and to discuss the activities of the Department of Transportation relating to lithium ion and lithium metal battery transportation safety, the policies underlying the activities, and positions to be advocated in international forums; (D) provide a forum for the Secretary to provide information and receive advice on-- (i) activities carried out throughout the world to communicate and enforce relevant United States regulations and the ICAO Technical Instructions; and (ii) the effectiveness of the activities; (E) provide advice and recommendations to the Secretary with respect to lithium ion and lithium metal battery air transportation safety, including how best to implement activities to increase awareness of relevant requirements and their importance to travelers and shippers; and (F) review methods to decrease the risk posed by air shipment of undeclared hazardous materials and efforts to educate those who prepare and offer hazardous materials for shipment via air transport. (3) Membership.--The Committee shall be composed of the following members: (A) Individuals appointed by the Secretary to represent-- (i) large volume manufacturers of lithium ion and lithium metal cells and batteries; (ii) domestic manufacturers of lithium ion and lithium metal batteries or battery packs; (iii) manufacturers of consumer products powered by lithium ion and lithium metal batteries; (iv) manufacturers of vehicles powered by lithium ion and lithium metal batteries; (v) marketers of products powered by lithium ion and lithium metal batteries; (vi) cargo air service providers based in the United States; (vii) passenger air service providers based in the United States; (viii) pilots and employees of air service providers described in clauses (vi) and (vii); (ix) shippers of lithium ion and lithium metal batteries for air transportation; (x) manufacturers of battery-powered medical devices or batteries used in medical devices; and (xi) employees of the Department of Transportation, including employees of the Federal Aviation Administration and the Pipeline and Hazardous Materials Safety Administration. (B) Representatives of such other Government departments and agencies as the Secretary determines appropriate. (C) Any other individuals the Secretary determines are appropriate to comply with Federal law. (4) Report.-- (A) In general.--Not later than 180 days after the establishment of the Committee, the Committee shall submit to the Secretary and the appropriate committees of Congress a report that-- (i) describes and evaluates the steps being taken in the private sector and by international regulatory authorities to implement and enforce requirements relating to the safe transportation by air of bulk shipments of lithium ion cells and batteries; and (ii) identifies any areas of enforcement or regulatory requirements for which there is consensus that greater attention is needed. (B) Independent statements.--Each member of the Committee shall be provided an opportunity to submit an independent statement of views with the report submitted pursuant to subparagraph (A). (5) Meetings.-- (A) In general.--The Committee shall meet at the direction of the Secretary and at least twice a ***year***. (B) Preparation for icao meetings.--Notwithstanding subparagraph (A), the Secretary shall convene a meeting of the Committee in connection with and in advance of each meeting of the International Civil Aviation Organization, or any of its panels or working groups, addressing the safety of air transportation of lithium ion and lithium metal batteries to brief Committee members on positions to be taken by the United States at such meeting and provide Committee members a meaningful opportunity to comment. [[Page H8932]] (6) Termination.--The Committee shall terminate on the date that is 6 ***years*** after the date on which the Committee is established. (7) Termination of future of aviation advisory committee.-- The Future of Aviation Advisory Committee shall terminate on the date on which the lithium ion battery air safety advisory committee is established. (e) Cooperative Efforts to Ensure Compliance With Safety Regulations.-- (1) In general.--The Secretary of Transportation, in coordination with appropriate Federal agencies, shall carry out cooperative efforts to ensure that shippers who offer lithium ion and lithium metal batteries for air transport to or from the United States comply with U.S Hazardous Materials Regulations and ICAO Technical Instructions. (2) Cooperative efforts.--The cooperative efforts the Secretary shall carry out pursuant to paragraph (1) include the following: (A) Encouraging training ***programs*** at locations outside the United States from which substantial cargo shipments of lithium ion or lithium metal batteries originate for manufacturers, freight forwarders, and other shippers and potential shippers of lithium ion and lithium metal batteries. (B) Working with Federal, regional, and international transportation agencies to ensure enforcement of U.S Hazardous Materials Regulations and ICAO Technical Instructions with respect to shippers who offer noncompliant shipments of lithium ion and lithium metal batteries. (C) Sharing information, as appropriate, with Federal, regional, and international transportation agencies regarding noncompliant shipments. (D) Pursuing a joint effort with the international aviation community to develop a process to obtain assurances that appropriate enforcement actions are taken to reduce the likelihood of noncompliant shipments, especially with respect to jurisdictions in which enforcement activities historically have been limited. (E) Providing information in brochures and on the internet in appropriate foreign languages and dialects that describes the actions required to comply with U.S Hazardous Materials Regulations and ICAO Technical Instructions. (F) Developing joint efforts with the international aviation community to promote a better understanding of the requirements of and methods of compliance with U.S Hazardous Materials Regulations and ICAO Technical Instructions. (3) Reporting.--Not later than 120 days after the date of enactment of this Act, and annually thereafter for 2 ***years***, the Secretary shall submit to the appropriate committees of Congress a report on compliance with the policy set forth in subsection (e) and the cooperative efforts carried out, or planned to be carried out, under this subsection. (f) Packaging Improvements.--Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with interested stakeholders, shall submit to the appropriate committees of Congress an evaluation of current practices for the packaging of lithium ion batteries and cells for air transportation, including recommendations, if any, to improve the packaging of such batteries and cells for air transportation in a safe, efficient, and cost- effective manner. (g) Department of Transportation Policy on International Representation.-- (1) In general.--It shall be the policy of the Department of Transportation to support the participation of industry and labor stakeholders in all panels and working groups of the dangerous goods panel of the ICAO and any other international test or standard setting organization that considers proposals on the safety or transportation of lithium ion and lithium metal batteries in which the United States participates. (2) Participation.--The Secretary of Transportation shall request that as part of the ICAO deliberations in the dangerous goods panel on these issues, that appropriate experts on issues under consideration be allowed to participate. (h) Definitions.--In this section, the following definitions apply: (1) ICAO technical instructions.--The term ``ICAO Technical Instructions'' has the meaning given that term in section 828(c) of the FAA Modernization and Reform Act of 2012 (49 U.S.C 44701 note). (2) U.S hazardous materials regulations.--The term ``U.S Hazardous Materials Regulations'' means the regulations in parts 100 through 177 of title 49, Code of Federal Regulations (including amendments adopted after the date of enactment of this Act). SEC. 334. RUNWAY SAFETY. (a) In General.--Not later than 6 months after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on improving runway safety. (b) Contents.--In the report required under this section, the Administrator shall-- (1) review the relative benefits and risks of requiring the use of runway awareness and advisory systems in turbine- powered airplanes with a maximum takeoff weight greater than 19,000 pounds; (2) review systems capable of detecting wrong-surface alignment to determine whether the capability exists to detect imminent wrong-surface landings at each airport where such a system is in use; (3) describe information gathered from the use of the Airport Surface Surveillance Capability system at San Francisco International Airport since July 2017; (4) assess available technologies to determine whether it is feasible, cost-effective, and appropriate to install and deploy, at any airport, systems to provide a direct warning capability to flight crews or air traffic controllers, or both, of potential runway incursions; and (5) describe FAA efforts to develop metrics that would allow the FAA to determine whether runway incursions are increasing and to assess the effectiveness of implemented runway safety initiatives. (c) Consultation.--The Administrator shall consult with the National Transportation Safety Board in developing the report required under this section. SEC. 335. FLIGHT ATTENDANT DUTY PERIOD LIMITATIONS AND REST REQUIREMENTS. (a) Modification of Final Rule.-- (1) In general.--Not later than 30 days after the date of enactment of this Act, the Secretary of Transportation shall modify the final rule of the Federal Aviation Administration published in the Federal Register on August 19, 1994 (59 Fed. Reg. 42974; relating to flight attendant duty period limitations and rest requirements) in accordance with the requirements of this subsection. (2) Contents.--The final rule, as modified under paragraph (1), shall ensure that-- (A) a flight attendant scheduled to a duty period of 14 hours or less is given a scheduled rest period of at least 10 consecutive hours; and (B) the rest period is not reduced under any circumstances. (b) Fatigue Risk Management Plan.-- (1) Submission of plan by part 121 air carriers.--Not later than 90 days after the date of enactment of this Act, each air carrier operating under part 121 of title 14, Code of Federal Regulations (in this section referred to as a ``part 121 air carrier''), shall submit to the Administrator of the Federal Aviation Administration for review and acceptance a fatigue risk management plan for the carrier's flight attendants. (2) Contents of plan.--A fatigue risk management plan submitted by a part 121 air carrier under paragraph (1) shall include the following: (A) Current flight time and duty period limitations. (B) A rest scheme consistent with such limitations that enables the management of flight attendant fatigue, including annual training to increase awareness of-- (i) fatigue; (ii) the effects of fatigue on flight attendants; and (iii) fatigue countermeasures. (C) Development and use of a methodology that continually assesses the effectiveness of implementation of the plan, including the ability of the plan-- (i) to improve alertness; and (ii) to mitigate performance errors. (3) Review.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall review and accept or reject each fatigue risk management plan submitted under this subsection. If the Administrator rejects a plan, the Administrator shall provide suggested modifications for resubmission of the plan. (4) Plan updates.-- (A) In general.--A part 121 air carrier shall update its fatigue risk management plan under paragraph (1) every 2 ***years*** and submit the update to the Administrator for review and acceptance. (B) Review.--Not later than 1 ***year*** after the date of submission of a plan update under subparagraph (A), the Administrator shall review and accept or reject the update. If the Administrator rejects an update, the Administrator shall provide suggested modifications for resubmission of the update. (5) Compliance.--A part 121 air carrier shall comply with the fatigue risk management plan of the air carrier that is accepted by the Administrator under this subsection. (6) Civil penalties.--A violation of this subsection by a part 121 air carrier shall be treated as a violation of chapter 447 of title 49, United States Code, for purposes of the application of civil penalties under chapter 463 of that title. SEC. 336. SECONDARY COCKPIT BARRIERS. (a) Short Title.--This section may be cited as the ``Saracini Aviation Safety Act of 2018''. (b) Requirement.--Not later than 1 ***year*** after the date of the enactment of this Act, the Administrator of the Federal Aviation Administration shall issue an order requiring installation of a secondary cockpit barrier on each new aircraft that is manufactured for delivery to a passenger air carrier in the United States operating under the provisions of part 121 of title 14, Code of Federal Regulations. SEC. 337. AIRCRAFT CABIN EVACUATION PROCEDURES. (a) Review.--The Administrator of the Federal Aviation Administration shall review-- (1) evacuation certification of transport-category aircraft used in air transportation, with regard to-- (A) emergency conditions, including impacts into water; (B) crew procedures used for evacuations under actual emergency conditions; (C) any relevant changes to passenger demographics and legal requirements, including the Americans with Disabilities Act of 1990 (42 U.S.C 12101 et seq.), that affect emergency evacuations; and [[Page H8933]] (D) any relevant changes to passenger seating configurations, including changes to seat width, padding, reclining, size, pitch, leg room, and aisle width; and (2) recent accidents and incidents in which passengers evacuated such aircraft. (b) Consultation; Review of Data.--In conducting the review under subsection (a), the Administrator shall-- (1) consult with the National Transportation Safety Board, transport-category aircraft manufacturers, air carriers, and other relevant experts and Federal agencies, including groups representing passengers, airline crew members, maintenance employees, and emergency responders; and (2) review relevant data with respect to evacuation certification of transport-category aircraft. (c) Report to Congress.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the results of the review under subsection (a) and related recommendations, if any, including recommendations for revisions to the assumptions and methods used for assessing evacuation certification of transport-category aircraft. SEC. 338. SENSE OF CONGRESS. It is the sense of Congress that-- (1) each air carrier should have in place policies and procedures to address sexual misconduct, including policies and procedures to-- (B) facilitate the reporting of sexual misconduct to appropriate law enforcement agencies; (C) communicate to personnel and passengers of the air carrier the rights of such individuals with respect to sexual misconduct; (D) train personnel of the air carrier to recognize and respond appropriately to, and to notify the appropriate law enforcement agency of, sexual misconduct; and (E) ensure other appropriate actions are undertaken to respond effectively to sexual misconduct; and (2) individuals who perpetrate sexual misconduct should be held accountable under all applicable Federal and State laws. SEC. 339. CIVIL PENALTIES FOR INTERFERENCE. (a) Interference With Cabin or Flight Crew.--Section 46318(a) of title 49, United States Code, is amended-- (1) by inserting ``or sexually'' after ``physically'' each place it appears; and (2) by striking ``$25,000'' and inserting ``$35,000''. SEC. 339A. NATIONAL IN-FLIGHT SEXUAL MISCONDUCT TASK FORCE. (a) Establishment of Task Force.--The Secretary of Transportation shall establish a task force, to be known as the ``National In-Flight Sexual Misconduct Task Force'' (referred to in this section as ``Task Force'') to-- (1) review current practices, protocols and requirements of air carriers in responding to allegations of sexual misconduct by passengers onboard aircraft, including training, reporting and data collection; and (2) provide recommendations on training, reporting and data collection regarding allegations of sexual misconduct occurring on passenger airline flights that are informed by the review of information described in paragraph (1) and subsection (c)(5) on passengers who have experienced sexual misconduct onboard aircraft. (b) Membership.--The Task Force shall be composed of, at a minimum, representatives from-- (1) Department of Transportation; (2) Department of Justice, including the Federal Bureau of Investigation, Office of Victims for Crimes, and the Office on Violence Against Women; (3) National organizations that specialize in providing services to sexual assault victims; (4) labor organizations that represent flight attendants; (5) labor organizations that represent pilots; (6) airports; (7) air carriers; (8) State and local law enforcement agencies; and (9) such other Federal agencies and stakeholder organizations as the Secretary of Transportation considers appropriate. (c) Purpose of Task Force.--The purpose of the Task Force shall be to-- (1) issue recommendations for addressing allegations of sexual misconduct by passengers onboard aircraft, including airline employee and contractor training; (2) issue recommendations on effective ways for passengers involved in incidents of alleged sexual misconduct to report such allegation of sexual misconduct; (3) issue recommendations on how to most effectively provide data on instances of alleged sexual misconduct onboard aircraft and to whom the data collected should be reported in a manner that protects the privacy and confidentiality of individuals involved in incidents of alleged sexual misconduct and precludes the release of data that publically identifies an individual air carrier to enable better understanding of the frequency and severity of such misconduct; (4) issue recommendations for flight attendants, pilots, and other appropriate airline personnel on law enforcement notification in incidents of alleged sexual misconduct; (5) review and utilize first-hand accounts from passengers who have experienced sexual misconduct onboard aircraft; and (6) other matters deemed necessary by the Task Force. (d) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Task Force shall submit a report with its recommendations and findings developed pursuant to subsection (c) to the Secretary of Transportation. (e) Plan.--Not later than 180 days after receiving the report required under subsection (d) the Secretary of Transportation, in coordination with relevant federal agencies, shall submit to appropriate committees of Congress a plan to address the recommendations in the report required under subsection (d). The Secretary of Transportation shall make changes to guidance, policies and regulations, as necessary, within 1 ***year*** of submitting the plan required in this subsection. (f) Regulations.--Not later than 1 ***year*** after submitting the plan required in this subsection, the Secretary of Transportation may issue regulations as deemed necessary to require each air carrier and other covered entity to develop a policy concerning sexual misconduct in accordance with the recommendations and findings of the Task Force under subsection (c). (g) Sunset.--The Task Force established pursuant to subsection (a) shall terminate upon the submission of the report pursuant to subsection (d). SEC. 339B. REPORTING PROCESS FOR SEXUAL MISCONDUCT ONBOARD AIRCRAFT. (a) In General.--Not later than two ***years*** after the date of the enactment of this Act, the Attorney General, in coordination with relevant Federal agencies, shall establish a streamlined process, based on the plan required under section 339A(e) of this Act, for individuals involved in incidents of alleged sexual misconduct onboard aircraft to report such allegations of sexual misconduct to law enforcement in a manner that protects the privacy and confidentiality of individuals involved in such allegations. (b) Availability of Reporting Process.--The process for reporting established under subsection (a) shall be made available to the public on the primary Internet websites of-- (1) the Office for Victims of Crime and the Office on Violence Against Women of the Department of Justice; (2) the Federal Bureau of Investigation; and (3) the Department of Transportation. Subtitle B--Unmanned Aircraft Systems SEC. 341. DEFINITIONS; INTEGRATION OF CIVIL UNMANNED AIRCRAFT SYSTEMS INTO NATIONAL AIRSPACE SYSTEM. (a) In General.--Part A of subtitle VII of title 49, United States Code, is amended by inserting after chapter 447 the following: ``CHAPTER 448--UNMANNED AIRCRAFT SYSTEMS ``Sec. ``44801. Definitions. ``44802. Integration of civil unmanned aircraft systems into national airspace system. ``Sec. 44801. Definitions ``In this chapter, the following definitions apply: ``(1) Actively tethered unmanned aircraft system.--The term `actively tethered unmanned aircraft system' means an unmanned aircraft system in which the unmanned aircraft component-- ``(A) weighs 4.4 pounds or less, including payload but not including the tether; ``(B) is physically attached to a ground station with a taut, appropriately load-rated tether that provides continuous power to the unmanned aircraft and is unlikely to be separated from the unmanned aircraft; and ``(C) is controlled and retrieved by such ground station through physical manipulation of the tether. ``(2) Appropriate committees of congress.--The term `appropriate committees of Congress' means the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives. ``(3) Arctic.--The term `Arctic' means the United States zone of the Chukchi Sea, Beaufort Sea, and Bering Sea north of the Aleutian chain. ``(4) Certificate of waiver; certificate of authorization.--The terms `certificate of waiver' and `certificate of authorization' mean a Federal Aviation Administration grant of approval for a specific flight operation. ``(5) Counter-UAS system.--The term `counter-UAS system' means a system or device capable of lawfully and safely disabling, disrupting, or seizing control of an unmanned aircraft or unmanned aircraft system. ``(6) Permanent areas.--The term `permanent areas' means areas on land or water that provide for launch, recovery, and operation of small unmanned aircraft. ``(7) Public unmanned aircraft system.--The term `public unmanned aircraft system' means an unmanned aircraft system that meets the qualifications and conditions required for operation of a public aircraft. ``(8) Sense and avoid capability.--The term `sense and avoid capability' means the capability of an unmanned aircraft to remain a safe distance from and to avoid collisions with other airborne aircraft, structures on the ground, and other objects. ``(9) Small unmanned aircraft.--The term `small unmanned aircraft' means an unmanned aircraft weighing less than 55 [[Page H8934]] pounds, including the weight of anything attached to or carried by the aircraft. ``(10) Test range.--The term `test range' means a defined geographic area where research and development are conducted as authorized by the Administrator of the Federal Aviation Administration, and includes any of the 6 test ranges established by the Administrator under section 332(c) of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note), as in effect on the day before the date of enactment of the FAA Reauthorization Act of 2018, and any public entity authorized by the Federal Aviation Administration as an unmanned aircraft system flight test center before January 1, 2009. ``(11) Unmanned aircraft.--The term `unmanned aircraft' means an aircraft that is operated without the possibility of direct human intervention from within or on the aircraft. ``(12) Unmanned aircraft system.--The term `unmanned aircraft system' means an unmanned aircraft and associated elements (including communication links and the components that control the unmanned aircraft) that are required for the operator to operate safely and efficiently in the national airspace system. ``(13) UTM.--The term `UTM' means an unmanned aircraft system traffic management system or service. ``Sec. 44802. Integration of civil unmanned aircraft systems into national airspace system ``(a) Required Planning for Integration.-- ``(1) Comprehensive plan.--Not later than November 10, 2012, the Secretary of Transportation, in consultation with representatives of the aviation industry, Federal agencies that employ unmanned aircraft systems technology in the national airspace system, and the unmanned aircraft systems industry, shall develop a comprehensive plan to safely accelerate the integration of civil unmanned aircraft systems into the national airspace system. ``(2) Contents of plan.--The plan required under paragraph (1) shall contain, at a minimum, recommendations or projections on-- ``(A) the rulemaking to be conducted under subsection (b), with specific recommendations on how the rulemaking will-- ``(i) define the acceptable standards for operation and certification of civil unmanned aircraft systems; ``(ii) ensure that any civil unmanned aircraft system includes a sense-and-avoid capability; and ``(iii) establish standards and requirements for the operator and pilot of a civil unmanned aircraft system, including standards and requirements for registration and licensing; ``(B) the best methods to enhance the technologies and subsystems necessary to achieve the safe and routine operation of civil unmanned aircraft systems in the national airspace system; ``(C) a phased-in approach to the integration of civil unmanned aircraft systems into the national airspace system; ``(D) a timeline for the phased-in approach described under subparagraph (C); ``(E) creation of a safe airspace designation for cooperative manned and unmanned flight operations in the national airspace system; ``(F) establishment of a process to develop certification, flight standards, and air traffic requirements for civil unmanned aircraft systems at test ranges where such systems are subject to testing; ``(G) the best methods to ensure the safe operation of civil unmanned aircraft systems and public unmanned aircraft systems simultaneously in the national airspace system; and ``(H) incorporation of the plan into the annual NextGen Implementation Plan document (or any successor document) of the Federal Aviation Administration. ``(3) Deadline.--The plan required under paragraph (1) shall provide for the safe integration of civil unmanned aircraft systems into the national airspace system as soon as practicable, but not later than September 30, 2015. ``(4) Report to congress.--Not later than February 14, 2013, the Secretary shall submit to Congress a copy of the plan required under paragraph (1). ``(5) Roadmap.--Not later than February 14, 2013, the Secretary shall approve and make available in print and on the Administration's internet website a 5-***year*** roadmap for the introduction of civil unmanned aircraft systems into the national airspace system, as coordinated by the Unmanned Aircraft ***Program*** Office of the Administration. The Secretary shall update, in coordination with the Administrator of the National Aeronautics and Space Administration (NASA) and relevant stakeholders, including those in industry and academia, the roadmap annually. The roadmap shall include, at a minimum-- ``(A) cost estimates, planned schedules, and performance benchmarks, including specific tasks, milestones, and timelines, for unmanned aircraft systems integration into the national airspace system, including an identification of-- ``(i) the role of the unmanned aircraft systems test ranges established under subsection (c) and the Unmanned Aircraft Systems Center of Excellence; ``(ii) performance objectives for unmanned aircraft systems that operate in the national airspace system; and ``(iii) research and development priorities for tools that could assist air traffic controllers as unmanned aircraft systems are integrated into the national airspace system, as appropriate; ``(B) a description of how the Administration plans to use research and development, including research and development conducted through NASA's Unmanned Aircraft Systems Traffic Management initiatives, to accommodate, integrate, and provide for the evolution of unmanned aircraft systems in the national airspace system; ``(C) an assessment of critical performance abilities necessary to integrate unmanned aircraft systems into the national airspace system, and how these performance abilities can be demonstrated; and ``(D) an update on the advancement of technologies needed to integrate unmanned aircraft systems into the national airspace system, including decisionmaking by adaptive systems, such as sense-and-avoid capabilities and cyber physical systems security. ``(b) Rulemaking.--Not later than 18 months after the date on which the plan required under subsection (a)(1) is submitted to Congress under subsection (a)(4), the Secretary shall publish in the Federal Register-- ``(1) a final rule on small unmanned aircraft systems that will allow for civil operation of such systems in the national airspace system, to the extent the systems do not meet the requirements for expedited operational authorization under section 44807; ``(2) a notice of proposed rulemaking to implement the recommendations of the plan required under subsection (a)(1), with the final rule to be published not later than 16 months after the date of publication of the notice; and ``(3) an update to the Administration's most recent policy statement on unmanned aircraft systems, contained in Docket No. FAA-2006-25714.''. (b) Technical and Conforming Amendments.-- (1) Table of chapters.--The table of chapters for subtitle VII of title 49, United States Code, is amended by inserting after the item relating to chapter 447 the following: ``448 . Unmanned aircraft systems..........................44801''..... (2) Repeal.--Section 332 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note) and the item relating to that section in the table of contents under section 1(b) of that Act are repealed. SEC. 342. UPDATE OF FAA COMPREHENSIVE PLAN. (a) In General.--Not later than 270 days after the date of enactment of this Act, the Secretary of Transportation shall update the comprehensive plan described in section 44802 of title 49, United States Code, to develop a concept of operations for the integration of unmanned aircraft into the national airspace system. (b) Considerations.--In carrying out the update under subsection (a), the Secretary shall consider, at a minimum-- (1) the potential use of UTM and other technologies to ensure the safe and lawful operation of unmanned aircraft in the national airspace system; (2) the appropriate roles, responsibilities, and authorities of government agencies and the private sector in identifying and reporting unlawful or harmful operations and operators of unmanned aircraft; (3) the use of models, threat assessments, probabilities, and other methods to distinguish between lawful and unlawful operations of unmanned aircraft; and (4) appropriate systems, training, intergovernmental processes, protocols, and procedures to mitigate risks and hazards posed by unlawful or harmful operations of unmanned aircraft systems. (c) Consultation.--The Secretary shall carry out the update under subsection (a) in consultation with representatives of the aviation industry, Federal agencies that employ unmanned aircraft systems technology in the national airspace system, and the unmanned aircraft systems industry. (d) ***Program*** Alignment Report.--Not later than 90 days after the date of enactment of this Act, the Secretary shall submit to the appropriate committees of Congress, a report that describes a strategy to-- (1) avoid duplication; (2) leverage capabilities learned across ***programs***; (3) support the safe integration of UAS into the national airspace; and (4) systematically and timely implement or execute-- (A) commercially-operated Low Altitude Authorization and Notification Capability; (B) the Unmanned Aircraft System Integration Pilot ***Program***; and (C) the Unmanned Traffic Management Pilot ***Program***. SEC. 343. UNMANNED AIRCRAFT TEST RANGES. (a) In General.--Chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``Sec. 44803. Unmanned aircraft test ranges ``(a) In General.--The Administrator of the Federal Aviation Administration shall carry out and update, as appropriate, a ***program*** for the use of the test ranges to facilitate the safe integration of unmanned aircraft systems into the national airspace system. ``(b) ***Program*** Requirements.--In carrying out the ***program*** under subsection (a), the Administrator shall-- [[Page H8935]] ``(1) designate airspace for safely testing the integration of unmanned flight operations in the national airspace system; ``(2) develop operational standards and air traffic requirements for unmanned flight operations at test ranges; ``(3) coordinate with, and leverage the resources of, the National Aeronautics and Space Administration and the Department of Defense; ``(4) address both civil and public unmanned aircraft systems; ``(5) ensure that the ***program*** is coordinated with relevant aspects of the Next Generation Air Transportation System; ``(6) provide for verification of the safety of unmanned aircraft systems and related navigation procedures as it relates to continued development of standards for integration into the national airspace system; ``(7) engage test range operators, as necessary and within available resources, in projects for research, development, testing, and evaluation of unmanned aircraft systems to facilitate the Federal Aviation Administration's development of standards for the safe integration of unmanned aircraft into the national airspace system, which may include solutions for-- ``(A) developing and enforcing geographic and altitude limitations; ``(B) providing for alerts by the manufacturer of an unmanned aircraft system regarding any hazards or limitations on flight, including prohibition on flight as necessary; ``(C) sense and avoid capabilities; ``(D) beyond-visual-line-of-sight operations, nighttime operations, operations over people, operation of multiple small unmanned aircraft systems, and unmanned aircraft systems traffic management, or other critical research priorities; and ``(E) improving privacy protections through the use of advances in unmanned aircraft systems technology; ``(8) coordinate periodically with all test range operators to ensure test range operators know which data should be collected, what procedures should be followed, and what research would advance efforts to safely integrate unmanned aircraft systems into the national airspace system; ``(9) streamline to the extent practicable the approval process for test ranges when processing unmanned aircraft certificates of waiver or authorization for operations at the test sites; ``(10) require each test range operator to protect proprietary technology, sensitive data, or sensitive research of any civil or private entity when using that test range without the need to obtain an experimental or special airworthiness certificate; ``(11) allow test range operators to receive Federal funding, other than from the Federal Aviation Administration, including in-kind contributions, from test range participants in the furtherance of research, development, and testing objectives. ``(c) Waivers.--In carrying out this section the Administrator may waive the requirements of section 44711 of title 49, United States Code, including related regulations, to the extent consistent with aviation safety. ``(d) Review of Operations by Test Range Operators.--The operator of each test range under subsection (a) shall-- ``(1) review the operations of unmanned aircraft systems conducted at the test range, including-- ``(A) ongoing or completed research; and ``(B) data regarding operations by private and public operators; and ``(2) submit to the Administrator, in such form and manner as specified by the Administrator, the results of the review, including recommendations to further enable private research and development operations at the test ranges that contribute to the Federal Aviation Administration's safe integration of unmanned aircraft systems into the national airspace system, on a quarterly basis until the ***program*** terminates. ``(e) Testing.--The Secretary of Transportation may authorize an operator of a test range described in subsection (a) to administer testing requirements established by the Administrator for unmanned aircraft systems operations. ``(f) Collaborative Research and Development Agreements.-- The Administrator may use the other transaction authority under section 106(l)(6) and enter into collaborative research and development agreements, to direct research related to unmanned aircraft systems, including at any test range under subsection (a), and in coordination with the Center of Excellence for Unmanned Aircraft Systems. ``(g) Use of Center of Excellence for Unmanned Aircraft Systems.--The Administrator, in carrying out research necessary to implement the consensus safety standards requirements in section 44805 shall, to the maximum extent practicable, leverage the research and testing capacity and capabilities of the Center of Excellence for Unmanned Aircraft Systems and the test ranges. ``(h) Termination.--The ***program*** under this section shall terminate on September 30, 2023.''. (b) Table of Contents.--The table of contents for chapter 448, as added by this Act, is further amended by adding at the end the following: ``44803. Unmanned aircraft system test ranges.''. SEC. 344. SMALL UNMANNED AIRCRAFT IN THE ARCTIC. (a) In General.--Chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``Sec. 44804. Small unmanned aircraft in the Arctic ``(a) In General.--The Secretary of Transportation shall develop a plan and initiate a process to work with relevant Federal agencies and national and international communities to designate permanent areas in the Arctic where small unmanned aircraft may operate 24 hours per day for research and commercial purposes. ``(b) Plan Contents.--The plan under subsection (a) shall include the development of processes to facilitate the safe operation of small unmanned aircraft beyond the visual line of sight. ``(c) Requirements.--Each permanent area designated under subsection (a) shall enable over-water flights from the surface to at least 2,000 feet in altitude, with ingress and egress routes from selected coastal launch sites. ``(d) Agreements.--To implement the plan under subsection (a), the Secretary may enter into an agreement with relevant national and international communities. ``(e) Aircraft Approval.-- ``(1) In general.--Subject to paragraph (2), not later than 1 ***year*** after the entry into force of an agreement necessary to effectuate the purposes of this section, the Secretary shall work with relevant national and international communities to establish and implement a process for approving the use of a small unmanned aircraft in the designated permanent areas in the Arctic without regard to whether the small unmanned aircraft is used as a public aircraft, a civil aircraft, or a model aircraft. ``(2) Existing process.--The Secretary may implement an existing process to meet the requirements under paragraph (1).''. (b) Table of Contents.--The table of contents for chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``44804. Small unmanned aircraft in the Arctic.''. SEC. 345. SMALL UNMANNED AIRCRAFT SAFETY STANDARDS. (a) In General.--Chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``Sec. 44805. Small Unmanned aircraft safety standards ``(a) FAA Process for Acceptance and Authorization.--The Administrator of the Federal Aviation Administration shall establish a process for-- ``(1) accepting risk-based consensus safety standards related to the design, production, and modification of small unmanned aircraft systems; ``(2) authorizing the operation of small unmanned aircraft system make and model designed, produced, or modified in accordance with the consensus safety standards accepted under paragraph (1); ``(3) authorizing a manufacturer to self-certify a small unmanned aircraft system make or model that complies with consensus safety standards accepted under paragraph (1); and ``(4) certifying a manufacturer of small unmanned aircraft systems, or an employee of such manufacturer, that has demonstrated compliance with the consensus safety standards accepted under paragraph (1) and met any other qualifying criteria, as determined by the Administrator, to alternatively satisfy the requirements of paragraph (1). ``(b) Considerations.--Before accepting consensus safety standards under subsection (a), the Administrator of the Federal Aviation Administration shall consider the following: ``(1) Technologies or standards related to geographic limitations, altitude limitations, and sense and avoid capabilities. ``(2) Using performance-based requirements. ``(3) Assessing varying levels of risk posed by different small unmanned aircraft systems and their operation and tailoring performance-based requirements to appropriately mitigate risk. ``(4) Predetermined action to maintain safety in the event that a communications link between a small unmanned aircraft and its operator is lost or compromised. ``(5) Detectability and identifiability to pilots, the Federal Aviation Administration, and air traffic controllers, as appropriate. ``(6) Means to prevent tampering with or modification of any system, limitation, or other safety mechanism or standard under this section or any other provision of law, including a means to identify any tampering or modification that has been made. ``(7) Consensus identification standards under section 2202 of the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190; 130 Stat. 615). ``(8) To the extent not considered previously by the consensus body that crafted consensus safety standards, cost- benefit and risk analyses of consensus safety standards that may be accepted pursuant to subsection (a) for newly designed small unmanned aircraft systems. ``(9) Applicability of consensus safety standards to small unmanned aircraft systems that are not manufactured commercially. ``(10) Any technology or standard related to small unmanned aircraft systems that promotes aviation safety. [[Page H8936]] ``(11) Any category of unmanned aircraft systems that should be exempt from the consensus safety standards based on risk factors. ``(e) Nonapplicability of Other Laws.--The process for authorizing the operation of small unmanned aircraft systems under subsection (a) may allow for operation of any applicable small unmanned aircraft systems within the national airspace system without requiring-- ``(1) airworthiness certification requirements under section 44704 of this title; or ``(2) type certification under part 21 of title 14, Code of Federal Regulations. ``(f) Revocation.--The Administrator may suspend or revoke the authorizations in subsection (a) if the Administrator determines that the manufacturer or the small unmanned aircraft system is no longer in compliance with the standards accepted by the Administrator under subsection (a)(1) or with the manufacturer's statement of compliance under subsection (h). ``(g) Requirements.--With regard to an authorization under the processes in subsection (a), the Administrator may require a manufacturer of small unmanned aircraft systems to provide the Federal Aviation Administration with the following: ``(1) The aircraft system's operating instructions. ``(2) The aircraft system's recommended maintenance and inspection procedures. ``(3) The manufacturer's statement of compliance described in subsection (h). ``(4) Upon request, a sample aircraft to be inspected by the Federal Aviation Administration to ensure compliance with the consensus safety standards accepted by the Administrator under subsection (a). ``(h) Manufacturer's Statement of Compliance for Small UAS.--A manufacturer's statement of compliance shall-- ``(1) identify the aircraft make, model, range of serial numbers, and any applicable consensus safety standards used and accepted by the Administrator; ``(2) state that the aircraft make and model meets the provisions of the consensus safety standards identified in paragraph (1); ``(3) state that the aircraft make and model conforms to the manufacturer's design data and is manufactured in a way that ensures consistency across units in the production process in order to meet the applicable consensus safety standards accepted by the Administrator; ``(4) state that the manufacturer will make available to the Administrator, operators, or customers-- ``(A) the aircraft's operating instructions, which conform to the consensus safety standards identified in paragraph (1); and ``(B) the aircraft's recommended maintenance and inspection procedures, which conform to the consensus safety standards identified in paragraph (1); ``(5) state that the manufacturer will monitor safety-of- flight issues and take action to ensure it meets the consensus safety standards identified in paragraph (1) and report these issues and subsequent actions to the Administrator; ``(6) state that at the request of the Administrator, the manufacturer will provide reasonable access for the Administrator to its facilities for the purposes of overseeing compliance with this section; and ``(7) state that the manufacturer, in accordance with the consensus safety standards accepted by the Federal Aviation Administration, has-- ``(A) ground and flight tested random samples of the aircraft; ``(B) found the sample aircraft performance acceptable; and ``(C) determined that the make and model of aircraft is suitable for safe operation. ``(i) Prohibitions.-- ``(1) False statements of compliance.--It shall be unlawful for any person to knowingly submit a statement of compliance described in subsection (h) that is fraudulent or intentionally false. ``(2) Introduction into interstate commerce.--Unless the Administrator determines operation of an unmanned aircraft system may be conducted without an airworthiness certificate or permission, authorization, or approval under subsection (a), it shall be unlawful for any person to knowingly introduce or deliver for introduction into interstate commerce any small unmanned aircraft system that is manufactured after the date that the Administrator accepts consensus safety standards under this section unless-- ``(A) the make and model has been authorized for operation under subsection (a); or ``(B) the aircraft has alternatively received design and production approval issued by the Federal Aviation Administration. ``(j) Exclusions.--The Administrator may exempt from the requirements of this section small unmanned aircraft systems that are not capable of navigating beyond the visual line of sight of the operator through advanced flight systems and technology, if the Administrator determines that such an exemption does not pose a risk to the safety of the national airspace system.''. (b) Unmanned Aircraft Systems Research Facility.--The Center of Excellence for Unmanned Aircraft Systems shall establish an unmanned aircraft systems research facility to study appropriate safety standards for unmanned aircraft systems and to validate such standards, as directed by the Administrator of the Federal Aviation Administration, consistent with section 44805 of title 49, United States Code, as added by this section. (c) Table of Contents.--The table of contents for chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``44805. Small unmanned aircraft safety standards.''. SEC. 346. PUBLIC UNMANNED AIRCRAFT SYSTEMS. (a) In General.--Chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``Sec. 44806. Public unmanned aircraft systems ``(a) Guidance.--The Secretary of Transportation shall issue guidance regarding the operation of a public unmanned aircraft system-- ``(1) to streamline and expedite the process for the issuance of a certificate of authorization or a certificate of waiver; ``(2) to facilitate the capability of public agencies to develop and use test ranges, subject to operating restrictions required by the Federal Aviation Administration, to test and operate public unmanned aircraft systems; and ``(3) to provide guidance on a public agency's responsibilities when operating an unmanned aircraft without a civil airworthiness certificate issued by the Administration. ``(b) Agreements With Government Agencies.-- ``(1) In general.--The Secretary shall enter into an agreement with each appropriate public agency to simplify the process for issuing a certificate of waiver or a certificate of authorization with respect to an application for authorization to operate a public unmanned aircraft system in the national airspace system. ``(2) Contents.--An agreement under paragraph (1) shall-- ``(A) with respect to an application described in paragraph (1)-- ``(i) provide for an expedited review of the application; ``(ii) require a decision by the Administrator on approval or disapproval not later than 60 business days after the date of submission of the application; and ``(iii) allow for an expedited appeal if the application is disapproved; ``(B) allow for a one-time approval of similar operations carried out during a fixed period of time; and ``(C) allow a government public safety agency to operate an unmanned aircraft weighing 4.4 pounds or less if that unmanned aircraft is operated-- ``(i) within or beyond the visual line of sight of the operator; ``(ii) less than 400 feet above the ground; ``(iii) during daylight conditions; ``(iv) within Class G airspace; and ``(v) outside of 5 statute miles from any airport, heliport, seaplane base, spaceport, or other location with aviation activities. ``(c) Public Actively Tethered Unmanned Aircraft Systems.-- ``(1) In general.--Not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall permit the use of, and may issue guidance regarding, the use of public actively tethered unmanned aircraft systems that are-- ``(A) operated at an altitude of less than 150 feet above ground level; ``(B) operated-- ``(i) within class G airspace; or ``(ii) at or below the ceiling depicted on the Federal Aviation Administration's published UAS facility maps for class B, C, D, or E surface area airspace; ``(C) not flown directly over non-participating persons; ``(D) operated within visual line of sight of the operator; and ``(E) operated in a manner that does not interfere with and gives way to any other aircraft. ``(2) Requirements.--Public actively tethered unmanned aircraft systems may be operated -- ``(A) without any requirement to obtain a certificate of authorization, certificate of waiver, or other approval by the Federal Aviation Administration; ``(B) without requiring airman certification under section 44703 of this title or any rule or regulation relating to airman certification; and ``(C) without requiring airworthiness certification under section 44704 of this title or any rule or regulation relating to aircraft certification. ``(3) Safety standards.--Public actively tethered unmanned aircraft systems operated within the scope of the guidance issued pursuant to paragraph (1) shall be exempt from the requirements of section 44805 of this title. ``(4) Savings provision.--Nothing in this subsection shall be construed to preclude the Administrator of the Federal Aviation Administration from issuing new regulations for public actively tethered unmanned aircraft systems in order to ensure the safety of the national airspace system. ``(d) Federal Agency Coordination to Enhance the Public Health and Safety Capabilities of Public Unmanned Aircraft Systems.--The Administrator shall assist Federal civilian Government agencies that operate unmanned aircraft systems within civil- [[Page H8937]] controlled airspace, in operationally deploying and integrating sense and avoid capabilities, as necessary to operate unmanned aircraft systems safely within the national airspace system.''. (b) Technical and Conforming Amendments.-- (1) Table of contents.--The table of contents for chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``44806. Public unmanned aircraft systems.''. (2) Public unmanned aircraft systems.--Section 334 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note) and the item relating to that section in the table of contents under section 1(b) of that Act (126 Stat. 13) are repealed. (3) Facilitating interagency cooperation.--Section 2204(a) of the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190; 130 Stat. 615) is amended by striking ``section 334(c) of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note)'' and inserting ``section 44806 of title 49, United States Code''. SEC. 347. SPECIAL AUTHORITY FOR CERTAIN UNMANNED AIRCRAFT SYSTEMS. (a) In General.--Chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``Sec. 44807. Special authority for certain unmanned aircraft systems ``(a) In General.--Notwithstanding any other requirement of this chapter, the Secretary of Transportation shall use a risk-based approach to determine if certain unmanned aircraft systems may operate safely in the national airspace system notwithstanding completion of the comprehensive plan and rulemaking required by section 44802 or the guidance required by section 44806. ``(b) Assessment of Unmanned Aircraft Systems.--In making the determination under subsection (a), the Secretary shall determine, at a minimum-- ``(1) which types of unmanned aircraft systems, if any, as a result of their size, weight, speed, operational capability, proximity to airports and populated areas, operation over people, and operation within or beyond the visual line of sight, or operation during the day or night, do not create a hazard to users of the national airspace system or the public; and ``(2) whether a certificate under section 44703 or section 44704 of this title, or a certificate of waiver or certificate of authorization, is required for the operation of unmanned aircraft systems identified under paragraph (1) of this subsection. ``(c) Requirements for Safe Operation.--If the Secretary determines under this section that certain unmanned aircraft systems may operate safely in the national airspace system, the Secretary shall establish requirements for the safe operation of such aircraft systems in the national airspace system, including operation related to research, development, and testing of proprietary systems. ``(d) Sunset.--The authority under this section for the Secretary to determine if certain unmanned aircraft systems may operate safely in the national airspace system terminates effective September 30, 2023.''. (b) Technical and Conforming Amendments.-- (1) Table of contents.--The table of contents for chapter 448, as added by this Act, is further amended by adding at the end the following: ``44807. Special authority for certain unmanned aircraft systems.''. (2) Special rules for certain unmanned aircraft systems.-- Section 333 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note) and the item relating to that section in the table of contents under section 1(b) of that Act (126 Stat. 13) are repealed. SEC. 348. CARRIAGE OF PROPERTY BY SMALL UNMANNED AIRCRAFT SYSTEMS FOR COMPENSATION OR HIRE. (a) In General.--Chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``Sec. 44808. Carriage of property by small unmanned aircraft systems for compensation or hire ``(a) In General.--Not later than 1 ***year*** after the date of enactment of the FAA Reauthorization Act of 2018, the Administrator of the Federal Aviation Administration shall update existing regulations to authorize the carriage of property by operators of small unmanned aircraft systems for compensation or hire within the United States. ``(b) Contents.--Any rulemaking conducted under subsection (a) shall provide for the following: ``(1) Use performance-based requirements. ``(2) Consider varying levels of risk to other aircraft and to persons and property on the ground posed by different unmanned aircraft systems and their operation and tailor performance-based requirements to appropriately mitigate risk. ``(3) Consider the unique characteristics of highly automated, small unmanned aircraft systems. ``(4) Include requirements for the safe operation of small unmanned aircraft systems that, at a minimum, address-- ``(A) airworthiness of small unmanned aircraft systems; ``(B) qualifications for operators and the type and nature of the operations; ``(C) operating specifications governing the type and nature of the unmanned aircraft system air carrier operations; and ``(D) the views of State, local, and tribal officials related to potential impacts of the carriage of property by operators of small unmanned aircraft systems for compensation or hire within the communities to be served. ``(5) Small uas.--The Secretary may amend part 298 of title 14, Code of Federal Regulations, to update existing regulations to establish economic authority for the carriage of property by small unmanned aircraft systems for compensation or hire. Such authority shall only require-- ``(A) registration with the Department of Transportation; ``(B) authorization from the Federal Aviation Administration to conduct operations; and ``(C) compliance with chapters 401, 411, and 417. ``(6) Availability of current certification processes.-- Pending completion of the rulemaking required in subsection (a) of this section, a person may seek an air carrier operating certificate and certificate of public convenience and necessity, or an exemption from such certificate, using existing processes.''. (b) Table of Contents.--The table of contents for chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``44808. Carriage of property by small unmanned aircraft systems for compensation or hire.''. SEC. 349. EXCEPTION FOR LIMITED RECREATIONAL OPERATIONS OF UNMANNED AIRCRAFT. (a) In General.--Chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``Sec. 44809. Exception for limited recreational operations of unmanned aircraft ``(a) In General.--Except as provided in subsection (e), and notwithstanding chapter 447 of title 49, United States Code, a person may operate a small unmanned aircraft without specific certification or operating authority from the Federal Aviation Administration if the operation adheres to all of the following limitations: ``(1) The aircraft is flown strictly for recreational purposes. ``(2) The aircraft is operated in accordance with or within the ***programming*** of a community-based organization's set of safety guidelines that are developed in coordination with the Federal Aviation Administration. ``(3) The aircraft is flown within the visual line of sight of the person operating the aircraft or a visual observer co- located and in direct communication with the operator. ``(4) The aircraft is operated in a manner that does not interfere with and gives way to any manned aircraft. ``(5) In Class B, Class C, or Class D airspace or within the lateral boundaries of the surface area of Class E airspace designated for an airport, the operator obtains prior authorization from the Administrator or designee before operating and complies with all airspace restrictions and prohibitions. ``(6) In Class G airspace, the aircraft is flown from the surface to not more than 400 feet above ground level and complies with all airspace restrictions and prohibitions. ``(7) The operator has passed an aeronautical knowledge and safety test described in subsection (g) and maintains proof of test passage to be made available to the Administrator or law enforcement upon request. ``(8) The aircraft is registered and marked in accordance with chapter 441 of this title and proof of registration is made available to the Administrator or a designee of the Administrator or law enforcement upon request. ``(b) Other Operations.--Unmanned aircraft operations that do not conform to the limitations in subsection (a) must comply with all statutes and regulations generally applicable to unmanned aircraft and unmanned aircraft systems. ``(c) Operations at Fixed Sites.-- ``(1) Operating procedure required.--Persons operating unmanned aircraft under subsection (a) from a fixed site within Class B, Class C, or Class D airspace or within the lateral boundaries of the surface area of Class E airspace designated for an airport, or a community-based organization conducting a sanctioned event within such airspace, shall make the location of the fixed site known to the Administrator and shall establish a mutually agreed upon operating procedure with the air traffic control facility. ``(2) Unmanned aircraft weighing more than 55 pounds.--A person may operate an unmanned aircraft weighing more than 55 pounds, including the weight of anything attached to or carried by the aircraft, under subsection (a) if-- ``(A) the unmanned aircraft complies with standards and limitations developed by a community-based organization and approved by the Administrator; and ``(B) the aircraft is operated from a fixed site as described in paragraph (1). ``(d) Updates.-- ``(1) In general.--The Administrator, in consultation with government, stakeholders, and community-based organizations, shall initiate a process to periodically update the operational parameters under subsection (a), as appropriate. ``(2) Considerations.--In updating an operational parameter under paragraph (1), the Administrator shall consider-- [[Page H8938]] ``(A) appropriate operational limitations to mitigate risks to aviation safety and national security, including risk to the uninvolved public and critical infrastructure; ``(B) operations outside the membership, guidelines, and ***programming*** of a community-based organization; ``(C) physical characteristics, technical standards, and classes of aircraft operating under this section; ``(D) trends in use, enforcement, or incidents involving unmanned aircraft systems; ``(E) ensuring, to the greatest extent practicable, that updates to the operational parameters correspond to, and leverage, advances in technology; and ``(F) equipage requirements that facilitate safe, efficient, and secure operations and further integrate all unmanned aircraft into the national airspace system. ``(3) Savings clause.--Nothing in this subsection shall be construed as expanding the authority of the Administrator to require a person operating an unmanned aircraft under this section to seek permissive authority of the Administrator, beyond that required in subsection (a) of this section, prior to operation in the national airspace system. ``(e) Statutory Construction.--Nothing in this section shall be construed to limit the authority of the Administrator to pursue an enforcement action against a person operating any unmanned aircraft who endangers the safety of the national airspace system. ``(f) Exceptions.--Nothing in this section prohibits the Administrator from promulgating rules generally applicable to unmanned aircraft, including those unmanned aircraft eligible for the exception set forth in this section, relating to-- ``(1) updates to the operational parameters for unmanned aircraft in subsection (a); ``(2) the registration and marking of unmanned aircraft; ``(3) the standards for remotely identifying owners and operators of unmanned aircraft systems and associated unmanned aircraft; and ``(4) other standards consistent with maintaining the safety and security of the national airspace system. ``(g) Aeronautical Knowledge and Safety Test.-- ``(1) In general.--Not later than 180 days after the date of enactment of this section, the Administrator, in consultation with manufacturers of unmanned aircraft systems, other industry stakeholders, and community-based organizations, shall develop an aeronautical knowledge and safety test, which can then be administered electronically by the Administrator, a community-based organization, or a person designated by the Administrator. ``(2) Requirements.--The Administrator shall ensure the aeronautical knowledge and safety test is designed to adequately demonstrate an operator's-- ``(A) understanding of aeronautical safety knowledge; and ``(B) knowledge of Federal Aviation Administration regulations and requirements pertaining to the operation of an unmanned aircraft system in the national airspace system. ``(h) Community-based Organization Defined.--In this section, the term `community-based organization' means a membership-based association entity that-- ``(1) is described in section 501(c)(3) of the Internal Revenue Code of 1986; ``(2) is exempt from tax under section 501(a) of the Internal Revenue Code of 1986; ``(3) the mission of which is demonstrably the furtherance of model aviation; ``(4) provides a comprehensive set of safety guidelines for all aspects of model aviation addressing the assembly and operation of model aircraft and that emphasize safe aeromodelling operations within the national airspace system and the protection and safety of individuals and property on the ground, and may provide a comprehensive set of safety rules and ***programming*** for the operation of unmanned aircraft that have the advanced flight capabilities enabling active, sustained, and controlled navigation of the aircraft beyond visual line of sight of the operator; ``(5) provides ***programming*** and support for any local charter organizations, affiliates, or clubs; and ``(6) provides assistance and support in the development and operation of locally designated model aircraft flying sites. ``(i) Recognition of Community-based Organizations.--In collaboration with aeromodelling stakeholders, the Administrator shall publish an advisory circular within 180 days of the date of enactment of this section that identifies the criteria and process required for recognition of community-based organizations.''. (b) Technical and Conforming Amendments.-- (1) Table of contents.--The table of contents for chapter 448 of title 49, United States Code, as added by this Act, is further amended by adding at the end the following: ``44809. Exception for limited recreational operations of unmanned aircraft.''. (2) Repeal.--Section 336 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note) and the item relating to that section in the table of contents under section 1(b) of that Act are repealed. SEC. 350. USE OF UNMANNED AIRCRAFT SYSTEMS AT INSTITUTIONS OF HIGHER EDUCATION. (a) Educational and Research Purposes.--For the purposes of section 44809 of title 49, United States Code, as added by this Act, a ``recreational purpose'' as distinguished in subsection (a)(1) of such section shall include an unmanned aircraft system operated by an institution of higher education for educational or research purposes. (b) Updates.--In updating an operational parameter under subsection (d)(1) of such section for unmanned aircraft systems operated by an institution of higher education for educational or research purposes, the Administrator shall consider-- (1) use of small unmanned aircraft systems and operations at an accredited institution of higher education, for educational or research purposes, as a component of the institution's curricula or research; (2) the development of streamlined, risk-based operational approval for unmanned aircraft systems operated by institutions of higher education; and (3) the airspace and aircraft operators that may be affected by such operations at the institution of higher education. (c) Deadline for Establishment of Procedures and Standards.--Not later than 270 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration may establish regulations, procedures, and standards, as necessary, to facilitate the safe operation of unmanned aircraft systems operated by institutions of higher education for educational or research purposes. (d) Definitions.--In this section: (1) Institution of higher education.--The term ``institution of higher education'' has the meaning given to that term by section 101(a) of the Higher Education Act of 1965 (20 U.S.C 1001(a)). (2) Educational or research purposes.--The term ``education or research purposes'', with respect to the operation of an unmanned aircraft system by an institution of higher education, includes-- (A) instruction of students at the institution; (B) academic or research related uses of unmanned aircraft systems that have been approved by the institution, including Federal research; (C) activities undertaken by the institution as part of research projects, including research projects sponsored by the Federal Government; and (D) other academic activities approved by the institution. (e) Statutory Construction.-- (1) Enforcement.--Nothing in this section shall be construed to limit the authority of the Administrator to pursue an enforcement action against a person operating any unmanned aircraft who endangers the safety of the national airspace system. (2) Regulations and standards.--Nothing in this section prohibits the Administrator from promulgating any rules or standards consistent with maintaining the safety and security of the national airspace system. SEC. 351. UNMANNED AIRCRAFT SYSTEMS INTEGRATION PILOT ***PROGRAM***. (a) Authority.--The Secretary of Transportation may establish a pilot ***program*** to enable enhanced drone operations as required in the October 25, 2017 Presidential Memorandum entitled ``Unmanned Aircraft Systems Integration Pilot ***Program***'' and described in 82 Federal Register 50301. (b) Applications.--The Secretary shall accept applications from State, local, and Tribal governments, in partnership with unmanned aircraft system operators and other private- sector stakeholders, to test and evaluate the integration of civil and public UAS operations into the low-altitude national airspace system. (c) Objectives.--The purpose of the pilot ***program*** is to accelerate existing UAS integration plans by working to solve technical, regulatory, and policy challenges, while enabling advanced UAS operations in select areas subject to ongoing safety oversight and cooperation between the Federal Government and applicable State, local, or Tribal jurisdictions, in order to-- (1) accelerate the safe integration of UAS into the NAS by testing and validating new concepts of beyond visual line of sight operations in a controlled environment, focusing on detect and avoid technologies, command and control links, navigation, weather, and human factors; (2) address ongoing concerns regarding the potential security and safety risks associated with UAS operating in close proximity to human beings and critical infrastructure by ensuring that operators communicate more effectively with Federal, State, local, and Tribal law enforcement to enable law enforcement to determine if a UAS operation poses such a risk; (3) promote innovation in and development of the United States unmanned aviation industry, especially in sectors such as ***agriculture***, emergency management, inspection, and transportation safety, in which there are significant public benefits to be gained from the deployment of UAS; and (4) identify the most effective models of balancing local and national interests in UAS integration. (d) Application Submission.--The Secretary shall establish application requirements and require applicants to include the following information: (1) Identification of the airspace to be used, including shape files and altitudes. (2) Description of the types of planned operations. (3) Identification of stakeholder partners to test and evaluate planned operations. [[Page H8939]] (4) Identification of available infrastructure to support planned operations. (5) Description of experience with UAS operations and regulations. (6) Description of existing UAS operator and any other stakeholder partnerships and experience. (7) Description of plans to address safety, security, competition, privacy concerns, and community outreach. (e) Monitoring and Enforcement of Limitations.-- (1) In general.--Monitoring and enforcement of any limitations enacted pursuant to this pilot project shall be the responsibility of the jurisdiction. (2) Savings provision.--Nothing in paragraph (1) may be construed to prevent the Secretary from enforcing Federal law. (3) Examples of limitations.--Limitations under this section may include-- (A) prohibiting flight during specified morning and evening rush hours or only permitting flight during specified hours such as daylight hours, sufficient to ensure reasonable airspace access; (B) establishing designated take-off and landing zones, limiting operations over moving locations or fixed site public road and parks, sidewalks or private property based on zoning density, or other land use considerations; (C) requiring notice to public safety or zoning or land use authorities before operating; and (D) prohibiting operations in connection with community or sporting events that do not remain in one place (for example, parades and running events). (f) Selection Criteria.--In making determinations, the Secretary shall evaluate whether applications meet or exceed the following criteria: (1) Overall economic, geographic, and climatic diversity of the selected jurisdictions. (2) Overall diversity of the proposed models of government involvement. (3) Overall diversity of the UAS operations to be conducted. (4) The location of critical infrastructure. (5) The involvement of commercial entities in the proposal and their ability to advance objectives that may serve the public interest as a result of further integration of UAS into the NAS. (6) The involvement of affected communities in, and their support for, participating in the pilot ***program***. (7) The commitment of the governments and UAS operators involved in the proposal to comply with requirements related to national defense, homeland security, and public safety and to address competition, privacy, and civil liberties concerns. (8) The commitment of the governments and UAS operators involved in the proposal to achieve the following policy objectives: (A) Promoting innovation and economic development. (B) Enhancing transportation safety. (C) Enhancing workplace safety. (D) Improving emergency response and search and rescue functions. (E) Using radio spectrum efficiently and competitively. (g) Implementation.--The Secretary shall use the data collected and experience gained over the course of this pilot ***program*** to-- (1) identify and resolve technical challenges to UAS integration; (2) address airspace use to safely and efficiently integrate all aircraft; (3) inform operational standards and procedures to improve safety (for example, detect and avoid capabilities, navigation and altitude performance, and command and control link); (4) inform FAA standards that reduce the need for waivers (for example, for operations over human beings, night operations, and beyond visual line of sight); and (5) address competing interests regarding UAS operational expansion, safety, security, roles and responsibilities of non-Federal Government entities, and privacy issues. (h) Notification.--Prior to initiating any additional rounds of agreements with State, local, or Tribal governments as part of the pilot ***program*** established under subsection (a), the Secretary shall notify the Committee on Transportation and Infrastructure and the Committee on Appropriations of the House of Representatives and the Committee on Commerce, Science, and Transportation and the Committee on Appropriations in the Senate. (i) Sunset.--The pilot ***program*** established under subsection (a) shall terminate 3 ***years*** after the date on which the memorandum referenced in subsection (a) is signed by the President. (j) Savings Clause.-- Nothing in this section shall affect any proposals, selections, imposition of conditions, operations, or other decisions made-- (1) under the pilot ***program*** developed by the Secretary of Transportation pursuant to the Presidential memorandum titled ``Unmanned Aircraft Systems Integration Pilot ***Program***'', as published in the Federal Register on October 30, 2017 (82 Fed. Reg. 50301); and (2) prior to the date of enactment of this Act. (k) Definitions.--In this section: (1) The term ``Lead Applicant'' means an eligible State, local or Tribal government that has submitted a timely application. (2) The term ``NAS'' means the low-altitude national airspace system. (3) The term ``UAS'' means unmanned aircraft system. SEC. 352. PART 107 TRANSPARENCY AND TECHNOLOGY IMPROVEMENTS. (a) Transparency.--Not later than 30 days after the date of enactment of this Act, the Administrator shall publish on the FAA website a representative sample of the safety justifications, offered by applicants for small unmanned aircraft system waivers and airspace authorizations, that have been approved by the Administration for each regulation waived or class of airspace authorized, except that any published justification shall not reveal proprietary or commercially sensitive information. (b) Technology Improvements.--Not later than 90 days after the date of enactment of this Act, the Administrator shall revise the online waiver and certificates of authorization processes-- (1) to provide real time confirmation that an application filed online has been received by the Administration; and (2) to provide an applicant with an opportunity to review the status of the applicant's application. SEC. 353. EMERGENCY EXEMPTION PROCESS. (a) Sense of Congress.--It is the sense of Congress that the use of unmanned aircraft systems by civil and public operators-- (1) is an increasingly important tool in response to a catastrophe, disaster, or other emergency; (2) helps facilitate emergency response operations, such as firefighting and search and rescue; and (3) helps facilitate post-catastrophic response operations, such as utility and infrastructure restoration efforts and the safe and prompt processing, adjustment, and ***payment*** of insurance claims. (b) Updates.--The Administrator shall, as necessary, update and improve the Special Government Interest process described in chapter 7 of Federal Aviation Administration Order JO 7200.23A to ensure that civil and public operators, including local law enforcement agencies and first responders, continue to use unmanned aircraft system operations quickly and efficiently in response to a catastrophe, disaster, or other emergency. (c) Best Practices.--The Administrator shall develop best practices for the use of unmanned aircraft systems by States and localities to respond to a catastrophe, disaster, or other emergency response and recovery operation. SEC. 354. TREATMENT OF UNMANNED AIRCRAFT OPERATING UNDERGROUND. An unmanned aircraft system that is operated underground for mining purposes shall not be subject to regulation or enforcement by the FAA under title 49, United States Code. SEC. 355. PUBLIC UAS OPERATIONS BY TRIBAL GOVERNMENTS. (a) Public UAS Operations by Tribal Governments.--Section 40102(a)(41) of title 49, United States Code, is amended by adding at the end the following: ``(F) An unmanned aircraft that is owned and operated by, or exclusively leased for at least 90 continuous days by, an Indian Tribal government, as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122), except as provided in section 40125(b).''. (b) Conforming Amendment.--Section 40125(b) of title 49, United States Code, is amended by striking ``or (D)'' and inserting ``(D), or (F)''. SEC. 356. AUTHORIZATION OF APPROPRIATIONS FOR KNOW BEFORE YOU FLY CAMPAIGN. There are authorized to be appropriated to the Administrator of the Federal Aviation Administration $1,000,000 for each of fiscal ***years*** 2019 through 2023, out of funds made available under section 106(k), for the Know Before You Fly educational campaign or similar public informational efforts intended to broaden unmanned aircraft systems safety awareness. SEC. 357. UNMANNED AIRCRAFT SYSTEMS PRIVACY POLICY. It is the policy of the United States that the operation of any unmanned aircraft or unmanned aircraft system shall be carried out in a manner that respects and protects personal privacy consistent with the United States Constitution and Federal, State, and local law. SEC. 358. UAS PRIVACY REVIEW. (a) Review.--The Comptroller General of the United States, in consideration of relevant efforts led by the National Telecommunications and Information Administration, shall carry out a review of the privacy issues and concerns associated with the operation of unmanned aircraft systems in the national airspace system. (b) Consultation.--In carrying out the review, the Comptroller General shall-- (1) consult with the Department of Transportation and the National Telecommunications and Information Administration of the Department of Commerce on its ongoing efforts responsive to the Presidential memorandum titled ``Promoting Economic Competitiveness While Safeguarding Privacy, Civil Rights, and Civil Liberties in Domestic Use of Unmanned Aircraft Systems'' and dated February 15, 2015; (2) examine and identify the existing Federal, State, or relevant local laws that address an individual's personal privacy; (3) identify specific issues and concerns that may limit the availability of civil or criminal legal remedies regarding inappropriate operation of unmanned aircraft systems in the national airspace system; [[Page H8940]] (4) identify any deficiencies in Federal, State, or local privacy protections; and (5) provide recommendations to address any limitations and deficiencies identified in paragraphs (3) and (4). (c) Report.--Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the appropriate committees of Congress a report on the results of the review required under subsection (a). SEC. 359. STUDY ON FIRE DEPARTMENT AND EMERGENCY SERVICE AGENCY USE OF UNMANNED AIRCRAFT SYSTEMS. (a) Study.-- (1) In general.--The Administrator shall conduct a study on the use of unmanned aircraft systems by fire departments and emergency service agencies. Such study shall include an analysis of-- (A) how fire departments and emergency service agencies currently use unmanned aircraft systems; (B) obstacles to greater use of unmanned aircraft systems by fire departments and emergency service agencies; (C) the best way to provide outreach to support greater use of unmanned aircraft systems by fire departments and emergency service agencies; (D) laws or regulations that present barriers to career, combination, and volunteer fire departments' ability to use unmanned aircraft systems; (E) training and certifications required for the use of unmanned aircraft systems by fire departments and emergency service agencies; (F) airspace limitations and concerns in the use of unmanned aircraft systems by fire departments and emergency service agencies; (G) roles of unmanned aircraft systems in the provision of fire and emergency services; (H) technological challenges to greater adoption of unmanned aircraft systems by fire departments and emergency service agencies; and (I) other issues determined appropriate by the Administrator. (2) Consultation.--In conducting the study under paragraph (1), the Administrator shall consult with national fire and emergency service organizations. (b) Report.--Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the study conducted under subsection (a), including the Administrator's findings, conclusions, and recommendations. SEC. 360. STUDY ON FINANCING OF UNMANNED AIRCRAFT SERVICES. (a) In General.--Not later than 60 days after the date of enactment of this Act, the Comptroller General of the United States shall initiate a study on appropriate fee mechanisms to recover the costs of-- (1) the regulation and safety oversight of unmanned aircraft and unmanned aircraft systems; and (2) the provision of air navigation services to unmanned aircraft and unmanned aircraft systems. (b) Considerations.--In carrying out the study, the Comptroller General shall consider, at a minimum-- (1) any recommendations of Task Group 3 of the Drone Advisory Committee chartered by the Federal Aviation Administration on August 31, 2016; (2) the total annual costs incurred by the Federal Aviation Administration for the regulation and safety oversight of activities related to unmanned aircraft; (3) the annual costs attributable to various types, classes, and categories of unmanned aircraft activities; (4) air traffic services provided to unmanned aircraft operating under instrument flight rules, excluding public aircraft; (5) the number of full-time Federal Aviation Administration employees dedicated to unmanned aircraft ***programs***; (6) the use of privately operated UTM and other privately operated unmanned aircraft systems; (7) the projected growth of unmanned aircraft operations for various applications and the estimated need for regulation, oversight, and other services; (8) the number of small businesses involved in the various sectors of the unmanned aircraft industry and operating as primary users of unmanned aircraft; and (9) any best practices or policies utilized by jurisdictions outside the United States relating to partial or total recovery of regulation and safety oversight costs related to unmanned aircraft and other emergent technologies. (c) Report to Congress.--Not later than 180 days after initiating the study, the Comptroller General shall submit to the appropriate committees of Congress a report containing recommendations on appropriate fee mechanisms to recover the costs of regulating and providing air navigation services to unmanned aircraft and unmanned aircraft systems. SEC. 361. REPORT ON UAS AND CHEMICAL AERIAL APPLICATION. Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report evaluating which aviation safety requirements under part 137 of title 14, Code of Federal Regulations, should apply to unmanned aircraft system operations engaged in aerial spraying of chemicals for ***agricultural*** purposes. SEC. 362. SENSE OF CONGRESS REGARDING UNMANNED AIRCRAFT SAFETY. It is the sense of Congress that-- (1) the unauthorized operation of unmanned aircraft near airports presents a serious hazard to aviation safety; (2) a collision between an unmanned aircraft and a conventional aircraft in flight could jeopardize the safety of persons aboard the aircraft and on the ground; (3) Federal aviation regulations, including sections 91.126 through 91.131 of title 14, Code of Federal Regulations, prohibit unauthorized operation of an aircraft in controlled airspace near an airport; (4) Federal aviation regulations, including section 91.13 of title 14, Code of Federal Regulations, prohibit the operation of an aircraft in a careless or reckless manner so as to endanger the life or property of another; (5) the Administrator should pursue all available civil and administrative remedies available to the Administrator, including referrals to other government agencies for criminal investigations, with respect to persons who operate unmanned aircraft in an unauthorized manner; (6) the Administrator should-- (A) place particular priority in continuing measures, including partnering with nongovernmental organizations and State and local agencies, to educate the public about the dangers to public safety of operating unmanned aircraft over areas that have temporary flight restrictions in place, for purposes such as wildfires, without appropriate authorization; and (B) partner with State and local agencies to effectively enforce relevant laws so that unmanned aircrafts do not interfere with the efforts of emergency responders; (7) the Administrator should place particular priority on continuing measures, including partnerships with nongovernmental organizations, to educate the public about the dangers to the public safety of operating unmanned aircraft near airports without the appropriate approvals or authorizations; and (8) manufacturers and retail sellers of small unmanned aircraft systems should take steps to educate consumers about the safe and lawful operation of such systems. SEC. 363. PROHIBITION REGARDING WEAPONS. (a) In General.--Unless authorized by the Administrator, a person may not operate an unmanned aircraft or unmanned aircraft system that is equipped or armed with a dangerous weapon. (b) Dangerous Weapon Defined.--In this section, the term ``dangerous weapon'' has the meaning given that term in section 930(g)(2) of title 18, United States Code. (c) Penalty.--A person who violates this section is liable to the United States Government for a civil penalty of not more than $25,000 for each violation. SEC. 364. U.S COUNTER-UAS SYSTEM REVIEW OF INTERAGENCY COORDINATION PROCESSES. (a) In General.--Not later than 60 days after that date of enactment of this Act, the Administrator, in consultation with government agencies currently authorized to operate Counter-Unmanned Aircraft System (C-UAS) systems within the United States (including the territories and possessions of the United States), shall initiate a review of the following: (1) The process the Administration is using for interagency coordination of C-UAS activity pursuant to a relevant Federal statute authorizing such activity within the United States (including the territories and possessions of the United States). (2) The standards the Administration is utilizing for operation of a C-UAS systems pursuant to a relevant Federal statute authorizing such activity within the United States (including the territories and possessions of the United States), including whether the following criteria are being taken into consideration in the development of the standards: (A) Safety of the national airspace. (B) Protecting individuals and property on the ground. (C) Non-interference with avionics of manned aircraft, and unmanned aircraft, operating legally in the national airspace. (D) Non-interference with air traffic control systems. (E) Adequate coordination procedures and protocols with the Federal Aviation Administration during the operation of C-UAS systems. (F) Adequate training for personnel operating C-UAS systems. (G) Assessment of the efficiency and effectiveness of the coordination and review processes to ensure national airspace safety while minimizing bureaucracy. (H) Best practices for the consistent operation of C-UAS systems to the maximum extent practicable. (I) Current airspace authorization information shared by automated approval processes for airspace authorizations, such as the Low Altitude Authorization and Notification Capability. (J) Such other matters the Administrator considers necessary for the safe and lawful operation of C-UAS systems. (3) Similar interagency coordination processes already used for other matters that may be used as a model for improving the interagency coordination for the usage of C-UAS systems. (b) Report.--Not later than 180 days after the date upon which the review in subsection (a) is initiated, the Administrator shall submit to the Committee on Transportation and [[Page H8941]] Infrastructure of the House of Representatives, the Committee on Armed Services of the House of Representatives, and the Committee on Commerce, Science, and Transportation in the Senate, and the Committee on Armed Services of the Senate, a report on the Administration's activities related to C-UAS systems, including-- (1) any coordination with Federal agencies and States, subdivisions and States, political authorities of at least 2 States that operate C-UAS systems; (2) an assessment of the standards being utilized for the operation of a counter-UAS systems within the United States (including the territories and possessions of the United States); (3) an assessment of the efficiency and effectiveness of the interagency coordination and review processes to ensure national airspace safety while minimizing bureaucracy; and (4) a review of any additional authorities needed by the Federal Aviation Administration to effectively oversee the management of C-UAS systems within the United States (including the territories and possessions of the United States). SEC. 365. COOPERATION RELATED TO CERTAIN COUNTER-UAS TECHNOLOGY. In matters relating to the use of systems in the national airspace system intended to mitigate threats posed by errant or hostile unmanned aircraft system operations, the Secretary of Transportation shall consult with the Secretary of Defense to streamline deployment of such systems by drawing upon the expertise and experience of the Department of Defense in acquiring and operating such systems consistent with the safe and efficient operation of the national airspace system. SEC. 366. STRATEGY FOR RESPONDING TO PUBLIC SAFETY THREATS AND ENFORCEMENT UTILITY OF UNMANNED AIRCRAFT SYSTEMS. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall develop a comprehensive strategy to provide outreach to State and local governments and provide guidance for local law enforcement agencies and first responders with respect to-- (1) how to identify and respond to public safety threats posed by unmanned aircraft systems; and (2) how to identify and take advantage of opportunities to use unmanned aircraft systems to enhance the effectiveness of local law enforcement agencies and first responders. (b) Resources.--Not later than 180 days after the date of enactment of this Act, the Administrator shall establish a publicly available Internet website that contains resources for State and local law enforcement agencies and first responders seeking-- (1) to respond to public safety threats posed by unmanned aircraft systems; and (2) to identify and take advantage of opportunities to use unmanned aircraft systems to enhance the effectiveness of local law enforcement agencies and public safety response efforts. (c) Unmanned Aircraft System Defined.--In this section, the term ``unmanned aircraft system'' has the meaning given that term in section 44801 of title 49, United States Code, as added by this Act. SEC. 367. INCORPORATION OF FEDERAL AVIATION ADMINISTRATION OCCUPATIONS RELATING TO UNMANNED AIRCRAFT INTO VETERANS EMPLOYMENT ***PROGRAMS*** OF THE ADMINISTRATION. Not later than 180 days after the date of the enactment of this Act, the Administrator of the Federal Aviation Administration, in consultation with the Secretary of Veterans Affairs, the Secretary of Defense, and the Secretary of Labor, shall determine whether occupations of the Administration relating to unmanned aircraft systems technology and regulations can be incorporated into the Veterans' Employment ***Program*** of the Administration, particularly in the interaction between such ***program*** and the New Sights Work Experience ***Program*** and the Vet-Link Cooperative Education ***Program***. SEC. 368. PUBLIC UAS ACCESS TO SPECIAL USE AIRSPACE. Not later than 180 days after the date of enactment of this Act, the Secretary of Transportation shall issue guidance for the expedited and timely access to special use airspace for public unmanned aircraft systems in order to assist Federal, State, local, or tribal law enforcement organizations in conducting law enforcement, emergency response, or for other activities. SEC. 369. APPLICATIONS FOR DESIGNATION. Section 2209 of the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190; 130 Stat. 615) is amended-- (1) in subsection (b)(1)(C)(i), by striking ``and distribution facilities and equipment'' and inserting ``distribution facilities and equipment, and railroad facilities''; and (2) by adding at the end the following: ``(e) Deadlines.-- ``(1) Not later than March 31, 2019, the Administrator shall publish a notice of proposed rulemaking to carry out the requirements of this section. ``(2) Not later than 12 months after publishing the notice of proposed rulemaking under paragraph (1), the Administrator shall issue a final rule.''. SEC. 370. SENSE OF CONGRESS ON ADDITIONAL RULEMAKING AUTHORITY. It is the sense of Congress that-- (1) beyond visual line of sight operations, nighttime operations, and operations over people of unmanned aircraft systems have tremendous potential-- (A) to enhance both commercial and academic use; (B) to spur economic growth and development through innovative applications of this emerging technology; and (C) to improve emergency response efforts as it relates to assessing damage to critical infrastructure such as roads, bridges, and utilities, including water and power, ultimately speeding response time; (2) advancements in miniaturization of safety technologies, including for aircraft weighing under 4.4 pounds, have increased economic opportunities for using unmanned aircraft systems while reducing kinetic energy and risk compared to unmanned aircraft that may weigh 4.4 pounds or more, but less than 55 pounds; (3) advancements in unmanned technology will have the capacity to ultimately improve manned aircraft safety; and (4) integrating unmanned aircraft systems safely into the national airspace, including beyond visual line of sight operations, nighttime operations on a routine basis, and operations over people should remain a top priority for the Federal Aviation Administration as it pursues additional rulemakings under the amendments made by this section. SEC. 371. ASSESSMENT OF AIRCRAFT REGISTRATION FOR SMALL UNMANNED AIRCRAFT. (a) Evaluation.--Not later than 180 days after the date of enactment of this Act, the Secretary of Transportation shall enter into an agreement with the National Academy of Public Administration, to estimate and assess compliance with and the effectiveness of the registration of small unmanned aircraft systems by the Federal Aviation Administration pursuant to the interim final rule issued on December 16, 2015, titled ``Registration and Marking Requirements for Small Unmanned Aircraft'' (80 Fed. Reg. 78593). (b) Metrics.--Upon receiving the assessment, the Secretary shall, to the extent practicable, develop metrics to measure compliance with the interim final rule described in subsection (a), and any subsequent final rule, including metrics with respect to-- (1) the levels of compliance with the interim final rule and any subsequent final rule; (2) the number of enforcement actions taken by the Administration for violations of or noncompliance with the interim final rule and any subsequent final rule, together with a description of the actions; and (3) the effect of the interim final rule and any subsequent final rule on compliance with any fees associated with the use of small unmanned aircraft systems. (c) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary shall submit to the to the appropriate committees of Congress a report containing-- (1) the results of the assessment required under subsection (a); (2) the metrics required under subsection (b) and how the Secretary will track these metrics; and (3) recommendations to Congress for improvements to the registration process for small unmanned aircraft, if necessary. SEC. 372. ENFORCEMENT. (a) UAS Safety Enforcement.--The Administrator of the Federal Aviation Administration shall establish a pilot ***program*** to utilize available remote detection or identification technologies for safety oversight, including enforcement actions against operators of unmanned aircraft systems that are not in compliance with applicable Federal aviation laws, including regulations. (b) Reporting.--As part of the pilot ***program***, the Administrator shall establish and publicize a mechanism for the public and Federal, State, and local law enforcement to report suspected operation of unmanned aircraft in violation of applicable Federal laws and regulations. (c) Report to Congress.--Not later than 1 ***year*** after the date of enactment of the FAA Reauthorization Act of 2018, and annually thereafter through the duration of the pilot ***program*** established in subsection (a), the Administrator shall submit to the appropriate committees of Congress a report on the following: (1) The number of unauthorized unmanned aircraft operations detected in restricted airspace, including in and around airports, together with a description of such operations. (2) The number of enforcement cases brought by the Federal Aviation Administration or other Federal agencies for unauthorized operation of unmanned aircraft detected through the ***program***, together with a description of such cases. (3) Recommendations for safety and operational standards for unmanned aircraft detection and mitigation systems. (4) Recommendations for any legislative or regulatory changes related to mitigation or detection or identification of unmanned aircraft systems. (d) Sunset.--The pilot ***program*** established in subsection (a) shall terminate on September 30, 2023. (e) Civil Penalties.--Section 46301 of title 49, United States Code, is amended-- (1) in subsection (a)(1)(A), by inserting ``chapter 448,'' after ``chapter 447 (except sections 44717 and 44719- 44723),''; [[Page H8942]] (2) in subsection (a)(5)(A)(i), by inserting ``chapter 448,'' after ``chapter 447 (except sections 44717-44723),''; (3) in subsection (d)(2), by inserting ``chapter 448,'' after ``chapter 447 (except sections 44717 and 44719- 44723),''; and (4) in subsection (f)(1)(A)(i), by inserting ``chapter 448,'' after ``chapter 447 (except sections 44717 and 44719- 44723),''. (f) Rule of Construction.--Nothing in this section shall be construed to limit the authority of the Administrator to pursue an enforcement action for a violation of this subtitle or any other applicable provision of aviation safety law or regulation using remote detection or identification or other technology following the sunset of the pilot ***program***. SEC. 373. FEDERAL AND LOCAL AUTHORITIES. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States shall-- (1) conduct a study on the relative roles of the Federal Government, State, local and Tribal governments in the regulation and oversight of low-altitude operations of unmanned aircraft systems in the national airspace system; and (2) submit to the appropriate committees of Congress a report on the study, including the Comptroller General's findings and conclusions. (b) Contents.--The study under subsection (a) shall review the following: (1) The current state of the law with respect to Federal authority over low-altitude operations of unmanned aircraft systems in the national airspace system. (2) The current state of the law with respect to State, local, and Tribal authority over low-altitude operations of unmanned aircraft systems in the national airspace system. (3) Potential gaps between authorities under paragraphs (1) and (2). (4) The degree of regulatory consistency required among the Federal Government, State governments, local governments, and Tribal governments for the safe and financially viable growth and development of the unmanned aircraft industry. (5) The interests of Federal, State, local, and Tribal governments affected by low-altitude operations of unmanned aircraft systems and the authorities of those governments to protect such interests. (6) The infrastructure requirements necessary for monitoring the low-altitude operations of small unmanned aircraft and enforcing applicable laws. SEC. 374. SPECTRUM. (a) Report.--Not later than 270 days after the date of enactment of this Act, and after consultation with relevant stakeholders, the Administrator of the Federal Aviation Administration, the National Telecommunications and Information Administration, and the Federal Communications Commission, shall submit to the Committee on Commerce, Science, and Transportation of the Senate, the Committee on Transportation and Infrastructure of the House of Representatives, and the Committee on Energy and Commerce of the House of Representatives a report-- (1) on whether unmanned aircraft systems operations should be permitted, but not required, to operate on spectrum that was recommended for allocation for AM(R)S and control links for UAS by the World Radio Conferences in 2007 (L-band, 960- 1164 MHz) and 2012 (C-band, 5030-5091 MHz), on an unlicensed, shared, or exclusive basis, for operations within the UTM system or outside of such a system; (2) that addresses any technological, statutory, regulatory, and operational barriers to the use of such spectrum; and (3) that, if it is determined that some spectrum frequencies are not suitable for beyond-visual-line-of-sight operations by unmanned aircraft systems, includes recommendations of other spectrum frequencies that may be appropriate for such operations. (b) No Effect on Other Spectrum.--The report required under subsection (a) does not prohibit or delay use of any licensed spectrum to satisfy control links, tracking, diagnostics, payload communications, collision avoidance, and other functions for unmanned aircraft systems operations. SEC. 375. FEDERAL TRADE COMMISSION AUTHORITY. (a) In General.--A violation of a privacy policy by a person that uses an unmanned aircraft system for compensation or hire, or in the furtherance of a business enterprise, in the national airspace system shall be an unfair and deceptive practice in violation of section 5(a) of the Federal Trade Commission Act (15 U.S.C 45(a)). (b) Definitions.--In this section, the terms ``unmanned aircraft'' and ``unmanned aircraft system'' have the meanings given those terms in section 44801 of title 49, United States Code. SEC. 376. PLAN FOR FULL OPERATIONAL CAPABILITY OF UNMANNED AIRCRAFT SYSTEMS TRAFFIC MANAGEMENT. (a) In General.--In conjunction with completing the requirements of section 2208 of the FAA Extension, Safety, and Security Act of 2016 (49 U.S.C 40101 note), subject to subsection (b) of this section, the Administrator, in coordination with the Administrator of the National Aeronautics and Space Administration, and in consultation with unmanned aircraft systems industry stakeholders, shall develop a plan to allow for the implementation of unmanned aircraft systems traffic management (UTM) services that expand operations beyond visual line of sight, have full operational capability, and ensure the safety and security of all aircraft. (b) Completion of UTM System Pilot ***Program***.--The Administrator shall ensure that the UTM system pilot ***program***, as established in section 2208 of the FAA Extension, Safety, and Security Act of 2016 (49 U.S.C 40101 note), is conducted to meet the following objectives of a comprehensive UTM system by the conclusion of the pilot ***program***: (1) In cooperation with the National Aeronautics and Space Administration and manned and unmanned aircraft industry stakeholders, allow testing of unmanned aircraft operations, of increasing volumes and density, in airspace above test ranges, as such term is defined in section 44801 of title 49, United States Code, as well as other sites determined by the Administrator to be suitable for UTM testing, including those locations selected under the pilot ***program*** required in the October 25, 2017, Presidential Memorandum entitled, ``Unmanned Aircraft Systems Integration Pilot ***Program***'' and described in 82 Federal Register 50301. (2) Permit the testing of various remote identification and tracking technologies evaluated by the Unmanned Aircraft Systems Identification and Tracking Aviation Rulemaking Committee. (3) Where the particular operational environment permits, permit blanket waiver authority to allow any unmanned aircraft approved by a UTM system pilot ***program*** selectee to be operated under conditions currently requiring a case-by- case waiver under part 107, title 14, Code of Federal Regulations, provided that any blanket waiver addresses risks to airborne objects as well as persons and property on the ground. (c) Implementation Plan Contents.--The plan required by subsection (a) shall-- (1) include the development of safety standards to permit, authorize, or allow the use of UTM services, which may include the demonstration and validation of such services at the test ranges, as defined in section 44801 of title 49, United States Code, or other sites as authorized by the Administrator; (2) outline the roles and responsibilities of industry and government in establishing UTM services that allow applicants to conduct commercial and noncommercial operations, recognizing the primary private sector role in the development and implementation of the Low Altitude Authorization and Notification Capability and future expanded UTM services; (3) include an assessment of various components required for necessary risk reduction and mitigation in relation to the use of UTM services, including-- (A) remote identification of both cooperative and non- cooperative unmanned aircraft systems in the national airspace system; (B) deconfliction of cooperative unmanned aircraft systems in the national airspace system by such services; (C) the manner in which the Federal Aviation Administration will conduct oversight of UTM systems, including interfaces between UTM service providers and air traffic control; (D) the need for additional technologies to detect cooperative and non-cooperative aircraft; (E) collaboration and coordination with air traffic control, or management services and technologies to ensure the safety oversight of manned and unmanned aircraft, including-- (i) the Federal Aviation Administration responsibilities to collect and disseminate relevant data to UTM service providers; and (ii) data exchange protocols to share UAS operator intent, operational approvals, operational restraints, and other data necessary to ensure safety or security of the National Airspace System; (F) the potential for UTM services to manage unmanned aircraft systems carrying either cargo, payload, or passengers, weighing more than 55 pounds, and operating at altitudes higher than 400 feet above ground level; and (G) cybersecurity protections, data integrity, and national and homeland security benefits; and (4) establish a process for-- (A) accepting applications for operation of UTM services in the national airspace system; (B) setting the standards for independent private sector validation and verification that the standards for UTM services established pursuant to paragraph (1) enabling operations beyond visual line of sight, have been met by applicants; and (C) notifying the applicant, not later than 120 days after the Administrator receives a complete application, with a written approval, disapproval, or request to modify the application. (d) Safety Standards.--In developing the safety standards in subsection (c)(1), the Administrator-- (1) shall require that UTM services help ensure the safety of unmanned aircraft and other aircraft operations that occur primarily or exclusively in airspace 400 feet above ground level and below, including operations conducted under a waiver issued pursuant to subpart D of part 107 of title 14, Code of Federal Regulations; (2) shall consider, as appropriate-- (A) protection of persons and property on the ground; [[Page H8943]] (B) remote identification and tracking of aircraft; (C) collision avoidance with respect to obstacles and non- cooperative aircraft; (D) deconfliction of cooperative aircraft and integration of other relevant airspace considerations; (E) right of way rules, inclusive of UAS operations; (F) safe and reliable coordination between air traffic control and other systems operated in the national airspace system; (G) detection of non-cooperative aircraft; (H) geographic and local factors including but not limited to terrain, buildings and structures; (I) aircraft equipage; and (J) qualifications, if any, necessary to operate UTM services; and (3) may establish temporary flight restrictions or other means available such as a certificate of waiver or authorization (COA) for demonstration and validation of UTM services. (e) Revocation.--The Administrator may revoke the permission, authorization, or approval for the operation of UTM services if the Administrator determines that the services or its operator are no longer in compliance with applicable safety standards. (f) Low-risk Areas.--The Administrator shall establish expedited procedures for approval of UTM services operated in-- (1) airspace away from congested areas; or (2) other airspace above areas in which operations of unmanned aircraft pose low risk, as determined by the Administrator. (g) Consultation.--In carrying out this section, the Administrator shall consult with other Federal agencies, as appropriate. (h) Sense of Congress.--It is the sense of Congress that, in developing the safety standards for UTM services, the Federal Aviation Administration shall consider ongoing research and development efforts on UTM services conducted by-- (1) the National Aeronautics and Space Administration in partnership with industry stakeholders; (2) the UTM System pilot ***program*** required by section 2208 of the FAA Extension, Safety, and Security Act of 2016 (49 U.S.C 40101 note); and (3) the participants in the pilot ***program*** required in the October 25, 2017, Presidential Memorandum entitled, ``Unmanned Aircraft Systems Integration Pilot ***Program***'' and described in 82 Federal Register 50301. (i) Deadline.--Not later than 1 ***year*** after the date of conclusion of the UTM pilot ***program*** established in section 2208 of the FAA Extension, Safety, and Security Act of 2016 (49 U.S.C 40101 note), the Administrator shall-- (1) complete the plan required by subsection (a); (2) submit the plan to-- (A) the Committee on Commerce, Science, and Transportation of the Senate; and (B) the Committee on Science, Space, and Technology and the Committee on Transportation and Infrastructure of the House of Representatives; and (3) publish the plan on a publicly accessible Internet website of the Federal Aviation Administration. SEC. 377. EARLY IMPLEMENTATION OF CERTAIN UTM SERVICES. (a) In General.--Not later than 120 days after the date of the enactment of this Act, the Administrator shall, upon request of a UTM service provider, determine if certain UTM services may operate safely in the national airspace system before completion of the implementation plan required by section 376. (b) Assessment of UTM Services.--In making the determination under subsection (a), the Administrator shall assess, at a minimum, whether the proposed UTM services, as a result of their operational capabilities, reliability, intended use, areas of operation, and the characteristics of the aircraft involved, will maintain the safety and efficiency of the national airspace system and address any identified risks to manned or unmanned aircraft and persons and property on the ground. (c) Requirements for Safe Operation.--If the Administrator determines that certain UTM services may operate safely in the national airspace system, the Administrator shall establish requirements for their safe operation in the national airspace system. (d) Expedited Procedures.--The Administrator shall provide expedited procedures for making the assessment and determinations under this section where the UTM services will be provided primarily or exclusively in airspace above areas in which the operation of unmanned aircraft poses low risk, including but not limited to croplands and areas other than congested areas. (e) Consultation.--In carrying out this section, the Administrator shall consult with other Federal agencies, as appropriate. (f) Preexisting UTM Services Approvals.--Nothing in this Act shall affect or delay approvals, waivers, or exemptions granted by the Administrator for UTM services already in existence or approved by the Administrator prior to the date of enactment of this Act, including approvals under the Low Altitude Authorization and Notification Capability. SEC. 378. SENSE OF CONGRESS. It is the sense of Congress that-- (1) each person that uses an unmanned aircraft system for compensation or hire, or in the furtherance of a business enterprise, except those operated for purposes protected by the First Amendment of the Constitution, should have a written privacy policy consistent with section 357 that is appropriate to the nature and scope of the activities regarding the collection, use, retention, dissemination, and deletion of any data collected during the operation of an unmanned aircraft system; (2) each privacy policy described in paragraph (1) should be periodically reviewed and updated as necessary; and (3) each privacy policy described in paragraph (1) should be publicly available. SEC. 379. COMMERCIAL AND GOVERNMENTAL OPERATORS. (a) In General.--Not later than 270 days after the date of enactment of this Act, the Administrator shall, to the extent practicable and consistent with applicable law, make available in a single location on the website of the Department of Transportation: (1) Any certificate of waiver or authorization issued by the Administration to Federal, State, tribal or local governments for the operation of unmanned aircraft systems within 30 days of issuance of such certificate of waiver or authorization. (2) A spreadsheet of UAS registrations, including the city, state, and zip code of each registered drone owner, on its website that is updated once per quarter each ***calendar*** ***year***. (3) Summary descriptions and general purposes of public unmanned aircraft operations, including the locations where such unmanned aircraft may generally operate. (4) Summary descriptions of common civil unmanned aircraft operations. (5) The expiration date of any authorization of public or civil unmanned aircraft operations. (6) Links to websites of State agencies that enforce any applicable privacy laws. (7) For any unmanned aircraft system, except with respect to any operation protected by the First Amendment to the Constitution of the United States, that will collect personally identifiable information about individuals, including the use of facial recognition-- (A) the circumstance under which the system will be used; (B) the specific kinds of personally identifiable information that the system will collect about individuals; and (C) how the information referred to in subparagraph (B), and the conclusions drawn from such information, will be used, disclosed, and otherwise handled, including-- (i) how the collection or retention of such information that is unrelated to the specific use will be minimized; (ii) under what circumstances such information might be sold, leased, or otherwise provided to third parties; (iii) the period during which such information will be retained; (iv) when and how such information, including information no longer relevant to the specified use, will be destroyed; and (v) steps that will be used to protect against the unauthorized disclosure of any information or data, such as the use of encryption methods and other security features. (8) With respect to public unmanned aircraft systems-- (A) the locations where the unmanned aircraft system will operate; (B) the time during which the unmanned aircraft system will operate; (C) the general purpose of the flight; and (D) the technical capabilities that the unmanned aircraft system possesses. (b) Exceptions.--The Administrator shall not disclose information pursuant to subsection (a) if the Administrator determines that the release of such information-- (1) is not applicable; (2) is not practicable, including when the information is not available to the Administrator; (3) is not in compliance with applicable law; (4) would compromise national defense, homeland security or law enforcement activity; (5) would be withheld pursuant to an exception of the section 552 of title 5, United States Code (commonly known as the ``Freedom of Information Act''); or (6) is otherwise contrary to the public interest. (c) Sunset.--This section will cease to be effective on the date that is the earlier of-- (1) the date of publication of a Notice of Proposed Rulemaking or guidance regarding remote identification standards under section 2202 of the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190; 130 Stat. 615); or (2) September 30, 2023. SEC. 380. TRANSITION LANGUAGE. (a) Regulations.--Notwithstanding the repeals under sections 341, 348, 347, and 383 of this Act, all orders, determinations, rules, regulations, permits, grants, and contracts, which have been issued under any law described under subsection (b) of this section before the effective date of this Act shall continue in effect until modified or revoked by the Secretary of Transportation, acting through the Administrator of the Federal Aviation Administration, as applicable, by a court of competent jurisdiction, or by operation of law other than this Act. (b) Laws Described.--The laws described under this subsection are as follows: (1) Section 332 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note). (2) Section 333 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note). [[Page H8944]] (3) Section 334 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note). (4) Section 2206 of the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190; 130 Stat. 615). (c) Effect on Pending Proceedings.--This Act shall not affect administrative or judicial proceedings pending on the effective date of this Act. SEC. 381. UNMANNED AIRCRAFT SYSTEMS IN RESTRICTED BUILDINGS OR GROUNDS. Section 1752 of title 18, United States Code, is amended by adding after subsection (a)(4) the following: ``(5) knowingly and willfully operates an unmanned aircraft system with the intent to knowingly and willfully direct or otherwise cause such unmanned aircraft system to enter or operate within or above a restricted building or grounds;''. SEC. 382. PROHIBITION. (a) Amendment.--Chapter 2 of title 18, United States Code, is amended by adding at the end the following: ``Sec. 40A. Operation of unauthorized unmanned aircraft over wildfires ``(a) In General.--Except as provided in subsection (b), an individual who operates an unmanned aircraft and knowingly or recklessly interferes with a wildfire suppression, or law enforcement or emergency response efforts related to a wildfire suppression, shall be fined under this title, imprisoned for not more than 2 ***years***, or both. ``(b) Exceptions.--This section does not apply to the operation of an unmanned aircraft conducted by a unit or agency of the United States Government or of a State, tribal, or local government (including any individual conducting such operation pursuant to a contract or other agreement entered into with the unit or agency) for the purpose of protecting the public safety and welfare, including firefighting, law enforcement, or emergency response. ``(c) Definitions.--In this section, the following definitions apply: ``(1) Unmanned aircraft.--The term `unmanned aircraft' has the meaning given the term in section 44801 of title 49, United States Code. ``(2) Wildfire.--The term `wildfire' has the meaning given that term in section 2 of the Emergency Wildfire Suppression Act (42 U.S.C 1856m). ``(3) Wildfire suppression.--The term `wildfire suppression' means an effort to contain, extinguish, or suppress a wildfire.''. (b) Conforming Amendment.--The table of sections for chapter 2 of title 18, United States Code, is amended by inserting after the item relating to section 40 the following: ``40A. Operation of unauthorized unmanned aircraft over wildfires.''. SEC. 383. AIRPORT SAFETY AND AIRSPACE HAZARD MITIGATION AND ENFORCEMENT. (a) In General.--Chapter 448 of title 49, United States Code, as amended by this Act, is further amended by inserting at the end the following: ``Sec. 44810. Airport safety and airspace hazard mitigation and enforcement ``(a) Coordination.--The Administrator of the Federal Aviation Administration shall work with the Secretary of Defense, the Secretary of Homeland Security, and the heads of other relevant Federal departments and agencies for the purpose of ensuring that technologies or systems that are developed, tested, or deployed by Federal departments and agencies to detect and mitigate potential risks posed by errant or hostile unmanned aircraft system operations do not adversely impact or interfere with safe airport operations, navigation, air traffic services, or the safe and efficient operation of the national airspace system. ``(b) Plan.-- ``(1) In general.--The Administrator shall develop a plan for the certification, permitting, authorizing, or allowing of the deployment of technologies or systems for the detection and mitigation of unmanned aircraft systems. ``(2) Contents.--The plan shall provide for the development of policies, procedures, or protocols that will allow appropriate officials of the Federal Aviation Administration to utilize such technologies or systems to take steps to detect and mitigate potential airspace safety risks posed by unmanned aircraft system operations. ``(3) Aviation rulemaking committee.--The Administrator shall charter an aviation rulemaking committee to make recommendations for such a plan and any standards that the Administrator determines may need to be developed with respect to such technologies or systems. The Federal Advisory Committee Act (5 U.S.C App.) shall not apply to an aviation rulemaking committee chartered under this paragraph. ``(4) Non-delegation.--The plan shall not delegate any authority granted to the Administrator under this section to other Federal, State, local, territorial, or tribal agencies, or an airport sponsor, as defined in section 47102 of title 49, United States Code. ``(c) Airspace Hazard Mitigation ***Program***.--In order to test and evaluate technologies or systems that detect and mitigate potential aviation safety risks posed by unmanned aircraft, the Administrator shall deploy such technologies or systems at 5 airports, including 1 airport that ranks in the top 10 of the FAA's most recent Passenger Boarding Data. ``(d) Authority.--Under the testing and evaluation in subsection (c), the Administrator shall use unmanned aircraft detection and mitigation systems to detect and mitigate the unauthorized operation of an unmanned aircraft that poses a risk to aviation safety. ``(e) Aip Funding Eligibility.--Upon the certification, permitting, authorizing, or allowing of such technologies and systems that have been successfully tested under this section, an airport sponsor may apply for a grant under subchapter I of chapter 471 to purchase an unmanned aircraft detection and mitigation system. For purposes of this subsection, purchasing an unmanned aircraft detection and mitigation system shall be considered airport development (as defined in section 47102). ``(f) Briefing.--The Administrator shall annually brief the appropriate committees of Congress, including the Committee on Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate, on the implementation of this section. ``(g) Applicability of Other Laws.--Section 46502 of this title, section 32 of title 18, United States Code (commonly known as the Aircraft Sabotage Act), section 1031 of title 18, United States Code (commonly known as the Computer Fraud and Abuse Act of 1986), sections 2510-2522 of title 18, United States Code (commonly known as the Wiretap Act), and sections 3121-3127 of title 18, United States Code (commonly known as the Pen/Trap Statute), shall not apply to activities authorized by the Administrator pursuant to subsection (c) and (d). ``(h) Sunset.--This section ceases to be effective September 30, 2023. ``(i) Non-delegation.--The Administrator shall not delegate any authority granted to the Administrator under this section to other Federal, State, local, territorial, or tribal agencies, or an airport sponsor, as defined in section 47102 of title 49, United States Code. The Administrator may partner with other Federal agencies under this section, subject to any restrictions contained in such agencies' authority to operate counter unmanned aircraft systems.''. (b) Technical and Conforming Amendments.-- (1) Table of contents.--The table of contents for chapter 448, as amended by this Act, is further amended by inserting at the end the following: ``44810. Airport safety and airspace hazard mitigation and enforcement.''. (2) Pilot project for airport safety and airspace hazard mitigation.--Section 2206 of the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190; 130 Stat. 615) and the item relating to that section in the table of contents under section 1(b) of that Act are repealed. SEC. 384. UNSAFE OPERATION OF UNMANNED AIRCRAFT. (a) In General.--Chapter 2 of title 18, United States Code, is amended by inserting after section 39A the following: ``Sec. 39B. Unsafe operation of unmanned aircraft ``(a) Offense.--Any person who operates an unmanned aircraft and: ``(1) Knowingly interferes with, or disrupts the operation of, an aircraft carrying 1 or more occupants operating in the special aircraft jurisdiction of the United States, in a manner that poses an imminent safety hazard to such occupants, shall be punished as provided in subsection (c). ``(2) Recklessly interferes with, or disrupts the operation of, an aircraft carrying 1 or more occupants operating in the special aircraft jurisdiction of the United States, in a manner that poses an imminent safety hazard to such occupants, shall be punished as provided in subsection (c). ``(b) Operation of Unmanned Aircraft in Close Proximity to Airports.-- ``(1) In general.--Any person who, without authorization, knowingly operates an unmanned aircraft within a runway exclusion zone shall be punished as provided in subsection (c). ``(2) Runway exclusion zone defined.--In this subsection, the term `runway exclusion zone' means a rectangular area-- ``(A) centered on the centerline of an active runway of an airport immediately around which the airspace is designated as class B, class C, or class D airspace at the surface under part 71 of title 14, Code of Federal Regulations; and ``(B) the length of which extends parallel to the runway's centerline to points that are 1 statute mile from each end of the runway and the width of which is \1/2\ statute mile. ``(c) Penalty.-- ``(1) In general.--Except as provided in paragraph (2), the punishment for an offense under subsections (a) or (b) shall be a fine under this title, imprisonment for not more than 1 ***year***, or both. ``(2) Serious bodily injury or death.--Any person who: ``(A) Causes serious bodily injury or death during the commission of an offense under subsection (a)(2) shall be fined under this title, imprisoned for a term of up to 10 ***years***, or both. ``(B) Causes, or attempts or conspires to cause, serious bodily injury or death during the commission of an offense under subsections (a)(1) and (b) shall be fined under this title, imprisoned for any term of ***years*** or for life, or both.''. (b) Table of Contents.--The table of contents for chapter 2 of title 18, United States Code, is amended by inserting after the item relating to section 39A the following: ``39B. Unsafe operation of unmanned aircraft.''. [[Page H8945]] Subtitle C--General Aviation Safety SEC. 391. SHORT TITLE. This subtitle may be cited as the ``Fairness for Pilots Act''. SEC. 392. EXPANSION OF PILOT'S BILL OF RIGHTS. (a) Notification of Investigation.--Subsection (b) of section 2 of the Pilot's Bill of Rights (Public Law 112-153; 126 Stat. 1159; 49 U.S.C 44703 note) is amended-- (1) in paragraph (2)(A), by inserting ``and the specific activity on which the investigation is based'' after ``nature of the investigation''; (2) in paragraph (3), by striking ``timely''; and (3) in paragraph (5), by striking ``section 44709(c)(2)'' and inserting ``section 44709(e)(2)''. (b) Release of Investigative Reports.--Section 2 of the Pilot's Bill of Rights (Public Law 112-153; 126 Stat. 1159; 49 U.S.C 44703 note) is further amended by adding at the end the following: ``(f) Release of Investigative Reports.-- ``(1) In general.-- ``(A) Emergency orders.--In any proceeding conducted under part 821 of title 49, Code of Federal Regulations, relating to the amendment, modification, suspension, or revocation of an airman certificate, in which the Administrator issues an emergency order under subsections (d) and (e) of section 44709, section 44710, or section 46105(c) of title 49, United States Code, or another order that takes effect immediately, the Administrator shall provide, upon request, to the individual holding the airman certificate the releasable portion of the investigative report at the time the Administrator issues the order. If the complete Report of Investigation is not available at the time of the request, the Administrator shall issue all portions of the report that are available at the time and shall provide the full report not later than 5 days after its completion. ``(B) Other orders.--In any nonemergency proceeding conducted under part 821 of title 49, Code of Federal Regulations, relating to the amendment, modification, suspension, or revocation of an airman certificate, in which the Administrator notifies the certificate holder of a proposed certificate action under subsections (b) and (c) of section 44709 or section 44710 of title 49, United States Code, the Administrator shall, upon the written request of the covered certificate holder and at any time after that notification, provide to the covered certificate holder the releasable portion of the investigative report. ``(2) Motion for dismissal.--If the Administrator does not provide the releasable portions of the investigative report to the individual holding the airman certificate subject to the proceeding referred to in paragraph (1) by the time required by that paragraph, the individual may move to dismiss the complaint of the Administrator or for other relief and, unless the Administrator establishes good cause for the failure to provide the investigative report or for a lack of timeliness, the administrative law judge shall order such relief as the judge considers appropriate. ``(3) Releasable portion of investigative report.--For purposes of paragraph (1), the releasable portion of an investigative report is all information in the report, except for the following: ``(A) Information that is privileged. ``(B) Information that constitutes work product or reflects internal deliberative process. ``(C) Information that would disclose the identity of a confidential source. ``(D) Information the disclosure of which is prohibited by any other provision of law. ``(E) Information that is not relevant to the subject matter of the proceeding. ``(F) Information the Administrator can demonstrate is withheld for good cause. ``(G) Sensitive security information, as defined in section 15.5 of title 49, Code of Federal Regulations (or any corresponding similar ruling or regulation). ``(4) Rule of construction.--Nothing in this subsection shall be construed to prevent the Administrator from releasing to an individual subject to an investigation described in subsection (b)(1)-- ``(A) information in addition to the information included in the releasable portion of the investigative report; or ``(B) a copy of the investigative report before the Administrator issues a complaint.''. SEC. 393. NOTIFICATION OF REEXAMINATION OF CERTIFICATE HOLDERS. (a) In General.--Section 44709(a) of title 49, United States Code, is amended-- (1) by striking ``The Administrator'' and inserting the following: ``(1) In general.--The Administrator''; (2) by adding at the end the following: ``(2) Notification of reexamination of airman.--Before taking any action to reexamine an airman under paragraph (1) the Administrator shall provide to the airman-- ``(A) a reasonable basis, described in detail, for requesting the reexamination; and ``(B) any information gathered by the Federal Aviation Administration, that the Administrator determines is appropriate to provide, such as the scope and nature of the requested reexamination, that formed the basis for that justification.''. SEC. 394. EXPEDITING UPDATES TO NOTAM ***PROGRAM***. (a) In General.--Beginning on the date that is 180 days after the date of enactment of this Act, the Administrator may not take any enforcement action against any individual for a violation of a NOTAM (as defined in section 3 of the Pilot's Bill of Rights (49 U.S.C 44701 note)) until the Administrator certifies to the appropriate committees of Congress that the Administrator has complied with the requirements of section 3 of the Pilot's Bill of Rights, as amended by this section. (b) Amendments.--Section 3 of the Pilot's Bill of Rights (Public Law 112-153; 126 Stat. 1162; 49 U.S.C 44701 note) is amended-- (1) in subsection (a)(2)-- (A) in the matter preceding subparagraph (A)-- (i) by striking ``this Act'' and inserting ``the Fairness for Pilots Act''; and (ii) by striking ``begin'' and inserting ``complete the implementation of''; (B) by amending subparagraph (B) to read as follows: ``(B) to continue developing and modernizing the NOTAM repository, in a public central location, to maintain and archive all NOTAMs, including the original content and form of the notices, the original date of publication, and any amendments to such notices with the date of each amendment, in a manner that is Internet-accessible, machine-readable, and searchable;''; (C) in subparagraph (C), by striking the period at the end and inserting ``; and''; and (D) by adding at the end the following: ``(D) to specify the times during which temporary flight restrictions are in effect and the duration of a designation of special use airspace in a specific area.''; and (2) by amending subsection (d) to read as follows: ``(d) Designation of Repository as Sole Source for NOTAMs.-- ``(1) In general.--The Administrator-- ``(A) shall consider the repository for NOTAMs under subsection (a)(2)(B) to be the sole location for airmen to check for NOTAMs; and ``(B) may not consider a NOTAM to be announced or published until the NOTAM is included in the repository for NOTAMs under subsection (a)(2)(B). ``(2) Prohibition on taking action for violations of notams not in repository.-- ``(A) In general.--Except as provided in subparagraph (B), beginning on the date that the repository under subsection (a)(2)(B) is final and published, the Administrator may not take any enforcement action against an airman for a violation of a NOTAM during a flight if-- ``(i) that NOTAM is not available through the repository before the commencement of the flight; and ``(ii) that NOTAM is not reasonably accessible and identifiable to the airman. ``(B) Exception for national security.--Subparagraph (A) shall not apply in the case of an enforcement action for a violation of a NOTAM that directly relates to national security.''. SEC. 395. ACCESSIBILITY OF CERTAIN FLIGHT DATA. (a) In General.--Subchapter I of chapter 471 of title 49, United States Code, is amended by inserting after section 47124 the following: ``Sec. 47124a. Accessibility of certain flight data ``(a) Definitions.--In this section: ``(1) Administration.--The term `Administration' means the Federal Aviation Administration. ``(2) Administrator.--The term `Administrator' means the Administrator of the Federal Aviation Administration. ``(3) Applicable individual.--The term `applicable individual' means an individual who is the subject of an investigation initiated by the Administrator related to a covered flight record. ``(4) Contract tower.--The term `contract tower' means an air traffic control tower providing air traffic control services pursuant to a contract with the Administration under section 47124. ``(5) Covered flight record.--The term `covered flight record' means any air traffic data (as defined in section 2(b)(4)(B) of the Pilot's Bill of Rights (49 U.S.C 44703 note)), created, maintained, or controlled by any ***program*** of the Administration, including any ***program*** of the Administration carried out by employees or contractors of the Administration, such as contract towers, flight service stations, and controller training ***programs***. ``(b) Provision of Covered Flight Record to Administration.-- ``(1) Requests.--Whenever the Administration receives a written request for a covered flight record from an applicable individual and the covered flight record is not in the possession of the Administration, the Administrator shall request the covered flight record from the contract tower or other contractor of the Administration in possession of the covered flight record. ``(2) Provision of records.--Any covered flight record created, maintained, or controlled by a contract tower or another contractor of the Administration that maintains covered flight records shall be provided to the Administration if the Administration requests the record pursuant to paragraph (1). ``(3) Notice of proposed certificate action.--If the Administrator has issued, or subsequently issues, a Notice of Proposed Certificate Action relying on evidence contained in the covered flight record and the individual who is the subject of an investigation has requested the record, the Administrator shall promptly produce the record and [[Page H8946]] extend the time the individual has to respond to the Notice of Proposed Certificate Action until the covered flight record is provided. ``(c) Implementation.-- ``(1) In general.--Not later than 180 days after the date of enactment of the Fairness for Pilots Act, the Administrator shall promulgate regulations or guidance to ensure compliance with this section. ``(2) Compliance by contractors.-- ``(A) In general.--Compliance with this section by a contract tower or other contractor of the Administration that maintains covered flight records shall be included as a material term in any contract between the Administration and the contract tower or contractor entered into or renewed on or after the date of enactment of the Fairness for Pilots Act. ``(B) Nonapplicability.--Subparagraph (A) shall not apply to any contract or agreement in effect on the date of enactment of the Fairness for Pilots Act unless the contract or agreement is renegotiated, renewed, or modified after that date. ``(d) Protection of Certain Data.--The Administrator of the Federal Aviation Administration may withhold information that would otherwise be required to be made available under section only if-- ``(1) the Administrator determines, based on information in the possession of the Administrator, that the Administrator may withhold the information in accordance with section 552a of title 5, United States Code; or ``(2) the information is submitted pursuant to a voluntary safety reporting ***program*** covered by section 40123 of title 49, United States Code.''. (b) Technical and Conforming Amendments.--The table of contents for chapter 471 is amended by inserting after the item relating to section 47124 the following: ``47124a. Accessibility of certain flight data.''. SEC. 396. AUTHORITY FOR LEGAL COUNSEL TO ISSUE CERTAIN NOTICES. Not later than 90 days after the date of enactment of this Act, the Administrator shall designate the appropriate legal counsel of the Administration as an appropriate official for purposes of section 13.11 of title 14, Code of Federal Regulations. TITLE IV--AIR SERVICE IMPROVEMENTS Subtitle A--Airline Customer Service Improvements SEC. 401. DEFINITIONS. In this title: (1) Covered air carrier.--The term ``covered air carrier'' means an air carrier or a foreign air carrier as those terms are defined in section 40102 of title 49, United States Code. (2) Online service.--The term ``online service'' means any service available over the internet, or that connects to the internet or a wide-area network. (3) Ticket agent.--The term ``ticket agent'' has the meaning given the term in section 40102 of title 49, United States Code. SEC. 402. RELIABLE AIR SERVICE IN AMERICAN SAMOA. Section 40109(g) of title 49, United States Code, is amended-- (1) in paragraph (2) by striking subparagraph (C) and inserting the following: ``(C) review the exemption at least every 30 days (or, in the case of an exemption that is necessary to provide and sustain air transportation in American Samoa between the islands of Tutuila and Manu'a, at least every 180 days) to ensure that the unusual circumstances that established the need for the exemption still exist.''; and (2) by striking paragraph (3) and inserting the following: ``(3) Renewal of exemptions.-- ``(A) In general.--Except as provided in subparagraph (B), the Secretary may renew an exemption (including renewals) under this subsection for not more than 30 days. ``(B) Exception.--The Secretary may renew an exemption (including renewals) under this subsection that is necessary to provide and sustain air transportation in American Samoa between the islands of Tutuila and Manu'a for not more than 180 days. ``(4) Continuation of exemptions.--An exemption granted by the Secretary under this subsection may continue for not more than 5 days after the unusual circumstances that established the need for the exemption cease.''. SEC. 403. CELL PHONE VOICE COMMUNICATION BAN. (a) In General.--Subchapter I of chapter 417 of title 49, United States Code, is amended by adding at the end the following: ``Sec. 41725. Prohibition on certain cell phone voice communications ``(a) Prohibition.--The Secretary of Transportation shall issue regulations-- ``(1) to prohibit an individual on an aircraft from engaging in voice communications using a mobile communications device during a flight of that aircraft in scheduled passenger interstate or intrastate air transportation; and ``(2) that exempt from the prohibition described in paragraph (1) any-- ``(A) member of the flight crew on duty on an aircraft; ``(B) flight attendant on duty on an aircraft; and ``(C) Federal law enforcement officer acting in an official capacity. ``(b) Definitions.--In this section, the following definitions apply: ``(1) Flight.--The term `flight' means, with respect to an aircraft, the period beginning when the aircraft takes off and ending when the aircraft lands. ``(2) Mobile communications device.-- ``(A) In general.--The term `mobile communications device' means any portable wireless telecommunications equipment utilized for the transmission or reception of voice data. ``(B) Limitation.--The term `mobile communications device' does not include a phone installed on an aircraft.''. (b) Clerical Amendment.--The analysis for chapter 417 of title 49, United States Code, is amended by inserting after the item relating to section 41724 the following: ``41725. Prohibition on certain cell phone voice communications.''. SEC. 404. IMPROVED NOTIFICATION OF INSECTICIDE USE. Section 42303(b) of title 49, United States Code, is amended to read as follows: ``(b) Required Disclosures.--An air carrier, foreign air carrier, or ticket agent selling, in the United States, a ticket for a flight in foreign air transportation to a country listed on the internet website established under subsection (a) shall-- ``(1) disclose, on its own internet website or through other means, that the destination country may require the air carrier or foreign air carrier to treat an aircraft passenger cabin with insecticides prior to the flight or to apply an aerosol insecticide in an aircraft cabin used for such a flight when the cabin is occupied with passengers; and ``(2) refer the purchaser of the ticket to the internet website established under subsection (a) for additional information.''. SEC. 405. CONSUMER COMPLAINTS HOTLINE. Section 42302 of title 49, United States Code, is amended by adding at the end the following: ``(d) Use of New Technologies.--The Secretary shall periodically evaluate the benefits of using mobile phone applications or other widely used technologies to provide new means for air passengers to communicate complaints in addition to the telephone number established under subsection (a) and shall provide such new means as the Secretary determines appropriate.''. SEC. 406. CONSUMER INFORMATION ON ACTUAL FLIGHT TIMES. (a) Study.--The Secretary of Transportation shall conduct a study on the feasibility and advisability of modifying regulations contained in section 234.11 of title 14, Code of Federal Regulations, to ensure that-- (1) a reporting carrier (including its contractors), during the course of a reservation or ticketing discussion or other inquiry, discloses to a consumer upon reasonable request the projected period between the actual wheels-off and wheels-on times for a reportable flight; and (2) a reporting carrier displays, on the public internet website of the carrier, information on the actual wheels-off and wheels-on times during the most recent ***calendar*** month for a reportable flight. (b) Definitions.--In this section, the terms ``reporting carrier'' and ``reportable flight'' have the meanings given those terms in section 234.2 of title 14, Code of Federal Regulations (as in effect on the date of enactment of this Act). (c) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report on the results of the study. SEC. 407. TRAINING POLICIES REGARDING RACIAL, ETHNIC, AND RELIGIOUS NONDISCRIMINATION. (a) In General.--Not later than 180 days after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the appropriate committees of Congress and the Secretary of Transportation a report describing-- (1) each air carrier's training policy for its employees and contractors regarding racial, ethnic, and religious nondiscrimination; and (2) how frequently an air carrier is required to train new employees and contractors because of turnover in positions that require such training. (b) Best Practices.--After the date the report is submitted under subsection (a), the Secretary shall develop and disseminate to air carriers best practices necessary to improve the training policies described in subsection (a), based on the findings of the report and in consultation with-- (1) passengers of diverse racial, ethnic, and religious backgrounds; (2) national organizations that represent impacted communities; (3) air carriers; (4) airport operators; and (5) contract service providers. SEC. 408. TRAINING ON HUMAN TRAFFICKING FOR CERTAIN STAFF. (a) In General.--Chapter 447 of title 49, United States Code, as amended by this Act, is further amended by adding at the end the following: ``Sec. 44738. Training on human trafficking for certain staff ``In addition to other training requirements, each air carrier shall provide training to ticket counter agents, gate agents, and other air carrier workers whose jobs require regular interaction with passengers on recognizing and responding to potential human trafficking victims.''. [[Page H8947]] (b) Clerical Amendment.--The analysis for chapter 447 of title 49, United States Code, as amended by this Act, is further amended by adding at the end the following: ``44738. Training on human trafficking for certain staff.''. SEC. 409. PROHIBITIONS AGAINST SMOKING ON PASSENGER FLIGHTS. Section 41706 of title 49, United States Code, is amended-- (1) by redesignating subsection (d) as subsection (e); and (2) by inserting after subsection (c) the following: ``(d) Electronic Cigarettes.-- ``(1) Inclusion.--The use of an electronic cigarette shall be treated as smoking for purposes of this section. ``(2) Electronic cigarette defined.--In this section, the term `electronic cigarette' means a device that delivers nicotine to a user of the device in the form of a vapor that is inhaled to simulate the experience of smoking.''. SEC. 410. REPORT ON BAGGAGE REPORTING REQUIREMENTS. Not later than 6 months after the date of enactment of this Act, the Secretary of Transportation shall-- (1) study and publicize for comment a cost-benefit analysis to air carriers and consumers of changing the baggage reporting requirements of section 234.6 of title 14, Code of Federal Regulations, before the implementation of such requirements; and (2) submit a report on the findings of the cost-benefit analysis to the appropriate committees of Congress. SEC. 411. ENFORCEMENT OF AVIATION CONSUMER PROTECTION RULES. (a) In General.--The Comptroller General of the United States shall conduct a study to consider and evaluate Department of Transportation enforcement of aviation consumer protection rules. (b) Contents.--The study under subsection (a) shall include an evaluation of-- (1) available enforcement mechanisms; (2) any obstacles to enforcement; and (3) trends in Department of Transportation enforcement actions. (c) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the study, including the Comptroller General's findings, conclusions, and recommendations. SEC. 412. STROLLERS. (a) In General.--Subchapter I of chapter 417 of title 49, United States Code, as amended by this Act, is further amended by adding at the end the following: ``Sec. 41726. Strollers ``(a) In General.--Except as provided in subsection (b), a covered air carrier shall not deny a passenger the ability to check a stroller at the departure gate if the stroller is being used by a passenger to transport a child traveling on the same flight as the passenger. ``(b) Exception.--Subsection (a) shall not apply in instances where the size or weight of the stroller poses a safety or security risk. ``(c) Covered Air Carrier Defined.--In this section, the term `covered air carrier' means an air carrier or a foreign air carrier as those terms are defined in section 40102 of title 49, United States Code.''. (b) Table of Contents.--The analysis for chapter 417 of title 49, United States Code, is further amended by inserting after the item relating to section 41725 the following: ``41726. Strollers.''. SEC. 413. CAUSES OF AIRLINE DELAYS OR CANCELLATIONS. (a) Review.-- (1) In general.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary of Transportation, in consultation with the Administrator of the Federal Aviation Administration, shall review the categorization of delays and cancellations with respect to air carriers that are required to report such data. (2) Considerations.--In conducting the review under paragraph (1), the Secretary shall consider, at a minimum-- (A) whether delays and cancellations were the result of-- (i) decisions or matters within the control or within the discretion of the Federal Aviation Administration, including ground stop or delay management ***programs*** in response to adverse weather conditions; (ii) business decisions or other matters within the air carrier's control or discretion in response to adverse weather conditions, including efforts to disrupt the travel of the fewest number of passengers; or (iii) other factors; (B) if the data indicate whether and to what extent delays and cancellations attributed by an air carrier to weather disproportionately impact service to smaller airports and communities; (C) whether it is an unfair or deceptive practice for an air carrier to inform a passenger that a flight is delayed or cancelled due to weather alone when other factors are involved; (D) limitations, if any, in the Federal Aviation Administration air traffic control systems that reduce the capacity or efficiency of the national airspace system during adverse weather events; and (E) relevant analytical work by academic institutions. (3) Consultation.--The Secretary may consult air carriers and the Advisory Committee for Aviation Consumer Protection, established under section 411 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 42301 prec. note), to assist in conducting the review and providing recommendations on improving the quality and quantity of information provided to passengers adversely affected by a cancellation or delay. (b) Report.--Not later than 90 days after the date the review under subsection (a) is complete, the Secretary shall submit to the appropriate committees of Congress a report on the review under subsection (a), including any recommendations. (c) Savings Provision.--Nothing in this section shall be construed as affecting or penalizing-- (1) the decision of an air carrier to maximize its system capacity during weather-related events to accommodate the greatest number of passengers; or (2) any decisions of an air carrier or the Federal Aviation Administration in any matter related to or affecting the safety of any person. SEC. 414. INVOLUNTARY CHANGES TO ITINERARIES. (a) Review.-- (1) In general.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary of Transportation shall review the rate at which air carriers change passenger itineraries more than 24 hours before departure, where the new itineraries involve additional stops or depart 3 hours earlier or later than originally scheduled and compensation or other suitable air transportation is not offered. In conducting the review, the Secretary shall consider the compensation and alternative travel options provided or offered by the air carrier in such situations. (2) Consultation.--The Secretary may consult with air carriers and the Advisory Committee for Aviation Consumer Protection, established under section 411 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 42301 prec. note), to assist in conducting the review and providing recommendations. (b) Report.--Not later than 90 days after the date the review under subsection (a) is complete, the Secretary shall submit to appropriate committees of Congress a report on the review under subsection (a). SEC. 415. EXTENSION OF ADVISORY COMMITTEE FOR AVIATION CONSUMER PROTECTION. Section 411 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 42301 prec. note) is amended in subsection (h) by striking ``2018'' and inserting ``2023''. SEC. 416. ONLINE ACCESS TO AVIATION CONSUMER PROTECTION INFORMATION. Not later than 180 days after the date of enactment of this Act, the Secretary of Transportation shall-- (1) complete an evaluation of the aviation consumer protection portion of the Department of Transportation's public internet website to identify any changes to the user interface, including the interface presented to individuals accessing the website from a mobile device, that will improve usability, accessibility, consumer satisfaction, and website performance; (2) in completing the evaluation under paragraph (1)-- (A) consider the best practices of other Federal agencies with effective websites; and (B) consult with the Federal Web Managers Council; (3) develop a plan, including an implementation timeline, for-- (A) making the changes identified under paragraph (1); and (B) making any necessary changes to that portion of the website that will enable a consumer, in a manner that protects the privacy of consumers and employees, to-- (i) access information regarding each complaint filed with the Aviation Consumer Protection Division of the Department of Transportation; (ii) search the complaints described in clause (i) by the name of the air carrier, the dates of departure and arrival, the airports of origin and departure, and the type of complaint; and (iii) determine the date a complaint was filed and the date a complaint was resolved; and (4) submit the evaluation and plan to appropriate committees of Congress. SEC. 417. PROTECTION OF PETS ON AIRPLANES. (a) Prohibition.--Chapter 447 of title 49, United States Code, is further amended by adding at the end the following: ``Sec. 44739. Pets on airplanes ``(a) Prohibition.--It shall be unlawful for any person to place a live animal in an overhead storage compartment of an aircraft operated under part 121 of title 14, Code of Federal Regulations. ``(b) Civil Penalty.--The Administrator may impose a civil penalty under section 46301 for each violation of this section.''. (b) Conforming Amendment.--The analysis for chapter 447 of title 49, United States Code, is further amended by adding at the end the following: ``44739. Pets on airplanes.''. SEC. 418. ADVISORY COMMITTEE ON AIR AMBULANCE AND PATIENT BILLING. (a) In General.--Not later than 60 days after the date of enactment of this Act, the Secretary of Transportation, in consultation with the Secretary of Health and Human Services, shall establish an advisory committee for the purpose of reviewing options to improve the disclosure of charges and fees [[Page H8948]] for air medical services, better inform consumers of insurance options for such services, and protect consumers from balance billing. (b) Composition of the Advisory Committee.--The advisory committee shall be composed of the following members: (1) The Secretary of Transportation, or the Secretary's designee. (2) The Secretary of Health and Human Services, or the Secretary's designee. (3) One representative, to be appointed by the Secretary of Transportation, of each of the following: (A) Each relevant Federal agency, as determined by the Secretary of Transportation. (B) State insurance regulators (C) Health insurance providers. (D) Patient advocacy groups. (E) Consumer advocacy groups. (F) Physician specializing in emergency, trauma, cardiac, or stroke. (4) Three representatives, to be appointed by the Secretary of Transportation, to represent the various segments of the air ambulance industry. (5) Additional three representatives not covered under paragraphs (1) through (4), as determined necessary and appropriate by the Secretary. (c) Consultation.--The advisory committee shall, as appropriate, consult with relevant experts and stakeholders not captured in (b) while conducting its review. (d) Recommendations.--The advisory committee shall make recommendations with respect to disclosure of charges and fees for air ambulance services and insurance coverage, consumer protection and enforcement authorities of both the Department of Transportation and State authorities, and the prevention of balance billing to consumers. The recommendations shall address, at a minimum-- (1) the costs, benefits, practicability, and impact on all stakeholders of clearly distinguishing between charges for air transportation services and charges for non-air transportation services in bills and invoices, including the costs, benefits, and practicability of-- (A) developing cost-allocation methodologies to separate charges for air transportation services from charges for non- air transportation services; and (B) formats for bills and invoices that clearly distinguish between charges for air transportation services and charges for non-air transportation services; (2) options, best practices, and identified standards to prevent instances of balance billing such as improving network and contract negotiation, dispute resolution between health insurance and air medical service providers, and explanation of insurance coverage and subscription ***programs*** to consumers; (3) steps that can be taken by State legislatures, State insurance regulators, State attorneys general, and other State officials as appropriate, consistent with current legal authorities regarding consumer protection; (4) recommendations made by the Comptroller General study, GAO-17-637, including what additional data from air ambulance providers and other sources should be collected by the Department of Transportation to improve its understanding of the air ambulance market and oversight of the air ambulance industry for the purposes of pursuing action related to unfair or deceptive practices or unfair methods of competition, which may include-- (A) cost data; (B) standard charges and ***payments*** received per transport; (C) whether the provider is part of a hospital-sponsored ***program***, municipality-sponsored ***program***, hospital-independent partnership (hybrid) ***program***, or independent ***program***; (D) number of transports per base and helicopter; (E) market shares of air ambulance providers inclusive of any parent or holding companies; (F) any data indicating the extent of competition among air ambulance providers on the basis of price and service; (G) prices assessed to consumers and insurers for air transportation and any non-transportation services provided by air ambulance providers; and (H) financial performance of air ambulance providers; (5) definitions of all applicable terms that are not defined in statute or regulations; and (6) other matters as determined necessary or appropriate. (e) Report.--Not later than 180 days after the date of the first meeting of the advisory committee, the advisory committee shall submit to the Secretary of Transportation, the Secretary of Health and Human Services, and the appropriate committees of Congress a report containing the recommendations made under subsection (d). (f) Rulemaking.--Upon receipt of the report under subsection (e), the Secretary of Transportation shall consider the recommendations of the advisory committee and issue regulations or other guidance as deemed necessary-- (1) to require air ambulance providers to regularly report data to the Department of Transportation; (2) to increase transparency related to Department of Transportation actions related to consumer complaints; and (3) to provide other consumer protections for customers of air ambulance providers. (g) Elimination of Advisory Council on Transportation Statistics.--The Advisory Council on Transportation Statistics shall terminate on the date of enactment of this Act. SEC. 419. AIR AMBULANCE COMPLAINTS TO THE DEPARTMENT OF TRANSPORTATION. (a) Consumer Complaints.--Section 42302 of title 49, United States Code, is further amended-- (1) in subsection (a) by inserting ``(including transportation by air ambulance (as defined by the Secretary of Transportation))'' after ``air transportation''; and (2) by adding at the end the following: ``(e) Air Ambulance Providers.--Each air ambulance provider shall include the hotline telephone number, link to the Internet website established under subsection (a), and contact information for the Aviation Consumer Advocate established under section 425 on-- ``(1) any invoice, bill, or other communication provided to a passenger or customer of the provider; and ``(2) its Internet Web site, and any related mobile device application.''. (b) Unfair and Deceptive Practices and Unfair Methods of Competition.--Section 41712(a) of title 49, United States Code, is amended by inserting ``air ambulance consumer (as defined by the Secretary of Transportation),'' after ``foreign air carrier,'' in the first place it appears. SEC. 420. REPORT TO CONGRESS ON AIR AMBULANCE OVERSIGHT. (a) In General.--Not later than 180 days after submission of the report required under section 418, the Secretary of Transportation shall submit a report to the appropriate committees of Congress on air ambulance oversight. (b) Contents of Report.--The report required under subsection (a) shall include-- (1) a description of how the Secretary will conduct oversight of air ambulance providers, including the information sources the Secretary will use to conduct such oversight; and (2) a timeline for the issuance of any guidance concerning unfair and deceptive practices among air ambulance providers, including guidance for States and political subdivisions of States to refer such matters to the Secretary. SEC. 421. REFUNDS FOR OTHER FEES THAT ARE NOT HONORED BY A COVERED AIR CARRIER. Not later than 1 ***year*** after the date of enactment of this Act, the Secretary of Transportation shall promulgate regulations that require each covered air carrier to promptly provide a refund to a passenger of any ancillary fees paid for services related to air travel that the passenger does not receive, including on the passenger's scheduled flight, on a subsequent replacement itinerary if there has been a rescheduling, or for a flight not taken by the passenger. SEC. 422. ADVANCE BOARDING DURING PREGNANCY . Not later than 180 days after the date of enactment of this Act, the Secretary of Transportation shall review air carrier policies regarding traveling during pregnancy and, if appropriate, may revise regulations, as the Secretary considers necessary, to require an air carrier to offer advance boarding of an aircraft to a pregnant passenger who requests such assistance. SEC. 423. CONSUMER COMPLAINT PROCESS IMPROVEMENT. (a) In General.--Section 42302(c) of title 49, United States Code is amended-- (1) in the matter preceding paragraph (1), by striking ``An air carrier or foreign air carrier providing scheduled air transportation using any aircraft that as originally designed has a passenger capacity of 30 or more passenger seats'' and inserting ``Each air carrier and foreign air carrier''; (2) in paragraph (1), by striking ``air carrier'' and inserting ``carrier''; and (3) in paragraph (2), by striking ``air carrier'' and inserting ``carrier''. (b) Rulemaking.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary of Transportation shall promulgate regulations to implement the requirements of section 42302 of title 49, United States Code, as amended by this Act. SEC. 424. AVIATION CONSUMER ADVOCATE. (a) In General.--The Secretary of Transportation shall review aviation consumer complaints received that allege a violation of law and, as appropriate, pursue enforcement or corrective actions that would be in the public interest. (b) Considerations.--In considering which cases to pursue for enforcement or corrective action under subsection (a), the Secretary shall consider-- (1) the Air Carrier Access Act of 1986 (Public Law 99-435; 100 Stat. 1080); (2) unfair and deceptive practices by air carriers (including air ambulance operators), foreign air carriers, and ticket agents; (3) the terms and conditions agreed to between passengers and air carriers (including air ambulance operators), foreign air carriers, or ticket agents; (4) aviation consumer protection and tarmac delay contingency planning requirements for both airports and airlines; (5) protection of air ambulance consumers; and (6) any other applicable law. (c) Aviation Consumer Advocate.-- (1) In general.--Within the Aviation Consumer Protection Division of the Department of Transportation, there shall be an Aviation Consumer Advocate. [[Page H8949]] (2) Functions.--The Aviation Consumer Advocate shall-- (A) assist consumers in resolving carrier service complaints filed with the Aviation Consumer Protection Division; (B) review the resolution by the Department of Transportation of carrier service complaints; (C) identify and recommend actions the Department can take to improve the enforcement of aviation consumer protection rules, protection of air ambulance consumers, and resolution of carrier service complaints; and (D) identify and recommend regulations and policies that can be amended to more effectively resolve carrier service complaints. (d) Annual Reports.--The Secretary, through the Aviation Consumer Advocate, shall submit to the appropriate committees of Congress an annual report summarizing the following: (1) The total number of annual complaints received by the Department, including the number of complaints by the name of each air carrier and foreign air carrier. (2) The total number of annual complaints by category of complaint. (3) The number of complaints referred in the preceding ***year*** for enforcement or corrective action by the Department. (4) Any recommendations under paragraphs (2)(C) and (2)(D) of subsection (c). (5) Such other data as the Aviation Consumer Advocate considers appropriate. (e) Sunset on Reporting Requirement.--The reporting requirement of subsection (d) shall terminate on September 30, 2023. SEC. 425. TICKETS ACT. (a) Short Title.--This section may be cited as the ``Transparency Improvements and Compensation to Keep Every Ticketholder Safe Act of 2018'' or the ``TICKETS Act''. (b) Boarded Passengers.--Beginning on the date of enactment of this Act, a covered air carrier may not deny a revenue passenger traveling on a confirmed reservation permission to board, or involuntarily remove that passenger from the aircraft, once a revenue passenger has-- (1) checked in for the flight prior to the check-in deadline; and (2) had their ticket or boarding pass collected or electronically scanned and accepted by the gate agent. (c) Limitations.--The prohibition pursuant to subsection (b) shall not apply when-- (1) there is a safety, security, or health risk with respect to that revenue passenger or there is a safety or security issue requiring removal of a revenue passenger; or (2) the revenue passenger is engaging in behavior that is obscene, disruptive, or otherwise unlawful. (d) Rule of Construction.--Nothing in this section may be construed to limit or otherwise affect the responsibility or authority of a pilot in command of an aircraft under section 121.533 of title 14, Code of Federal Regulations, or limit any penalty under section 46504 of title 49, United States Code. (e) Involuntary Denied Boarding Compensation.--Not later than 60 days after the date of enactment of this Act, the Secretary of Transportation shall issue a final rule to revise part 250 of title 14, Code of Federal Regulations, to clarify that-- (1) there is not a maximum level of compensation an air carrier or foreign air carrier may pay to a passenger who is involuntarily denied boarding as the result of an oversold flight; (2) the compensation levels set forth in that part are the minimum levels of compensation an air carrier or foreign air carrier must pay to a passenger who is involuntarily denied boarding as the result of an oversold flight; and (3) an air carrier or foreign air carrier must proactively offer to pay compensation to a passenger who is voluntarily or involuntarily denied boarding on an oversold flight, rather than waiting until the passenger requests the compensation. (f) GAO Report on Oversales.-- (1) In general.--The Comptroller General of the United States shall review airline policies and practices related to oversales of flights. (2) Considerations.--In conducting the review under paragraph (1), the Comptroller General shall examine-- (A) the impact on passengers as a result of an oversale, including increasing or decreasing the costs of passenger air transportation; (B) economic and operational factors which result in oversales; (C) whether, and if so how, the incidence of oversales varies depending on markets; (D) potential consequences on the limiting of oversales; and (E) best practices on how oversale policies can be communicated to passengers at airline check-in desks and airport gates. (3) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the review under paragraph (2). (g) Gate Notice of Policies.--The Secretary may provide guidance on how these policies should be communicated at covered air carrier check-in desks and airport gates. SEC. 426. REPORT ON AVAILABILITY OF LAVATORIES ON COMMERCIAL AIRCRAFT. Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States shall submit to the appropriate committees of Congress a report assessing-- (1) the availability of functional lavatories on commercial aircraft (2) the extent to which flights take off without functional lavatories; (3) the ability of passengers with disabilities to access lavatories on commercial aircraft; (4) the extent of complaints to the Department of Transportation and air carriers related to lavatories and efforts they have taken to address complaints; and (5) the extent to which air carriers are reducing the size and number of lavatories to add more seats and whether this creates passenger lavatory access issues. SEC. 427. CONSUMER PROTECTION REQUIREMENTS RELATING TO LARGE TICKET AGENTS. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Secretary of Transportation shall issue a final rule to require large ticket agents to adopt minimum customer service standards. (b) Purpose.--The purpose of the final rule shall be to ensure that, to the extent feasible, there is a consistent level of consumer protection regardless of where consumers purchase air fares and related air transportation services. (c) Standards.--In issuing the final rule, the Secretary shall consider, to the extent feasible, establishing standards consistent with all customer service and disclosure requirements applicable to covered air carriers under this title and associated regulations. (d) Definitions.--In this section, the following definitions apply: (1) Ticket agent.-- (A) In general.--Subject to subparagraph (B), the term ``ticket agent'' has the meaning given that term in section 40102(a) of title 49, United States Code. (B) Inclusion.--The term ``ticket agent'' includes a person who acts as an intermediary involved in the sale of air transportation directly or indirectly to consumers, including by operating an electronic airline information system, if the person-- (i) holds the person out as a source of information about, or reservations for, the air transportation industry; and (ii) receives compensation in any way related to the sale of air transportation. (2) Large ticket agent.--The term ``large ticket agent'' means a ticket agent with annual revenues of $100,000,000 or more. (e) Enforcement.--No large ticket agent may be found in noncompliance of any standard or requirement adopted in the final rule required by this section if-- (1) the large ticket agent is unable to meet the new standard or requirement due to the lack of information or data from the covered air carrier and the information is required for the large ticket agent to comply with such standard or requirement; or (2) the sale of air transportation is made by a large ticket agent pursuant to a specific corporate or government fare management contract. SEC. 428. WIDESPREAD DISRUPTIONS. (a) In General.--Chapter 423 of title 49, United States Code, is amended by adding at the end the following: ``Sec. 42304. Widespread disruptions ``(a) General Requirements.--In the event of a widespread disruption, a covered air carrier shall immediately publish, via a prominent link on the air carrier's public internet website, a clear statement indicating whether, with respect to a passenger of the air carrier whose travel is interrupted as a result of the widespread disruption, the air carrier will-- ``(1) provide for hotel accommodations; ``(2) arrange for ground transportation; ``(3) provide meal vouchers; ``(4) arrange for air transportation on another air carrier or foreign air carrier to the passenger's destination; and ``(5) provide for sleeping facilities inside the airport terminal. ``(b) Definitions.--In this section, the following definitions apply: ``(1) Widespread disruption.--The term `widespread disruption' means, with respect to a covered air carrier, the interruption of all or the overwhelming majority of the air carrier's systemwide flight operations, including flight delays and cancellations, as the result of the failure of 1 or more computer systems or computer networks of the air carrier. ``(2) Covered air carrier.--The term `covered air carrier' means an air carrier that provides scheduled passenger air transportation by operating an aircraft that as originally designed has a passenger capacity of 30 or more seats. ``(c) Savings Provision.--Nothing in this section may be construed to modify, abridge, or repeal any obligation of an air carrier under section 42301.''. (b) Conforming Amendment.--The analysis for chapter 423 of title 49, United States Code, is amended by adding at the end the following: ``42304. Widespread disruptions.''. SEC. 429. PASSENGER RIGHTS. (a) Guidelines.--Not later than 90 days after the date of enactment of this Act, the Secretary of Transportation shall require each covered air carrier to submit a summarized 1- page document that describes the rights of passengers in air transportation, including guidelines for the following: (1) Compensation (regarding rebooking options, refunds, meals, and lodging) for flight delays of various lengths. (2) Compensation (regarding rebooking options, refunds, meals, and lodging) for flight diversions. [[Page H8950]] (3) Compensation (regarding rebooking options, refunds, meals, and lodging) for flight cancellations. (4) Compensation for mishandled baggage, including delayed, damaged, pilfered, or lost baggage. (5) Voluntary relinquishment of a ticketed seat due to overbooking or priority of other passengers. (6) Involuntary denial of boarding and forced removal for whatever reason, including for safety and security reasons. (b) Filing of Summarized Guidelines.--Not later than 90 days after each air carrier submits its guidelines to the Secretary under subsection (a), the air carrier shall make available such 1-page document in a prominent location on its website. Subtitle B--Aviation Consumers With Disabilities SEC. 431. AVIATION CONSUMERS WITH DISABILITIES STUDY. (a) Study.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall conduct a study that includes-- (1) a review of airport accessibility best practices for individuals with disabilities, including best practices that improve infrastructure facilities and communications methods, including those related to wayfinding, amenities, and passenger care; (2) a review of air carrier and airport training policies related to section 41705 of title 49, United States Code; (3) a review of air carrier training policies related to properly assisting passengers with disabilities; and (4) a review of accessibility best practices that exceed those recommended under Public Law 90-480 (popularly known as the Architectural Barriers Act of 1968; 42 U.S.C 4151 et seq.), the Rehabilitation Act of 1973 (29 U.S.C 701 et seq.), the Air Carrier Access Act of 1986 (Public Law 99-435; 100 Stat. 1080 et seq.), and the Americans with Disabilities Act of 1990 (42 U.S.C 12101 et seq.). (b) Report.--Not later than 1 ***year*** after the date the Comptroller General initiates the study under subsection (a), the Comptroller General shall submit to the Secretary of Transportation and the appropriate committees of Congress a report on the study, including findings and recommendations. SEC. 432. STUDY ON IN-CABIN WHEELCHAIR RESTRAINT SYSTEMS. (a) Study.--Not later than 2 ***years*** after the date of enactment of this Act, the Architectural and Transportation Barriers Compliance Board, in consultation with the Secretary of Transportation, aircraft manufacturers, air carriers, and disability advocates, shall conduct a study to determine-- (1) the feasibility of in-cabin wheelchair restraint systems; and (2) if feasible, the ways in which individuals with significant disabilities using wheelchairs, including power wheelchairs, can be accommodated with in-cabin wheelchair restraint systems. (b) Report.--Not later than 1 ***year*** after the initiation of the study under subsection (a), the Architectural and Transportation Barriers Compliance Board shall submit to the appropriate committees of Congress a report on the findings of the study. SEC. 433. IMPROVING WHEELCHAIR ASSISTANCE FOR INDIVIDUALS WITH DISABILITIES . Following the receipt of the report required under section 2107 of the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190; 130 Stat. 622), the Secretary of Transportation shall develop, if appropriate, specific recommendations regarding improvements to wheelchair assistance provided by air carriers and recommendations on how training ***programs*** by air carriers can address consumer complaints regarding wheelchair assistance. SEC. 434. AIRLINE PASSENGERS WITH DISABILITIES BILL OF RIGHTS. (a) Airline Passengers With Disabilities Bill of Rights.-- The Secretary of Transportation shall develop a document, to be known as the ``Airline Passengers with Disabilities Bill of Rights'', using plain language to describe the basic protections and responsibilities of covered air carriers, their employees and contractors, and people with disabilities under the section 41705 of title 49, United States Code. (b) Content.--In developing the Airline Passengers with Disabilities Bill of Rights under subsection (a), the Secretary shall include, at a minimum, plain language descriptions of protections and responsibilities provided in law related to the following: (1) The right of passengers with disabilities to be treated with dignity and respect. (2) The right of passengers with disabilities to receive timely assistance, if requested, from properly trained covered air carrier and contractor personnel. (3) The right of passengers with disabilities to travel with wheelchairs, mobility aids, and other assistive devices, including necessary medications and medical supplies, including stowage of such wheelchairs, aids, and devices. (4) The right of passengers with disabilities to receive seating accommodations, if requested, to accommodate a disability. (5) The right of passengers with disabilities to receive announcements in an accessible format. (6) The right of passengers with disabilities to speak with a complaint resolution officer or to file a complaint with a covered air carrier or the Department of Transportation. (c) Rule of Construction.--The development of the Airline Passengers with Disabilities Bill of Rights under subsections (a) and (b) shall not be construed as expanding or restricting the rights available to passengers with disabilities on the day before the date of the enactment of this Act pursuant to any statute or regulation. (d) Consultations.--In developing the Airline Passengers with Disabilities Bill of Rights under subsection (a), the Secretary of Transportation shall consult with stakeholders, including disability organizations and covered air carriers and their contractors. (e) Display.--Each covered air carrier shall include the Airline Passengers with Disabilities Bill of Rights-- (1) on a publicly available internet website of the covered air carrier; and (2) in any pre-flight notifications or communications provided to passengers who alert the covered air carrier in advance of the need for accommodations relating to a disability. (f) Training.--Covered air carriers and contractors of covered air carriers shall submit to the Secretary of Transportation plans that ensure employees of covered air carriers and their contractors receive training on the protections and responsibilities described in the Airline Passengers with Disabilities Bill of Rights. The Secretary shall review such plans to ensure the plans address the matters described in subsection (b). SEC. 435. SENSE OF CONGRESS REGARDING EQUAL ACCESS FOR INDIVIDUALS WITH DISABILITIES. It is the sense of Congress that-- (1) the aviation industry and every relevant stakeholder must work to ensure that every individual who experiences a disability has equal access to air travel; (2) as technology and ease of travel continue to advance, accessibility must be a priority; and (3) accommodations must-- (A) extend to every airport and service or facility of an air carrier; and (B) be inclusive of every disability. SEC. 436. CIVIL PENALTIES RELATING TO HARM TO PASSENGERS WITH DISABILITIES. Section 46301(a) of title 49, United States Code, is amended by adding at the end the following: ``(7) Penalties Relating to Harm to Passengers With Disabilities.-- ``(A) Penalty for bodily harm or damage to wheelchair or other mobility aid.--The amount of a civil penalty assessed under this section for a violation of section 41705 that involves damage to a passenger's wheelchair or other mobility aid or injury to a passenger with a disability may be increased above the otherwise applicable maximum amount under this section for a violation of section 41705 to an amount not to exceed 3 times the maximum penalty otherwise allowed. ``(B) Each act constitutes separate offense.-- Notwithstanding paragraph (2), a separate violation of section 41705 occurs for each act of discrimination prohibited by that section.''. SEC. 437. HARMONIZATION OF SERVICE ANIMAL STANDARDS. (a) Rulemaking.--The Secretary of Transportation shall conduct a rulemaking proceeding-- (1) to define the term ``service animal'' for purposes of air transportation; and (2) to develop minimum standards for what is required for service and emotional support animals carried in aircraft cabins. (b) Considerations.--In conducting the rulemaking under subsection (a), the Secretary shall consider, at a minimum-- (1) whether to align the definition of ``service animal'' with the definition of that term in regulations of the Department of Justice implementing the Americans with Disabilities Act of 1990 (Public Law 101-336); (2) reasonable measures to ensure pets are not claimed as service animals, such as-- (A) whether to require photo identification for a service animal identifying the type of animal, the breed of animal, and the service the animal provides to the passenger; (B) whether to require documentation indicating whether or not a service animal was trained by the owner or an approved training organization; (C) whether to require, from a licensed physician, documentation indicating the mitigating task or tasks a service animal provides to its owner; and (D) whether to allow a passenger to be accompanied by more than 1 service animal; (3) reasonable measures to ensure the safety of all passengers, such as-- (A) whether to require health and vaccination records for a service animal; and (B) whether to require third-party proof of behavioral training for a service animal; (4) the impact additional requirements on service animals could have on access to air transportation for passengers with disabilities; and (5) if impacts on access to air transportation for passengers with disabilities are found, ways to eliminate or mitigate those impacts. (c) Final Rule.--Not later than 18 months after the date of enactment of this Act, the Secretary shall issue a final rule pursuant to the rulemaking conducted under this section. SEC. 438. REVIEW OF PRACTICES FOR TICKETING, PRE-FLIGHT SEAT ASSIGNMENTS, AND STOWING OF ASSISTIVE DEVICES FOR PASSENGERS WITH DISABILITIES. (a) Review.-- [[Page H8951]] (1) In general.--Not later than 30 days after the first meeting of the advisory committee on the air travel needs of passengers with disabilities established in section 439 (referred to in this section as the ``Advisory Committee''), the Secretary of Transportation shall direct the Advisory Committee to review current regulations with respect to practices for ticketing, pre-flight seat assignments, and stowing of assistive devices for passengers with disabilities. (2) Recommendations.--In carrying out the review under paragraph (1), the Advisory Committee shall, at a minimum, provide recommendations on whether current regulations should be modified or prescribed to-- (A) provide accommodations for passengers with disabilities, if requested, in ticketing and pre-flight assignments; (B) require covered air carriers to provide priority access to bulkhead seating to passengers with disabilities who need access to features of those seats due to disabilities regardless of class of service of ticket purchased; and (C) ensure passengers with disabilities are able to stow assistive devices without cost. (b) Report.--Not later than 6 months after the date of their first meeting, the Advisory Committee shall submit to the Secretary of Transportation and the appropriate committees of Congress a report on the review conducted under subsection (a)(1), including the recommendations developed under subsection (a)(2). SEC. 439. ADVISORY COMMITTEE ON THE AIR TRAVEL NEEDS OF PASSENGERS WITH DISABILITIES. (a) Establishment.--The Secretary of Transportation shall establish an advisory committee on issues related to the air travel needs of passengers with disabilities (referred to in this section as the ``Advisory Committee''). (b) Duties.--The Advisory Committee shall-- (1) identify and assess the disability-related access barriers encountered by passengers with disabilities; (2) determine the extent to which the ***programs*** and activities of the Department of Transportation are addressing the barriers identified in paragraph (1); (3) recommend consumer protection improvements to the air travel experience of passengers with disabilities; (4) advise the Secretary with regard to the implementation of section 41705 of title 49, United States Code; and (5) conduct such activities as the Secretary considers necessary to carry out this section. (c) Membership.-- (1) In general.--The Advisory Committee shall be composed of at least 1 representative of each of the following groups: (A) Passengers with disabilities. (B) National disability organizations. (C) Air carriers. (D) Airport operators. (E) Contractor service providers. (F) Aircraft manufacturers. (G) Wheelchair manufacturers. (H) National veterans organizations representing disabled veterans. (2) Appointment.--The Secretary of Transportation shall appoint each member of the Advisory Committee. (3) Vacancies.--A vacancy in the Advisory Committee shall be filled in the manner in which the original appointment was made. (d) Chairperson.--The Secretary of Transportation shall designate, from among the members appointed under subsection (c), an individual to serve as chairperson of the Advisory Committee. (e) Travel Expenses.--Members of the Advisory Committee shall serve without pay, but shall receive travel expenses, including per diem in lieu of subsistence, in accordance with subchapter I of chapter 57 of title 5, United States Code. (f) Reports.-- (1) In general.--Not later than 14 months after the date of establishment of the Advisory Committee, and annually thereafter, the Advisory Committee shall submit to the Secretary of Transportation a report on the needs of passengers with disabilities in air travel, including-- (A) an assessment of existing disability-related access barriers, and any emerging disability-related access barriers that will likely be an issue in the next 5 ***calendar*** ***years***; (B) an evaluation of the extent to which the Department of Transportation's ***programs*** and activities are eliminating disability-related access barriers; (C) a description of the Advisory Committee's actions; (D) a description of improvements related to the air travel experience of passengers with disabilities; and (E) any recommendations for legislation, administrative action, or other action that the Advisory Committee considers appropriate. (2) Report to congress.--Not later than 60 days after the date the Secretary receives the report under paragraph (1), the Secretary shall submit to the appropriate committees of Congress a copy of the report, including any additional findings or recommendations that the Secretary considers appropriate. (g) Termination.--The Advisory Committee established under this section shall terminate on September 30, 2023. (h) Termination of the Next Generation Air Transportation System Senior Policy Committee.--The Next Generation Air Transportation System Senior Policy Committee established by the Secretary of Transportation shall terminate on the date of the initial appointment of the members of the Advisory Committee. SEC. 440. REGULATIONS ENSURING ASSISTANCE FOR PASSENGERS WITH DISABILITIES IN AIR TRANSPORTATION. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Secretary of Transportation shall-- (1) review, and if necessary revise, applicable regulations to ensure that passengers with disabilities who request assistance while traveling in air transportation receive dignified, timely, and effective assistance at airports and on aircraft from trained personnel; and (2) review, and if necessary revise, applicable regulations related to covered air carrier training ***programs*** for air carrier personnel, including contractors, who provide physical assistance to passengers with disabilities to ensure that training under such ***programs***-- (A) occurs on an annual schedule for all new and continuing personnel charged with providing physical assistance; and (B) includes, as appropriate, instruction by personnel, with hands-on training for employees who physically lift or otherwise physically assist passengers with disabilities, including the use of relevant equipment. (b) Types of Assistance.--The assistance referred to subsection (a)(1) may include requests for assistance in boarding or deplaning an aircraft, requests for assistance in connecting between flights, and other similar or related requests, as appropriate. SEC. 441. TRANSPARENCY FOR DISABLED PASSENGERS. The compliance date of the final rule, dated November 2, 2016, on the reporting of data for mishandled baggage and wheelchairs in aircraft cargo compartments (81 Fed. Reg. 76300) shall be effective not later than 60 days after the date of enactment of this Act. Subtitle C--Small Community Air Service SEC. 451. ESSENTIAL AIR SERVICE AUTHORIZATION. (a) In General.--Section 41742(a)(2) of title 49, United States Code, is amended by striking ``$150,000,000 for fiscal ***year*** 2011'' and all that follows before ``to carry out'' and inserting ``$155,000,000 for fiscal ***year*** 2018, $158,000,000 for fiscal ***year*** 2019, $161,000,000 for fiscal ***year*** 2020, $165,000,000 for fiscal ***year*** 2021, $168,000,000 for fiscal ***year*** 2022, and $172,000,000 for fiscal ***year*** 2023''. (b) Seasonal Service.--The Secretary of Transportation may consider the flexibility of current operational dates and airport accessibility to meet local community needs when issuing requests for proposal of essential air service at seasonal airports. SEC. 452. STUDY ON ESSENTIAL AIR SERVICE REFORM. (a) Study.-- (1) In general.--The Comptroller General of the United States shall conduct a study on the effects of section 6 of the Airport and Airway Extension Act of 2011, Part IV (Public Law 112-27), section 421 of the FAA Modernization and Reform Act of 2012 (Public Law 112-95), and other relevant Federal laws enacted after 2010, including the amendments made by those laws, on the Essential Air Service ***program***. (2) Scope.--In conducting the study under paragraph (1), the Comptroller General shall analyze, at a minimum-- (A) the impact of each relevant Federal law, including the amendments made by each law, on the Essential Air Service ***program***; (B) what actions communities and air carriers have taken to reduce ticket prices or increase enplanements as a result of each law; (C) the issuance of waivers by the Secretary under section 41731(e) of title 49, United States Code; (D) whether budgetary savings resulted from each law; and (E) options for further reform of the Essential Air Service ***program***. (b) Required Analysis on Communities.--In carrying out subsection (a)(2)(E) the Comptroller General shall include, for each option for further reform, an analysis of the impact on local economies of communities with airports receiving Essential Air Service funding, access to air travel for residents of rural communities and the impact to local businesses in such communities. (c) Report.--Not later than 180 days after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the results of the study conducted under subsection (a). SEC. 453. AIR TRANSPORTATION TO NONELIGIBLE PLACES. (a) Definitions.--Section 41731(a)(1)(A)(ii) of title 49, United States Code, is amended by striking ``Wendell H. Ford Aviation Investment and Reform Act for the 21st Century,'' and inserting ``FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190),''. (b) ***Program*** Sunset.--Section 41736 of title 49, United States Code, is amended by adding at the end the following: ``(h) Sunset.-- ``(1) Proposals.--No proposal under subsection (a) may be accepted by the Secretary after the date of enactment of this subsection. ``(2) ***Program***.--The Secretary may not provide any compensation under this section after the date that is 2 ***years*** after the date of enactment of this subsection.''. SEC. 454. INSPECTOR GENERAL REVIEW OF SERVICE AND OVERSIGHT OF UNSUBSIDIZED CARRIERS. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the [[Page H8952]] inspector general of the Department of Transportation shall conduct and complete a review of orders issued by the Department of Transportation from 2005 through the date of enactment of this Act to determine whether the carriers providing unsubsidized service provided basic essential air service, and whether the Department conducted sufficient oversight of carriers providing unsubsidized service to ensure air service quality and community satisfaction. (b) Contents.--The review shall include, at a minimum-- (1) a review of the Department's efforts to communicate to the community served by the unsubsidized carrier on any material air service changes; and (2) a review of the Department's efforts to closely monitor the quality of air service provided by the unsubsidized carrier and request proposals for basic essential air service if necessary. (c) Report.--Not later than 30 days after the date of completion of the review, the inspector general shall submit to the appropriate committees of Congress a report on the results of the review. SEC. 455. SMALL COMMUNITY AIR SERVICE. (a) Eligibility.--Section 41743(c) of title 49, United States Code, is amended-- (1) by striking paragraph (1) and inserting the following: ``(1) Size.--On the date of submission of the relevant application under subsection (b), the airport serving the community or consortium-- ``(A) is not larger than a small hub airport, as determined using the Department of Transportation's most recently published classification; and ``(B) has-- ``(i) insufficient air carrier service; or ``(ii) unreasonably high air fares.''; (2) by striking paragraph (4) and inserting the following: ``(4) Overall limit.-- ``(A) In general.--No more than 40 communities or consortia of communities, or a combination thereof, may be selected to participate in the ***program*** in each ***year*** for which funds are appropriated for the ***program***. ``(B) Same projects.--Except as provided in subparagraph (C), no community, consortia of communities, or combination thereof may participate in the ***program*** in support of the same project more than once in a 10-***year*** period, but any community, consortia of communities, or combination thereof may apply, subsequent to such participation, to participate in the ***program*** in support of a different project at any time. ``(C) Exception.--The Secretary may waive the limitation under subparagraph (B) related to projects that are the same if the Secretary determines that the community or consortium spent little or no money on its previous project or encountered industry or environmental challenges, due to circumstances that were reasonably beyond the control of the community or consortium.''; (3) in paragraph (5)-- (A) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and (B) by inserting after subparagraph (D) the following: ``(E) the assistance will be used to help restore scheduled passenger air service that has been terminated;''. (b) Authority to Make Agreements.--Section 41743(e)(1) of title 49, United States Code, is amended by adding at the end the following: ``The Secretary may amend the scope of a grant agreement at the request of the community or consortium and any participating air carrier, and may limit the scope of a grant agreement to only the elements using grant assistance or to only the elements achieved, if the Secretary determines that the amendment is reasonably consistent with the original purpose of the project.'' (c) Authorization of Appropriations.--Section 41743(e)(2) of title 49, United States Code, is amended to read as follows: ``(2) Authorization of appropriations.--There is authorized to be appropriated to the Secretary $10,000,000 for each of fiscal ***years*** 2018 through 2023 to carry out this section. Such sums shall remain available until expended.''. SEC. 456. WAIVERS. Section 41732 is amended by adding at the end the following: ``(c) Waivers.--Notwithstanding section 41733(e), upon request by an eligible place, the Secretary may waive, in whole or in part, subsections (a) and (b) of this section or subsections (a) through (c) of section 41734. A waiver issued under this subsection shall remain in effect for a limited period of time, as determined by the Secretary.''. SEC. 457. EXTENSION OF FINAL ORDER ESTABLISHING MILEAGE ADJUSTMENT ELIGIBILITY. Section 409(d) of the Vision 100--Century of Aviation Reauthorization Act (49 U.S.C 41731 note) is amended by striking ``2018'' and inserting ``2023''. SEC. 458. REDUCTION IN SUBSIDY-PER-PASSENGER. Section 426 of the FAA Modernization and Reform Act of 2012 (126 Stat. 98) is amended by adding at the end the following: ``(d) Reduction in Subsidy-per-passenger.-- ``(1) In general.--The Secretary shall waive application of the subsidy-per-passenger cap described under subsection (c) if the Secretary finds that the community's subsidy-per- passenger for a fiscal ***year*** is lower than the subsidy-per- passenger for any of the 3 previous fiscal ***years***. ``(2) Exception.--The Secretary shall waive application of the subsidy-per-passenger cap if the subsidy-per-passenger for a fiscal ***year*** is less than 10 percent higher than the highest subsidy-per-passenger from any of the 3 previous fiscal ***years***. The Secretary may only waive application of the subsidy-per-passenger cap under this paragraph once per community. ``(3) Rule of construction.--Nothing in this subsection shall be construed to limit the Secretary's ability under subsection (c) to waive application of the subsidy-per- passenger cap.''. TITLE V--MISCELLANEOUS SEC. 501. DEFINITIONS. In this title, the following definitions apply: (1) Administration.--The term ``Administration'' means the Federal Aviation Administration. (2) Administrator.--The term ``Administrator'' means the Administrator of the FAA. (3) ADS-B.--The term ``ADS-B'' means automatic dependent surveillance-broadcast. (4) ADS-B out.--The term ``ADS-B Out'' means automatic dependent surveillance-broadcast with the ability to transmit information from the aircraft to ground stations and to other equipped aircraft. (5) FAA.--The term ``FAA'' means the Federal Aviation Administration. (6) Nextgen.--The term ``NextGen'' means the Next Generation Air Transportation System. SEC. 502. REPORT ON AIR TRAFFIC CONTROL MODERNIZATION. (a) FAA Report.--Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report describing the multiyear effort of the Administration to modernize the air transportation system (in this section referred to as the ``modernization effort''), including-- (1) the number of ***years*** that the modernization effort has been underway as of the date of the report; (2) the total amount of money expended on the modernization effort as of the date of the report (including a description of how that amount was calculated); (3) the net present value of the benefits reported from aircraft operators resulting from the money expended on the modernization effort as of the date of the report; (4) a definition for NextGen, including a description of any changes to that definition that occurred between 2003 and the date of the report; (5) the net present value of the money expended on NextGen as of the date of the report if such money had been deposited into a Government trust fund instead of being expended on NextGen; (6) a description of the benefits promised and benefits delivered with respect to NextGen as of the date of the report; (7) any changes to the benefits promised with respect to NextGen between the date on which NextGen began and the date of the report; (8) a description of each ***program*** or project that comprises NextGen, including-- (A) when the ***program*** or project was initiated; (B) the total budget for the ***program*** or project; (C) the initial budget for the ***program*** or project; (D) the acquisition ***program*** baseline for the ***program*** or project; (E) whether the ***program*** or project has ever breached the acquisition ***program*** baseline and, if so, a description of when, why, and how the breach was resolved; (F) whether the ***program*** or project has been re-baselined or divided into smaller segments and, if so, a description of when, why, and the impact to the cost of the ***program*** or project; (G) the initial schedule for the ***program*** or project; (H) whether the ***program*** or project was delayed and, if so, a description of how long, why, and the impact to the cost of the ***program*** or project; (I) whether the Administration changed any contract term or deliverable for the ***program*** or project and, if so, a description of the change, why it happened, and the impact to the cost of the ***program*** or project; (J) benefits promised with respect to the ***program*** or project at initiation; (K) benefits delivered with respect to the ***program*** or project as of the date of the report; (L) whether the ***program*** or project was cancelled and, if so, a description of why and when; (M) for cancelled ***programs*** or projects, whether there were any costs associated with the decision to cancel and, if so, a description of the amount of the costs (including for both the Administration and the private sector); (N) the metrics, milestones, and deadlines set for the ***program*** or project and how the Administration tracked and ensured compliance with those metrics, milestones, and deadlines; (O) how the Administration conducted oversight of the ***program*** or project and any related stakeholder collaboration efforts; (P) the status of the ***program*** or project as of the date of the report; and [[Page H8953]] (Q) an assessment of the key risks to the full implementation of the ***program*** and a description of how the Administration is mitigating, or plans to mitigate, those risks; (9) the date upon which, or milestone by which, the Administration anticipates NextGen will be complete; and (10) any lessons learned during the NextGen effort, and whether, how, and to what effect those lessons have been applied. (b) Inspector General Report.--Not later than 270 days after the date on which the report required under subsection (a) is submitted, the inspector general of the Department of Transportation shall review the report and submit to the appropriate committees of Congress a statement of the inspector general that-- (1) determines the accuracy of the information reported; (2) describes any concerns with the accuracy of the information reported; (3) summarizes concerns raised by the inspector general, the Government Accountability Office, and other sources with respect to the Administration's implementation and oversight of NextGen since the date on which NextGen began; (4) describes-- (A) any pertinent recommendations made by the inspector general related to the Administration's implementation and oversight of NextGen since the date on which NextGen began; and (B) whether and how the Administration addressed the recommendations; and (5) provides any other information that the inspector general determines is appropriate. SEC. 503. RETURN ON INVESTMENT REPORT. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, and annually thereafter until the date that each NextGen ***program*** has a positive return on investment, the Administrator shall submit to the appropriate committees of Congress a report on the status of each NextGen ***program***, including the most recent NextGen priority list under subsection (c). (b) Contents.--The report under subsection (a) shall include, for each NextGen ***program***-- (1) an estimate of the date the ***program*** will have a positive return on investment; (2) an explanation for any delay in the delivery of expected benefits from previously published estimates on delivery of such benefits, in implementing or utilizing the ***program***; (3) an estimate of the completion date; (4) an assessment of the long-term and near-term user benefits of the ***program*** for-- (A) the Federal Government; and (B) the users of the national airspace system; and (5) a description of how the ***program*** directly contributes to a safer and more efficient air traffic control system. (c) NextGen Priority List.--Based on the assessment under subsection (a), the Administrator shall-- (1) develop, in coordination with the NextGen Advisory Committee and considering the need for a balance between long-term and near-term user benefits, a prioritization of the NextGen ***programs***; (2) annually update the priority list under paragraph (1); and (3) prepare budget submissions to reflect the current status of NextGen ***programs*** and projected returns on investment for each NextGen ***program***. (d) Definition of Return on Investment.--In this section, the term ``return on investment'' means the cost associated with technologies that are required by law or policy as compared to the financial benefits derived from such technologies by a government or a user of airspace. (e) Repeal of Nextgen Priorities.--Section 202 of the FAA Modernization and Reform Act of 2012 (Public Law 112-95; 49 U.S.C 40101 note) and the item relating to that section in the table of contents under section 1(b) of that Act are repealed. SEC. 504. AIR TRAFFIC CONTROL OPERATIONAL CONTINGENCY PLANS. (a) Air Traffic Control Operational Contingency Plans.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall review the Administration's air traffic control operational contingency plans (FAA Order JO 1900.47E), and, as the Administrator considers appropriate, update such plans, to address potential air traffic facility outages that could have a major impact on the operation of the national airspace system, including the most recent findings and recommendations in the report under subsection (c). (b) Updates.--Not later than 60 days after the date the air traffic control operational contingency plans are reviewed under subsection (a), the Administrator shall submit to the appropriate committees of Congress a report on the review, including any recommendations for ensuring air traffic facility outages do not have a major impact on the operation of the national airspace system. (c) Resiliency Recommendations.--Not later than 180 days after the date of enactment of this Act, and periodically thereafter as the Administrator considers appropriate, the Administrator shall convene NextGen ***program*** officials to evaluate, expedite, and complete a report on how planned NextGen capabilities can enhance the resiliency and continuity of national airspace system operations and mitigate the impact of future air traffic control disruptions. SEC. 505. 2020 ADS-B OUT MANDATE PLAN. The Administrator, in collaboration with the NextGen Advisory Committee, shall-- (1) not later than 90 days after the date of enactment of this Act-- (A) identify any known and potential barriers to compliance with the 2020 ADS-B Out mandate under section 91.225 of title 14, Code of Federal Regulations; (B) develop a plan to address the known barriers identified in paragraph (1), including a schedule for-- (i) periodically reevaluating the potential barriers identified in paragraph (1); and (ii) developing solutions and implementing actions to address the known and potential barriers; and (C) submit the plan to the appropriate committees of Congress; and (2) not later than 90 days after the date the plan is submitted under paragraph (1), submit to the appropriate committees of Congress a report on the progress made toward meeting the 2020 ADS-B Out mandate. SEC. 506. SECURING AIRCRAFT AVIONICS SYSTEMS. (a) In General.--The Administrator shall consider, where appropriate, revising Federal Aviation Administration regulations regarding airworthiness certification-- (1) to address cybersecurity for avionics systems, including software components; and (2) to require that aircraft avionics systems used for flight guidance or aircraft control be secured against unauthorized access via passenger in-flight entertainment systems through such means as the Administrator determines appropriate to protect the avionics systems from unauthorized external and internal access. (b) Consideration.--In carrying out subsection (a), the Administrator shall consider the recommendations of the Aircraft Systems Information Security Protection Working Group under section 2111 of the FAA Extension Safety and Security Act of 2016 (Public Law 114-190; 130 Stat. 615). SEC. 507. HUMAN FACTORS. (a) In General.--In order to avoid having to subsequently modify products and services developed as a part of NextGen, the Administrator shall-- (1) recognize and incorporate, in early design phases of all relevant NextGen ***programs***, the human factors and procedural and airspace implications of stated goals and associated technical changes; and (2) ensure that a human factors specialist, separate from the research and certification groups, is directly involved with the NextGen approval process. (b) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the progress made toward implementing the requirements under subsection (a). SEC. 508. PROGRAMMATIC RISK MANAGEMENT. To better inform the Administration's decisions regarding the prioritization of efforts and allocation of resources for NextGen, the Administrator shall-- (1) solicit input from specialists in probability and statistics to identify and prioritize the programmatic and implementation risks to NextGen; and (2) develop a method to manage and mitigate the risks identified in paragraph (1). SEC. 509. REVIEW OF FAA STRATEGIC CYBERSECURITY PLAN. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall initiate a review of the comprehensive and strategic framework of principles and policies (referred to in this section as the ``framework'') developed pursuant to section 2111 of the FAA Extension, Safety, and Security Act of 2016 (49 U.S.C 44903 note). (b) Contents.--In undertaking the review under subsection (a), the Administrator shall-- (1) assess the degree to which the framework identifies and addresses known cybersecurity risks associated with the aviation system; (2) review existing short- and long-term objectives for addressing cybersecurity risks to the national airspace system; and (3) assess the Administration's level of engagement and coordination with aviation stakeholders and other appropriate agencies, organizations, or groups with which the Administration consults to carry out the framework. (c) Updates.--Upon completion of the review under subsection (a), the Administrator shall modify the framework, as appropriate, to address any deficiencies identified by the review. (d) Report to Congress.--Not later than 180 days after initiating the review required by subsection (a), the Administrator shall submit to the appropriate committees of Congress a report on the results of the review, including a description of any modifications made to the framework. SEC. 510. CONSOLIDATION AND REALIGNMENT OF FAA SERVICES AND FACILITIES. (a) Purpose and Input.--Section 804(a) of the FAA Modernization and Reform Act of 2012 (49 U.S.C 44501 note) is amended-- (1) in paragraph (2) by striking ``The purpose of the report shall be--'' and all that follows through ``(B) to reduce'' and inserting ``The purpose of the report shall be to reduce''; and (2) by striking paragraph (4) and inserting the following: ``(4) Input.--The report shall be prepared by the Administrator (or the Administrator's designee) with the participation of-- [[Page H8954]] ``(A) representatives of labor organizations representing air traffic control system employees of the FAA; and ``(B) industry stakeholders.''. (b) Military Operations Exclusion.--Section 804 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 44501 note) is amended-- (1) by redesignating subsection (e) as subsection (f); and (2) by inserting after subsection (d) the following: ``(e) Military Operations Exclusion.-- ``(1) In general.--The Administrator may not realign or consolidate a combined TRACON and tower with radar facility of the FAA under this section if, in 2015, the total annual military operations at the facility comprised at least 40 percent of the total annual TRACON operations at the facility. ``(2) TRACON defined.--In this subsection, the term `TRACON' means terminal radar approach control.''. SEC. 511. FAA REVIEW AND REFORM. (a) Agency Report.--Not later than 60 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a detailed analysis of any actions taken to address the findings and recommendations included in the report required under section 812(d) of the FAA Modernization and Reform Act of 2012 (49 U.S.C 106 note), including-- (1) consolidating, phasing-out, or eliminating duplicative positions, ***programs***, roles, or offices; (2) eliminating or streamlining wasteful practices; (3) eliminating or phasing-out redundant, obsolete, or unnecessary functions; (4) reforming and streamlining inefficient processes so that the activities of the Administration are completed in an expedited and efficient manner; and (5) reforming or eliminating ineffectual or outdated policies. (b) Additional Review.--Not later than 18 months after the date of enactment of this Act, the Administrator shall undertake and complete a thorough review of each ***program***, office, and organization within the Administration to identify-- (1) duplicative positions, ***programs***, roles, or offices; (2) wasteful practices; (3) redundant, obsolete, or unnecessary functions; (4) inefficient processes; and (5) ineffectual or outdated policies. (c) Actions To Streamline and Reform FAA.--Not later than 60 days after the date of completion of the review under subsection (b), the Administrator shall undertake such actions as may be necessary to address the findings of the Administrator under such subsection. (d) Report to Congress.--Not later than 120 days after the date of completion of the review under subsection (b), the Administrator shall submit to the appropriate committees of Congress a report on the actions taken by the Administrator pursuant to subsection (c), including any recommendations for legislative or administrative actions. SEC. 512. AIR SHOWS. On an annual basis, the Administrator shall work with representatives of Administration-approved air shows, the general aviation community, and stadiums and other large outdoor events and venues to identify and resolve, to the maximum extent practicable, scheduling conflicts between Administration-approved air shows and large outdoor events and venues where-- (1) flight restrictions will be imposed pursuant to section 521 of title V of division F of Public Law 108-199 (118 Stat. 343); or (2) any other restriction will be imposed pursuant to Federal Aviation Administration Flight Data Center Notice to Airmen 4/3621 (or any successor notice to airmen). SEC. 513. PART 91 REVIEW, REFORM, AND STREAMLINING. (a) Establishment of Task Force.--Not later than 90 days after the date of enactment of this Act, the Administrator shall establish a task force comprised of representatives of the general aviation industry who regularly perform part 91 operations, labor unions (including those representing FAA aviation safety inspectors and FAA aviation safety engineers), manufacturers, and the Government to-- (1) conduct an assessment of the FAA oversight and authorization processes and requirements for aircraft under part 91; and (2) make recommendations to streamline the applicable authorization and approval processes, improve safety, and reduce regulatory cost burdens and delays for the FAA and aircraft owners and operators who operate pursuant to part 91. (b) Contents.--In conducting the assessment and making recommendations under subsection (a), the task force shall consider-- (1) process reforms and improvements to allow the FAA to review and approve applications in a fair and timely fashion; (2) the appropriateness of requiring an authorization for each experimental aircraft rather than using a broader all- makes-and-models approach; (3) ways to improve the timely response to letters of authorization applications for aircraft owners and operators who operate pursuant to part 91, including setting deadlines and granting temporary or automatic authorizations if deadlines are missed by the FAA; (4) methods for enhancing the effective use of delegation systems; (5) methods for training the FAA's field office employees in risk-based and safety management system oversight; and (6) such other matters related to streamlining part 91 authorization and approval processes as the task force considers appropriate. (c) Report to Congress.-- (1) In general.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the results of the task force's assessment. (2) Contents.--The report shall include an explanation of how the Administrator will-- (A) implement the recommendations of the task force; (B) measure progress in implementing the recommendations; and (C) measure the effectiveness of the implemented recommendations. (d) Implementation of Recommendations.--Not later than 18 months after the date of enactment of this Act, the Administrator shall implement the recommendations made under this section. (e) Definition.--In this section, the term ``part 91'' means part 91 of title 14, Code of Federal Regulations. (f) Applicable Law.--Public Law 92-463 shall not apply to the task force. (g) Sunset.--The task force shall terminate on the day the Administrator submits the report required under subsection (c). SEC. 514. AIRCRAFT LEASING. Section 44112(b) of title 49, United States Code, is amended-- (1) by striking ``on land or water''; and (2) by inserting ``operational'' before ``control''. SEC. 515. PILOTS SHARING FLIGHT EXPENSES WITH PASSENGERS. (a) Guidance.-- (1) In general.--Not later than 90 days after the date of enactment of this Act, the Administrator shall make publicly available, in a clear and concise format, advisory guidance that describes how a pilot may share flight expenses with passengers in a manner consistent with Federal law, including regulations. (2) Examples included.--The guidance shall include examples of-- (A) flights for which pilots and passengers may share expenses; (B) flights for which pilots and passengers may not share expenses; (C) the methods of communication that pilots and passengers may use to arrange flights for which expenses are shared; and (D) the methods of communication that pilots and passengers may not use to arrange flights for which expenses are shared. (b) Report.-- (1) In general.--Not later than 180 days after the date on which guidance is made publicly available under subsection (a), the Comptroller General of the United States shall submit to the appropriate committees of Congress a report analyzing Federal policy with respect to pilots sharing flight expenses with passengers. (2) Evaluations included.--The report submitted under paragraph (1) shall include an evaluation of-- (A) the rationale for such Federal policy; (B) safety and other concerns related to pilots sharing flight expenses with passengers; and (C) benefits related to pilots sharing flight expenses with passengers. SEC. 516. TERMINAL AERODROME FORECAST. (a) In General.--The Administrator shall permit a covered air carrier to operate to or from a location in a noncontiguous State without a Terminal Aerodrome Forecast or Meteorological Aerodrome Report if-- (1) such location is determined to be under visual meteorological conditions; (2) a current Area Forecast, supplemented by other local weather observations or reports, is available; and (3) an alternate airport that has an available Terminal Aerodrome Forecast and weather report is specified. (b) Procedures.--A covered air carrier shall-- (1) have approved procedures for dispatch or release and enroute weather evaluation; and (2) operate under instrument flight rules enroute to the destination. (c) Limitation.--Without a written finding of necessity, based on objective and historical evidence of imminent threat to safety, the Administrator shall not promulgate any operation specification, policy, or guidance document pursuant to this section that is more restrictive than, or requires procedures that are not expressly stated in, the regulations. (d) Covered Air Carrier Defined.--In this section, the term ``covered air carrier'' means an air carrier operating in a noncontiguous State under part 121 of title 14, Code of Federal Regulations. SEC. 517. PUBLIC AIRCRAFT ELIGIBLE FOR LOGGING FLIGHT TIMES. The Administrator shall issue regulations modifying section 61.51(j)(4) of title 14, Code of Federal Regulations, so as to include aircraft under the direct operational control of forestry and fire protection agencies as public aircraft eligible for logging flight times. SEC. 518. AIRCRAFT REGISTRY OFFICE. The Administrator shall designate employees at the Aircraft Registry Office in Oklahoma City, Oklahoma, as excepted employees in the event of a shutdown or emergency furlough to ensure that the office remains [[Page H8955]] open for the duration of the lapse in Federal Government appropriations to the Federal Aviation Administration. SEC. 519. FAA DATA TRANSPARENCY. Section 45303 of title 49, United States Code, is amended by adding at the end the following: ``(g) Data Transparency.-- ``(1) Air traffic services initial data report.-- ``(A) Initial report.--Not later than 6 months after the date of enactment of the FAA Reauthorization Act of 2018, the Administrator and the Chief Operating Officer of the Air Traffic Organization shall, based upon the most recently available full fiscal ***year*** data, complete the following calculations for each segment of air traffic services users: ``(i) The total costs allocable to the use of air traffic services for that segment during such fiscal ***year***. ``(ii) The total revenues received from that segment during such fiscal ***year***. ``(B) Validation of model.-- ``(i) Review and determination.--Not later than 3 months after completion of the initial report required under subparagraph (A), the inspector general of the Department of Transportation shall review and determine the validity of the model used by the Administrator and the Chief Operating Officer to complete the calculations required under subparagraph (A). ``(ii) Validation process.--In the event that the inspector general determines that the model used by the Administrator and the Chief Operating Officer to complete the calculations required by subparagraph (A) is not valid-- ``(I) the inspector general shall provide the Administrator and Chief Operating Officer recommendations on how to revise the model; ``(II) the Administrator and the Chief Operating Officer shall complete the calculations required by subparagraph (A) utilizing the revised model and resubmit the revised initial report required under subparagraph (A) to the inspector general; and ``(III) not later than 3 months after completion of the revised initial report required under subparagraph (A), the inspector general shall review and determine the validity of the revised model used by the Administrator and the Chief Operating Officer to complete the calculations required by subparagraph (A). ``(iii) Access to data.--The Administrator and the Chief Operating Officer shall provide the inspector general of the Department of Transportation with unfettered access to all data produced by the cost accounting system operated and maintained pursuant to subsection (e). ``(C) Report to congress.--Not later than 60 days after completion of the review and receiving a determination that the model used is valid under subparagraph (B), the Administrator and the Chief Operating Officer shall submit to the Committee on Transportation and Infrastructure, the Committee on Appropriations, and the Committee on Ways and Means of the House of Representatives, and the Committee on Commerce, Science, and Transportation, the Committee on Appropriations, and the Committee on Finance of the Senate a report describing the results of the calculations completed under subparagraph (A). ``(D) Publication.--Not later than 60 days after submission of the report required under subparagraph (C), the Administrator and Chief Operating Officer shall publish the initial report, including any revision thereto if required as a result of the validation process for the model. ``(2) Air traffic services biennial data reporting.-- ``(A) Biennial data reporting.--Not later than March 31, 2019, and biennially thereafter for 8 ***years***, the Administrator and the Chief Operating Officer shall, using the validated model, complete the following calculations for each segment of air traffic services users for the most recent full fiscal ***year***: ``(i) The total costs allocable to the use of the air traffic services for that segment. ``(ii) The total revenues received from that segment. ``(B) Report to congress.--Not later than 15 days after completing the calculations under subparagraph (A), the Administrator and the Chief Operating Officer shall complete and submit to the Committee on Transportation and Infrastructure, the Committee on Appropriations, and the Committee on Ways and Means of the House of Representatives, and the Committee on Commerce, Science, and Transportation, the Committee on Appropriations, and the Committee on Finance of the Senate a report containing the results of such calculations. ``(C) Publication.--Not later than 60 days after completing the calculations pursuant to subparagraph (A), the Administrator and the Chief Operating Officer shall publish the results of such calculations. ``(3) Segments of air traffic services users.-- ``(A) In general.--For purposes of this subsection, each of the following shall constitute a separate segment of air traffic services users: ``(i) Passenger air carriers conducting operations under part 121 of title 14, Code of Federal Regulations. ``(ii) All-cargo air carriers conducting operations under part 121 of such title. ``(iii) Operators covered by part 125 of such title. ``(iv) Air carriers and operators of piston-engine aircraft operating under part 135 of such title. ``(v) Air carriers and operators of turbine-engine aircraft operating under part 135 of such title. ``(vi) Foreign air carriers providing passenger air transportation. ``(vii) Foreign air carriers providing all-cargo air transportation. ``(viii) Operators of turbine-engine aircraft operating under part 91 of such title, excluding those operating under subpart (K) of such part. ``(ix) Operators of piston-engine aircraft operating under part 91 of such title, excluding those operating under subpart (K) of such part. ``(x) Operators covered by subpart (K) of part 91 of such title. ``(xi) Operators covered by part 133 of such title. ``(xii) Operators covered by part 136 of such title. ``(xiii) Operators covered by part 137 of such title. ``(xiv) Operators of public aircraft that qualify under section 40125. ``(xv) Operators of aircraft that neither take off from, nor land in, the United States. ``(B) Additional segments.--The Secretary may identify and include additional segments of air traffic users under subparagraph (A) as revenue and air traffic services cost data become available for that additional segment of air traffic services users. ``(4) Definitions.--For purposes of this subsection: ``(A) Air traffic services.--The term `air traffic services' means services-- ``(i) used for the monitoring, directing, control, and guidance of aircraft or flows of aircraft and for the safe conduct of flight, including communications, navigation, and surveillance services and provision of aeronautical information; and ``(ii) provided directly, or contracted for, by the Federal Aviation Administration. ``(B) Air traffic services user.--The term `air traffic services user' means any individual or entity using air traffic services provided directly, or contracted for, by the Federal Aviation Administration within United States airspace or international airspace delegated to the United States.''. SEC. 520. INTRA-AGENCY COORDINATION. Not later than 120 days after the date of enactment of this Act, the Administrator shall implement a policy that-- (1) designates the Associate Administrator for Commercial Space Transportation as the primary liaison between the commercial space transportation industry and the Administration; (2) recognizes the necessity of, and set forth processes for, launch license and permit holder coordination with the Air Traffic Organization on matters including-- (A) the use of air navigation facilities; (B) airspace safety; and (C) planning of commercial space launch and launch support activities; (3) designates a single point of contact within the Air Traffic Organization who is responsible for-- (A) maintaining letters of agreement between a launch license or permit holder and a Federal Aviation Administration facility; (B) making such letters of agreement available to the Associate Administrator for Commercial Space Transportation; (C) ensuring that a facility that has entered into such a letter of agreement is aware of and fulfills its responsibilities under the letter; and (D) liaising between the Air Traffic Organization and the Associate Administrator for Commercial Space Transportation on any matter relating to such a letter of agreement; and (4) requires the Associate Administrator for Commercial Space Transportation to facilitate, upon the request of a launch license or permit holder-- (A) coordination between a launch license and permit holder and the Air Traffic Organization; and (B) the negotiation of letters of agreement between a launch license or permit holder and a Federal Aviation Administration facility or the Air Traffic Organization. SEC. 521. ADMINISTRATIVE SERVICES FRANCHISE FUND. (a) In General.--Not later than 30 days after the date of enactment of this section, the inspector general of the Department of Transportation shall initiate an audit of the Administrative Services Franchise Fund of the FAA (in this section referred to as the ``Franchise Fund''). (b) Considerations.--In conducting the audit pursuant to subsection (a), the inspector general shall-- (1) review the history, intended purpose, and objectives of the Franchise Fund; (2) describe and assess each ***program***, service, or activity that uses the Franchise Fund, including-- (A) the agencies or government bodies that use each ***program***, service, or activity; (B) the number of employees, including full-time equivalents and contractors, associated with each ***program***, service, or activity; (C) the costs associated with the employees described in subparagraph (B) and the extent to which such costs are covered by Federal appropriations or Franchise Fund revenue; (D) the revenue, expenses, and profits or losses associated with each ***program***, service, or activity; [[Page H8956]] (E) overhead rates associated with each ***program***, service, or activity; and (F) a breakdown of the revenue collected from services provided to the FAA, Department of Transportation, other Federal entities, and non-Federal entities; (3) assess the FAA's governance and oversight of the Franchise Fund and the ***programs***, service, and activities that use the Franchise Fund, including the use of internal and publicly available performance metrics; (4) evaluate the current and historical unobligated and unexpended balances of the Franchise Fund; and (5) assess the degree to which FAA policies and controls associated with the Franchise Fund conform with generally accepted accounting principles, Federal policies, best practices, or other guidance relating to revolving funds. (c) Report.--Not later than 180 days after the date of initiation of the audit described in subsection (a), the inspector general shall submit to the appropriate committees of Congress a report on the results of the audit, including findings and recommendations. SEC. 522. AUTOMATIC DEPENDENT SURVEILLANCE-BROADCAST. (a) Repeal.--Subsection (b) of section 211 of the FAA Modernization and Reform Act of 2012 (49 U.S.C 40101 note) is repealed. (b) Requirement.--The Administrator shall ensure that any regulation issued pursuant to such subsection has no force or effect. SEC. 523. CONTRACT WEATHER OBSERVERS. Section 2306(b) of the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190; 130 Stat. 641) is amended by striking ``2018'' and inserting ``2023''. SEC. 524. REGIONS AND CENTERS. (a) In General.--Section 44507 of title 49, United States Code, is amended-- (1) by striking the section heading and inserting ``Regions and centers''; (2) by striking ``The Civil Aeromedical Institute'' and inserting the following: ``(a) Civil Aeromedical Institute.--The Civil Aeromedical Institute''; and (3) by adding at the end the following: ``(b) William J. Hughes Technical Center.--The Secretary of Transportation shall define the roles and responsibilities of the William J. Hughes Technical Center in a manner that is consistent with the defined roles and responsibilities of the Civil Aeromedical Institute under subsection (a).''. (b) Clerical Amendment.--The analysis for chapter 445 of title 49, United States Code, is amended by striking the item relating to section 44507 and inserting the following: ``44507. Regions and centers.''. SEC. 525. GEOSYNTHETIC MATERIALS. The Administrator, to the extent practicable, shall encourage the use of durable, resilient, and sustainable materials and practices, including the use of geosynthetic materials and other innovative technologies, in carrying out the activities of the Federal Aviation Administration. SEC. 526. NATIONAL AIRMAIL MUSEUM. (a) Findings.--Congress finds that-- (1) in 1930, commercial airmail carriers began operations at Smith Field in Fort Wayne, Indiana; (2) the United States lacks a national museum dedicated to airmail; and (3) the airmail hangar at Smith Field in Fort Wayne, Indiana-- (A) will educate the public on the role of airmail in aviation history; and (B) honor the role of the hangar in the history of the Nation's airmail service. (b) Designation.-- (1) In general.--The airmail museum located at the Smith Field in Fort Wayne, Indiana, is designated as the ``National Airmail Museum''. (2) Effect of designation.--The national museum designated by this section is not a unit of the National Park System and the designation of the National Airmail Museum shall not require or permit Federal funds to be expended for any purpose related to that national memorial. SEC. 527. STATUS OF AGREEMENT BETWEEN FAA AND LITTLE ROCK PORT AUTHORITY. (a) Briefing Requirement.--Not later than 30 days after the date of enactment of this Act, the Administrator shall provide to the appropriate committees of Congress a briefing on the agreement between the FAA and the Little Rock Port Authority to relocate the Little Rock Very High Frequency Omnidirectional Range with Collocated Tactical Air Control and Navigation (LIT VORTAC). (b) Briefing Contents.--The briefing required under subsection (a) shall include the following: (1) The status of the efforts by the Federal Aviation Administration to relocate the LIT VORTAC. (2) The long-term and short-term budget projections for the relocation project. (3) A description of and timeline for each phase of the relocation project. (4) A description of and explanation for the required location radius. (5) A description of work completed by the Federal Aviation Administration as of the date of the briefing. SEC. 528. BRIEFING ON AIRCRAFT DIVERSIONS FROM LOS ANGELES INTERNATIONAL AIRPORT TO HAWTHORNE MUNICIPAL AIRPORT. Not later than 1 ***year*** after the date of the enactment of this Act, the Administrator shall provide a briefing to appropriate committees of Congress on diversions of aircraft from Los Angeles International Airport to Hawthorne Municipal Airport, also known as Jack Northrop Field, in the City of Hawthorne, California. This briefing shall cover at least the previous one-***year*** period and include the total number of aircraft diversions, the average number of diversions per day, the types of aircraft diverted, and the reasons for the diversions. SEC. 529. TFR REPORT. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act (except as described in subsection (d)), the Administrator shall submit to the appropriate committees of Congress a report containing the results of the study described in subsection (b). (b) Recommendations.--The Administrator shall make recommendations based on-- (1) an analysis of-- (A) the economic effects of temporary flight restrictions, particularly temporary flight restrictions issued pursuant to section 91.141 of title 14, Code of Federal Regulations, on airports or aviation-related businesses located or based in an area covered by the temporary flight restriction; and (B) potential options and recommendations for mitigating identified negative economic effects on airports or aviation- related businesses located or based in an area frequently covered by a temporary flight restriction; and (2) an analysis of the potential for using security procedures similar to those described in the Maryland Three ***Program*** (allowing properly vetted private pilots to fly to, from, or between the three general aviation airports closest to the National Capital Region) during temporary flight restrictions in the following airports: (A) Solberg Airport. (B) Somerset Airport. (C) Palm Beach County Park Airport (also known as Lantana Airport). (c) Collaboration.--In making the recommendations described in subsection (b), the Administrator shall consult with-- (1) industry stakeholders; and (2) the head of any other agency that, in the Administrator's determination, is a stakeholder agency. (d) Special Deadline.--Not later than 90 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report containing the results of the portion of the study described in subsection (b)(1)(A). SEC. 530. AIR TRAFFIC SERVICES AT AVIATION EVENTS. (a) Requirement to Provide Services and Related Support.-- The Administrator shall provide air traffic services and aviation safety support for large, multiday aviation events, including airshows and fly-ins, where the average daily number of manned operations were 1,000 or greater in at least one of the preceding two ***years***, without the imposition or collection of any fee, tax, or other charge for that purpose. Amounts for the provision of such services and support shall be derived from amounts appropriated or otherwise available for the Administration. (b) Determination of Services and Support to Be Provided.-- In determining the services and support to be provided for an aviation event for purposes of subsection (a), the Administrator shall take into account the following: (1) The services and support required to meet levels of activity at prior events, if any, similar to the event. (2) The anticipated need for services and support at the event. SEC. 531. APPLICATION OF VETERANS' PREFERENCE TO FEDERAL AVIATION ADMINISTRATION PERSONNEL MANAGEMENT SYSTEM. Section 40122(g)(2)(B) of title 49, United States Code, is amended-- (1) by inserting ``3304(f), to the extent consistent with the Federal Aviation Administration's status as an excepted service agency,'' before ``3308-3320''; and (2) by inserting ``3330a, 3330b, 3330c, and 3330d,'' before ``relating''. SEC. 532. CLARIFICATION OF REQUIREMENTS FOR LIVING HISTORY FLIGHTS. (a) In General.--Notwithstanding any other law or regulation, in administering sections 61.113(c), 91.9, 91.315, 91.319(a)(1), 91.319(a)(2), 119.5(g), and 119.21(a) of title 14, Code of Federal Regulations (or any successor regulations), the Administrator shall allow an aircraft owner or operator to accept monetary or in-kind donations for a flight operated by a living history flight experience provider, if the aircraft owner or operator has-- (1) volunteered to provide such transportation; and (2) notified any individual that will be on the flight, at the time of inquiry about the flight, that the flight operation is for charitable purposes and is not subject to the same requirements as a commercial flight. (b) Conditions To Ensure Public Safety.--The Administrator, consistent with current standards of the Administration for such operations, shall impose minimum standards with respect to training and flight hours for operations conducted by an owner or operator of an aircraft providing living history flight experience operations, including mandating that the pilot in command of such aircraft hold a commercial pilot certificate with instrument rating and be current and qualified with respect to all ratings or [[Page H8957]] authorizations applicable to the specific aircraft being flown to ensure the safety of flight operations described in subsection (a). (c) Living History Flight Experience Provider Defined.--In this section, the term ``living history flight experience provider'' means an aircraft owner, aircraft operator, or organization that provides, arranges, or otherwise fosters living history flight experiences for the purpose of fulfilling its mission. SEC. 533. REVIEW AND REFORM OF FAA PERFORMANCE MANAGEMENT SYSTEM. (a) Establishment of Advisory Panel.--Not later than 90 days after the date of enactment of this section, the Secretary of Transportation shall establish an advisory panel comprising no more than 7 independent, nongovernmental experts in budget, finance, or personnel management to review and evaluate the effectiveness of the FAA's personnel management system and performance management ***program*** for employees not covered by collective bargaining agreements. (b) Review, Evaluation, and Recommendations.--The advisory panel shall, at a minimum-- (1) review all appropriate FAA orders, policies, procedures, guidance, and the Human Resources Policy Manual; (2) review any applicable reports regarding FAA's personnel management system, including reports of the Department of Transportation Office of Inspector General, Government Accountability Office, and National Academy of Public Administration, and determine the status of recommendations made in those reports; (3) review the personnel management system of any other agency or governmental entity with a similar system to the FAA for best practices with regard to personnel management; (4) assess the unique personnel authorities granted to the FAA, determine whether the FAA has taken full advantage of those authorities, and identify those authorities the FAA has not fully taken advantage of; (5) review and determine the overall effectiveness of the FAA's compensation, bonus pay, performance metrics, and evaluation processes for employees not covered by collective bargaining agreements; (6) review whether existing performance metrics and bonus pay practices align with the FAA's mission and significantly improve the FAA's provision of air traffic services, implementation of air traffic control modernization initiatives, and accomplishment of other FAA operational objectives; (7) identify the highest, lowest, and average complete compensation for each position of employees not covered by collective bargaining agreements; (8) survey interested parties and stakeholders, including representatives of the aviation industry, for their views and recommendations regarding improvements to the FAA's personnel management system and performance management ***program***; (9) develop recommendations to address the findings of the work done pursuant to paragraphs (1) through (7), and to address views and recommendations raised by interested parties pursuant to paragraph (8); and (10) develop recommendations to improve the FAA's personnel management system and performance management ***program***, including the compensation, bonus pay, performance metrics, and evaluation processes, for employees not covered by collective bargaining agreements. (c) Report.--Not later than 1 ***year*** after initiating the review and evaluation pursuant to subsection (a), the advisory panel shall submit a report on the results of the review and evaluation and its recommendations to the Secretary, the Administrator, the appropriate committees of Congress. (d) Report to Congress.--Not later than 3 months after submittal of the report pursuant to subsection (c), the Administrator shall transmit to the appropriate committees of Congress a report summarizing the findings of the advisory panel that-- (1) contains an explanation of how the Administrator will implement the recommendations of the advisory panel and measure the effectiveness of the recommendations; and (2) specifies any recommendations that the Administrator will not implement and the reasons for not implementing such recommendations. (e) Sunset.--The advisory panel shall terminate on the date that is 60 days after the transmittal of the report pursuant to subsection (d). SEC. 534. NEXTGEN DELIVERY STUDY. (a) Study.--Not later than 180 days after the enactment of this Act, the inspector general of the Department of Transportation shall initiate a study of the potential impacts of a significantly delayed, significantly diminished, or completely failed delivery of the Next Generation Air Transportation System modernization initiative by the Federal Aviation Administration, including impacts to the air traffic control system and the national airspace system as a whole. (b) Scope of Study.--In carrying out the study under subsection (a), the inspector general shall assess the Administration's performance related to the NextGen modernization initiative, including-- (1) the potential impacts on the operational efficiency of our aviation system; (2) an analysis of potential economic losses and stranded investments directly related to NextGen; (3) an analysis of the potential impacts to our international competitiveness in aviation innovation; (4) an analysis of the main differences that would be seen in our air traffic control system; (5) the potential impacts on the flying public, including potential impacts to flight times, fares, and delays in the air and on the ground; (6) the effects on supply chains reliant on air transportation of cargo; (7) the potential impacts on the long-term benefits promised by NextGen; (8) an analysis of the potential impacts on aircraft noise and flight paths; (9) the potential changes in separation standards, fuel consumption, flight paths, block times, and landing procedures or lack thereof; (10) the potential impacts on aircraft taxi times and aircraft emissions or lack thereof; (11) a determination of the total potential costs and logistical challenges of the failure of NextGen, including a comparison of the potential loss of the return on public and private sector investment related to NextGen, as compared to other available investment alternatives, between December 12, 2003, and the date of enactment of this Act; and (12) other matters arising in the course of the study. (c) Report.--Not later than 1 ***year*** after the date of initiation of the study under subsection (a), the inspector general shall submit to the appropriate committees of Congress a report on the results of the study. SEC. 535. STUDY ON ALLERGIC REACTIONS. Not later than 120 days after the date of enactment of this Act, the Administrator shall-- (1) study the prevalence of allergic reactions on board flights, whether airlines universally report reactions to the Federal Aviation Administration, and the frequency of first aid inventory checks to ensure medicine to prevent anaphylactic shock is in an aircraft; and (2) submit a report to the Committees on Transportation and Infrastructure, Energy and Commerce, and Appropriations of the House of Representatives and the Committees on Commerce, Science, and Transportation, Health, Education, Labor, and Pensions, and Appropriations of the Senate. SEC. 536. OXYGEN MASK DESIGN STUDY. Not later than 180 days after the date of enactment of this Act, the Administrator shall conduct a study to review and evaluate the design and effectiveness of commercial aircraft oxygen masks. In conducting the study, the Administrator shall determine whether the current design of oxygen masks is adequate, and whether changes to the design could increase correct passenger usage of the masks. SEC. 537. AIR CARGO STUDY. (a) In General.--Not later than 6 months after the date of enactment of this Act, the Comptroller General of the United States shall begin a study of international air cargo services among the United States and Central American, South American, and Caribbean Basin countries, that-- (1) analyzes the supply of and demand for air cargo transportation services among the United States and Central American, South American, and Caribbean Basin countries; (2) analyzes the supply of and demand for air cargo transportation services between-- (A) the United States, Central American, South American, and Caribbean Basin countries; and (B) African and European countries; (3) identifies the busiest routes in terms of cargo capacity and frequency of air service; (4) identifies any air carrier or foreign air carrier hubs in Central American, South American, and Caribbean Basin countries at which a significant amount of air cargo is sorted, handled, or consolidated for transportation to or from the United States; (5) identifies any air carrier or foreign air carrier hubs in the United States at which a significant amount of air cargo is sorted, handled, or consolidated for transportation to or from Central American, South American, and Caribbean Basin countries. (6) identifies any significant gaps in the air cargo services or cargo air carrier networks-- (A) among the countries described in paragraph (2)(A); (B) between such countries and African countries; and (C) between such countries and European countries; and (7) assesses the possible impact of the establishment of an air carrier hub in Puerto Rico at which air cargo is sorted, handled, or consolidated for transportation to or from the United States, including the impact on-- (A) the employment rate and economy of Puerto Rico; (B) domestic and foreign air transportation of cargo; (C) United States competitiveness in the air transportation of cargo; (D) air cargo operations at other airports in the United States; and (E) domestic air carrier employment. (b) Report.--Not later than 12 months after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the results of the study described in subsection (a). (c) Definition.--In this section, the term ``Caribbean Basin countries'' has the same meaning given the term ``Caribbean Basin country'' in section 501 of the Food for Peace Act (7 U.S.C 1737). [[Page H8958]] SEC. 538. SENSE OF CONGRESS ON PREVENTING THE TRANSPORTATION OF DISEASE-CARRYING MOSQUITOES AND OTHER INSECTS ON COMMERCIAL AIRCRAFT. It is the sense of Congress that the Secretary of Transportation and the Secretary of ***Agriculture*** should, in coordination and consultation with the World Health Organization, develop a framework and guidance for the use of safe, effective, and nontoxic means of preventing the transportation of disease-carrying mosquitoes and other insects on commercial aircraft. SEC. 539. TECHNICAL CORRECTIONS. (a) Airport Capacity Enhancement Projects at Congested Airports.--Section 40104(c) of title 49, United States Code, is amended by striking ``section 47176'' and inserting ``section 47175''. (b) Passenger Facility Charges.--Section 40117(a)(5) of title 49, United States Code, is amended by striking ``charge or charge'' and inserting ``charge''. (c) Overflights of National Parks.--Section 40128(a)(3) of title 49, United States Code, is amended by striking ``under part 91 of the title 14,'' and inserting ``under part 91 of title 14,''. (d) Plans To Address Needs of Families of Passengers Involved in Foreign Air Carrier Accidents.--Section 41313(c)(16) of title 49, United States Code, is amended by striking ``An assurance that the foreign air carrier'' and inserting ``An assurance that''. (e) Operations of Carriers.--The analysis for chapter 417 of title 49, United States Code, is amended by striking the item relating to section 41718 and inserting the following: ``41718. Special rules for Ronald Reagan Washington National Airport.''. (f) Schedules for Certain Transportation of Mail.--Section 41902(a) of title 49, United States Code, is amended by striking ``section 41906'' and inserting ``section 41905''. (g) Weighing Mail.--Section 41907 of title 49, United States Code, is amended by striking ``and'' and all that follows through ``administrative'' and inserting ``and administrative''. (h) Structures Interfering With Air Commerce or National Security.--Section 44718(b)(1) of title 49, United States Code, is amended-- (1) in the matter preceding subparagraph (A) by striking ``air navigation facilities and equipment'' and inserting ``air or space navigation facilities and equipment''; and (2) in subparagraph (A)-- (A) in clause (v) by striking ``and'' at the end; (B) by redesignating clause (vi) as clause (vii); and (C) by inserting after clause (v) the following: ``(vi) the impact on launch and reentry for launch and reentry vehicles arriving or departing from a launch site or reentry site licensed by the Secretary of Transportation; and''. (i) Flight Attendant Certification.--Section 44728 of title 49, United States Code, is amended-- (1) in subsection (c), by striking ``chapter'' and inserting ``title''; and (2) in subsection (d)(3), by striking ``is'' and inserting ``be''. (j) Fees Involving Aircraft Not Providing Air Transportation.--Section 45302 of title 49, United States Code, is amended by striking ``44703(f)(2)'' each place it appears and inserting ``44703(g)(2)''. (k) Schedule of Fees.--Section 45301(a)(1) of title 49, United States Code, is amended by striking ``United States government'' and inserting ``United States Government''. (l) Classified Evidence.--Section 46111(g)(2)(A) of title 49, United States Code, is amended by striking ``(18 U.S.C App.)'' and inserting ``(18 U.S.C App.))''. (m) Chapter 465.--The analysis for chapter 465 of title 49, United States Code, is amended by striking the following item: ``46503. Repealed.''. (n) Allowable Cost Standards.--Section 47110(b)(2) of title 49, United States Code, is amended-- (1) in subparagraph (B), by striking ``compatability'' and inserting ``compatibility''; and (2) in subparagraph (D)(i), by striking ``climactic'' and inserting ``climatic''. (o) Definition of Qualified HUBZone Small Business Concern.--Section 47113(a)(3) of title 49, United States Code, is amended by striking ``(15 U.S.C 632(o))'' and inserting ``(15 U.S.C 632(p))''. (p) Special Apportionment Categories.--Section 47117(e)(1)(B) is amended by striking ``at least'' and inserting ``At least''. (q) Solicitation and Consideration of Comments.--Section 47171(l) of title 49, United States Code, is amended by striking ``4371'' and inserting ``4321''. (r) Operations and Maintenance.--Section 48104 is amended by striking ``(a) Authorization of Appropriations.--the'' and inserting ``The''. (s) Adjustments to Compensation for Significantly Increased Costs.--Section 426 of the FAA Modernization and Reform Act of 2012 is amended-- (1) in subsection (a) (49 U.S.C 41737 note) by striking ``Secretary'' and inserting ``Secretary of Transportation''; and (2) in subsection (c) (49 U.S.C 41731 note) by striking ``the Secretary may waive'' and inserting ``the Secretary of Transportation may waive''. (t) Aircraft Departure Queue Management Pilot ***Program***.-- Section 507(a) of the FAA Modernization and Reform Act of 2012 (49 U.S.C 44505 note) is amended by striking ``section 48101(a)'' and inserting ``section 48101(a) of title 49, United States Code,''. SEC. 540. REPORT ON ILLEGAL CHARTER FLIGHTS. Not later than 180 days after the date of enactment of this Act, the Secretary of Transportation shall submit to the appropriate committees of Congress an analysis of reports filed during the 10-***year*** period preceding such date of enactment through the illegal charter hotline of the FAA and other sources that includes-- (1) what followup action the Department of Transportation or the Administration takes when a report of illegal charter operations is received; (2) how the Department of Transportation or the Administration decides to allocate resources; (3) challenges the Department of Transportation or the Administration face in identifying illegal operators; and (4) recommendations for improving the efforts of the Department of Transportation or the Administration to combat illegal charter carrier operations. SEC. 541. USE OF NASA'S SUPER GUPPY AIRCRAFT FOR COMMERCIAL TRANSPORT. Notwithstanding section 40125 of title 49, United States Code, the Aero Spacelines Super Guppy Turbine B-377-SGT aircraft, serial number 0004, may be used to provide the transport, for compensation or hire, of oversized space launch vehicle components or oversized spacecraft components while continuing to qualify as a public aircraft operation pursuant to section 40102(a)(41)(A) of title 49, United States Code, if-- (1) the aircraft is owned and operated by the National Aeronautics and Space Administration; (2) commercial operation is limited to operations conducted wholly in United States airspace; and (3) no commercially available domestic air transport alternative exists. SEC. 542. PROHIBITED AIRSPACE ASSESSMENT. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary of Transportation, in coordination with appropriate Federal agencies, shall conduct an assessment on the security of United States prohibited airspace designated by the Federal Aviation Administration, with a focus on permanent prohibited airspace (in this section referred to as ``United States prohibited airspace''). (b) Minimum Components.--The assessment developed under subsection (a) shall be unclassified but may contain a classified annex. It shall, at a minimum, include-- (1) a summary of the number and types of violations of United States prohibited airspace and historical trends of such numbers and types; (2) an assessment of the processes used to establish United States prohibited airspace; (3) an assessment of manned and unmanned aircraft, current and future, with the ability to penetrate United States prohibited airspace undetected; (4) an assessment of the current and future capabilities of the United States to mitigate threats to United States prohibited airspace; (5) recommendations on how to improve security of United States prohibited airspace; and (6) a process to modify section 99.7 of title 14, Code of Federal Regulations, to expand the Administrator's authority to establish temporary flight restrictions in cooperation with State and local law enforcement agencies, or as required for purposes of national security, homeland security, or law enforcement support. SEC. 543. REPORT ON MULTIAGENCY USE OF AIRSPACE AND ENVIRONMENTAL REVIEW. (a) In General.--Not later than 180 days after the date of the enactment of this Act, the Administrator, in consultation with the Secretary of Defense, shall submit to the covered committees of Congress a report documenting efforts made toward improving processes to resolve persistent challenges for special use airspace requests in support of, or associated with, short notice testing requirements at Major Range and Test Facility Bases, including the establishment of temporary military operations areas used for conducting short-term, scheduled exercises. (b) Elements.--The report required under subsection (a) shall include the following elements: (1) Analysis of previous efforts to streamline internal processes associated with the designation of temporary military operations areas at Major Range and Test Facility Bases and the use of such areas for scheduled exercises. (2) Analysis of progress made to ensure consistency of environmental review, including impact analysis, associated environmental studies, or consultation, while complying with the National Environmental Policy Act of 1969 (42 U.S.C 4321 et seq.) and other environmental requirements. (3) Identification of challenges, if any, in complying with the National Environmental Policy Act of 1969. (4) A description of airspace requirements, current test and training needs statements completed during the 10-***year*** period preceding the report, and future 5-***year*** requirements, including all temporary military operating areas, special use airspaces, instrument routes, visual routes, and unfulfilled user requirements. [[Page H8959]] (5) Proposed options and solutions to overcome identified challenges, if any, including identifying whether-- (A) a solution or solutions can be incorporated within the existing Federal Aviation Administration and Department of Defense Memorandum of Understanding; or (B) changes to current law are required. (c) Definitions.--In this section: (1) Covered committees of congress.--The term ``covered committees of Congress'' means-- (A) the Committee on Commerce, Science, and Transportation and the Committee on Armed Services of the Senate; and (B) the Committee on Transportation and Infrastructure and the Committee on Armed Services of the House of Representatives. (2) Major range and test facility base.--The term ``Major Range and Test Facility Base'' has the meaning given the term in section 196(i) of title 10, United States Code. (3) Special use airspace.--The term ``special use airspace'' means certain designations of airspace designated by the Federal Aviation Administration, as administered by the Secretary of Defense. SEC. 544. AGENCY PROCUREMENT REPORTING REQUIREMENTS. Section 40110(d) of title 49, United States Code, is amended by adding at the end the following: ``(5) Annual report on the purchase of foreign manufactured articles.-- ``(A) Report.--(i) Not later than 90 days after the end of the fiscal ***year***, the Secretary of Transportation shall submit a report to Congress on the dollar amount of acquisitions subject to the Buy American Act made by the agency from entities that manufacture the articles, materials, or supplies outside of the United States in such fiscal ***year***. ``(ii) The report required by clause (i) shall only include acquisitions with total value exceeding the micro-purchase level. ``(B) Contents.--The report required by subparagraph (A) shall separately indicate-- ``(i) the dollar value of any articles, materials, or supplies purchased that were manufactured outside of the United States; and ``(ii) a summary of the total procurement funds spent on goods manufactured in the United States versus funds spent on goods manufactured outside of the United States. ``(C) Availability of report.--The Secretary shall make the report under subparagraph (A) publicly available on the agency's website not later than 30 days after submission to Congress.''. SEC. 545. FAA ORGANIZATIONAL REFORM. (a) Chief Technology Officer.--Section 106(s) of title 49, United States Code, is amended to read as follows: ``(s) Chief Technology Officer.-- ``(1) In general.-- ``(A) Appointment.--There shall be a Chief Technology Officer appointed by the Chief Operating Officer. The Chief Technology Officer shall report directly to the Chief Operating Officer. ``(B) Minimum qualifications.--The Chief Technology Officer shall have-- ``(i) at least 10 ***years*** experience in engineering management or another relevant technical management field; and ``(ii) knowledge of or experience in the aviation industry. ``(C) Removal.--The Chief Technology Officer shall serve at the pleasure of the Administrator. ``(D) Restriction.--The Chief Technology Officer may not also be the Deputy Administrator. ``(2) Responsibilities.--The responsibilities of the Chief Technology Officer shall include-- ``(A) ensuring the proper operation, maintenance, and cybersecurity of technology systems relating to the air traffic control system across all ***program*** offices of the Administration; ``(B) coordinating the implementation, operation, maintenance, and cybersecurity of technology ***programs*** relating to the air traffic control system with the aerospace industry and other Federal agencies; ``(C) reviewing and providing advice to the Secretary, the Administrator, and the Chief Operating Officer on the Administration's budget, cost-accounting system, and benefit- cost analyses with respect to technology ***programs*** relating to the air traffic control system; ``(D) consulting with the Administrator on the Capital Investment Plan of the Administration prior to its submission to Congress; ``(E) developing an annual air traffic control system technology operation and maintenance plan that is consistent with the annual performance targets established under paragraph (4); and ``(F) ensuring that the air traffic control system architecture remains, to the maximum extent practicable, flexible enough to incorporate future technological advances developed and directly procured by aircraft operators. ``(3) Compensation.-- ``(A) In general.--The Chief Technology Officer shall be paid at an annual rate of basic pay to be determined by the Administrator, in consultation with the Chief Operating Officer. The annual rate may not exceed the annual compensation paid under section 102 of title 3. The Chief Technology Officer shall be subject to the postemployment provisions of section 207 of title 18 as if the position of Chief Technology Officer were described in section 207(c)(2)(A)(i) of that title. ``(B) Bonus.--In addition to the annual rate of basic pay authorized by subparagraph (A), the Chief Technology Officer may receive a bonus for any ***calendar*** ***year*** not to exceed 30 percent of the annual rate of basic pay, based upon the Administrator's evaluation of the Chief Technology Officer's performance in relation to the performance targets established under paragraph (4). ``(4) Annual performance targets.-- ``(A) In general.--The Administrator and the Chief Operating Officer, in consultation with the Chief Technology Officer, shall establish measurable annual performance targets for the Chief Technology Officer in key operational areas. ``(B) Report.--The Administrator shall transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report describing the annual performance targets established under subparagraph (A). ``(5) Annual performance report.--The Chief Technology Officer shall prepare and transmit to the Secretary of Transportation, the Committee on Transportation and Infrastructure of the House of Representatives, and the Committee on Commerce, Science, and Transportation of the Senate an annual report containing-- ``(A) detailed descriptions and metrics of how successful the Chief Technology Officer was in meeting the annual performance targets established under paragraph (4); and ``(B) other information as may be requested by the Administrator and the Chief Operating Officer.''. (b) Conforming Amendments.-- (1) Section 709(a)(3)(L) of the Vision 100-Century of Aviation Reauthorization Act (49 U.S.C 40101 note) is amended by striking ``Chief NextGen Officer'' and inserting ``Chief Technology Officer''. (2) Section 804(a)(4)(A) of the FAA Modernization and Reform Act of 2012 (49 U.S.C 44501 note) is amended by striking ``Chief NextGen Officer'' and inserting ``Chief Technology Officer''. SEC. 546. FAA CIVIL AVIATION REGISTRY UPGRADE. (a) In General.--Not later than 3 ***years*** after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall complete covered upgrades of the Administration's Civil Aviation Registry (in this section referred to as the ``Registry''). (b) Covered Upgrade Defined.--In this section, the term ``covered upgrades'' means-- (1) the digitization of nondigital Registry information, including paper documents, microfilm images, and photographs, from an analog or nondigital format to a digital format; (2) the digitalization of Registry manual and paper-based processes, business operations, and functions by leveraging digital technologies and a broader use of digitized data; (3) the implementation of systems allowing a member of the public to submit any information or form to the Registry and conduct any transaction with the Registry by electronic or other remote means; and (4) allowing more efficient, broader, and remote access to the Registry. (c) Applicability.--The requirements of subsection (a) shall apply to the entire Civil Aviation Registry, including the Aircraft Registration Branch and the Airmen Certification Branch. (d) Manual Surcharge.--Chapter 453 of title 49, United States Code, is amended by adding at the end the following: ``Sec. 45306. Manual surcharge ``(a) In General.--Not later 3 ***years*** after the date of enactment of the FAA Reauthorization Act of 2018, the Administrator shall impose and collect a surcharge on a Civil Aviation Registry transaction that-- ``(1) is conducted in person at the Civil Aviation Registry; ``(2) could be conducted, as determined by the Administrator, with the same or greater level of efficiency by electronic or other remote means; and ``(3) is not related to research or other non-commercial activities. ``(b) Maximum Surcharge.--A surcharge imposed and collected under subsection (a) shall not exceed twice the maximum fee the Administrator is authorized to charge for the registration of an aircraft, not used to provide air transportation, after the ***transfer*** of ownership under section 45302(b)(2). ``(c) Credit to Account and Availability.--Monies collected from a surcharge imposed under subsection (a) shall be treated as monies collected under section 45302 and subject to the terms and conditions set forth in section 45302(d).''. (e) Report.--Not later than 1 ***year*** after date of enactment of this Act, and annually thereafter until the covered upgrades required under subsection (a) are complete, the Administrator shall submit a report to the appropriate committees of Congress describing-- (1) the schedule for the covered upgrades to the Registry; (2) the office responsible for the implementation of the such covered upgrades; (3) the metrics being used to measure progress in implementing the covered upgrades; and (4) the status of the covered upgrades as of the date of the report. SEC. 547. ENHANCED AIR TRAFFIC SERVICES. (a) In General.--Not later than 180 days after the date of enactment of this Act, the [[Page H8960]] Administrator shall establish a pilot ***program*** to provide air traffic control services on a preferential basis to aircraft equipped with certain NextGen avionics that-- (1) lasts at least 2 ***years***; and (2) operates in at least 3 suitable airports. (b) Duration of Daily Service.--The air traffic control services provided under the pilot ***program*** established under subsection (a) shall occur for at least 3 consecutive hours between 0600 and 2200 local time during each day of the pilot ***program***. (c) Airport Selection.--The Administrator shall designate airports for participation in the pilot ***program*** after consultation with aircraft operators, manufacturers, and airport sponsors. (d) Definitions.-- (1) Certain nextgen avionics.--The term ``certain NextGen avionics'' means those avionics and related software designated by the Administrator after consultations with aircraft operators and manufacturers. (2) Preferential basis.--The term ``preferential basis'' means-- (A) prioritizing aircraft equipped with certain NextGen avionics during a Ground Delay ***Program*** by assigning them fewer minutes of delay relative to other aircraft based upon principles established after consultation with aircraft operators and manufacturers; or (B) sequencing aircraft equipped with certain NextGen avionics ahead of other aircraft in the Traffic Flow Management System to the maximum extent consistent with safety. (e) Sunset.--The pilot ***program*** established under subsection (a) shall terminate on September 30, 2023. (f) Report.--Not later than 90 days after the date on which the pilot ***program*** terminates, the Administrator shall submit to the appropriate committees of Congress a report on the results of the pilot ***program***. SEC. 548. SENSE OF CONGRESS ON ARTIFICIAL INTELLIGENCE IN AVIATION. It is the sense of Congress that the Administration should, in consultation with appropriate Federal agencies and industry stakeholders, periodically review the use or proposed use of artificial intelligence technologies within the aviation system and assess whether the Administration needs a plan regarding artificial intelligence standards and best practices to carry out its mission. SEC. 549. STUDY ON CYBERSECURITY WORKFORCE OF FAA. (a) Study.--Not later than 1 ***year*** after the date of the enactment of this Act, the Administrator shall enter into an agreement with the National Academy of Sciences to conduct a study on the cybersecurity workforce of the Administration in order to develop recommendations to increase the size, quality, and diversity of such workforce, including cybersecurity researchers and specialists. (b) Report to Congress.--Not later than 180 days after the completion of the study conducted under subsection (a), the Administrator shall submit to the appropriate committees of Congress a report on the results of such study. SEC. 550. TREATMENT OF MULTIYEAR LESSEES OF LARGE AND TURBINE-POWERED MULTIENGINE AIRCRAFT. The Secretary of Transportation shall revise such regulations as may be necessary to ensure that multiyear lessees and owners of large and turbine-powered multiengine aircraft are treated equally for purposes of joint ownership policies of the FAA. SEC. 551. EMPLOYEE ASSAULT PREVENTION AND RESPONSE PLANS. (a) In General.--Not later than 90 days after the date of enactment of this Act, each air carrier operating under part 121 of title 14, Code of Federal Regulations (in this section referred to as a ``part 121 air carrier''), shall submit to the Administrator for review and acceptance an Employee Assault Prevention and Response Plan related to the customer service agents of the air carrier and that is developed in consultation with the labor union representing such agents. (b) Contents of Plan.--An Employee Assault Prevention and Response Plan submitted under subsection (a) shall include the following: (1) Reporting protocols for air carrier customer service agents who have been the victim of a verbal or physical assault. (2) Protocols for the immediate notification of law enforcement after an incident of verbal or physical assault committed against an air carrier customer service agent. (3) Protocols for informing Federal law enforcement with respect to violations of section 46503 of title 49, United States Code. (4) Protocols for ensuring that a passenger involved in a violent incident with a customer service agent of an air carrier is not allowed to move through airport security or board an aircraft until appropriate law enforcement has had an opportunity to assess the incident and take appropriate action. (5) Protocols for air carriers to inform passengers of Federal laws protecting Federal, airport, and air carrier employees who have security duties within an airport. (c) Employee Training.--A part 121 air carrier shall conduct initial and recurrent training for all employees, including management, of the air carrier with respect to the plan required under subsection (a), which shall include training on de-escalating hostile situations, written protocols on dealing with hostile situations, and the reporting of relevant incidents. (d) Study.--Not later than 180 days after the date of enactment of this Act, the Comptroller General of the United States shall-- (1) complete a study of crimes of violence (as defined in section 16 of title 18, United States Code) committed against airline customer service representatives while they are performing their duties and on airport property; and (2) submit the findings of the study, including any recommendations, to the appropriate committees of Congress. (e) Gap Analysis.--The study required under subsection (d) shall include a gap analysis to determine if State and local laws and resources are adequate to deter or otherwise address the crimes of violence described in subsection (a) and recommendations on how to address any identified gaps. SEC. 552. STUDY ON TRAINING OF CUSTOMER-FACING AIR CARRIER EMPLOYEES. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary of Transportation shall conduct a study on the training received by customer-facing employees of air carriers. (b) Contents.--The study shall include-- (1) an analysis of the training received by customer-facing employees with respect to the management of disputes on aircraft; (2) an examination of how institutions of higher learning, in coordination with air carriers, customer-facing employees and their representatives, consumer advocacy organizations, and other stakeholders, could-- (A) review such training and related practices; (B) produce recommendations; and (C) if determined appropriate, provide supplemental training; and (3) the effectiveness of air carriers' Employee Assault Prevention and Response Plans required under section 551. (c) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary shall submit to the appropriate committees of Congress a report on the results of the study. SEC. 553. AUTOMATED WEATHER OBSERVING SYSTEMS POLICY. (a) In General.--Not later than 18 months after the date of enactment of this Act, the Administrator shall-- (1) update automated weather observing systems standards to maximize the use of new technologies that promote the reduction of equipment or maintenance cost for non-Federal automated weather observing systems, including the use of remote monitoring and maintenance, unless demonstrated to be ineffective; (2) review, and if necessary update, existing policies in accordance with the standards developed under paragraph (1); and (3) establish a process under which appropriate onsite airport personnel or an aviation official may, with appropriate manufacturer training or alternative training as determined by the Administrator, be permitted to conduct the minimum triannual preventative maintenance checks under the advisory circular for non-Federal automated weather observing systems (AC 150/5220-16E) and any other similar, successor checks. (b) Permission.--Permission to conduct the minimum triannual preventative maintenance checks described under subsection (a)(3) and any similar, successor checks shall not be withheld but for specific cause. (c) Standards.--In updating the standards under subsection (a)(1), the Administrator shall-- (1) ensure the standards are performance-based; (2) use risk analysis to determine the accuracy of the automated weather observing systems outputs required for pilots to perform safe aircraft operations; and (3) provide a cost-benefit analysis to determine whether the benefits outweigh the cost for any requirement not directly related to safety. (d) AIP Eligibility of AWOS Equipment.-- (1) In general.--Notwithstanding any other law, the Administrator is authorized to and shall waive any positive benefit-cost ratio requirement for automated weather- observing system equipment under subchapter I of chapter 471, of title 49, United States Code, if-- (A) the airport sponsor or State, as applicable, certifies that a grant for such automated weather observing systems equipment under that chapter will assist an applicable airport to respond to regional emergency needs, including medical, firefighting, and search and rescue needs; (B) the Secretary determines, after consultation with the airport sponsor or State, as applicable, that the placement of automated weather-observing equipment at the airport will not cause unacceptable radio frequency congestion; and (C) the other requirements under that chapter are met. (2) Applicability to low population density states.--This subsection is applicable only to airports located in states with a population density, based on the most recent decennial census, of 50 or fewer persons per square mile. (e) Report.--Not later than September 30, 2025, the Administrator shall submit to the appropriate committees of Congress a report on the implementation of the requirements under this section. SEC. 554. PRIORITIZING AND SUPPORTING THE HUMAN INTERVENTION MOTIVATION STUDY (HIMS) ***PROGRAM*** AND THE FLIGHT ATTENDANT DRUG AND ALCOHOL ***PROGRAM*** (FADAP). (a) In General.--The Administration shall continue to prioritize and support the [[Page H8961]] Human Intervention Motivation Study (HIMS) ***program*** for flight crewmembers and the Flight Attendant Drug and Alcohol ***Program*** (FADAP) for flight attendants. (b) Study and Recommendations.-- (1) In general.--The Secretary of Transportation shall enter into an agreement with the Transportation Research Board (in this subsection referred to as the ``Board'') under which the Board shall-- (A) conduct a study on the Human Intervention Motivation Study (HIMS) ***program***, the Flight Attendant Drug and Alcohol ***Program*** (FADAP), and any other drug and alcohol ***programs*** within the other modal administrations within the Department of Transportation; (B) to the extent justified by the findings from the study described in subparagraph (A), make recommendations to the Federal Aviation Administration and other administrations within the Department of Transportation on how to implement ***programs***, or changes to existing ***programs***, that seek to help transportation workers get treatment for drug and alcohol abuse and return to work; and (C) upon the completion of the study described in subparagraph (A), submit to the appropriate committees of Congress a report on such study, including the Board's findings, conclusions, and recommendations. (2) Requirement.--In conducting the study under paragraph (1), the Board shall identify-- (A) best policies and practices within existing ***programs***; and (B) best prevention, early intervention, and return to work practices specifically around prescription medication abuse, with a special emphasis on employee use of opioids. SEC. 555. COST-EFFECTIVENESS ANALYSIS OF EQUIPMENT RENTAL. (a) Agency Analysis of Equipment Acquisition.-- (1) In general.--Except as provided for under subsection (d), the head of each executive agency shall acquire equipment using the method of acquisition most advantageous to the Federal Government based on a case-by-case analysis of comparative costs and other factors, including those factors listed in section 7.401 of the Federal Acquisition Regulation. (2) Methods of acquisition.--The methods of acquisition to be compared in the analysis under paragraph (1) shall include, at a minimum, purchase, short-term rental or lease, long-term rental or lease, interagency acquisition, and acquisition agreements with a State or a local government as described in subsection (c). (3) Amendment of federal acquisition regulation.--Not later than 180 days after the date of the enactment of this Act, the Federal Acquisition Regulatory Council shall amend the Federal Acquisition Regulation to implement the requirement of this subsection, including a determination of the factors for executive agencies to consider for purposes of performing the analysis under paragraph (1). (4) Rule of construction.--Nothing in this subsection shall be construed to affect the requirements of chapter 37 of title 41, United States Code, section 2305 of title 10, United States Code, or section 1535 of title 31, United States Code. (b) Date of Implementation.--The analysis described in subsection (a) shall be applied to contracts for the acquisition of equipment entered into on or after the date that the Federal Acquisition Regulation is amended pursuant to paragraph (3) of such subsection. (c) Acquisition Agreements With States or Local Governments.-- (1) In general.--Notwithstanding any other provision of law, including chapter 37 of title 41, United States Code, the Small Business Act (15 U.S.C 631 et seq.), and section 2305 of title 10, United States Code, the head of an executive agency may enter into an acquisition agreement authorized by this section directly with a State or a local government if the agency head determines that the agreement otherwise satisfies the requirements of subsection (a)(1). (2) Terms and conditions.--Any agreement under paragraph (1) shall contain such terms and conditions as the head of the agency deems necessary or appropriate to protect the interests of the United States. (d) Exceptions.--The analysis otherwise required under subsection (a) is not required-- (1) when the President has issued an emergency declaration or a major disaster declaration pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.); (2) in other emergency situations if the agency head makes a determination that obtaining such equipment is necessary in order to protect human life or property; or (3) when otherwise authorized by law. (e) Study of Agency Analyses.--Not later than 2 ***years*** after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Oversight and Government Reform of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate a comprehensive report on the decisions made by the executive agencies with the highest levels of acquisition spending, and a sample of executive agencies with lower levels of acquisition spending, to acquire high-value equipment by lease, rental, or purchase pursuant to subpart 7.4 of the Federal Acquisition Regulation. (f) Definitions.--In this section: (1) Executive agency.--The term ``executive agency'' has the meaning given that term in section 102 of title 40, United States Code. (2) Interagency acquisition.--The term ``interagency acquisition'' has the meaning given that term in section 2.101 of the Federal Acquisition Regulation. (3) State.--The term ``State'' has the meaning given the term in section 6501 of title 31, United States Code. (4) Local government.--The term ``local government'' means any unit of local government within a State, including a county, municipality, city, borough, town, township, parish, local public authority, school district, special district, intrastate district, council of governments, or regional or interstate government entity, and any agency or instrumentality of a local government. SEC. 556. AIRCRAFT REGISTRATION. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Administrator shall initiate a rulemaking to increase the duration of aircraft registrations for noncommercial general aviation aircraft to 7 ***years***. (b) Considerations.--In promulgating the notice of proposed rulemaking described in subsection (a), the Administrator may consider any events, circumstances, changes in any ownership entity or structure, or other condition that would necessitate renewal prior to the expiration of an aircraft registration. SEC. 557. REQUIREMENT TO CONSULT WITH STAKEHOLDERS IN DEFINING SCOPE AND REQUIREMENTS FOR FUTURE FLIGHT SERVICE ***PROGRAM***. Not later than 180 days after the date of enactment of this Act, the Administrator shall consult with stakeholders in defining the scope and requirements for any new Future Flight Service ***Program*** of the Administration to be used in a competitive source selection for the next flight service contract with the Administration. SEC. 558. FEDERAL AVIATION ADMINISTRATION PERFORMANCE MEASURES AND TARGETS. (a) Performance Measures.--Not later than 180 days after the date of enactment of this Act, the Secretary of Transportation shall establish performance measures relating to the management of the Administration, which shall, at a minimum, include measures to assess-- (1) the timely and cost-effective completion of projects; and (2) the effectiveness of the Administration in achieving the goals described in section 47171 of title 49, United States Code. (b) Performance Targets.--Not later than 180 days after the date on which the Secretary establishes performance measures in accordance with subsection (a), the Secretary shall establish performance targets relating to each of the measures described in that subsection. (c) Report.--Not later than 2 ***years*** after the date of enactment of this Act, the inspector general of the Department of Transportation shall submit to the appropriate committees of Congress a report describing the progress of the Secretary in meeting the performance targets established under subsection (b). SEC. 559. REPORT ON PLANS FOR AIR TRAFFIC CONTROL FACILITIES IN THE NEW YORK CITY AND NEWARK REGION. Not later than 90 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the Administration's staffing and scheduling plans for air traffic control facilities in the New York City and Newark region for the 1- ***year*** period beginning on such date of enactment. SEC. 560. WORK PLAN FOR THE NEW YORK/NEW JERSEY/PHILADELPHIA METROPOLITAN AREA AIRSPACE PROJECT. Not later than 90 days after the date of enactment of this Act, the Administrator shall develop and publish in the Federal Register a work plan for the New York/New Jersey/ Philadelphia Metropolitan Area Airspace Project. SEC. 561. ANNUAL REPORT ON INCLUSION OF DISABLED VETERAN LEAVE IN PERSONNEL MANAGEMENT SYSTEM. Not later than 1 ***year*** after the date of enactment of this Act, and not less frequently than annually there after until the date that is 5 ***years*** after the date of enactment of this Act, the Administrator shall publish on a publicly accessible internet website a report on-- (1) the effect of the amendments made by subsections (a) and (b) of section 2 of the Federal Aviation Administration Veteran Transition Improvement Act of 2016 (Public Law 114- 242), on the Administration's work force; and (2) the number of disabled veterans benefitting from such subsections. SEC. 562. ENHANCED SURVEILLANCE CAPABILITY. Not later than 120 days after the date of enactment of this Act, the Administrator shall identify and implement a strategy to-- (1) advance near-term and long-term uses of enhanced surveillance systems, such as space-based ADS-B, within United States airspace or international airspace delegated to the United States; (2) exercise leadership on setting global standards for the separation of aircraft in oceanic airspace by working with-- (A) foreign counterparts of the Administrator in the International Civil Aviation Organization and its subsidiary organizations; [[Page H8962]] (B) other international organizations and fora; and (C) the private sector; and (3) ensure the participation of the Administration in the analysis of trials of enhanced surveillance systems, such as space-based ADS-B, performed by foreign air navigation service providers in North Atlantic airspace. SEC. 563. ACCESS OF AIR CARRIERS TO INFORMATION ABOUT APPLICANTS TO BE PILOTS FROM NATIONAL DRIVER REGISTER. Section 30305(b)(8) of title 49, United States Code, is amended to read as follows: ``(8)(A) An individual who is seeking employment by an air carrier as a pilot may request the chief driver licensing official of a State to provide information about the individual under subsection (a) of this section to the prospective employer of the individual, the authorized agent of the prospective employer, or the Secretary of Transportation. ``(B) An air carrier that is the prospective employer of an individual described in subparagraph (A), or an authorized agent of such an air carrier, may request and receive information about that individual from the National Driver Register through an organization approved by the Secretary for purposes of requesting, receiving, and transmitting such information directly to the prospective employer of such an individual or the authorized agent of the prospective employer. This paragraph shall be carried out in accordance with paragraphs (2) and (11) of section 44703(h) and the Fair Credit Reporting Act (15 U.S.C 1681 et seq.). ``(C) Information may not be obtained from the National Driver Register under this paragraph if the information was entered in the Register more than 5 ***years*** before the request unless the information is about a revocation or suspension still in effect on the date of the request.''. SEC. 564. REGULATORY REFORM. Section 106(p)(5) of title 49, United States Code, is amended-- (1) by striking ``Committee, or'' and inserting ``Committee,''; and (2) by striking the period at the end and inserting ``, or such aerospace rulemaking committees as the Secretary shall designate.''. SEC. 565. AVIATION FUEL. (a) Use of Unleaded Aviation Gasoline.--The Administrator shall allow the use of an unleaded aviation gasoline in an aircraft as a replacement for a leaded gasoline if the Administrator-- (1) determines that the unleaded aviation gasoline qualifies as a replacement for an approved leaded gasoline; (2) identifies the aircraft and engines that are eligible to use the qualified replacement unleaded gasoline; and (3) adopts a process (other than the traditional means of certification) to allow eligible aircraft and engines to operate using qualified replacement unleaded gasoline in a manner that ensures safety. (b) Timing.--The Administrator shall adopt the process described in subsection (a)(3) not later than 180 days after the later of-- (1) the date on which the Administration completes the Piston Aviation Fuels Initiative; or (2) the date on which the American Society for Testing and Materials publishes a production specification for an unleaded aviation gasoline. (c) Type Certification.--Existing regulatory mechanisms by which an unleaded aviation gasoline can be approved for use in an engine or aircraft by Type or Supplemental Type Certificate for individual aircraft and engine types or by Approved Model List Supplemental Type Certificate providing coverage for a broad range of applicable types of aircraft or engines identified in the application shall continue to be fully available as a means of approving and bringing an unleaded aviation gasoline into general use in the United States. Such approvals shall be issued when the Administrator finds that the aircraft or engine performs properly and meets the applicable regulations and minimum standards under the normal certification process. SEC. 566. RIGHT TO PRIVACY WHEN USING AIR TRAFFIC CONTROL SYSTEM. Notwithstanding any other provision of law, the Administrator shall, upon request of a private aircraft owner or operator, block the registration number of the aircraft of the owner or operator from any public dissemination or display, except in data made available to a Government agency, for the noncommercial flights of the owner or operator. SEC. 567. FEDERAL AVIATION ADMINISTRATION WORKFORCE REVIEW. (a) In General.--Not later than 120 days after the date of enactment of this Act, the Comptroller General of the United States shall conduct a review to assess the workforce and training needs of the FAA in the anticipated budgetary environment. (b) Contents.--In conducting the review, the Comptroller General shall-- (1) identify the long-term workforce and training needs of the FAA workforce; (2) assess the impact of automation, digitalization, and artificial intelligence on the FAA workforce; (3) analyze the skills and qualifications required of the FAA workforce for successful performance in the current and future projected aviation environment; (4) review current performance incentive policies of the FAA, including awards for performance; (5) analyze ways in which the FAA can work with industry and labor, including labor groups representing the FAA workforce, to establish knowledge-sharing opportunities between the FAA and the aviation industry regarding new equipment and systems, best practices, and other areas of interest; and (6) develop recommendations on the most effective qualifications, training ***programs*** (including e-learning training), and performance incentive approaches to address the needs of the future projected aviation regulatory system in the anticipated budgetary environment. (c) Report.--Not later than 270 days after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the results of the review. SEC. 568. REVIEW OF APPROVAL PROCESS FOR USE OF LARGE AIR TANKERS AND VERY LARGE AIR TANKERS FOR WILDLAND FIREFIGHTING. (a) Review and Improvement of Current Approval Process.-- The Chief of the Forest Service, in consultation with the Administrator, shall conduct a review of the process used by the Forest Service to approve the use of large air tankers and very large air tankers for wildland firefighting for the purpose of-- (1) determining the current effectiveness, safety, and consistency of the approval process; (2) developing recommendations for improving the effectiveness, safety, and consistency of the approval process; and (3) assisting in developing standardized next-generation requirements for air tankers used for firefighting. (b) Reporting Requirement.--Not later than 1 ***year*** after the date of enactment of this Act, the Chief of the Forest Service shall submit to Congress a report describing the outcome of the review conducted under subsection (a). SEC. 569. FAA TECHNICAL WORKFORCE. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall-- (1) identify and assess barriers to attracting, developing, training, and retaining a talented workforce in the areas of systems engineering, architecture, systems integration, digital communications, and cybersecurity; (2) develop a comprehensive plan to attract, develop, train, and retain talented individuals in those fields; and (3) identify existing authorities available to the Administrator, through personnel reform, to attract, develop, and retain this talent. (b) Report.--The Administrator shall submit to the appropriate committees of Congress a report on the progress made toward implementing the requirements under subsection (a). SEC. 570. STUDY ON AIRPORT CREDIT ASSISTANCE. (a) Review.-- (1) In general.--The Secretary of Transportation shall conduct a review to determine whether a Federal credit assistance ***program*** would be beneficial and feasible for airport-related projects as defined in section 40117(a) of title 49, United States Code. (2) Considerations.--In carrying out the review under paragraph (1), the Secretary may consider-- (A) expanding eligibility under an existing Federal credit assistance ***program*** to include such projects; and (B) establishing a new credit assistance ***program*** for such projects. (b) Report.--Not later than 270 days after the date of enactment of this section, the Secretary shall submit to the Committee on Transportation and Infrastructure of the House of Representatives, the Committee on Commerce, Science, and Transportation of the Senate, and the Committee on the Environment and Public Works of the Senate a report on the results of the review carried out under subsection (a). The report shall include a description of-- (1) the benefits and other effects; (2) potential projects; (3) the budgetary impacts, including an estimate of-- (A) the average annual loan volume; (B) the average subsidy rate; and (C) any loss of Federal revenue; (4) impacts on existing ***programs***; (5) the administrative costs; and (6) any personnel changes. SEC. 571. SPECTRUM AVAILABILITY. (a) Findings.--Congress makes the following findings: (1) The Spectrum Pipeline Act of 2015 (47 U.S.C 921 note) requires the Secretary of Commerce to identify 30 megahertz of electromagnetic spectrum below the frequency of 3 gigahertz to be reallocated to non-Federal use, to shared Federal and non-Federal use, or to a combination thereof. (2) The Spectrum Pipeline Act of 2015 (47 U.S.C 921 note) authorized the Director of the Office of Management and Budget to use amounts made available through the Spectrum Relocation Fund to make ***payments*** to Federal entities for research and development, engineering studies, economic analyses, and other activities intended to improve the efficiency and effectiveness of Federal spectrum use in order to make such spectrum available for reallocation for non- Federal use, for shared Federal and non-Federal use, or for a combination thereof. (3) The Federal Aviation Administration, in coordination with the Department of Commerce, the Department of Defense, and [[Page H8963]] the Department of Homeland Security, established the Spectrum Efficient National Surveillance Radar (referred to in this section as ``SENSR'') ***Program*** to assess the feasibility of consolidating certain long-range, short-range, and weather radar systems in order to make available the 1300-1350 megahertz band. (4) The SENSR ***Program*** received approval and approximately $71,500,000 from Office of Management and Budget on June 2, 2017, to proceed with Phase I of the SENSR Spectrum Pipeline Plan, which will focus on requirements and concept development as well as documenting expected costs and information for all impacted Federal spectrum systems. (b) Sense of Congress.--It is the sense of Congress that the SENSR ***Program*** of the FAA should continue its assessment of the feasibility of making the 1300-1350 megahertz band of electromagnetic spectrum available for non-Federal use. SEC. 572. SPECIAL REVIEW RELATING TO AIR SPACE CHANGES. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Federal Aviation Management Advisory Council established under section 106(p) of title 49, United States Code (in this section referred to as the ``Council'') shall initiate a special review of the Federal Aviation Administration. (b) Review.--The special review of the Administration required under subsection (a) shall consist of the following: (1) A review of the practices and procedures of the Federal Aviation Administration for developing proposals with respect to changes in regulations, policies, or guidance of the Federal Aviation Administration relating to airspace that affect airport operations, airport capacity, the environment, or communities in the vicinity of airports, including an assessment of the extent to which there is consultation, or a lack of consultation, with respect to such proposals-- (A) between and among the affected elements of the Federal Aviation Administration, including the Air Traffic Organization, the Office of Airports, the Flight Standards Service, the Office of NextGen, and the Office of Energy and Environment; and (B) between the Federal Aviation Administration and affected entities, including airports, aircraft operators, communities, and State and local governments. (2) Recommendations for revisions to such practices and procedures to improve communications and coordination between and among affected elements of the Federal Aviation Administration and with other affected entities with respect to proposals described in paragraph (1) and the potential effects of such proposals. (c) Consultation.--In conducting the special review, the Council shall consult with-- (1) air carriers, including passenger and cargo air carriers; (2) general aviation, including business aviation and fixed wing aircraft and rotorcraft; (3) airports of various sizes and types; (4) exclusive bargaining representatives of air traffic controllers certified under section 7111 of title 5, United States Code; and (5) State aviation officials. (d) Report Required.--Not later than 2 ***years*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the results of the special review conducted by the Council, including a description of the comments, recommendations, and dissenting views received from the Council and a description of how the Administrator plans to implement the recommendations of the Council. SEC. 573. REIMBURSEMENT FOR IMMIGRATION INSPECTIONS. Section 286(i) of the Immigration and Nationality Act (8 U.S.C 1356(i)) is amended-- (1) by inserting ``, train,'' after ``commercial aircraft''; and (2) by inserting ``, rail line,'' after ``airport''. SEC. 574. FAA EMPLOYEES IN GUAM. (a) In General.--The Secretary of Transportation shall use existing authorities to negotiate an agreement that shall be renegotiated after no sooner than 3 ***years*** with the Secretary of Defense-- (1) to authorize Federal Aviation Administration employees assigned to Guam, their spouses, and their dependent children access to Department of Defense health care facilities located in Guam on a space available basis; and (2) to provide for ***payments*** by the Federal Aviation Administration to the Department of Defense for the administrative and any other costs associated with-- (A) enrolling Federal Aviation Administration employees assigned to Guam, their spouses, and their dependent children in any Department of Defense health care facility necessary to allow access pursuant to paragraph (1); and (B) third-party billing for any medical costs incurred as a result of Federal Aviation Administration employees, their spouses, or their dependent children accessing and receiving medical treatment or services at a Department of Defense health care facility located in Guam. (b) Funds Subject to Appropriations.--Funds for ***payments*** by the Federal Aviation Administration described in subsection (a)(2) are subject to the availability of amounts specifically provided in advance for that purpose in appropriations Acts. (c) Report on Access to Facilities of the Department of Defense in Guam.-- (1) In general.--Not later than 180 days after the date of the enactment of this Act, the Secretary of Transportation and the Secretary of Defense shall jointly submit a report to the Committees on Armed Services of the Senate and the House of Representatives, the Committee on Commerce of the Senate, and the Committee on Transportation and Infrastructure of the House of Representatives on eligibility for and access to Department of Defense support facilities by Federal Aviation Administration employees in the U.S territory of Guam. (2) Scope.--The report required under paragraph (1) shall: (A) Evaluate the ability of Department of Defense support facilities in Guam to adequately serve current military personnel and dependent populations. (B) Determine how any substantial increases to military personnel and dependent populations in Guam would impact the ability of existing Department of Defense support facilities to provide services for military personnel and dependents stationed in Guam. (C) Provide recommendations on any improvements to existing Department of Defense facilities which may be needed to ensure those facilities in Guam can support an increased population of military personnel and dependent population in Guam. (D) Consider the impact of expanded access to Department of Defense support facilities in Guam to Federal Aviation Administration employees and their families on the ability of those facilities to provide services to military personnel and their families. (E) Recognize the Federal Aviation Administration's vital role as the sole provider of radar air traffic control services for aircraft traversing into and out of the airspace near and above Guam the vast majority of which are military operations, Department of Defense aircraft, or other aircraft traveling to Guam in order to interact with Department of Defense facilities. (F) Review the existing authorities authorizing eligibility and access for non-military personnel and their dependents to Department of Defense support facilities, including health care facilities, commissaries, and exchanges, outside the continental United States. (G) Determine the applicability of those existing authorities to Department of Defense support facilities in the U.S territory of Guam. (H) Outline the specific conditions on Guam, which may necessitate access to Department of Defense support facilities in Guam by Federal Aviation Administration personnel and their families. (I) Determine any changes in laws or regulations that may be necessary to authorize Federal Aviation Administration employees and their families access to Department of Defense health care facilities, commissaries, and exchanges in Guam. SEC. 575. GAO STUDY ON AIRLINE COMPUTER NETWORK DISRUPTIONS. Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall submit to the appropriate committees of Congress a report containing a review of the following: (1) Direct and indirect effects on passengers, if any, resulting from significant computer network disruptions of part 121 (of title 49, Code of Federal Regulations) air carriers between January 1, 2014, and the date of enactment of this section, including-- (A) systemwide delays; (B) flight cancellations; and (C) disrupted or broken itineraries. (2) An estimate of any expenses incurred by passengers during significant computer network disruptions, including-- (A) meals, lodging, and ancillary expenses per persons; (B) late hotel check-in or car rental fees; (C) missed cruise-ship departures; and (D) lost productivity. (3) Air carriers' contracts of carriage and interline agreements to determine if and how air carriers accommodate passengers affected by significant computer network disruptions on other air carriers or foreign air carriers. (4) Whether passengers who have been displaced by significant computer network disruptions are furnished with alternative transportation aboard another air carrier or foreign air carrier. (5) Costs incurred by airports, if any, to meet the essential needs of passengers, including increased demands on utilities, food concessionaires, restroom facilities, and security staffing, during significant computer network disruptions. (6) Other costs, if any, incurred by passengers, airports, and other entities as a direct result of significant computer network disruptions. (7) Processes, plans, and redundancies in place at air carriers to respond to and recover from such network disruptions. SEC. 576. TOWER MARKING. Section 2110 of the FAA Extension, Safety, and Security Act of 2016 (49 U.S.C 44718 note) is amended to read as follows: ``SEC. 2110. TOWER MARKING. ``(a) Application.-- ``(1) In general.--Except as provided by paragraph (2), not later than 18 months after the date of enactment of the FAA Reauthorization Act of 2018 or the date of availability of the database developed by the Administrator pursuant to subsection (c), whichever is later, all covered towers shall be either-- [[Page H8964]] ``(A) clearly marked consistent with applicable guidance in the advisory circular of the FAA issued December 4, 2015 (AC 70/7460-IL); or ``(B) included in the database described in subsection (c). ``(2) Meteorological evaluation tower.--A covered tower that is a meteorological evaluation tower shall be subject to the requirements of subparagraphs (A) and (B) of paragraph (1). ``(b) Definitions.-- ``(1) In general.--In this section, the following definitions apply: ``(A) Covered tower.-- ``(i) In general.--The term `covered tower' means a structure that-- ``(I) is a meteorological evaluation tower, a self-standing tower, or tower supported by guy wires and ground anchors; ``(II) is 10 feet or less in diameter at the above-ground base, excluding concrete footing; ``(III) at the highest point of the structure is at least 50 feet above ground level; ``(IV) at the highest point of the structure is not more than 200 feet above ground level; ``(V) has accessory facilities on which an antenna, sensor, camera, meteorological instrument, or other equipment is mounted; and ``(VI) is located on land that is-- ``(aa) in a rural area; and ``(bb) used for ***agricultural*** purposes or immediately adjacent to such land. ``(ii) Exclusions.--The term `covered tower' does not include any structure that-- ``(I) is adjacent to a house, barn, electric utility station, or other building; ``(II) is within the curtilage of a farmstead or adjacent to another building or visible structure; ``(III) supports electric utility transmission or distribution lines; ``(IV) is a wind-powered electrical generator with a rotor blade radius that exceeds 6 feet; ``(V) is a street light erected or maintained by a Federal, State, local, or tribal entity; ``(VI) is designed and constructed to resemble a tree or visible structure other than a tower; ``(VII) is an advertising billboard; ``(VIII) is located within the right-of-way of a rail carrier, including within the boundaries of a rail yard, and is used for a railroad purpose; ``(IX)(aa) is registered with the Federal Communications Commission under the Antenna Structure Registration ***program*** set forth under part 17 of title 47, Code of Federal Regulations; and ``(bb) is determined by the Administrator to pose no hazard to air navigation; or ``(X) has already mitigated any hazard to aviation safety in accordance with Federal Aviation Administration guidance or as otherwise approved by the Administrator. ``(B) Rural area.--The term `rural area' has the meaning given the term in section 609(a)(5) of the Public Utility Regulatory Policies Act of 1978 (7 U.S.C 918c(a)(5)). ``(C) ***Agricultural*** purposes.--The term `***agricultural*** purposes' means farming in all its branches and the cultivation and tillage of the soil, the production, cultivation, growing, and harvesting of any ***agricultural*** or horticultural commodities performed by a farmer or on a farm, or on pasture land or rangeland. ``(2) Other definitions.--The Administrator shall define such other terms as may be necessary to carry out this section. ``(c) Database.--The Administrator shall-- ``(1) develop a new database, or if appropriate use an existing database that meets the requirements under this section, that contains the location and height of each covered tower that, pursuant to subsection (a), the owner or operator of such tower elects not to mark (unless the Administrator has determined that there is a significant safety risk requiring that the tower be marked), except that meteorological evaluation towers shall be marked and contained in the database; ``(2) keep the database current to the extent practicable; ``(3) ensure that any proprietary information in the database is protected from disclosure in accordance with law; ``(4) ensure that, by virtue of accessing the database, users agree and acknowledge that information in the database-- ``(A) may only be used for aviation safety purposes; and ``(B) may not be disclosed for purposes other than aviation safety, regardless of whether or not the information is marked or labeled as proprietary or with a similar designation; ``(5) ensure that the tower information in the database is de-identified and that the information only includes the location and height of covered towers and whether the tower has guy wires; ``(6) ensure that information in the dataset is encrypted at rest and in transit and is protected from unauthorized access and acquisition; ``(7) ensure that towers excluded from the definition of covered tower under subsection (d)(1)(B)(ii)(VIII) must be registered by its owner in the database; ``(8) ensure that a tower to be included in the database pursuant to subsection (c)(1) and constructed after the date on which the database is fully operational is submitted by its owner to the FAA for inclusion in the database before its construction; ``(9) ensure that pilots who intend to conduct low-altitude operations in locations described in subsection (b)(1)(A)(i)(VI) consult the relevant parts of the database before conducting such operations; and ``(10) make the database available for use not later than 1 ***year*** after the date of enactment of the FAA Reauthorization Act of 2018. ``(d) Exclusion and Waiver Authorities.--As part of a rulemaking conducted pursuant to this section, the Administrator-- ``(1) may exclude a class, category, or type of tower that is determined by the Administrator, after public notice and comment, to not pose a hazard to aviation safety; ``(2) shall establish a process to waive specific covered towers from the marking requirements under this section as required under the rulemaking if the Administrator later determines such tower or towers do not pose a hazard to aviation safety; ``(3) shall consider, in establishing exclusions and granting waivers under this subsection, factors that may sufficiently mitigate risks to aviation safety, such as the length of time the tower has been in existence or alternative marking methods or technologies that maintains a tower's level of conspicuousness to a degree which adequately maintains the safety of the airspace; and ``(4) shall consider excluding towers located in a State that has enacted tower marking requirements according to the Federal Aviation Administration's recommended guidance for the voluntary marking of meteorological evaluation towers erected in remote and rural areas that are less than 200 feet above ground level to enhance the conspicuity of the towers for low level ***agricultural*** operations in the vicinity of those towers. ``(e) Periodic Review.--The Administrator shall, in consultation with the Federal Communications Commission, periodically review any regulations or guidance regarding the marking of covered towers issued pursuant to this section and update them as necessary, consistent with this section, and in the interest of safety of low-altitude aircraft operations. ``(f) FCC Regulations.--The Federal Communications Commission shall amend section 17.7 of title 47, Code of Federal Regulations, to require a notification to the Federal Aviation Administration for any construction or alteration of an antenna structure, as defined in section 17.2(a) of title 47, Code of Federal Regulations, that is a covered tower as defined by this section.''. SEC. 577. MINIMUM DIMENSIONS FOR PASSENGER SEATS. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, and after providing notice and an opportunity for comment, the Administrator of the Federal Aviation Administration shall issue regulations that establish minimum dimensions for passenger seats on aircraft operated by air carriers in interstate air transportation or intrastate air transportation, including minimums for seat pitch, width, and length, and that are necessary for the safety of passengers. (b) Definitions.--The definitions contained in section 40102(a) of title 49, United States Code, apply to this section. SEC. 578. JUDICIAL REVIEW FOR PROPOSED ALTERNATIVE ENVIRONMENTAL REVIEW AND APPROVAL PROCEDURES. Section 330 of title 23, United States Code, is amended-- (1) in subsection (a)(2), by striking ``5 States'' and inserting ``2 States''; and (2) in subsection (e)-- (A) in paragraph (2)(A), by striking ``2 ***years***'' and inserting ``150 days as set forth in section 139(l)''; and (B) in paragraph (3)(B)(i), by striking ``2 ***years***'' and inserting ``150 days as set forth in section 139(l)''. SEC. 579. REGULATORY STREAMLINING. Not later than 1 ***year*** after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall issue a final regulation revising section 121.333(c)(3) of title 14, Code of Federal Regulations, to apply only to flight altitudes above flight level 410. SEC. 580. SPACEPORTS. (a) Sense of Congress on State Spaceport Contributions.--It is the Sense of Congress that-- (1) State and local government-owned or -operated spaceports have contributed hundreds of millions of dollars in infrastructure improvements to the national space launch infrastructure, providing the United States Government and commercial customers with world-class space launch and processing infrastructure that is necessary to support continued American leadership in space; (2) State and local government-owned or -operated spaceports play a critical role in providing resiliency and redundancy in the national launch infrastructure to support national security and civil government capabilities, and should be recognized as a critical infrastructure in Federal strategy and planning; (3) continued State and local government investments at launch and reentry facilities should be encouraged and to the maximum extent practicable supported in Federal policies, planning and infrastructure investment considerations, including through Federal, State, and local partnerships; (4) Federal investments in space infrastructure should enable partnerships between Federal agencies and state and local spaceports to modernize and enable expanded [[Page H8965]] 21st century space transportation infrastructure, especially multi-modal networks needed for robust space transportation that support national security, civil, and commercial launch customers; and (5) States and local governments that have made investments to build, maintain, operate, and improve capabilities for national security, civil, and commercial customers should be commended for their infrastructure contributions to launch and reentry sites, and encouraged through a variety of ***programs*** and policies to continue these investments in the national interest. (b) Establishment of Office of Spaceports.-- (1) Establishment of office of spaceports.--Title 51, United States Code, is amended by adding at the end of subtitle V the following: ``CHAPTER 515--OFFICE OF SPACEPORTS ``Sec. 51501. Establishment of Office of Spaceports ``(a) Establishment of Office.--Not later than 90 days after the date of enactment of this section, the Secretary of Transportation shall identify, within the Office of Commercial Space Transportation, a centralized policy office to be known as the Office of Spaceports. ``(b) Functions.--The Office of Spaceports shall-- ``(1) support licensing activities for operation of launch and reentry sites; ``(2) develop policies that promote infrastructure improvements at spaceports; ``(3) provide technical assistance and guidance to spaceports; ``(4) promote United States spaceports within the Department; and ``(5) strengthen the Nation's competitiveness in commercial space transportation infrastructure and increase resilience for the Federal Government and commercial customers. ``(c) Recognition.--In carrying out the functions assigned in subsection (b), the Secretary shall recognize the unique needs and distinctions of spaceports that host-- ``(1) launches to or reentries from orbit; and ``(2) are involved in suborbital launch activities. ``(d) Director.--The head of the Office of the Associate Administrator for Commercial Space Transportation shall designate a Director of the Office of Spaceports. ``(e) Definition.--In this section the term `spaceport' means a launch or reentry site that is operated by an entity licensed by the Secretary of Transportation.''. (2) Technical and conforming amendment.--The table of chapters of title 51, United State Code, is amended by adding at the end of subtitle V the following: ``515. Office of Spaceports................................51501''..... (c) Report on National Spaceports Policy.-- (1) Sense of congress.--It is the sense of Congress that-- (A) A robust network of space transportation infrastructure, including spaceports, is vital to the growth of the domestic space industry and America's competitiveness and access to space. (B) Non-Federal spaceports have significantly increased the space transportation infrastructure of the United States through significant investments by State and local governments, which have encouraged greater private investment. (C) These spaceports have led to the development of a growing number of orbital and suborbital launch and reentry sites that are available to the national security, civil, and commercial space customers at minimal cost to the Federal Government. (D) The Federal Government, led by the Secretary of Transportation, should seek to promote the growth, resilience, and capabilities of this space transportation infrastructure through policies and through partnerships with State and local governments. (2) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary of Transportation shall submit to Congress a report that-- (A) evaluates the Federal Government's national security and civil space transportation demands and the needs of the United States and international commercial markets; (B) proposes policies and ***programs*** designed to ensure a robust and resilient orbital and suborbital spaceport infrastructure to serve and capitalize on these space transportation opportunities; (C) reviews the development and investments made by international competitors in foreign spaceports, to the extent practicable; (D) makes recommendations on how the Federal Government can support, encourage, promote, and facilitate greater investments in infrastructure at spaceports; and (E) considers and makes recommendations about how spaceports can fully support and enable the national space policy. (3) Updates to the report.--Not later than 3 ***years*** after the date of enactment of this Act and every 2 ***years*** until December 2024, the Secretary shall-- (A) update the previous report prepared under this subsection; and (B) submit the updated report to Congress. (4) Consultations required.--In preparing the reports required by this subsection, the Secretary shall consult with individuals including-- (A) the Secretary of Defense; (B) the Secretary of Commerce; (C) the Administrator of the National Aeronautics and Space Administration; and (D) interested persons at spaceports, State and local governments, and industry. (d) Report on Space Transportation Infrastructure Matching Grants.-- (1) GAO study and report.--The Comptroller General of the United States shall conduct a study regarding spaceport activities carried out pursuant to chapters 509 and 511 of title 51, United States Code, including-- (A) an assessment of potential mechanisms to provide Federal support to spaceports, including the airport improvement ***program*** established under subchapter I of chapter 471 of title 49, United States Code, and the ***program*** established under chapter 511 of title 51, United States Code; (B) recommendations for potential funding options; and (C) any necessary changes to improve the spaceport application review process. (2) Consultation.--In carrying out the study described in paragraph (1), the Comptroller General shall consult with sources from each component of the commercial space transportation sector, including interested persons in industry and government officials at the Federal, State, and local levels. (3) User-funded spaceports.--In reviewing funding options, the Comptroller General shall distinguish between spaceports that are funded by users and those that are not. (4) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General shall submit to Congress a report containing results of the study conducted under paragraph (1). (e) Definition.--In this section, the term ``spaceport'' means a launch or reentry site that is operated by an entity licensed by the Secretary of Transportation. SEC. 581. SPECIAL RULE FOR CERTAIN AIRCRAFT OPERATIONS (SPACE SUPPORT VEHICLES). (a) Space Support Vehicle Definitions.--Section 50902 of title 51, United States Code, is amended-- (1) by redesignating paragraphs (21) through (25) as paragraphs (23) through (27), respectively; and (2) by inserting after paragraph (20) the following: ``(21) `space support vehicle flight' means a flight in the air that-- ``(A) is not a launch or reentry; but ``(B) is conducted by a space support vehicle. ``(22) `space support vehicle' means a vehicle that is-- ``(A) a launch vehicle; ``(B) a reentry vehicle; or ``(C) a component of a launch or reentry vehicle.''. (b) Special Rule for Certain Aircraft Operations.-- (1) In general.--Chapter 447, of title 49, United States Code, as amended by this Act, is further amended by adding at the end the following: ``Sec. 44737. Special rule for certain aircraft operations. ``(a) In General.--The operator of an aircraft with a special airworthiness certification in the experimental category may-- ``(1) operate the aircraft for the purpose of conducting a space support vehicle flight (as that term is defined in chapter 50902 of title 51); and ``(2) conduct such flight under such certificate carrying persons or property for compensation or hire -- ``(A) notwithstanding any rule or term of a certificate issued by the Administrator of the Federal Aviation Administration that would prohibit flight for compensation or hire; or ``(B) without obtaining a certificate issued by the Administrator to conduct air carrier or commercial operations. ``(b) Limited Applicability.--Subsection (a) shall apply only to a space support vehicle flight that satisfies each of the following: ``(1) (1) The aircraft conducting the space support vehicle flight-- ``(A) takes flight and lands at a single site that is operated by an entity licensed for operation under chapter 509 of title 51; ``(B) is owned or operated by a launch or reentry vehicle operator licensed under chapter 509 of title 51, or on behalf of a launch or reentry vehicle operator licensed under chapter 509 of title 51; ``(C) is a launch vehicle, a reentry vehicle, or a component of a launch or reentry vehicle licensed for operations pursuant to chapter 509 of title 51; and ``(D) is used only to simulate space flight conditions in support of-- ``(i) training for potential space flight participants, government astronauts, or crew (as those terms are defined in chapter 509 of title 51); ``(ii) the testing of hardware to be used in space flight; or ``(iii) research and development tasks, which require the unique capabilities of the aircraft conducting the flight. ``(c) Rules of Construction.-- ``(1) Space support vehicles.--Section 44711(a)(1) shall not apply to a person conducting a space support vehicle flight under this section only to the extent that a term of the experimental certificate under which the person is operating the space support vehicle prohibits the carriage of persons or property for compensation or hire. ``(2) Authority of administrator.--Nothing in this section shall be construed to limit [[Page H8966]] the authority of the Administrator of the Federal Aviation Administration to exempt a person from a regulatory prohibition on the carriage of persons or property for compensation or hire subject to terms and conditions other than those described in this section''. (2) Technical amendment.--The table of contents of 447 of title 49, United States Code, as amended by this Act, is further amended by adding at the end the following: ``Sec. 44737. Special rule for certain aircraft operations.''. (3) Rule of construction relating to role of nasa.--Nothing in this subsection shall be construed as limiting the ability of National Aeronautics and Space Administration (NASA) to place conditions on or otherwise qualify the operations of NASA contractors providing NASA services. SEC. 582. PORTABILITY OF REPAIRMAN CERTIFICATES. (a) In General.--The Administrator shall assign to the Aviation Rulemaking Advisory Committee the task of making recommendations with respect to the regulatory and policy changes, as appropriate, to allow a repairman certificate issued under section 65.101 of title 14, Code of Federal Regulations, to be portable from one employing certificate holder to another. (b) Action Based on Recommendations.--Not later than 1 ***year*** after receiving recommendations under subsection (a), the Administrator may take such action as the Administrator considers appropriate with respect to those recommendations. SEC. 583. UNDECLARED HAZARDOUS MATERIALS PUBLIC AWARENESS CAMPAIGN. (a) In General.--The Secretary of Transportation shall carry out a public awareness campaign to reduce the amount of undeclared hazardous materials traveling through air commerce. (b) Campaign Requirements.--The public awareness campaign required under subsection (a) shall do the following: (1) Focus on targeting segments of the hazardous materials industry with high rates of undeclared shipments through air commerce and educate air carriers, shippers, manufacturers, and other relevant stakeholders of such segments on properly packaging and classifying such shipments. (2) Educate the public on proper ways to declare and ship hazardous materials, examples of everyday items that are considered hazardous materials, and penalties associated with intentional shipments of undeclared hazardous materials. (c) Interagency Working Group.-- (1) Establishment.--Not later than 30 days after the date of enactment of this Act, the Secretary of Transportation shall establish an interagency working group to promote collaboration and engagement between the Department of Transportation and other relevant agencies, and develop recommendations and guidance on how best to conduct the public awareness campaign required under subsection (a). (2) Duties.--The interagency working group shall consult with relevant stakeholders, including cargo air carriers, passenger air carriers, and labor organizations representing pilots for cargo and passenger air carriers operating under part 121 of title 14, Code of Federal Regulations. (d) Update.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary of Transportation shall provide to the appropriate committees of Congress an update on the status of the public awareness campaign required under subsection (a). SEC. 584. LIABILITY PROTECTION FOR VOLUNTEER PILOTS WHO FLY FOR THE PUBLIC BENEFIT. Section 4 of the Volunteer Protection Act of 1997 (42 U.S.C 14503) is amended-- (1) by redesignating subsections (b) through (f) as subsections (c) through (g), respectively; (2) in subsection (a), by striking ``subsections (b) and (d)'' and inserting ``subsections (b), (c), and (e)''; and (3) by inserting after subsection (a) the following: ``(b) Liability Protection for Pilots That Fly for Public Benefit.--Except as provided in subsections (c) and (e), no volunteer of a volunteer pilot nonprofit organization that arranges flights for public benefit shall be liable for harm caused by an act or omission of the volunteer on behalf of the organization if, at the time of the act or omission, the volunteer-- ``(1) was operating an aircraft in furtherance of the purpose of, and acting within the scope of the volunteer's responsibilities on behalf of, the nonprofit organization to provide patient and medical transport (including medical transport for veterans), disaster relief, humanitarian assistance, or other similar charitable missions; ``(2) was properly licensed and insured for the operation of the aircraft; ``(3) was in compliance with all requirements of the Federal Aviation Administration for recent flight experience; and ``(4) did not cause the harm through willful or criminal misconduct, gross negligence, reckless misconduct, or a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer.''; and (4) in subsection (g)(2), as redesignated, by striking ``(e)'' and inserting ``(f)''. TITLE VI--AVIATION WORKFORCE Subtitle A--Youth in Aviation SEC. 601. STUDENT OUTREACH REPORT. Not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall submit to the appropriate committees of Congress a report that describes the Administration's existing outreach efforts, such as the STEM Aviation and Space Education Outreach ***Program***, to elementary and secondary students who are interested in careers in science, technology, engineering, art, and mathematics-- (1) to prepare and inspire such students for aviation and aeronautical careers; and (2) to mitigate an anticipated shortage of pilots and other aviation professionals. SEC. 602. YOUTH ACCESS TO AMERICAN JOBS IN AVIATION TASK FORCE. (a) In General.--Not later than 90 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall establish a Youth Access to American Jobs in Aviation Task Force (in this section referred to as the ``Task Force''). (b) Duties.--Not later than 12 months after its establishment under subsection (a), the Task Force shall develop and submit to the Administrator recommendations and strategies for the Administration to-- (1) facilitate and encourage high school students in the United States, beginning in their junior ***year***, to enroll in and complete career and technical education courses, including STEM, that would prepare them to enroll in a course of study related to an aviation career at an institution of higher education, including a community college or trade school; (2) facilitate and encourage the students described in paragraph (1) to enroll in a course of study related to an aviation career, including aviation manufacturing, engineering and maintenance, at an institution of higher education, including a community college or trade school; and (3) identify and develop pathways for students who complete a course of study described in paragraph (2) to secure registered apprenticeships, workforce development ***programs***, or careers in the aviation industry of the United States. (c) Considerations.--When developing recommendations and strategies under subsection (b), the Task Force shall-- (1) identify industry trends that encourage or discourage youth in the United States from pursuing careers in aviation; (2) consider how the Administration; air carriers; aircraft, powerplant, and avionics manufacturers; aircraft repair stations; and other aviation stakeholders can coordinate efforts to support youth in pursuing careers in aviation; (3) identify methods of enhancing aviation apprenticeships, job skills training, mentorship, education, and outreach ***programs*** that are exclusive to youth in the United States; and (4) identify potential sources of government and private sector funding, including grants and scholarships, that may be used to carry out the recommendations and strategies described in subsection (b) and to support youth in pursuing careers in aviation. (d) Report.--Not later than 30 days after submission of the recommendations and strategies under subsection (b), the Task Force shall submit to the appropriate committees of Congress a report outlining such recommendations and strategies. (e) Composition of Task Force.--The Administrator shall appoint members of the Task Force, including representatives from the following: (1) Air carriers. (2) Aircraft, powerplant, and avionics manufacturers. (3) Aircraft repair stations. (4) Local educational agencies or high schools. (5) Institutions of higher education, including community colleges and aviation trade schools. (6) Such other aviation and educational stakeholders and experts as the Administrator considers appropriate. (f) Period of Appointment.--Members shall be appointed to the Task Force for the duration of the existence of the Task Force. (g) Compensation.--Task Force members shall serve without compensation. (h) Sunset.--The Task Force shall terminate upon the submittal of the report pursuant to subsection (d). (i) Definition of STEM.--The term ``STEM'' means-- (1) science, technology, engineering, and mathematics; and (2) other career and technical education subjects that build on the subjects described in paragraph (1). Subtitle B--Women in Aviation SEC. 611. SENSE OF CONGRESS REGARDING WOMEN IN AVIATION. It is the sense of Congress that the aviation industry should explore all opportunities, including pilot training, science, technology, engineering, and mathematics education, and mentorship ***programs***, to encourage and support female students and aviators to pursue a career in aviation. SEC. 612. SUPPORTING WOMEN'S INVOLVEMENT IN THE AVIATION FIELD. (a) Advisory Board.--To encourage women and girls to enter the field of aviation, the Administrator of the Federal Aviation Administration shall create and facilitate the Women in Aviation Advisory Board (referred to in this section as the ``Board''), with the objective of promoting organizations and ***programs*** that are providing education, training, mentorship, outreach, and recruitment of women into the aviation industry. (b) Composition.--The Board shall consist of members whose diverse background and [[Page H8967]] expertise allow them to contribute balanced points of view and ideas regarding the strategies and objectives set forth in subsection (f). (c) Selection.--Not later than 9 months after the date of enactment of this Act, the Administrator shall appoint members of the Board, including representatives from the following: (1) Major airlines and aerospace companies. (2) Nonprofit organizations within the aviation industry. (3) Aviation business associations. (4) Engineering business associations. (5) United States Air Force Auxiliary, Civil Air Patrol. (6) Institutions of higher education and aviation trade schools. (d) Period of Appointment.--Members shall be appointed to the Board for the duration of the existence of the Board. (e) Compensation.--Board members shall serve without compensation. (f) Duties.--Not later than 18 months after the date of enactment of this Act, the Board shall present a comprehensive plan for strategies the Administration can take, which include the following objectives: (1) Identifying industry trends that directly or indirectly encourage or discourage women from pursuing careers in aviation. (2) Coordinating the efforts of airline companies, nonprofit organizations, and aviation and engineering associations to facilitate support for women pursuing careers in aviation. (3) Creating opportunities to expand existing scholarship opportunities for women in the aviation industry. (4) Enhancing aviation training, mentorship, education, and outreach ***programs*** that are exclusive to women. (g) Reports.-- (1) In general.--Not later than 2 ***years*** after the date of enactment of this Act, the Board shall submit a report outlining the comprehensive plan for strategies pursuant to subsection (f) to the Administrator and the appropriate committees of Congress. (2) Availability online.--The Administrator shall make the report publicly available online and in print. (h) Sunset.--The Board shall terminate upon the submittal of the report pursuant to subsection (g). Subtitle C--Future of Aviation Workforce SEC. 621. AVIATION AND AEROSPACE WORKFORCE OF THE FUTURE. (a) Findings.--Congress finds that-- (1) in 2016, United States air carriers carried a record high number of passengers on domestic flights, 719 million passengers; (2) the United States aerospace and defense industry employed 1.7 million workers in 2015, or roughly 2 percent of the Nation's total employment base; (3) the average salary of an employee in the aerospace and defense industry is 44 percent above the national average; (4) in 2015, the aerospace and defense industry contributed nearly $202.4 billion in value added to the United States economy; (5) an effective aviation industry relies on individuals with unique skill sets, many of which can be directly obtained through career and technical education opportunities; and (6) industry and the Federal Government have taken some actions to attract qualified individuals to careers in aviation and aerospace and to retain qualified individuals in such careers. (b) Sense of Congress.--It is the sense of Congress that-- (1) public and private education institutions should make available to students and parents information on approved ***programs*** of study and career pathways, including career exploration, work-based learning opportunities, dual and concurrent enrollment opportunities, and guidance and advisement resources; (2) public and private education institutions should partner with aviation and aerospace companies to promote career paths available within the industry and share information on the unique benefits and opportunities the career paths offer; (3) aviation companies, including air carriers, manufacturers, commercial space companies, unmanned aircraft system companies, and repair stations, should create opportunities, through apprenticeships or other mechanisms, to attract young people to aviation and aerospace careers and to enable individuals to gain the critical skills needed to thrive in such professions; and (4) the Federal Government should consider the needs of men and women interested in pursuing careers in the aviation and aerospace industry, the long-term personnel needs of the aviation and aerospace industry, and the role of aviation in the United States economy in the creation and administration of educational and financial aid ***programs***. SEC. 622. AVIATION AND AEROSPACE WORKFORCE OF THE FUTURE STUDY. (a) In General.--Not later than 90 days after the date of enactment of this Act, the Comptroller General of the United States shall initiate a study-- (1) to evaluate the current and future supply of individuals in the aviation and aerospace workforce; (2) to identify the factors influencing the supply of individuals pursuing a career in the aviation or aerospace industry, including barriers to entry into the workforce; and (3) to identify methods to increase the future supply of individuals in the aviation and aerospace workforce, including best practices or ***programs*** to incentivize, recruit, and retain young people in aviation and aerospace professions. (b) Consultation.--The Comptroller General shall conduct the study in consultation with-- (1) appropriate Federal agencies; and (2) the aviation and aerospace industry, institutions of higher education, and labor stakeholders. (c) Report to Congress.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the results of the study and related recommendations. SEC. 623. SENSE OF CONGRESS ON HIRING VETERANS. It is the sense of Congress that the aviation industry, including certificate holders under parts 121, 135, and 145 of title 14, Code of Federal Regulations, should hire more of the Nation's veterans. SEC. 624. AVIATION MAINTENANCE INDUSTRY TECHNICAL WORKFORCE. (a) Regulations.--Not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall issue a final rule to modernize training ***programs*** at aviation maintenance technician schools governed by part 147 of title 14, Code of Federal Regulations. (b) Guidance.--Not later than 180 days after the date of enactment of this Act, the Administrator shall coordinate with government, educational institutions, labor organizations representing aviation maintenance workers, and businesses to develop and publish guidance or model curricula for aviation maintenance technician schools referred to in subsection (a) to ensure workforce readiness for industry needs, including curricula related to training in avionics, troubleshooting, and other areas of industry needs. (c) Review and Periodic Updates.--The Administrator shall-- (1) ensure training ***programs*** referred to in subsection (a) are revised and updated in correlation with aviation maintenance technician airman certification standards as necessary to reflect current technology and maintenance practices; and (2) publish updates to the guidance or model curricula required under subsection (b) at least once every 2 ***years***, as necessary, from the date of initial publication. (d) Report to Congress.--If the Administrator does not issue such final rule by the deadline specified in subsection (a), the Administrator shall, not later than 30 days after such deadline, submit to the appropriate committees of Congress a report containing-- (1) an explanation as to why such final rule was not issued by such deadline; and (2) a schedule for issuing such final rule . (e) Study.--The Comptroller General of the United States shall conduct a study on technical workers in the aviation maintenance industry. (f) Contents.--In conducting the study under subsection (e), the Comptroller General shall-- (1) analyze the current Standard Occupational Classification system with regard to the aviation profession, particularly technical workers in the aviation maintenance industry; (2) analyze how changes to the Federal employment classification of aviation maintenance industry workers might affect government data on unemployment rates and wages; (3) analyze how changes to the Federal employment classification of aviation maintenance industry workers might affect projections for future aviation maintenance industry workforce needs and project technical worker shortfalls; (4) analyze the impact of Federal regulation, including Federal Aviation Administration oversight of certification, testing, and education ***programs***, on employment of technical workers in the aviation maintenance industry; (5) develop recommendations on how Federal Aviation Administration regulations and policies could be improved to modernize training ***programs*** at aviation maintenance technical schools and address aviation maintenance industry needs for technical workers; (6) develop recommendations for better coordinating actions by government, educational institutions, and businesses to support workforce growth in the aviation maintenance industry; and (7) develop recommendations for addressing the needs for government funding, private investment, equipment for training purposes, and other resources necessary to strengthen existing training ***programs*** or develop new training ***programs*** to support workforce growth in the aviation industry. (g) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the results of the study. (h) Definitions.--In this section, the following definitions apply: (1) Aviation maintenance industry.--The term ``aviation maintenance industry'' means repair stations certificated under part 145 of title 14, Code of Federal Regulations. (2) Technical worker.--The term ``technical worker'' means an individual authorized under part 43 of title 14, Code of Federal Regulations, to maintain, rebuild, alter, or perform preventive maintenance on an aircraft, airframe, aircraft engine, propeller, appliance, or component part or employed by [[Page H8968]] an entity so authorized to perform such a function. SEC. 625. AVIATION WORKFORCE DEVELOPMENT ***PROGRAMS***. (a) In General.--The Secretary of Transportation shall establish-- (1) a ***program*** to provide grants for eligible projects to support the education of future aircraft pilots and the development of the aircraft pilot workforce; and (2) a ***program*** to provide grants for eligible projects to support the education and recruitment of aviation maintenance technical workers and the development of the aviation maintenance workforce. (b) Project Grants.-- (1) In general.--Out of amounts made available under section 48105 of title 49, United States Code, not more than $5,000,000 for each of fiscal ***years*** 2019 through 2023 is authorized to be expended to provide grants under the ***program*** established under subsection (a)(1), and $5,000,000 for each of fiscal ***years*** 2019 through 2023 is authorized to provide grants under the ***program*** established under subsection (a)(2). (2) Dollar amount limit.--Not more than $500,000 shall be available for any 1 grant in any 1 fiscal ***year*** under the ***programs*** established under subsection (a). (c) Eligible Applications.-- (1) An application for a grant under the ***program*** established under subsection (a)(1) shall be submitted, in such form as the Secretary may specify, by-- (A) an air carrier, as defined in section 40102 of title 49, United States Code, or a labor organization representing aircraft pilots; (B) an accredited institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U. S. C. 1001)) or a high school or secondary school (as defined in section 7801 of the Higher Education Act of 1965 (20 U.S.C 7801)); (C) a flight school that provides flight training, as defined in part 61 of title 14, Code of Federal Regulations, or that holds a pilot school certificate under part 141 of title 14, Code of Federal Regulations; or (D) a State or local governmental entity. (2) An application for a grant under the pilot ***program*** established under subsection (a)(2) shall be submitted, in such form as the Secretary may specify, by-- (A) a holder of a certificate issued under part 21, 121, 135, or 145 of title 14, Code of Federal Regulations or a labor organization representing aviation maintenance workers; (B) an accredited institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C 1001)) or a high school or secondary school (as defined in section 7801 of the Elementary and Secondary Education Act of 1965 (20 U.S.C 7801); and (C) a State or local governmental entity. (d) Eligible Projects.-- (1) For purposes of the ***program*** established under subsection (a)(1), an eligible project is a project-- (A) to create and deliver curriculum designed to provide high school students with meaningful aviation education that is designed to prepare the students to become aircraft pilots, aerospace engineers, or unmanned aircraft systems operators; or (B) to support the professional development of teachers using the curriculum described in subparagraph (A). (2) For purposes of the pilot ***program*** established under subsection (a)(2), an eligible project is a project-- (A) to establish new educational ***programs*** that teach technical skills used in aviation maintenance, including purchasing equipment, or to improve existing such ***programs***; (B) to establish scholarships or apprenticeships for individuals pursuing employment in the aviation maintenance industry; (C) to support outreach about careers in the aviation maintenance industry to-- (i) primary, secondary, and post-secondary school students; or (ii) to communities underrepresented in the industry; (D) to support educational opportunities related to aviation maintenance in economically disadvantaged geographic areas; (E) to support transition to careers in aviation maintenance, including for members of the Armed Forces; or (F) to otherwise enhance aviation maintenance technical education or the aviation maintenance industry workforce. (e) Grant Application Review.--In reviewing and selecting applications for grants under the ***programs*** established under subsection (a), the Secretary shall-- (1) prior to selecting among competing applications, consult, as appropriate, with representatives of aircraft repair stations, design and production approval holders, air carriers, labor organizations, business aviation, general aviation, educational institutions, and other relevant aviation sectors; and (2) ensure that the applications selected for projects established under subsection (a)(1) will allow participation from a diverse collection of public and private schools in rural, suburban, and urban areas. Subtitle D--Unmanned Aircraft Systems Workforce SEC. 631. COMMUNITY AND TECHNICAL COLLEGE CENTERS OF EXCELLENCE IN SMALL UNMANNED AIRCRAFT SYSTEM TECHNOLOGY TRAINING. (a) Designation.--Not later than 180 days after the date of enactment of this Act, the Secretary of Transportation, in consultation with the Secretary of Education and the Secretary of Labor, shall establish a process to designate consortia of public, 2-***year*** institutions of higher education as Community and Technical College Centers of Excellence in Small Unmanned Aircraft System Technology Training (in this section referred to as the ``Centers of Excellence''). (b) Functions.--A Center of Excellence designated under subsection (a) shall have the capacity to train students for career opportunities in industry and government service related to the use of small unmanned aircraft systems. (c) Education and Training Requirements.--In order to be designated as a Center of Excellence under subsection (a), a consortium shall be able to address education and training requirements associated with various types of small unmanned aircraft systems, components, and related equipment, including with respect to-- (1) multirotor and fixed-wing small unmanned aircraft; (2) flight systems, radio controllers, components, and characteristics of such aircraft; (3) routine maintenance, uses and applications, privacy concerns, safety, and insurance for such aircraft; (4) hands-on flight practice using small unmanned aircraft systems and computer simulator training; (5) use of small unmanned aircraft systems in various industry applications and local, State, and Federal government ***programs*** and services, including in ***agriculture***, law enforcement, monitoring oil and gas pipelines, natural disaster response and recovery, fire and emergency services, and other emerging areas; (6) Federal policies concerning small unmanned aircraft; (7) dual credit ***programs*** to deliver small unmanned aircraft training opportunities to secondary school students; or (8) training with respect to sensors and the processing, analyzing, and visualizing of data collected by small unmanned aircraft. (d) Collaboration.--Each Center of Excellence shall seek to collaborate with institutions participating in the Alliance for System Safety of UAS through Research Excellence of the Federal Aviation Administration and with the test ranges defined under section 44801 of title 49, United States Code, as added by this Act. (e) Institution of Higher Education.--In this section, the term ``institution of higher education'' has the meaning given the term in section 101 of the Higher Education Act of 1965 (20 U.S.C 1001). SEC. 632. COLLEGIATE TRAINING INITIATIVE ***PROGRAM*** FOR UNMANNED AIRCRAFT SYSTEMS. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall establish a collegiate training initiative ***program*** relating to unmanned aircraft systems by making new agreements or continuing existing agreements with institutions of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C 1001)) under which the institutions prepare students for careers involving unmanned aircraft systems. The Administrator may establish standards for the entry of such institutions into the ***program*** and for their continued participation in the ***program***. (b) Unmanned Aircraft System Defined.--In this section, the term ``unmanned aircraft system'' has the meaning given that term by section 44801 of title 49, United States Code, as added by this Act. TITLE VII--FLIGHT R&D ACT Subtitle A--General Provisions SEC. 701. SHORT TITLE. This title may be cited as the ``FAA Leadership in Groundbreaking High-Tech Research and Development Act'' or the ``FLIGHT R&D Act''. SEC. 702. DEFINITIONS. In this title, the following definitions apply: (1) Administrator.--The term ``Administrator'' means the Administrator of the Federal Aviation Administration. (2) FAA.--The term ``FAA'' means the Federal Aviation Administration. (3) NASA.--The term ``NASA'' means the National Aeronautics and Space Administration. (4) Secretary.--The term ``Secretary'' means the Secretary of Transportation. SEC. 703. AUTHORIZATION OF APPROPRIATIONS. (a) Authorizations.--Section 48102(a) of title 49, United States Code, is amended-- (1) in the matter preceding paragraph (1), by striking ``and, for each of fiscal ***years*** 2012 through 2015, under subsection (g)''; (2) in paragraph (9), by striking ``and'' at the end; and (3) by striking paragraph (10) and inserting the following: ``(10) $189,000,000 for fiscal ***year*** 2018; ``(11) $194,000,000 for fiscal ***year*** 2019; ``(12) $199,000,000 for fiscal ***year*** 2020; ``(13) $204,000,000 for fiscal ***year*** 2021; ``(14) $209,000,000 for fiscal ***year*** 2022; and ``(15) $214,000,000 for fiscal ***year*** 2023.''. (b) Research Priorities.--Section 48102(b) of title 49, United States Code, is amended-- (1) in paragraph (1), by striking ``consider'' and inserting ``prioritize safety in considering''; (2) by striking paragraph (3); (3) by redesignating paragraph (2) as paragraph (3); and [[Page H8969]] (4) by inserting after paragraph (1) the following: ``(2) As safety related activities shall be the highest research priority, at least 70 percent of the amount appropriated under subsection (a) of this section shall be for safety research and development projects.''. (c) Annual Submission of the National Aviation Research Plan.--Section 48102(g) of title 49, United States, Code, is amended to read as follows: ``(g) Annual Submission of the National Aviation Research Plan.--The Administrator shall submit the national aviation research plan to Congress no later than the date of submission of the President's budget request to Congress for that fiscal ***year***, as required under section 44501(c).''. Subtitle B--FAA Research and Development Organization SEC. 711. ASSISTANT ADMINISTRATOR FOR RESEARCH AND DEVELOPMENT. (a) Appointment.--Not later than 3 months after the date of enactment of this Act, the Administrator shall appoint an Assistant Administrator for Research and Development. (b) Responsibilities.--The Assistant Administrator for Research and Development shall, at a minimum, be responsible for-- (1) management and oversight of all the FAA's research and development ***programs*** and activities; and (2) production of all congressional reports from the FAA relevant to research and development, including the national aviation research plan required under section 44501(c) of title 49, United States Code. (c) Dual Appointment.--The Assistant Administrator for Research and Development may be a dual-appointment, holding the responsibilities of another Assistant Administrator. SEC. 712. RESEARCH ADVISORY COMMITTEE. (a) Advice and Recommendations.--Section 44508(a)(1)(A) of title 49, United States Code, is amended to read as follows: ``(A) provide advice and recommendations to the Administrator of the Federal Aviation Administration and Congress about needs, objectives, plans, approaches, content, and accomplishments of all aviation research and development activities and ***programs*** carried out, including those under sections 40119, 44504, 44505, 44507, 44511-44513, and 44912 of this title;''. (b) Written Reply to Research Advisory Committee.--Section 44508 of title 49, United States Code, is amended by adding at the end the following: ``(f) Written Reply.-- ``(1) In general.--Not later than 60 days after receiving any recommendation from the research advisory committee, the Administrator shall provide a written reply to the research advisory committee that, at a minimum-- ``(A) clearly states whether the Administrator accepts or rejects the recommendation; ``(B) explains the rationale for the Administrator's decision; ``(C) sets forth the timeframe in which the Administrator will implement the recommendation; and ``(D) describes the steps the Administrator will take to implement the recommendation. ``(2) Transparency.--The written reply to the research advisory committee, when transmitted to the research advisory committee, shall be-- ``(A) made publicly available on the research advisory committee website; and ``(B) transmitted to the Committee on Science, Space, and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate. ``(3) National aviation research plan.--The national aviation research plan required under section 44501(c) shall include a summary of all research advisory committee recommendations and a description of the status of their implementation.''. Subtitle C--Unmanned Aircraft Systems SEC. 721. UNMANNED AIRCRAFT SYSTEMS RESEARCH AND DEVELOPMENT ROADMAP. The Secretary shall submit the unmanned aircraft systems roadmap to Congress on an annual basis as required under section 48802(a) of title 49, United States Code, as added by this Act. Subtitle D--Cybersecurity and Responses to Other Threats SEC. 731. CYBER TESTBED. Not later than 6 months after the date of enactment of this Act, the Administrator shall develop an integrated Cyber Testbed for research, development, evaluation, and validation of air traffic control modernization technologies, before they enter the national airspace system, as being compliant with FAA data security regulations. The Cyber Testbed shall be part of an integrated research and development test environment capable of creating, identifying, defending, and solving cybersecurity-related problems for the national airspace system. This integrated test environment shall incorporate integrated test capacities within the FAA related to the national airspace system and NextGen. SEC. 732. STUDY ON THE EFFECT OF EXTREME WEATHER ON AIR TRAVEL. (a) Study Required.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator of the National Oceanic and Atmospheric Administration and the Administrator of the Federal Aviation Administration shall jointly complete a study on the effect of extreme weather on commercial air travel. (b) Elements.--The study required by subsection (a) shall include assessment of the following: (1) Whether extreme weather may result in an increase in turbulence. (2) The effect of extreme weather on current commercial air routes. (3) The effect of extreme weather on domestic airports, air traffic control facilities, and associated facilities. Subtitle E--FAA Research and Development Activities SEC. 741. RESEARCH PLAN FOR THE CERTIFICATION OF NEW TECHNOLOGIES INTO THE NATIONAL AIRSPACE SYSTEM. Not later than 1 ***year*** after the date of enactment of this Act, the Administrator, in consultation with NASA, shall transmit a comprehensive research plan for the certification of new technologies into the national airspace system to the Committee on Science, Space, and Technology of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate. This plan shall identify research necessary to support the certification and implementation of NextGen, including both ground and air elements, and explain the plan's relationship to other activities and procedures required for certification and implementation of new technologies into the national airspace system. This plan shall be informed by the recommendations of the National Research Council report titled ``Transformation in the Air--A Review of the FAA Research Plan'', issued on June 8, 2015. This plan shall include, at a minimum-- (1) a description of the strategic and prescriptive value of the research plan; (2) an explanation of the expected outcomes from executing the plan; (3) an assessment of the FAA's plan to use research and development to improve cybersecurity over the next 5 ***years***; (4) an assessment of the current software assurance practices, and the desired level or attributes to target in the software assurance ***program***; and (5) best practices in research and development used by other organizations, such as NASA, NavCanada, and Eurocontrol. SEC. 742. TECHNOLOGY REVIEW. (a) Review.-- (1) In general.--The Administrator of the Federal Aviation Administration, in coordination with the Administrator of the National Aeronautics and Space Administration, shall conduct a review of current and planned research on the use of advanced aircraft technologies, innovative materials, alternative fuels, additive manufacturing, and novel aircraft designs, to increase aircraft fuel efficiency. (2) Summaries.--The review conducted under paragraph (1) shall include summaries of projects and missions to examine-- (A) the effectiveness of such technologies, materials, fuels, and aircraft designs to enhance fuel efficiency and aerodynamic performance, and reduce drag, weight, noise, and fuel consumption; and (B) the potential for novel flight pattern planning and communications systems to reduce aircraft taxiing and airport circling. (3) Recommendations.--The review conducted under paragraph (1) shall identify potential opportunities for additional research and development, public or private, to increase aircraft fuel efficiency. (b) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator of the Federal Aviation Administration shall submit to the appropriate committees of Congress a report containing the results of the review conducted under subsection (a). SEC. 743. CLEEN AIRCRAFT AND ENGINE TECHNOLOGY PARTNERSHIP. (a) Cooperative Agreement.--Subchapter I of chapter 475 of title 49, United States Code, is amended by adding at the end the following: ``Sec. 47511. CLEEN engine and airframe technology partnership ``(a) In General.--The Administrator of the Federal Aviation Administration shall enter into a cost-sharing cooperative agreement, using a competitive process, with institutions, entities, or consortiums to carry out a ***program*** for the development, maturation, and testing of certifiable CLEEN aircraft, engine technologies, and jet fuels for civil subsonic airplanes. ``(b) CLEEN Engine and Airframe Technology Defined.--In this section, the term `CLEEN aircraft and engine technology' means continuous lower energy, emissions, and noise aircraft and engine technology. ``(c) Performance Objective.--The Administrator shall establish the performance objectives for the ***program*** in terms of the specific objectives to reduce fuel burn, emissions and noise.''. (b) Technical and Conforming Amendment.--The table of contents of subchapter I of chapter 475 is amended by inserting after the item relating to section 47510 the following: ``47511. CLEEN engine and airframe technology partnership.''. SEC. 744. RESEARCH AND DEPLOYMENT OF CERTAIN AIRFIELD PAVEMENT TECHNOLOGIES. Using amounts made available under section 48102(a) of title 49, United States Code, the Administrator of the Federal Aviation Administration may carry out a ***program*** for the research and development of aircraft [[Page H8970]] pavement technologies under which the Administrator makes grants to, and enters into cooperative agreements with, institutions of higher education and nonprofit organizations that-- (1) research concrete and asphalt airfield pavement technologies that extend the life of airfield pavements; (2) develop and conduct training; (3) provide for demonstration projects; and (4) promote the latest airfield pavement technologies to aid in the development of safer, more cost effective, and more durable airfield pavements. Subtitle F--Geospatial Data SEC. 751. SHORT TITLE; FINDINGS. (a) Short Title.--This subtitle may be cited as the ``Geospatial Data Act of 2018''. (b) Findings.--Congress finds that-- (1) open and publicly available data is essential to the successful operation of the GeoPlatform; (2) the private sector in the United States, for the purposes of acquiring and producing quality geospatial data and geospatial data services, has been and continues to be invaluable in carrying out the varying missions of Federal departments and agencies, as well as contributing positively to the United States economy; and (3) over the last 2 decades, Congress has passed legislation that promotes greater access and use of Government information and data, which has-- (A) sparked new, innovative start-ups and services; (B) spurred economic growth in many sectors, such as in the geospatial services; (C) advanced scientific research; (D) promoted public access to Federally funded services and data; and (E) improved access to geospatial data for the purposes of promoting public health, weather forecasting, economic development, environmental protection, flood zone research, and other purposes. SEC. 752. DEFINITIONS. In this subtitle-- (1) the term ``Advisory Committee'' means the National Geospatial Advisory Committee established under section 754(a); (2) the term ``Committee'' means the Federal Geographic Data Committee established under section 753(a); (3) the term ``covered agency''-- (A) means-- (i) an Executive department, as defined in section 101 of title 5, United States Code, that collects, produces, acquires, maintains, distributes, uses, or preserves geospatial data on paper or in electronic form to fulfill the mission of the Executive department, either directly or through a relationship with another organization, including a State, local government, Indian tribe, institution of higher education, business partner or contractor of the Federal Government, and the public; (ii) the National Aeronautics and Space Administration; or (iii) the General Services Administration; and (B) does not include the Department of Defense (including 30 components and agencies performing national missions) or any element of the intelligence community; (4) the term ``GeoPlatform'' means the GeoPlatform described in section 758(a); (5) the term ``geospatial data''-- (A) means information that is tied to a location on the Earth, including by identifying the geographic location and characteristics of natural or constructed features and boundaries on the Earth, and that is generally represented in vector datasets by points, lines, polygons, or other complex geographic features or phenomena; (B) may be derived from, among other things, remote sensing, mapping, and surveying technologies; (C) includes images and raster datasets, aerial photographs, and other forms of geospatial data or datasets in digitized or non-digitized form; and (D) does not include-- (i) geospatial data and activities of an Indian tribe not carried out, in whole or in part, using Federal funds, as determined by the tribal government; (ii) classified national security-related geospatial data and activities of the Department of Defense, unless declassified; (iii) classified national security-related geospatial data and activities of the Department of Energy, unless declassified; (iv) geospatial data and activities under chapter 22 of title 10, United States Code, or section 110 of the National Security Act of 1947 (50 U.S.C 3045); (v) intelligence geospatial data and activities, as determined by the Director of National Intelligence; or (vi) certain declassified national security-related geospatial data and activities of the intelligence community, as determined by the Secretary of Defense, the Secretary of Energy, or the Director of National Intelligence; (6) the term ``Indian tribe'' has the meaning given that term under section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C 450b); (7) the term ``institution of higher education'' has the meaning given that term under section 102 of the Higher Education Act of 1965 (20 U.S.C 1002); (8) the term ``intelligence community'' has the meaning given that term in section 3 of the National Security Act of 1947 (50 U.S.C 3003); (9) the term ``lead covered agency'' means a lead covered agency for a National Geospatial Data Asset data theme designated under section 756(b)(1); (10) the term ``local government'' means any city, county, township, town, borough, parish, village, or other general purpose political subdivision of a State; (11) the term ``metadata for geospatial data'' means information about geospatial data, including the content, source, vintage, accuracy, condition, projection, method of collection, and other characteristics or descriptions of the geospatial data; (12) the term ``National Geospatial Data Asset data theme'' means the National Geospatial Data Asset core geospatial datasets (including electronic records and coordinates) relating to a topic or subject designated under section 756; (13) the term ``National Spatial Data Infrastructure'' means the technology, policies, criteria, standards, and employees necessary to promote geospatial data sharing throughout the Federal Government, State, tribal, and local governments, and the private sector (including nonprofit organizations and institutions of higher education); and (14) the term ``proven practices'' means methods and activities that advance the use of geospatial data for the benefit of society. SEC. 753. FEDERAL GEOGRAPHIC DATA COMMITTEE. (a) In General.--There is established within the Department of the Interior an interagency committee to be known as the Federal Geographic Data Committee, which shall act as the lead entity in the executive branch for the development, implementation, and review of policies, practices, and standards relating to geospatial data. (b) Membership.-- (1) Chairperson and vice chairperson.--The Secretary of the Interior and the Director of the Office of Management and Budget shall serve as Chairperson of the Committee and Vice Chairperson of the Committee, respectively. (2) Other members.-- (A) In general.--The head of each covered agency and the Director of the National Geospatial-Intelligence Agency shall each designate a representative of their respective agency to serve as a member of the Committee. (B) Requirement for appointments.--An officer appointed to serve as a member of the Committee shall hold a position as an assistant secretary, or an equivalent position, or a higher ranking position. (3) Guidance.--Not later than 1 ***year*** after the date of enactment of this Act, and as needed thereafter, the Director of the Office of Management and Budget shall update guidance with respect to membership of the Committee and the roles of members of the Committee. (c) Duties.--The Committee shall-- (1) lead the development and management of and operational decision making for the National Spatial Data Infrastructure strategic plan and geospatial data policy in accordance with section 755; (2) designate National Geospatial Data Asset data themes and oversee the coordinated management of the National Geospatial Data Asset data themes in accordance with section 756; (3) establish and maintain geospatial data standards in accordance with section 757; (4) periodically review and determine the extent to which covered agencies comply with geospatial data standards; (5) ensure that the GeoPlatform operates in accordance with section 758; (6) direct and facilitate national implementation of the system of National Geospatial Data Asset data themes; (7) communicate with and foster communication among covered agencies and other entities and individuals relating to geospatial data technology development, ***transfer***, and exchange in order to-- (A) identify and meet the needs of users of geospatial data; (B) promote cost-effective data collection, documentation, maintenance, distribution, and preservation strategies; and (C) leverage Federal and non-Federal resources, such as promoting Federal shared services and cross-agency coordination for marketplace solutions; (8) define roles and responsibilities and promote and guide cooperation and coordination among agencies of the Federal Government, State, tribal, and local governments, institutions of higher education, and the private sector in the collection, production, sharing, and use of geospatial information, the implementation of the National Spatial Data Infrastructure, and the identification of proven practices; (9) coordinate with international organizations having an interest in the National Spatial Data Infrastructure or global spatial data infrastructures; (10) make available online and update at least annually-- (A) a summary of the status for each National Geospatial Data Asset data theme, based on the report submitted by the applicable lead covered agency under section 756(b)(3)(E)(ii)(I), which shall include-- (i) an evaluation of the progress of each lead covered agency in achieving the requirements under subparagraphs (A), (B), (C), and (D) of section 756(b)(3); and (ii) a determination of whether, for each of subparagraphs (A), (B), (C), and (D) of section 756(b)(3), each lead covered agency meets expectations, has made progress toward expectations, or fails to meet expectations; [[Page H8971]] (B) a summary and evaluation of the achievements of each covered agency, based on the annual report submitted by the covered agency under section 759(b)(1), which shall include a determination of whether the covered agency meets expectations, has made progress toward expectations, or fails to meet expectations for each of paragraphs (1) through (13) of section 759(a); (C) a collection of periodic technical publications, management articles, and reports related to the National Spatial Data Infrastructure; and (D) a membership directory for the Committee, including identifying members of any subcommittee or working group of the Committee; (11)(A) make available to and request comments from the Advisory Committee regarding the summaries and evaluations required under subparagraphs (A) and (B) of paragraph (10); (B) if requested by the Advisory Committee, respond to any comments by the Advisory Committee; and (C) not less than once every 2 ***years***, submit to Congress a report that includes the summaries and evaluations required under subparagraphs (A) and (B) of paragraph (10), the comments of the Advisory Committee, and the responses of the Committee to the comments; (12)(A) make available to and request comments from covered agencies regarding the summaries and evaluations required under subparagraphs (A) and (B) of paragraph (10); and (B) not less than once every 2 ***years***, submit to Congress a report that includes the comments of the covered agencies and the responses of the Committee to the comments; and (13) support and promote the infrastructure of networks, systems, services, and standards that provide a digital representation of the Earth to users for many applications. (d) Staff Support.--The Committee shall establish an Office of the Secretariat within the Department of the Interior to provide administrative support, strategic planning, funding, and technical support to the Committee. SEC. 754. NATIONAL GEOSPATIAL ADVISORY COMMITTEE. (a) Establishment.--The Secretary of the Interior shall establish within the Department of the Interior the National Geospatial Advisory Committee to provide advice and recommendations to the Chairperson of the Committee. (b) Membership.-- (1) Composition.--The Advisory Committee shall be composed of not more than 30 members, at least one of which will be from the National Geospatial-Intelligence Agency, who shall-- (A) be appointed by the Chairperson of the Committee; (B) be selected-- (i) to generally achieve a balanced representation of the viewpoints of various interested parties involved in national geospatial activities and the development of the National Spatial Data Infrastructure; and (ii) with consideration of a geographic balance of residence of the members; and (C) be selected from among groups involved in the geospatial community, including-- (i) States; (ii) local governments; (iii) regional governments; (iv) tribal governments; (v) private sector entities; (vi) geospatial information user industries; (vii) professional associations; (viii) scholarly associations; (ix) nonprofit organizations; (x) academia; (xi) licensed geospatial data acquisition professionals; and (xii) the Federal Government. (2) Chairperson.--The Chairperson of the Committee shall appoint the Chairperson of the Advisory Committee. (3) Period of appointment; vacancies.-- (A) In general.--Members shall be appointed for a term of 3 ***years***, with the term of \1/3\ of the members expiring each ***year***. (B) Vacancies.--Any vacancy in the Advisory Committee shall not affect its powers, but shall be filled in the same manner as the original appointment. (4) Limit on terms.--Except for the member from the National Geospatial-Intelligence Agency, an individual-- (A) may not be appointed to more than 2 consecutive terms as a member of the Advisory Committee; and (B) after serving for 2 consecutive terms, is eligible to be appointed as a member of the Advisory Committee on and after the date that is 2 ***years*** after the end of the second consecutive term of the individual as a member of the Advisory Committee. (5) Ethical requirements.--A member of the Advisory Committee may not participate in any specific-party matter (including a lease, license, permit, contract, claim, agreement, or related litigation) with the Department of the Interior in which the member has a direct financial interest. (6) Incumbents.-- (A) In general.--An individual serving on the day before the date of enactment of this Act as a member of the National Geospatial Advisory Committee established by the Secretary of the Interior may serve as a member of the Advisory Committee until the end of the term of the individual under the appointment. (B) Limit on terms.--Any period of service as a member of the National Geospatial Advisory Committee established by the Secretary of the Interior shall be considered a period of service as a member of the Advisory Committee for purposes of paragraph (4). (c) Subcommittees.--A subcommittee of the Advisory Committee-- (1) may be formed for the purposes of compiling information or conducting research; (2) shall be composed of members appointed by the Chairperson of the Advisory Committee; (3) shall act under the direction of the Chairperson of the Advisory Committee and the officer or employee designated under section 10(e) of the Federal Advisory Committee Act (5 U.S.C App.) with respect to the Advisory Committee; (4) shall report the recommendations of the subcommittee to the Advisory Committee for consideration; and (5) shall meet as necessary to accomplish the objectives of the subcommittee, subject to the approval of the Chairperson of the Advisory Committee and the availability of resources. (d) Meetings.-- (1) In general.--The Advisory Committee shall meet at the call of the Chairperson, not less than 1 time each ***year*** and not more than 4 times each ***year***. (2) Quorum.--A majority of the members of the Advisory Committee shall constitute a quorum, but a lesser number of members may hold meetings or hearings. (e) Duties of the Advisory Committee.--The Advisory Committee shall-- (1) provide advice and recommendations relating to-- (A) the management of Federal and national geospatial ***programs***; (B) the development of the National Spatial Data Infrastructure; and (C) implementation of this subtitle; (2) review and comment on geospatial policy and management issues; and (3) ensure the views of representatives of non-Federal interested parties involved in national geospatial activities are conveyed to the Committee. (f) Powers of the Advisory Committee.-- (1) Meetings.--The Advisory Committee may hold meetings (which shall be open to the public) and sit and act at such times and places as the Advisory Committee considers advisable to carry out this subtitle. (2) Information from covered agencies.-- (A) In general.--The Advisory Committee, with the concurrence of the Chairperson of the Committee, may secure directly from any covered agency such information as the Advisory Committee considers necessary to carry out this subtitle. Upon request of the Chairperson of the Advisory Committee, the head of such agency shall furnish such information to the Advisory Committee. (B) Noncooperation.--The Advisory Committee shall include in the comments of the Advisory Committee submitted under section 753(c)(11) a discussion of any failure by a covered agency to furnish information in response to a request under subparagraph (A) of this paragraph. (3) Postal services.--The Advisory Committee may use the United States mails in the same manner and under the same conditions as other agencies of the Federal Government. (g) Advisory Committee Personnel Matters.-- (1) No compensation of members.-- (A) Non-federal employees.--A member of the Advisory Committee who is not an officer or employee of the Federal Government shall serve without compensation. (B) Federal employees.--A member of the Advisory Committee who is an officer or employee of the Federal Government shall serve without compensation in addition to the compensation received for the services of the member as an officer or employee of the Federal Government. (2) Travel expenses.--The members of the Advisory Committee shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Advisory Committee. (3) Detail of government employees.--Any Federal Government employee may be detailed to the Committee to support the Advisory Committee without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege. (4) Staff support.--The Office of the Secretariat established by the Committee under section 753(d) shall provide administrative support to the Advisory Committee. (h) Applicability of FACA.-- (1) In general.--Except as provided in paragraph (2), the Federal Advisory Committee Act (5 U.S.C App.) shall apply to the Advisory Committee. (2) No termination.--Section 14(a)(2) of the Federal Advisory Committee Act (5 U.S.C App.) shall not apply to the Advisory Committee. (i) Termination.-- (1) In general.--Except as provided in paragraph (2), the Advisory Committee shall terminate 10 ***years*** after the date of enactment of this Act. (2) Continuation.--The Advisory Committee may be continued for successive 10-***year*** periods by action taken by the Secretary of the Interior to renew the Advisory [[Page H8972]] Committee before the date on which the Advisory Committee would otherwise terminate. SEC. 755. NATIONAL SPATIAL DATA INFRASTRUCTURE. (a) In General.--The National Spatial Data Infrastructure shall ensure that geospatial data from multiple sources (including the covered agencies, State, local, and tribal governments, the private sector, and institutions of higher education) is available and easily integrated to enhance the understanding of the physical and cultural world. (b) Goals.--The goals of the National Spatial Data Infrastructure are to-- (1) ensure-- (A) that geospatial data are reviewed prior to disclosure to ensure-- (i) compliance with section 552a of title 5 (commonly known as the ``Privacy Act of 1974''); and (ii) that personally identifiable information is not disclosed, which shall include an assessment of re- identification risk when determining what data constitute personally identifiable information; (B) that geospatial data are designed to enhance the accuracy of statistical information, both in raw form and in derived information products; (C) free and open access for the public to geospatial data, information, and interpretive products, in accordance with Office of Management and Budget Circular A-130, or any successor thereto; (D) the protection of proprietary interests related to licensed information and data; and (E) the interoperability and sharing capabilities of Federal information systems and data to enable the drawing of resources from covered agencies and partners of covered agencies; and (2) support and advance the establishment of a Global Spatial Data Infrastructure, consistent with national security, national defense, national intelligence, and international trade requirements, including ensuring that covered agencies develop international geospatial data in accordance with international voluntary consensus standards, as defined in Office of Management and Budget Circular A-119, or any successor thereto. (c) Strategic Plan.--The Committee shall prepare and maintain a strategic plan for the development and implementation of the National Spatial Data Infrastructure in a manner consistent with national security, national defense, and emergency preparedness ***program*** policies regarding data accessibility. (d) Advisory Role.--The Committee shall advise Federal and non-Federal users of geospatial data on their responsibilities relating to implementation of the National Spatial Data Infrastructure. SEC. 756. NATIONAL GEOSPATIAL DATA ASSET DATA THEMES. (a) In General.--The Committee shall designate as National Geospatial Data Asset data themes the primary topics and subjects for which the coordinated development, maintenance, and dissemination of geospatial data will benefit the Federal Government and the interests of the people of the United States, which shall-- (1) be representations of conceptual topics describing digital spatial information for the Nation; and (2) contain associated datasets (with attribute records and coordinates)-- (A) that are documented, verifiable, and officially designated to meet recognized standards; (B) that may be used in common; and (C) from which other datasets may be derived. (b) Lead Covered Agencies.-- (1) In general.--For each National Geospatial Data Asset data theme, the Committee shall designate one or more covered agencies as the lead covered agencies for the National Geospatial Data Asset data theme. (2) General responsibility.--The lead covered agencies for a National Geospatial Data Asset data theme shall be responsible for ensuring the coordinated management of the data, supporting resources (including technology and personnel), and related services and products of the National Geospatial Data Asset data theme. (3) Specific responsibilities.--To assist in fulfilling the responsibilities under paragraph (2) with respect to a National Geospatial Data Asset data theme, the lead covered agencies shall-- (A) provide leadership and facilitate the development and implementation of geospatial data standards for the National Geospatial Data Asset data theme, with a particular emphasis on a data content standard for the National Geospatial Data Asset data theme, including by-- (i) assessing existing standards; (ii) identifying anticipated or needed data standards; and (iii) developing a plan to originate and implement needed standards with relevant community and international practices-- (I) in accordance with Office of Management and Budget Circular A-119, or any successor thereto; and (II) consistent with or as a part of the plan described in subparagraph (B); (B) provide leadership and facilitate the development and implementation of a plan for nationwide population of the National Geospatial Data Asset data theme, which shall-- (i) include developing partnership ***programs*** with States, Indian tribes, institutions of higher education, private sector entities, other Federal agencies, and local governments; (ii) meet the needs of users of geospatial data; (iii) address human and financial resource needs; (iv) identify needs relating to standards, metadata for geospatial data within the National Geospatial Data Asset data theme, and the GeoPlatform; and (v) expedite the development of necessary National Geospatial Data Asset data themes; (C) establish goals that support the strategic plan for the National Spatial Data Infrastructure prepared under section 755(c); (D) as necessary, collect and analyze information from users of geospatial data within the National Geospatial Data Asset data theme regarding the needs of the users for geospatial data and incorporate the needs of users in strategies relating to the National Geospatial Data Asset data theme; and (E) as part of administering the National Geospatial Data Asset data theme-- (i) designate a point of contact within the lead covered agency who shall be responsible for developing, maintaining, coordination relating to, and disseminating data using the GeoPlatform; (ii) submit to the Committee-- (I) a performance report, at least annually, that documents the activities relating to and implementation of the National Geospatial Data Asset data theme, including progress in achieving the requirements under subparagraphs (A), (B), (C), and (D); and (II) comments, as appropriate, regarding the summary and evaluation of the performance report provided by the Committee under section 753(c)(12); (iii) publish maps or comparable graphics online (in accordance with the mapping conventions specified by the Committee) showing the extent and status of the National Geospatial Data Asset data themes for which the covered agency is a lead covered agency; (iv) encourage individuals and entities that are a source of geospatial data or metadata for geospatial data for the National Geospatial Data Asset data theme to provide access to such data through the GeoPlatform; (v) coordinate with the GeoPlatform; and (vi) identify and publish proven practices for the use and application of geospatial data of the lead covered agency. SEC. 757. GEOSPATIAL DATA STANDARDS. (a) In General.--In accordance with section 216 of the E- Government Act of 2002 (44 U.S.C 3501 note), the Committee shall establish standards for each National Geospatial Data Asset data theme, which-- (1) shall include-- (A) rules, conditions, guidelines, and characteristics for the geospatial data within the National Geospatial Data Asset data theme and related processes, technology, and organization; and (B) content standards for metadata for geospatial data within the National Geospatial Data Asset data theme; (2) to the maximum extent practicable, shall be consistent with international standards and protocols; (3) shall include universal data standards that shall be acceptable for the purposes of declassified intelligence community data; and (4) the Committee shall periodically review and update as necessary for the standards to remain current, relevant, and effective. (b) Development of Standards.--The Committee shall-- (1) develop and promulgate standards under this section-- (A) in accordance with Office of Management and Budget Circular A-119, or any successor thereto; and (B) after consultation with a broad range of data users and providers; (2) to the maximum extent possible, use national and international standards adopted by voluntary standards consensus bodies; and (3) establish new standards only to the extent standards described in paragraph (2) do not exist. (c) Exclusion.--The Secretary of the Interior shall withhold from public disclosure any information the disclosure of which reasonably could be expected to cause damage to the national interest, security, or defense of the United States, including information relating to geospatial intelligence data activities, as determined in consultation with the Director of National Intelligence. SEC. 758. GEOPLATFORM. (a) In General.--The Committee shall operate an electronic service that provides access to geospatial data and metadata for geospatial data to the general public, to be known as the GeoPlatform. (b) Implementation.-- (1) In general.--The GeoPlatform-- (A) shall-- (i) be available through the internet and other communications means; (ii) be accessible through a common interface; (iii) include metadata for all geospatial data collected by covered agencies, directly or indirectly; (iv) include download access to all open geospatial data directly or indirectly collected by covered agencies; and (v) include a set of ***programming*** instructions and standards providing an automated means of accessing available geospatial data, which-- [[Page H8973]] (I) harmonize sources and data standards associated with geospatial data, including metadata; and (II) to the maximum extent practicable, as determined by the Chairperson of the Committee, shall be made publicly available; (B) may include geospatial data from a source other than a covered agency, if determined appropriate by the Committee; and (C) shall not store or serve proprietary information or data acquired under a license by the Federal Government, unless authorized by the data provider. (2) Managing partner.--The Chairperson of the Committee shall designate an agency to serve as the managing partner for developing and operating the GeoPlatform, taking direction from the Committee on the scope, functionality, and performance of the GeoPlatform. (c) Clarification.--Although the GeoPlatform is intended to include all National Geospatial Data Asset and other Federal datasets, nothing in this subtitle shall be construed to prevent a covered agency from also presenting, providing, or disseminating data that is-- (1) specific to the functions of the covered agency; or (2) targeted to information consumers that directly interface with the services, portals, or other mechanisms of the covered agency. SEC. 759. COVERED AGENCY RESPONSIBILITIES. (a) In General.--Each covered agency shall-- (1) prepare, maintain, publish, and implement a strategy for advancing geographic information and related geospatial data and activities appropriate to the mission of the covered agency, in support of the strategic plan for the National Spatial Data Infrastructure prepared under section 755(c); (2) collect, maintain, disseminate, and preserve geospatial data such that the resulting data, information, or products can be readily shared with other Federal agencies and non- Federal users; (3) promote the integration of geospatial data from all sources; (4) ensure that data information products and other records created in geospatial data and activities are included on agency record schedules that have been approved by the National Archives and Records Administration; (5) allocate resources to fulfill the responsibilities of effective geospatial data collection, production, and stewardship with regard to related activities of the covered agency, and as necessary to support the activities of the Committee; (6) use the geospatial data standards, including the standards for metadata for geospatial data, and other appropriate standards, including documenting geospatial data with the relevant metadata and making metadata available through the GeoPlatform; (7) coordinate and work in partnership with other Federal agencies, agencies of State, tribal, and local governments, institutions of higher education, and the private sector to efficiently and cost-effectively collect, integrate, maintain, disseminate, and preserve geospatial data, building upon existing non-Federal geospatial data to the extent possible; (8) use geospatial information to-- (A) make Federal geospatial information and services more useful to the public; (B) enhance operations; (C) support decision making; and (D) enhance reporting to the public and to Congress; (9) protect personal privacy and maintain confidentiality in accordance with Federal policy and law; (10) participate in determining, when applicable, whether declassified data can contribute to and become a part of the National Spatial Data Infrastructure; (11) search all sources, including the GeoPlatform, to determine if existing Federal, State, local, or private geospatial data meets the needs of the covered agency before expending funds for geospatial data collection; (12) to the maximum extent practicable, ensure that a person receiving Federal funds for geospatial data collection provides high-quality data; and (13) appoint a contact to coordinate with the lead covered agencies for collection, acquisition, maintenance, and dissemination of the National Geospatial Data Asset data themes used by the covered agency. (b) Reporting.-- (1) In general.--Each covered agency shall submit to the Committee an annual report regarding the achievements of the covered agency in preparing and implementing the strategy described in subsection (a)(1) and complying with the other requirements under subsection (a). (2) Budget submission.--Each covered agency shall-- (A) include geospatial data in preparing the budget submission of the covered agency to the President under sections 1105(a) and 1108 of title 31, United States Code; (B) maintain an inventory of all geospatial data assets in accordance with OMB Circular A-130, or any successor thereto; and (C) prepare an annual report to Congress identifying Federal-wide geospatial data assets, as defined in OMB Circular A-16, as set forth in OMB memo M-11-03, Issuance of OMB Circular A-16 Supplemental Guidance (November 10, 2010), or any successor thereto. (3) Disclosure.--Each covered agency shall disclose each contract, cooperative agreement, grant, or other transaction that deals with geospatial data, which may include posting information relating to the contract, cooperative agreement, grant, or other transaction on [*www.USAspending.gov*](http://www.USAspending.gov) and   [*www.itdashboard.gov*](http://www.itdashboard.gov), or any successors thereto. (4) OMB review.--In reviewing the annual budget justifications submitted by covered agencies, the Office of Management and Budget shall take into consideration the summary and evaluations required under subparagraphs (A) and (B) of section 753(c)(10), comments, and replies to comments as required under paragraphs (11) and (12) of section 753(c), in its annual evaluation of the budget justification of each covered agency. (5) Reporting.--The Office of Management and Budget shall include a discussion of the summaries and evaluation of the progress in establishing the National Spatial Data Infrastructure in each E-Government status report submitted under section 3606 of title 44, United States Code. (c) Audits.--Not less than once every 2 ***years***, the inspector general of a covered agency (or senior ethics official of the covered agency for a covered agency without an inspector general) shall submit to Congress an audit of the collection, production, acquisition, maintenance, distribution, use, and preservation of geospatial data by the covered agency, which shall include a review of-- (1) the compliance of the covered agency with the standards for geospatial data, including metadata for geospatial data, established under section 757; (2) the compliance of the covered agency with the requirements under subsection (a); and (3) the compliance of the covered agency on the limitation on the use of Federal funds under section 759A. SEC. 759A. LIMITATION ON USE OF FEDERAL FUNDS. (a) Definition.--In this section, the term ``implementation date'' means the date that is 5 ***years*** after the date on which standards for each National Geospatial Data Asset data theme are established under section 757. (b) Limitation.--Except as provided otherwise in this section, on and after the implementation date, a covered agency may not use Federal funds for the collection, production, acquisition, maintenance, or dissemination of geospatial data that does not comply with the applicable standards established under section 757, as determined by the Committee. (c) Exception for Existing Geospatial Data.--On and after the implementation date, a covered agency may use Federal funds to maintain and disseminate geospatial data that does not comply with the applicable standards established under section 757 if the geospatial data was collected, produced, or acquired by the covered agency before the implementation date. (d) Waiver.-- (1) In general.--The Chairperson of the Committee may grant a waiver of the limitation under subsection (b), upon a request from a covered agency submitted in accordance with paragraph (2). (2) Requirements.--A request for a waiver under paragraph (1) shall-- (A) be submitted not later than 30 days before the implementation date; (B) provide a detailed explanation of the reasons for seeking a waiver; (C) provide a detailed plan to achieve compliance with the applicable standards established under section 757; and (D) provide the date by which the covered agency shall achieve compliance with the applicable standards established under section 757. (e) Best Efforts to Comply During Transition.--During the period beginning on the date on which standards for a National Geospatial Data Asset data theme are established under section 757 and ending on the implementation date, each covered agency, to the maximum extent practicable, shall collect, produce, acquire, maintain, and disseminate geospatial data within the National Geospatial Data Asset data theme in accordance with the standards. SEC. 759B. SAVINGS PROVISION. Nothing in this subtitle shall repeal, amend, or supersede any existing law unless specifically provided in this subtitle. SEC. 759C. PRIVATE SECTOR. The Committee and each covered agency may, to the maximum extent practical, rely upon and use the private sector in the United States for the provision of geospatial data and services. Subtitle G--Miscellaneous SEC. 761. NEXTGEN RESEARCH. Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall submit to the Committee on Science, Space, and Technology and the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report specifying the top 5 priority research areas for the implementation and advancement of NextGen, including-- (1) an assessment of why the research areas are a priority for the implementation and advancement of NextGen; (2) an identification of the other Federal agencies and private organizations assisting the Administration with the research; and [[Page H8974]] (3) an estimate of when the research will be completed. SEC. 762. ADVANCED MATERIALS CENTER OF EXCELLENCE. (a) In General.--Chapter 445 of title 49, United States Code, is amended by adding at the end the following: ``Sec. 44518. Advanced Materials Center of Excellence ``(a) In General.--The Administrator of the Federal Aviation Administration shall continue operation of the Advanced Materials Center of Excellence (referred to in this section as the `Center') under its structure as in effect on March 1, 2016, which shall focus on applied research and training on the durability and maintainability of advanced materials in transport airframe structures. ``(b) Responsibilities.--The Center shall-- ``(1) promote and facilitate collaboration among academia, the Transportation Division of the Federal Aviation Administration, and the commercial aircraft industry, including manufacturers, commercial air carriers, and suppliers; and ``(2) establish goals set to advance technology, improve engineering practices, and facilitate continuing education in relevant areas of study.''. (b) Table of Contents.--The table of contents for chapter 445 of title 49, United States Code, is amended by adding at the end the following: ``44518. Advanced Materials Center of Excellence.''. TITLE VIII--AVIATION REVENUE PROVISIONS SEC. 801. EXPENDITURE AUTHORITY FROM AIRPORT AND AIRWAY TRUST FUND. (a) In General.--Section 9502(d)(1) of the Internal Revenue Code of 1986 is amended-- (1) in the matter preceding subparagraph (A) by striking ``October 1, 2018'' and inserting ``October 1, 2023''; and (2) in subparagraph (A) by striking the semicolon at the end and inserting ``or the FAA Reauthorization Act of 2018;''. (b) Conforming Amendment.--Section 9502(e)(2) of such Code is amended by striking ``October 1, 2018'' and inserting ``October 1, 2023''. SEC. 802. EXTENSION OF TAXES FUNDING AIRPORT AND AIRWAY TRUST FUND. (a) Fuel Taxes.--Section 4081(d)(2)(B) of the Internal Revenue Code of 1986 is amended by striking ``September 30, 2018'' and inserting ``September 30, 2023''. (b) Ticket Taxes.-- (1) Persons.--Section 4261(k)(1)(A)(ii) of such Code is amended by striking ``September 30, 2018'' and inserting ``September 30, 2023''. (2) Property.--Section 4271(d)(1)(A)(ii) of such Code is amended by striking ``September 30, 2018'' and inserting ``September 30, 2023''. (c) Fractional Ownership ***Programs***.-- (1) Fuel tax.--Section 4043(d) of such Code is amended by striking ``September 30, 2021'' and inserting ``September 30, 2023''. (2) Treatment as noncommercial aviation.--Section 4083(b) of such Code is amended by striking ``October 1, 2018'' and inserting ``October 1, 2023''. (3) Exemption from ticket taxes.--Section 4261(j) of such Code is amended by striking ``September 30, 2018'' and inserting ``September 30, 2023''. DIVISION C--NATIONAL TRANSPORTATION SAFETY BOARD REAUTHORIZATION ACT OF 2018 SEC. 1101. SHORT TITLE. This division may be cited as the ``National Transportation Safety Board Reauthorization Act''. SEC. 1102. DEFINITIONS. In this division, the following definitions apply: (1) Board.--The term ``Board'' means the National Transportation Safety Board. (2) Chairman.--The term ``Chairman'' means the Chairman of the National Transportation Safety Board. (3) Most wanted list.--The term ``Most Wanted List'' means the Board publication entitled ``Most Wanted List''. SEC. 1103. AUTHORIZATION OF APPROPRIATIONS. Section 1118(a) of title 49, United States Code, is amended to read as follows: ``(a) In General.--There are authorized to be appropriated for the purposes of this chapter $111,400,000 for fiscal ***year*** 2019, $112,400,000 for fiscal ***year*** 2020, $113,400,000 for fiscal ***year*** 2021, and $114,400,000 for fiscal ***year*** 2022. Such sums shall remain available until expended.''. SEC. 1104. STILL IMAGES. (a) Still Images, Voice Recorders, and Video Recorders.-- (1) Cockpit recordings and transcripts.--Section 1114(c) of title 49, United States Code, is amended-- (A) by redesignating paragraph (2) as paragraph (3); (B) in paragraph (3), as so redesignated, by inserting ``References to information in making safety recommendations.--'' before ``This''; and (C) in paragraph (1)-- (i) in the first sentence, by striking ``The Board'' and inserting ``Confidentiality of recordings.--Except as provided in paragraph (2), the Board''; and (ii) by amending the second sentence to read as follows: ``(2) Exception.--Subject to subsections (b) and (g), the Board shall make public any part of a transcript, any written depiction of visual information obtained from a video recorder, or any still image obtained from a video recorder the Board decides is relevant to the accident or incident-- ``(A) if the Board holds a public hearing on the accident or incident, at the time of the hearing; or ``(B) if the Board does not hold a public hearing, at the time a majority of the other factual reports on the accident or incident are placed in the public docket.''. (2) Surface vehicle recordings and transcripts.--Section 1114(d) of title 49, United States Code, is amended-- (A) by redesignating paragraph (2) as paragraph (3); and (B) in paragraph (1)-- (i) in the first sentence, by striking ``The Board'' and inserting ``Except as provided in paragraph (2), the Board''; and (ii) by amending the second sentence to read as follows: ``(2) Exception.--Subject to subsections (b) and (g), the Board shall make public any part of a transcript, any written depiction of visual information obtained from a video recorder, or any still image obtained from a video recorder the Board decides is relevant to the accident-- ``(A) if the Board holds a public hearing on the accident, at the time of the hearing; or ``(B) if the Board does not hold a public hearing, at the time a majority of the other factual reports on the accident are placed in the public docket.''. (3) Privacy protections.--Section 1114 of title 49, United States Code, is amended by adding at the end the following: ``(g) Privacy Protections.--Before making public any still image obtained from a video recorder under subsection (c)(2) or subsection (d)(2), the Board shall take such action as appropriate to protect from public disclosure any information that readily identifies an individual, including a decedent.''. (b) Cockpit and Surface Vehicle Recordings and Transcripts.--Section 1154(a) of title 49, United States Code, is amended-- (1) in the heading, by striking ``Transcripts and Recordings'' and inserting ``In General''; (2) in paragraph (1)-- (A) by redesignating subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively; and (B) by inserting before subparagraph (B), as so redesignated, the following: ``(A) any still image that the National Transportation Safety Board has not made available to the public under section 1114(c) or 1114(d) of this title;''; (3) in paragraph (3)-- (A) in the matter preceding subparagraph (A), by striking ``recorder recording'' and inserting ``recorder recording, including with regard to a video recording any still image that the National Transportation Safety Board has not made available to the public under section 1114(c) or 1114(d) of this title,''; and (B) in subparagraph (B), by striking ``recorder recording'' and inserting ``recorder recording, including with regard to a video recording any still image that the National Transportation Safety Board has not made available to the public under section 1114(c) or 1114(d) of this title,''; (4) in paragraph (4)-- (A) in subparagraph (A)-- (i) by inserting ``a still image or'' before ``a part of a cockpit''; and (ii) by striking ``the part of the transcript or the recording'' each place it appears and inserting ``the still image, the part of the transcript, or the recording''; (B) in subparagraph (B)-- (i) by inserting ``a still image or'' before ``a part of a cockpit''; and (ii) by striking ``the part of the transcript or the recording'' each place it appears and inserting ``the still image, the part of the transcript, or the recording''; and (5) in paragraph (6)-- (A) by redesignating subparagraph (B) as subparagraph (C); and (B) by inserting after subparagraph (A) the following: ``(B) Still image.--The term `still image' means any still image obtained from a video recorder.''. SEC. 1105. ELECTRONIC RECORDS. Section 1134(a)(2) of title 49, United States Code, is amended by inserting ``including an electronic record,'' after ``record,''. SEC. 1106. REPORT ON MOST WANTED LIST METHODOLOGY. (a) In General.--Not later than the date on which the first Most Wanted List to be published after the date of enactment of this Act is published, the Chairman shall publish on a publicly available website of the Board and submit to appropriate committees of Congress a report on the methodology used to prioritize and select recommendations to be included by the Board in the Most Wanted List. (b) Elements.--The report under subsection (a) shall include-- (1) a detailed description of how the Board accounts for the risk to safety addressed in each of its recommendations, including the extent to which the Board considers-- (A) the types of data and other information, including studies and reports, used to identify the amount and probability of risk to safety; (B) the reduction of the risk to safety, estimated over a period of time, by implementing each recommendation; (C) the practicality and feasibility of achieving the reduction of the risk to safety described in subparagraph (B); and [[Page H8975]] (D) any alternate means of reducing the risk; (2) a detailed description of the extent to which the Board considers any prior, related investigation, safety recommendation, or other safety action when prioritizing and selecting recommendations; and (3) a description of the extent of coordination and consultation when prioritizing and selecting the recommendations. (c) GAO Report.--Not later than 15 months after the date that the methodology report is published under subsection (a), the Comptroller General of the United States shall submit to the appropriate committees of Congress a report examining the methodology used by the Board to prioritize and select safety recommendations for inclusion in the Most Wanted List. SEC. 1107. METHODOLOGY. (a) Redesignation.--Section 1116 of title 49, United States Code, is amended by adding at the end the following: ``(c) Annual Report.--The National Transportation Safety Board shall submit a report to Congress on July 1 of each ***year***. The report shall include-- ``(1) a statistical and analytical summary of the transportation accident investigations conducted and reviewed by the Board during the prior ***calendar*** ***year***; ``(2) a survey and summary of the recommendations made by the Board to reduce the likelihood of recurrence of those accidents together with the observed response to each recommendation; ``(3) a detailed appraisal of the accident investigation and accident prevention activities of other departments, agencies, and instrumentalities of the United States Government and State and local governmental authorities having responsibility for those activities under a law of the United States or a State; ``(4) a description of the activities and operations of the National Transportation Safety Board Training Center during the prior ***calendar*** ***year***; ``(5) a list of accidents, during the prior ***calendar*** ***year***, that the Board was required to investigate under section 1131 but did not investigate and an explanation of why they were not investigated; and ``(6) a list of ongoing investigations that have exceeded the expected time allotted for completion by Board order and an explanation for the additional time required to complete each such investigation.''. (b) Methodology.-- (1) In general.--Section 1117 of title 49, United States Code, is amended to read as follows: ``Sec. 1117. Methodology ``(a) In General.--Not later than 2 ***years*** after the date of enactment of the National Transportation Safety Board Reauthorization Act, the Chairman shall include with each investigative report in which a recommendation is issued by the Board a methodology section detailing the process and information underlying the selection of each recommendation. ``(b) Elements.--Except as provided in subsection (c), the methodology section under subsection (a) shall include, for each recommendation-- ``(1) a brief summary of the Board's collection and analysis of the specific accident investigation information most relevant to the recommendation; ``(2) a description of the Board's use of external information, including studies, reports, and experts, other than the findings of a specific accident investigation, if any were used to inform or support the recommendation, including a brief summary of the specific safety benefits and other effects identified by each study, report, or expert; and ``(3) a brief summary of any examples of actions taken by regulated entities before the publication of the safety recommendation, to the extent such actions are known to the Board, that were consistent with the recommendation. ``(c) Acceptable Limitation.--If the Board knows of more than 3 examples taken by regulated entities before the publication of the safety recommendation that were consistent with the recommendation, the brief summary under subsection (b)(3) may be limited to only 3 of those examples. ``(d) Exception.--Subsection (a) shall not apply if the recommendation is only for a person to disseminate information on-- ``(1) an existing agency best practices document; or ``(2) an existing regulatory requirement. ``(e) Rule of Construction.--Nothing in this section may be construed to require any change to a recommendation made by the Board before the date of enactment of the National Transportation Safety Board Reauthorization Act, unless the recommendation is a repeat recommendation issued on or after the date of enactment of such Act. ``(f) Savings Clause.--Nothing in this section may be construed-- ``(1) to delay publication of the findings, cause, or probable cause of a Board investigation; ``(2) to delay the issuance of an urgent recommendation that the Board has determined must be issued to avoid immediate loss, death, or injury; or ``(3) to limit the number of examples the Board may consider before issuing a recommendation.''. (2) Clerical amendment.--The analysis for chapter 11 of title 49, United States Code, is amended by inserting after the item relating to section 1116 the following: ``117. Methodology.''. SEC. 1108. MULTIMODAL ACCIDENT DATABASE MANAGEMENT SYSTEM. (a) Establishment.--Not later than 1 ***year*** after the date of enactment of this Act, the Board shall establish and maintain a multimodal accident database management system for Board investigators. (b) Purposes.--The purposes of the system shall be to support the Board in improving-- (1) the quality of accident data the Board makes available to the public; and (2) the selection of accidents for investigation and allocation of limited resources. (c) Requirements.--The system shall-- (1) maintain a historical record of accidents that are investigated by the Board; and (2) be capable of the secure storage, retrieval, and management of information associated with the investigations of such accidents. SEC. 1109. ADDRESSING THE NEEDS OF FAMILIES OF INDIVIDUALS INVOLVED IN ACCIDENTS. (a) Air Carriers Holding Certificates of Public Convenience and Necessity.--Section 41113 of title 49, United States Code, is amended-- (1) in subsection (a), by striking ``a major'' and inserting ``any''; and (2) in subsection (b)-- (A) in paragraph (9), by striking ``(and any other victim of the accident)'' and inserting ``(and any other victim of the accident, including any victim on the ground)''; (B) in paragraph (16), by striking ``major'' and inserting ``any''; and (C) in paragraph (17)(A), by striking ``significant'' and inserting ``any''. (b) Foreign Air Carriers Providing Foreign Air Transportation.--Section 41313 of title 49, United States Code, is amended-- (1) in subsection (b), by striking ``a major'' and inserting ``any''; and (2) in subsection (c)-- (A) in paragraph (1), by striking ``a significant'' and inserting ``any''; (B) in paragraph (2), by striking ``a significant'' and inserting ``any''; (C) by amending paragraph (9) to read as follows: ``(9) Equal treatment of passengers.--An assurance that the treatment of the families of nonrevenue passengers (and any other victim of the accident, including any victim on the ground) will be the same as the treatment of the families of revenue passengers.''; (D) in paragraph (16)-- (i) by striking ``major'' and inserting ``any''; and (ii) by striking ``the foreign air carrier will consult'' and inserting ``will consult''; and (E) in paragraph (17)(A), by striking ``significant'' and inserting ``any''. (c) Assistance to Families of Passengers Involved in Aircraft Accidents.--Section 1136 of title 49, United States Code, is amended-- (1) in subsection (a), by striking ``aircraft accident within the United States involving an air carrier or foreign air carrier and resulting in a major loss of life'' and inserting ``aircraft accident involving an air carrier or foreign air carrier, resulting in any loss of life, and for which the National Transportation Safety Board will serve as the lead investigative agency''; and (2) in subsection (h)-- (A) by amending paragraph (1) to read as follows: ``(1) Aircraft accident.--The term `aircraft accident' means any aviation disaster, regardless of its cause or suspected cause, for which the National Transportation Safety Board is the lead investigative agency.''; and (B) in paragraph (2)-- (i) in subparagraph (A), by striking ``; and'' and inserting a semicolon; (ii) in subparagraph (B), by striking the period at the end and inserting ``; and''; and (iii) by adding at the end the following: ``(C) any other person injured or killed in the aircraft accident, as determined appropriate by the Board.''. (d) Assistance to Families of Passengers Involved in Rail Passenger Accidents.--Section 1139 of title 49, United States Code, is amended-- (1) in subsection (a), by striking ``resulting in a major loss of life'' and inserting ``resulting in any loss of life, and for which the National Transportation Safety Board will serve as the lead investigative agency''; and (2) by amending subsection (h)(1) to read as follows: ``(1) Rail passenger accident.--The term `rail passenger accident' means any rail passenger disaster that-- ``(A) results in any loss of life; ``(B) the National Transportation Safety Board will serve as the lead investigative agency for; and ``(C) occurs in the provision of-- ``(i) interstate intercity rail passenger transportation (as such term is defined in section 24102); or ``(ii) high-speed rail (as such term is defined in section 26105) transportation, regardless of its cause or suspected cause.''. (e) Information for Families of Individuals Involved in Accidents.-- (1) In general.--Subchapter III of chapter 11 of subtitle II of title 49, United States Code, is amended by adding at the end the following: ``Sec. 1140. Information for families of individuals involved in accidents ``In the course of an investigation of an accident described in section 1131(a)(1), except an aircraft accident described in section 1136 or a rail passenger accident described in section 1139, the Board may, to the maximum [[Page H8976]] extent practicable, ensure that the families of individuals involved in the accident, and other individuals the Board deems appropriate-- ``(1) are informed as to the roles, with respect to the accident and the post-accident activities, of the Board; ``(2) are briefed, before any public briefing, about the accident, its causes, and any other findings from the investigation; and ``(3) are individually informed of and allowed to attend any public hearings and meetings of the Board about the accident.''. (2) Table of contents.--The table of contents of chapter 11 of subtitle II of title 49, United States Code, is amended by inserting after the item relating to section 1139 the following: ``1140. Information for families of individuals involved in accidents.''. SEC. 1110. GOVERNMENT ACCOUNTABILITY OFFICE REPORT ON INVESTIGATION LAUNCH DECISION-MAKING PROCESSES. Section 1138 of title 49, United States Code, is amended-- (1) in subsection (b)-- (A) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively; and (B) by inserting after paragraph (4) the following: ``(5) the process and procedures to select an accident to investigate;''; and (2) in subsection (c), by inserting a comma after ``Science''. SEC. 1111. PERIODIC REVIEW OF SAFETY RECOMMENDATIONS. (a) Reports.--Section 1116 of title 49, United States Code, as amended by this Act, is further amended-- (1) in the heading, by striking ``and studies'' and inserting ``, studies, and retrospective reviews''; and (2) by adding at the end the following: ``(d) Retrospective Reviews.-- ``(1) In general.--Subject to paragraph (2), not later than June 1, 2019, and at least every 5 ***years*** thereafter, the Chairman shall complete a retrospective review of recommendations issued by the Board that are classified as open by the Board. ``(2) Contents.--A review under paragraph (1) shall include-- ``(A) a determination of whether the recommendation should be updated, closed, or reissued in light of-- ``(i) changed circumstances; ``(ii) more recently issued recommendations; ``(iii) the availability of new technologies; or ``(iv) new information making the recommendation ineffective or insufficient for achieving its objective; and ``(B) a justification for each determination under subparagraph (A). ``(3) Report.--Not later than 180 days after the date a review under paragraph (1) is complete, the Chairman shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report that includes-- ``(A) the findings of the review under paragraph (1); ``(B) each determination under paragraph (2)(A) and justification under paragraph (2)(B); and ``(C) if applicable, a schedule for updating, closing, or reissuing a recommendation.''. (b) Clerical Amendment.--The analysis for chapter 11 of title 49, United States Code, is amended by striking the item relating to section 1116 and inserting the following: ``1116. Reports, studies, and retrospective reviews.''. (c) Savings Clause.--Nothing in this section or the amendments made by this section may be construed to limit or otherwise affect the authority of the Board to update, close, or reissue a recommendation. SEC. 1112. GENERAL ORGANIZATION. (a) Terms of the Chairman and Vice Chairman.--Section 1111(d) of title 49, United States Code, is amended by striking ``2 ***years***'' and inserting ``3 ***years***''. (b) Nonpublic Collaborative Discussions.--Section 1111 of such title is further amended by adding at the end the following: ``(k) Open Meetings.-- ``(1) In general.--The Board shall be deemed to be an agency for purposes of section 552b of title 5. ``(2) Nonpublic collaborative discussions.-- ``(A) In general.--Notwithstanding section 552b of title 5, a majority of the members may hold a meeting that is not open to public observation to discuss official agency business if-- ``(i) no formal or informal vote or other official agency action is taken at the meeting; ``(ii) each individual present at the meeting is a member or an employee of the Board; ``(iii) at least 1 member of the Board from each political party is present at the meeting, if applicable; and ``(iv) the General Counsel of the Board is present at the meeting. ``(B) Disclosure of nonpublic collaborative discussions.-- Except as provided under subparagraphs (C) and (D), not later than 2 business days after the conclusion of a meeting under subparagraph (A), the Board shall make available to the public, in a place easily accessible to the public-- ``(i) a list of the individuals present at the meeting; and ``(ii) a summary of the matters, including key issues, discussed at the meeting, except for any matter the Board properly determines may be withheld from the public under section 552b(c) of title 5. ``(C) Summary.--If the Board properly determines a matter may be withheld from the public under section 552b(c) of title 5, the Board shall provide a summary with as much general information as possible on each matter withheld from the public. ``(D) Active investigations.--If a discussion under subparagraph (A) directly relates to an active investigation, the Board shall make the disclosure under subparagraph (B) on the date the Board adopts the final report. ``(E) Preservation of open meetings requirements for agency action.--Nothing in this paragraph may be construed to limit the applicability of section 552b of title 5 with respect to a meeting of the members other than that described in this paragraph. ``(F) Statutory construction.--Nothing in this paragraph may be construed-- ``(i) to limit the applicability of section 552b of title 5 with respect to any information which is proposed to be withheld from the public under subparagraph (B)(ii); or ``(ii) to authorize the Board to withhold from any individual any record that is accessible to that individual under section 552a of title 5.''. (c) Authority To Acquire Small Unmanned Aircraft Systems for Investigation Purposes.--Section 1113(b)(1) of such title is amended-- (1) in subparagraph (H), by striking ``and'' at the end; (2) in subparagraph (I), by striking the period at the end and inserting ``; and''; and (3) by adding at the end the following: ``(J) notwithstanding section 1343 of title 31, acquire 1 or more small unmanned aircraft (as defined in section 44801) for use in investigations under this chapter.''. (d) Investigative Officers.--Section 1113 of such title is amended by striking subsection (h). (e) Technical Amendment.--Section 1113(a)(1) of such title is amended by striking ``subpena'' and inserting ``subpoena''. SEC. 1113. TECHNICAL AND CONFORMING AMENDMENTS. (a) Table of Contents.--The table of contents of subchapter III of chapter 11 of subtitle II of title 49, United States Code, is amended in the item relating to section 1138 by striking ``Board'' and inserting ``Board.''. (b) General Authority.--Section 1131(a)(1)(A) of title 49, United States Code, is amended by striking ``a public aircraft as defined by section 40102(a)(37) of this title'' and inserting ``a public aircraft as defined by section 40102(a) of this title''. DIVISION D--DISASTER RECOVERY REFORM SEC. 1201. SHORT TITLE. This division may be cited as the ``Disaster Recovery Reform Act of 2018''. SEC. 1202. APPLICABILITY. (a) Applicability for Stafford Act.--Except as otherwise expressly provided, the amendments in this division to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.) apply to each major disaster and emergency declared by the President on or after August 1, 2017, under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. (b) Division Applicability.--Except as otherwise expressly provided, the authorities provided under this division apply to each major disaster and emergency declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act on or after January 1, 2016. SEC. 1203. DEFINITIONS. In this division: (1) Administrator.--The term ``Administrator'' means the Administrator of the Federal Emergency Management Agency. (2) Agency.--The term ``Agency'' means the Federal Emergency Management Agency. (3) State.--The term ``State'' has the meaning given that term in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122). SEC. 1204. WILDFIRE PREVENTION. (a) Mitigation Assistance.--Section 420 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5187) is amended-- (1) by redesignating subsection (d) as subsection (e); and (2) by inserting after subsection (c) the following: ``(d) Hazard Mitigation Assistance.--Whether or not a major disaster is declared, the President may provide hazard mitigation assistance in accordance with section 404 in any area affected by a fire for which assistance was provided under this section.''. (b) Conforming Amendments.--The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.) is amended-- (1) in section 404(a) (42 U.S.C 5170c(a)) (as amended by this division)-- (A) by inserting before the first period ``, or any area affected by a fire for which assistance was provided under section 420''; and (B) in the third sentence by inserting ``or event under section 420'' after ``major disaster'' each place it appears; and (2) in section 322(e)(1) (42 U.S.C 5165(e)(1)), by inserting ``or event under section 420'' after ``major disaster'' each place it appears. (c) Reporting Requirement.--Not later than 1 ***year*** after the date of enactment of this Act and annually thereafter, the Administrator shall submit to the Committee on [[Page H8977]] Homeland Security and Governmental Affairs of the Senate, the Committee on Transportation and Infrastructure of the House of Representatives, and the Committees on Appropriations of the Senate and the House of Representatives a report containing a summary of any projects carried out, and any funding provided to those projects, under subsection (d) of section 420 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5187) (as amended by this section). SEC. 1205. ADDITIONAL ACTIVITIES. Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170c) is amended by adding at the end the following: ``(f) Use of Assistance.--Recipients of hazard mitigation assistance provided under this section and section 203 may use the assistance to conduct activities to help reduce the risk of future damage, hardship, loss, or suffering in any area affected by a wildfire or windstorm, such as-- ``(1) reseeding ground cover with quick-growing or native species; ``(2) mulching with straw or chipped wood; ``(3) constructing straw, rock, or log dams in small tributaries to prevent flooding; ``(4) placing logs and other erosion barriers to catch sediment on hill slopes; ``(5) installing debris traps to modify road and trail drainage mechanisms; ``(6) modifying or removing culverts to allow drainage to flow freely; ``(7) adding drainage dips and constructing emergency spillways to keep roads and bridges from washing out during floods; ``(8) planting grass to prevent the spread of noxious weeds; ``(9) installing warning signs; ``(10) establishing defensible space measures; ``(11) reducing hazardous fuels; ``(12) mitigating windstorm damage, including replacing or installing electrical transmission or distribution utility pole structures with poles that are resilient to extreme wind and combined ice and wind loadings for the basic wind speeds and ice conditions associated with the relevant location; ``(13) removing standing burned trees; and ``(14) replacing water systems that have been burned and have caused contamination.''. SEC. 1206. ELIGIBILITY FOR CODE IMPLEMENTATION AND ENFORCEMENT. (a) In General.--Section 402 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170a) is amended-- (1) in paragraph (4), by striking ``and'' at the end; (2) by redesignating paragraph (5) as paragraph (6); and (3) by inserting after paragraph (4) the following: ``(5) provide assistance to State and local governments for building code and floodplain management ordinance administration and enforcement, including inspections for substantial damage compliance; and''. (b) Repair, Restoration, and Replacement of Damaged Facilities.--Section 406(a)(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172(a)(2)) is amended-- (1) in subparagraph (B), by striking ``and'' at the end; (2) in subparagraph (C), by striking the period at the end and inserting ``; and''; and (3) by adding at the end the following: ``(D) base and overtime wages for extra hires to facilitate the implementation and enforcement of adopted building codes for a period of not more than 180 days after the major disaster is declared.''. SEC. 1207. ***PROGRAM*** IMPROVEMENTS. (a) Hazard Mitigation.--Section 406(c) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172(c)) is amended-- (1) in paragraph (1)(A), by striking ``90 percent of''; and (2) in paragraph (2)(A), by striking ``75 percent of''. (b) Flood Insurance.--Section 406(d)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172(d)(1)) is amended by adding at the end the following: ``This section shall not apply to more than one building of a multi-structure educational, law enforcement, correctional, fire, or medical campus, for any major disaster or emergency declared by the President under section 401 or 501, respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170, 5191) on or after January 1, 2016, through December 31, 2018.''. (c) Participation.--Section 428(d) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5189f(d)) is amended-- (1) by striking ``Participation in'' and inserting the following: ``(1) In general.--Participation in''; and (2) by adding at the end the following: ``(2) No conditions.--The President may not condition the provision of Federal assistance under this Act on the election by a State, local, or Indian tribal government, or owner or operator of a private nonprofit facility to participate in the alternative procedures adopted under this section.''. (d) Certification.--Section 428(e)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5189f(e)(1)) is amended-- (1) in subparagraph (E), by striking ``and'' at the end; (2) in subparagraph (F), by striking the period at the end and inserting ``; and''; and (3) by adding at the end the following: ``(G) once certified by a professionally licensed engineer and accepted by the Administrator, the estimates on which grants made pursuant to this section are based shall be presumed to be reasonable and eligible costs, as long as there is no evidence of fraud.''. SEC. 1208. PRIORITIZATION OF FACILITIES. Not later than 180 days after the date of enactment of this Act, the Administrator shall provide guidance and training on an annual basis to State, local, and Indian tribal governments, first responders, and utility companies on-- (1) the need to prioritize assistance to hospitals, nursing homes, and other long-term care facilities to ensure that such health care facilities remain functioning or return to functioning as soon as practicable during power outages caused by natural hazards, including severe weather events; (2) how hospitals, nursing homes and other long-term care facilities should adequately prepare for power outages during a major disaster or emergency, as those terms are defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122); and (3) how State, local, and Indian tribal governments, first responders, utility companies, hospitals, nursing homes, and other long-term care facilities should develop a strategy to coordinate emergency response plans, including the activation of emergency response plans, in anticipation of a major disaster, including severe weather events. SEC. 1209. GUIDANCE ON EVACUATION ROUTES. (a) In General.-- (1) Identification.--The Administrator, in coordination with the Administrator of the Federal Highway Administration, shall develop and issue guidance for State, local, and Indian tribal governments regarding the identification of evacuation routes. (2) Guidance.--The Administrator of the Federal Highway Administration, in coordination with the Administrator, shall revise existing guidance or issue new guidance as appropriate for State, local, and Indian tribal governments regarding the design, construction, maintenance, and repair of evacuation routes. (b) Considerations.-- (1) Identification.--In developing the guidance under subsection (a)(1), the Administrator shall consider-- (A) whether evacuation routes have resisted impacts and recovered quickly from disasters, regardless of cause; (B) the need to evacuate special needs populations, including-- (i) individuals with a physical or mental disability; (ii) individuals in schools, daycare centers, mobile home parks, prisons, nursing homes and other long-term care facilities, and detention centers; (iii) individuals with limited-English proficiency; (iv) the elderly; and (v) individuals who are tourists, seasonal workers, or homeless; (C) the sharing of information and other public communications with evacuees during evacuations; (D) the sheltering of evacuees, including the care, protection, and sheltering of animals; (E) the return of evacuees to their homes; and (F) such other items the Administrator considers appropriate. (2) Design, construction, maintenance, and repair.--In revising or issuing guidance under subsection (a)(2), the Administrator of the Federal Highway Administration shall consider-- (A) methods that assist evacuation routes to-- (i) withstand likely risks to viability, including flammability and hydrostatic forces; (ii) improve durability, strength (including the ability to withstand tensile stresses and compressive stresses), and sustainability; and (iii) provide for long-term cost savings; (B) the ability of evacuation routes to effectively manage contraflow operations; (C) for evacuation routes on public lands, the viewpoints of the applicable Federal land management agency regarding emergency operations, sustainability, and resource protection; and (D) such other items the Administrator of the Federal Highway Administration considers appropriate. (c) Study.--The Administrator, in coordination with the Administrator of the Federal Highway Administration and State, local, territorial, and Indian tribal governments, may-- (1) conduct a study of the adequacy of available evacuation routes to accommodate the flow of evacuees; and (2) submit recommendations on how to help with anticipated evacuation route flow, based on the study conducted under paragraph (1), to-- (A) the Federal Highway Administration; (B) the Agency; (C) State, local, territorial, and Indian tribal governments; and (D) Congress. SEC. 1210. DUPLICATION OF BENEFITS. (a) In General.-- (1) Authority.--Section 312(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5155(b)) is amended by adding at the end the following: [[Page H8978]] ``(4) Waiver of general prohibition.-- ``(A) In general.--The President may waive the general prohibition provided in subsection (a) upon request of a Governor on behalf of the State or on behalf of a person, business concern, or any other entity suffering losses as a result of a major disaster or emergency, if the President finds such waiver is in the public interest and will not result in waste, fraud, or abuse. In making this decision, the President may consider the following: ``(i) The recommendations of the Administrator of the Federal Emergency Management Agency made in consultation with the Federal agency or agencies administering the duplicative ***program***. ``(ii) If a waiver is granted, the assistance to be funded is cost effective. ``(iii) Equity and good conscience. ``(iv) Other matters of public policy considered appropriate by the President. ``(B) Grant or denial of waiver.--A request under subparagraph (A) shall be granted or denied not later than 45 days after submission of such request. ``(C) Prohibition on determination that loan is a duplication.--Notwithstanding subsection (c), in carrying out subparagraph (A), the President may not determine that a loan is a duplication of assistance, provided that all Federal assistance is used toward a loss suffered as a result of the major disaster or emergency.''. (2) Limitation.--This subsection, including the amendment made by paragraph (1), shall not be construed to apply to section 406 or 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172, 5174). (3) Applicability.--The amendment made by paragraph (1) shall apply to any major disaster or emergency declared by the President under section 401 or 501, respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170, 5191) between January 1, 2016, and December 31, 2021. (4) Sunset.--On the date that is 5 ***years*** after the date of enactment of this Act, section 312(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5155(b)) is amended by striking paragraph (4), as added by subsection (a)(1) of this section. (5) Report.-- (A) In general.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator, in coordination with other relevant Federal agencies, shall submit to the congressional committees of jurisdiction a report conducted by all relevant Federal agencies to improve the comprehensive delivery of disaster assistance to individuals following a major disaster or emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. (B) Contents.--The report required under subparagraph (A) shall include both administrative actions taken, or planned to be taken, by the agencies as well as legislative proposals, where appropriate, of the following: (i) Efforts to improve coordination between the Agency and other relevant Federal agencies when delivering disaster assistance to individuals. (ii) Clarify the sequence of delivery of disaster assistance to individuals from the Agency, and other relevant Federal agencies. (iii) Clarify the interpretation and implementation of section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5155) when providing disaster assistance to individuals, including providing a common interpretation across the Agency, and other relevant Federal agencies, of the definitions and requirements under such section 312. (iv) Increase the effectiveness of communication to applicants for assistance ***programs*** for individuals after a disaster declaration, including the breadth of ***programs*** available and the potential impacts of utilizing one ***program*** versus another. (C) Report update.--Not later than 4 ***years*** after the date of enactment of this subsection, the Administrator, in coordination with other relevant Federal agencies, shall submit to the congressional committees of jurisdiction an update to the report required under subparagraph (A). (b) Funding of a Federally Authorized Water Resources Development Project.-- (1) Eligible activities.--Notwithstanding section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5155) and its implementing regulations, assistance provided pursuant to section 404 of such Act may be used to fund activities authorized for construction within the scope of a federally authorized water resources development project of the Army Corps of Engineers if such activities are also eligible activities under such section. (2) Federal funding.--All Federal funding provided under section 404 pursuant to this section shall be applied toward the Federal share of such project. (3) Non-federal match.--All non-Federal matching funds required under section 404 pursuant to this section shall be applied toward the non-Federal share of such project. (4) Total federal share.--Funding provided under section 404 pursuant to this section may not exceed the total Federal share for such project. (5) No effect.--Nothing in this section shall-- (A) affect the cost-share requirement of a hazard mitigation measure under section 404; (B) affect the eligibility criteria for a hazard mitigation measure under section 404; (C) affect the cost share requirements of a federally authorized water resources development project; and (D) affect the responsibilities of a non-Federal interest with respect to the project, including those related to the provision of lands, easements, rights-of-way, dredge material disposal areas, and necessary relocations. (6) Limitation.--If a federally authorized water resources development project of the Army Corps of Engineers is constructed with funding provided under section 404 pursuant to this subsection, no further Federal funding shall be provided for construction of such project SEC. 1211. STATE ADMINISTRATION OF ASSISTANCE FOR DIRECT TEMPORARY HOUSING AND PERMANENT HOUSING CONSTRUCTION. (a) State Role.--Section 408(f) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(f)) is amended-- (1) in paragraph (1)-- (A) by striking the paragraph heading and inserting ``State- or indian tribal government-administered assistance and other needs assistance.--''; (B) in subparagraph (A)-- (i) by striking ``financial''; and (ii) by striking ``subsection (e)'' and inserting ``subsections (c)(1)(B), (c)(4), and (e) if the President and the State or Indian tribal government comply, as determined by the Administrator, with paragraph (3)''; and (C) in subparagraph (B)-- (i) by striking ``financial''; and (ii) by striking ``subsection (e)'' and inserting ``subsections (c)(1)(B), (c)(4), and (e)''; and (2) by adding at the end the following: ``(3) Requirements.-- ``(A) Application.--A State or Indian tribal government desiring to provide assistance under subsection (c)(1)(B), (c)(4), or (e) shall submit to the President an application for a grant to provide financial assistance under the ***program***. ``(B) Criteria.--The President, in consultation and coordination with State and Indian tribal governments, shall establish criteria for the approval of applications submitted under subparagraph (A). The criteria shall include, at a minimum-- ``(i) a requirement that the State or Indian tribal government submit a housing strategy under subparagraph (C); ``(ii) the demonstrated ability of the State or Indian tribal government to manage the ***program*** under this section; ``(iii) there being in effect a plan approved by the President as to how the State or Indian tribal government will comply with applicable Federal laws and regulations and how the State or Indian tribal government will provide assistance under its plan; ``(iv) a requirement that the State or Indian tribal government comply with rules and regulations established pursuant to subsection (j); and ``(v) a requirement that the President, or the designee of the President, comply with subsection (i). ``(C) Requirement of housing strategy.-- ``(i) In general.--A State or Indian tribal government submitting an application under this paragraph shall have an approved housing strategy, which shall be developed and submitted to the President for approval. ``(ii) Requirements.--The housing strategy required under clause (i) shall-- ``(I) outline the approach of the State in working with Federal partners, Indian tribal governments, local communities, nongovernmental organizations, and individual disaster survivors to meet disaster-related sheltering and housing needs; and ``(II) include the establishment of an activation plan for a State Disaster Housing Task Force, as outlined in the National Disaster Housing Strategy, to bring together State, tribal, local, Federal, nongovernmental, and private sector expertise to evaluate housing requirements, consider potential solutions, recognize special needs populations, and propose recommendations. ``(D) Quality assurance.--Before approving an application submitted under this section, the President, or the designee of the President, shall institute adequate policies, procedures, and internal controls to prevent waste, fraud, abuse, and ***program*** mismanagement for this ***program*** and for ***programs*** under subsections (c)(1)(B), (c)(4), and (e). The President shall monitor and conduct quality assurance activities on a State or Indian tribal government's implementation of ***programs*** under subsections (c)(1)(B), (c)(4), and (e). If, after approving an application of a State or Indian tribal government submitted under this paragraph, the President determines that the State or Indian tribal government is not administering the ***program*** established by this section in a manner satisfactory to the President, the President shall withdraw the approval. ``(E) Audits.--The Inspector General of the Department of Homeland Security shall provide for periodic audits of the ***programs*** administered by States and Indian tribal governments under this subsection. ``(F) Applicable laws.--All Federal laws applicable to the management, administration, or contracting of the ***programs*** by the Federal Emergency Management Agency under this section shall be applicable to the management, administration, or contracting by a non-Federal entity under this section. [[Page H8979]] ``(G) Report on effectiveness.--Not later than 18 months after the date of enactment of this paragraph, the Inspector General of the Department of Homeland Security shall submit a report to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives on the State or Indian tribal government's role to provide assistance under this section. The report shall contain an assessment of the effectiveness of the State or Indian tribal government's role in providing assistance under this section, including-- ``(i) whether the State or Indian tribal government's role helped to improve the general speed of disaster recovery; ``(ii) whether the State or Indian tribal government providing assistance under this section had the capacity to administer this section; and ``(iii) recommendations for changes to improve the ***program*** if the State or Indian tribal government's role to administer the ***programs*** should be continued. ``(H) Report on incentives.--Not later than 12 months after the date of enactment of this paragraph, the Administrator of the Federal Emergency Management Agency shall submit a report to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives on a potential incentive structure for awards made under this section to encourage participation by eligible States and Indian tribal governments. In developing this report, the Administrator of the Federal Emergency Management Agency shall consult with State, local, and Indian tribal entities to gain their input on any such incentive structure to encourage participation and shall include this information in the report. This report should address, among other options, potential adjustments to the cost-share requirement and management costs to State and Indian tribal governments. ``(I) Prohibition.--The President may not condition the provision of Federal assistance under this Act on a State or Indian tribal government requesting a grant under this section. ``(J) Miscellaneous.-- ``(i) Notice and comment.--The Administrator of the Federal Emergency Management Agency may waive notice and comment rulemaking with respect to rules to carry out this section, if the Administrator determines doing so is necessary to expeditiously implement this section, and may carry out this section as a pilot ***program*** until such regulations are promulgated. ``(ii) Final rule.--Not later than 2 ***years*** after the date of enactment of this paragraph, the Administrator of the Federal Emergency Management Agency shall issue final regulations to implement this subsection as amended by the Disaster Recovery Reform Act of 2018. ``(iii) Waiver and expiration.--The authority under clause (i) and any pilot ***program*** implemented pursuant to such clause shall expire 2 ***years*** after the date of enactment of this paragraph or upon issuance of final regulations pursuant to clause (ii), whichever occurs sooner.''. (b) Reimbursement.--The Federal Emergency Management Agency (FEMA) shall reimburse State and local units of government (for requests received within a period of 3 ***years*** after the declaration of a major disaster under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170)) upon determination that a locally implemented housing solution, implemented by State or local units of government-- (1) costs 50 percent of comparable FEMA solution or whatever the locally implemented solution costs, whichever is lower; (2) complies with local housing regulations and ordinances; and (3) the housing solution was implemented within 90 days of the disaster. SEC. 1212. ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS. Section 408(h) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(h)) is amended-- (1) in paragraph (1), by inserting ``, excluding financial assistance to rent alternate housing accommodations under subsection (c)(1)(A)(i) and financial assistance to address other needs under subsection (e)'' after ``disaster''; (2) by redesignating paragraph (2) as paragraph (3); (3) by inserting after paragraph (1) the following: ``(2) Other needs assistance.--The maximum financial assistance any individual or household may receive under subsection (e) shall be equivalent to the amount set forth in paragraph (1) with respect to a single major disaster.''; (4) in paragraph (3) (as so redesignated), by striking ``paragraph (1)'' and inserting ``paragraphs (1) and (2)''; and (5) by inserting after paragraph (3) (as so redesignated) the following: ``(4) Exclusion of necessary expenses for individuals with disabilities.-- ``(A) In general.--The maximum amount of assistance established under paragraph (1) shall exclude expenses to repair or replace damaged accessibility-related improvements under paragraphs (2), (3), and (4) of subsection (c) for individuals with disabilities. ``(B) Other needs assistance.--The maximum amount of assistance established under paragraph (2) shall exclude expenses to repair or replace accessibility-related personal property under subsection (e)(2) for individuals with disabilities.''. SEC. 1213. MULTIFAMILY LEASE AND REPAIR ASSISTANCE. (a) Lease and Repair of Rental Units for Temporary Housing.--Section 408(c)(1)(B)(ii)(II) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(c)(1)(B)(ii)(II)) is amended to read as follows: ``(II) Improvements or repairs.--Under the terms of any lease agreement for property entered into under this subsection, the value of the improvements or repairs shall be deducted from the value of the lease agreement.''. (b) Rental Properties Impacted.--Section 408(c)(1)(B)(ii)(I)(aa) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(c)(1)(B)(ii)(I)(aa)) is amended to read as follows: ``(aa) enter into lease agreements with owners of multifamily rental property impacted by a major disaster or located in areas covered by a major disaster declaration to house individuals and households eligible for assistance under this section; and''. (c) Inspector General Report.--Not later than 2 ***years*** after the date of the enactment of this Act, the inspector general of the Department of Homeland Security shall-- (1) assess the use of the authority provided under section 408(c)(1)(B) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(c)(1)(B)), as amended by this division, including the adequacy of any benefit-cost analysis done to justify the use of this alternative; and (2) submit a report on the results of the assessment conducted under paragraph (1) to the appropriate committees of Congress. SEC. 1214. PRIVATE NONPROFIT FACILITY. Section 102(11)(B) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122(11)(B)) is amended by inserting ``food banks,'' after ``shelter workshops,''. SEC. 1215. MANAGEMENT COSTS. Section 324 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5165b) is amended-- (1) in subsection (a) by striking ``any administrative expense, and any other expense not directly chargeable to'' and inserting ``any direct administrative cost, and any other administrative expense associated with''; and (2) in subsection (b)-- (A) by striking ``Notwithstanding'' and inserting the following: ``(1) In general.--Notwithstanding''; (B) in paragraph (1), as added by subparagraph (A), by striking ``establish'' and inserting ``implement''; and (C) by adding at the end the following: ``(2) Specific management costs.--The Administrator of the Federal Emergency Management Agency shall provide the following percentage rates, in addition to the eligible project costs, to cover direct and indirect costs of administering the following ***programs***: ``(A) Hazard mitigation.--A grantee under section 404 may be reimbursed not more than 15 percent of the total amount of the grant award under such section of which not more than 10 percent may be used by the grantee and 5 percent by the subgrantee for such costs. ``(B) Public assistance.--A grantee under sections 403, 406, 407, and 502 may be reimbursed not more than 12 percent of the total award amount under such sections, of which not more than 7 percent may be used by the grantee and 5 percent by the subgrantee for such costs.''. SEC. 1216. FLEXIBILITY. (a) Waiver Authority.-- (1) Definition.--In this subsection, the term ``covered assistance'' means assistance provided-- (A) under section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174); and (B) in relation to a major disaster or emergency declared by the President under section 401 or 501, respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170, 5191) on or after October 28, 2012. (2) Authority.--Notwithstanding section 3716(e) of title 31, United States Code, the Administrator-- (A) subject to subparagraph (B), may waive a debt owed to the United States related to covered assistance provided to an individual or household if-- (i) the covered assistance was distributed based on an error by the Agency; (ii) there was no fault on behalf of the debtor; and (iii) the collection of the debt would be against equity and good conscience; and (B) may not waive a debt under subparagraph (A) if the debt involves fraud, the presentation of a false claim, or misrepresentation by the debtor or any party having an interest in the claim. (3) Monitoring of covered assistance distributed based on error.-- (A) In general.--The Inspector General of the Department of Homeland Security shall monitor the distribution of covered assistance to individuals and households to determine the percentage of such assistance distributed based on an error. (B) Removal of waiver authority based on excessive error rate.--If the Inspector [[Page H8980]] General of the Department of Homeland Security determines, with respect to any 12-month period, that the amount of covered assistance distributed based on an error by the Agency exceeds 4 percent of the total amount of covered assistance distributed-- (i) the Inspector General shall notify the Administrator and publish the determination in the Federal Register; and (ii) with respect to any major disaster or emergency declared by the President under section 401 or section 501, respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170; 42 U.S.C 5191) after the date on which the determination is published under subparagraph (A), the authority of the Administrator to waive debt under paragraph (2) shall no longer be effective. (b) Recoupment of Certain Assistance Prohibited.-- (1) In general.--Notwithstanding section 3716(e) of title 31, United States Code, and unless there is evidence of civil or criminal fraud, the Agency may not take any action to recoup covered assistance from the recipient of such assistance if the receipt of such assistance occurred on a date that is more than 3 ***years*** before the date on which the Agency first provides to the recipient written notification of an intent to recoup. (2) Covered assistance defined.--In this subsection, the term ``covered assistance'' means assistance provided-- (A) under section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174); and (B) in relation to a major disaster or emergency declared by the President under section 401 or 501, respectively, of such Act (42 U.S.C 5170; 42 U.S.C 5191) on or after January 1, 2012. (c) Statute of Limitations.-- (1) In general.--Section 705 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5205) is amended-- (A) in subsection (a)(1)-- (i) by striking ``Except'' and inserting ``Notwithstanding section 3716(e) of title 31, United States Code, and except''; and (ii) by striking ``report for the disaster or emergency'' and inserting ``report for project completion as certified by the grantee''; and (B) in subsection (b)-- (i) in paragraph (1) by striking ``report for the disaster or emergency'' and inserting ``report for project completion as certified by the grantee''; and (ii) in paragraph (3) by inserting ``for project completion as certified by the grantee'' after ``final expenditure report''. (2) Applicability.-- (A) In general.--With respect to disaster or emergency assistance provided to a State or local government on or after January 1, 2004-- (i) no administrative action may be taken to recover a ***payment*** of such assistance after the date of enactment of this Act if the action is prohibited under section 705(a)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5205(a)(1)), as amended by paragraph (1); and (ii) any administrative action to recover a ***payment*** of such assistance that is pending on such date of enactment shall be terminated if the action is prohibited under section 705(a)(1) of that Act, as amended by paragraph (1). (B) Limitation.--This section, including the amendments made by this section, may not be construed to invalidate or otherwise affect any administration action completed before the date of enactment of this Act. SEC. 1217. ADDITIONAL DISASTER ASSISTANCE. (a) Disaster Mitigation.--Section 209 of the Public Works and Economic Development Act of 1965 (42 U.S.C 3149) is amended by adding at the end the following: ``(e) Disaster Mitigation.--In providing assistance pursuant to subsection (c)(2), if appropriate and as applicable, the Secretary may encourage hazard mitigation in assistance provided pursuant to such subsection.''. (b) Emergency Management Assistance Compact Grants.-- Section 661(d) of the Post-Katrina Emergency Management Reform Act of 2006 (6 U.S.C 761(d)) is amended by striking ``for fiscal ***year*** 2008'' and inserting ``for each of fiscal ***years*** 2018 through 2022''. (c) Emergency Management Performance Grants ***Program***.-- Section 662(f) of the Post-Katrina Emergency Management Reform Act of 2006 (6 U.S.C 762(f)) is amended by striking ``the ***program***'' and all that follows through ``2012'' and inserting ``the ***program***, for each of fiscal ***years*** 2018 through 2022''. (d) Technical Amendment.--Section 403(a)(3) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170b(a)(3)) is amended by striking the second subparagraph (J). SEC. 1218. NATIONAL VETERINARY EMERGENCY TEAMS. (a) In General.--The Administrator of the Federal Emergency Management Agency may establish one or more national veterinary emergency teams at accredited colleges of veterinary medicine. (b) Responsibilities.--A national veterinary emergency team shall-- (1) deploy with a team of the National Urban Search and Rescue Response System to assist with-- (A) veterinary care of canine search teams; (B) locating and treating companion animals, service animals, livestock, and other animals; and (C) surveillance and treatment of zoonotic diseases; (2) recruit, train, and certify veterinary professionals, including veterinary students, in accordance with an established set of plans and standard operating guidelines to carry out the duties associated with planning for and responding to major disasters and emergencies as described in paragraph (1); (3) assist State governments, Indian tribal governments, local governments, and nonprofit organizations in developing emergency management and evacuation plans that account for the care and rescue of animals and in improving local readiness for providing veterinary medical response during an emergency or major disaster; and (4) coordinate with the Department of Homeland Security, the Department of Health and Human Services, the Department of ***Agriculture***, State, local, and Indian tribal governments (including departments of animal and human health), veterinary and health care professionals, and volunteers. SEC. 1219. RIGHT OF ARBITRATION. Section 423 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5189a) is amended by adding at the end the following: ``(d) Right of Arbitration.-- ``(1) In general.--Notwithstanding this section, an applicant for assistance under this title may request arbitration to dispute the eligibility for assistance or repayment of assistance provided for a dispute of more than $500,000 for any disaster that occurred after January 1, 2016. Such arbitration shall be conducted by the Civilian Board of Contract Appeals and the decision of such Board shall be binding. ``(2) Review.--The Civilian Board of Contract Appeals shall consider from the applicant all original and additional documentation, testimony, or other such evidence supporting the applicant's position at any time during arbitration. ``(3) Rural areas.--For an applicant for assistance in a rural area under this title, the assistance amount eligible for arbitration pursuant to this subsection shall be $100,000. ``(4) Rural area defined.--For the purposes of this subsection, the term `rural area' means an area with a population of less than 200,000 outside an urbanized area. ``(5) Eligibility.--To participate in arbitration under this subsection, an applicant-- ``(A) shall submit the dispute to the arbitration process established under the authority granted under section 601 of Public Law 111-5; and ``(B) may submit a request for arbitration after the completion of the first appeal under subsection (a) at any time before the Administrator of the Federal Emergency Management Agency has issued a final agency determination or 180 days after the Administrator's receipt of the appeal if the Administrator has not provided the applicant with a final determination on the appeal. The applicant's request shall contain documentation from the administrative record for the first appeal and may contain additional documentation supporting the applicant's position.''. SEC. 1220. UNIFIED FEDERAL ENVIRONMENTAL AND HISTORIC PRESERVATION REVIEW. (a) Review and Analysis.--Not later than 180 days after the date of enactment of this Act, the Administrator shall review the Unified Federal Environmental and Historic Preservation review process established pursuant to section 429 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5189g), and submit a report to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate that includes the following: (1) An analysis of whether and how the unified process has expedited the interagency review process to ensure compliance with the environmental and historic requirements under Federal law relating to disaster recovery projects. (2) A survey and analysis of categorical exclusions used by other Federal agencies that may be applicable to any activity related to a major disaster or emergency declared by the President under section 401 or 501, respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170, 5191). (3) Recommendations on any further actions, including any legislative proposals, needed to expedite and streamline the review process. (b) Regulations.--After completing the review, survey, and analyses under subsection (a), but not later than 2 ***years*** after the date of enactment of this Act, and after providing notice and opportunity for public comment, the Administrator shall issue regulations to implement any regulatory recommendations, including any categorical exclusions identified under subsection (a), to the extent that the categorical exclusions meet the criteria for a categorical exclusion under section 1508.4 of title 40, Code of Federal Regulations, and section II of DHS Instruction Manual 023-01- 001-01. SEC. 1221. CLOSEOUT INCENTIVES. (a) Facilitating Closeout.--Section 705 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5205) is amended by adding at the end the following: ``(d) Facilitating Closeout.-- ``(1) Incentives.--The Administrator of the Federal Emergency Management Agency [[Page H8981]] may develop incentives and penalties that encourage State, local, or Indian tribal governments to close out expenditures and activities on a timely basis related to disaster or emergency assistance. ``(2) Agency requirements.--The Federal Emergency Management Agency shall, consistent with applicable regulations and required procedures, meet its responsibilities to improve closeout practices and reduce the time to close disaster ***program*** awards.''. (b) Regulations.--The Administrator shall issue regulations to implement the amendment made by this section. SEC. 1222. PERFORMANCE OF SERVICES. Section 306 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5149) is amended by adding at the end the following: ``(c) The Administrator of the Federal Emergency Management Agency is authorized to appoint temporary personnel, after serving continuously for 3 ***years***, to positions in the Federal Emergency Management Agency in the same manner that competitive service employees with competitive status are considered for ***transfer***, reassignment, or promotion to such positions. An individual appointed under this subsection shall become a career-conditional employee, unless the employee has already completed the service requirements for career tenure.''. SEC. 1223. STUDY TO STREAMLINE AND CONSOLIDATE INFORMATION COLLECTION. Not later than 1 ***year*** after the date of enactment of this Act, the Administrator-- (1) in coordination with the Small Business Administration, the Department of Housing and Urban Development, the Disaster Assistance Working Group of the Council of the Inspectors General on Integrity and Efficiency, and other appropriate agencies, conduct a study and develop a plan, consistent with law, under which the collection of information from disaster assistance applicants and grantees will be modified, streamlined, expedited, efficient, flexible, consolidated, and simplified to be less burdensome, duplicative, and time consuming for applicants and grantees; (2) in coordination with the Small Business Administration, the Department of Housing and Urban Development, the Disaster Assistance Working Group of the Council of the Inspectors General on Integrity and Efficiency, and other appropriate agencies, develop a plan for the regular collection and reporting of information on Federal disaster assistance awarded, including the establishment and maintenance of a website for presenting the information to the public; and (3) submit the plans developed under paragraphs (1) and (2) to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate. SEC. 1224. AGENCY ACCOUNTABILITY. Title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170 et seq.) is amended by adding at the end the following: ``SEC. 430. AGENCY ACCOUNTABILITY. ``(a) Public Assistance.--Not later than 5 days after an award of a public assistance grant is made under section 406 that is in excess of $1,000,000, the Administrator of the Federal Emergency Management Agency shall publish on the website of the Federal Emergency Management Agency the specifics of each such grant award, including-- ``(1) identifying the Federal Emergency Management Agency Region; ``(2) the disaster or emergency declaration number; ``(3) the State, county, and applicant name; ``(4) if the applicant is a private nonprofit organization; ``(5) the damage category code; ``(6) the amount of the Federal share obligated; and ``(7) the date of the award. ``(b) Mission Assignments.-- ``(1) In general.--Not later than 5 days after the issuance of a mission assignment or mission assignment task order, the Administrator of the Federal Emergency Management Agency shall publish on the website of the Federal Emergency Management Agency any mission assignment or mission assignment task order to another Federal department or agency regarding a major disaster in excess of $1,000,000, including-- ``(A) the name of the impacted State or Indian Tribe; ``(B) the disaster declaration for such State or Indian Tribe; ``(C) the assigned agency; ``(D) the assistance requested; ``(E) a description of the disaster; ``(F) the total cost estimate; ``(G) the amount obligated; ``(H) the State or Indian tribal government cost share, if applicable; ``(I) the authority under which the mission assignment or mission assignment task order was directed; and ``(J) if applicable, the date a State or Indian Tribe requested the mission assignment. ``(2) Recording changes.--Not later than 10 days after the last day of each month until a mission assignment or mission assignment task order described in paragraph (1) is completed and closed out, the Administrator of the Federal Emergency Management Agency shall update any changes to the total cost estimate and the amount obligated. ``(c) Disaster Relief Monthly Report.--Not later than 10 days after the first day of each month, the Administrator of the Federal Emergency Management Agency shall publish on the website of the Federal Emergency Management Agency reports, including a specific description of the methodology and the source data used in developing such reports, including-- ``(1) an estimate of the amounts for the fiscal ***year*** covered by the President's most recent budget pursuant to section 1105(a) of title 31, United States Code, including-- ``(A) the unobligated balance of funds to be carried over from the prior fiscal ***year*** to the budget ***year***; ``(B) the unobligated balance of funds to be carried over from the budget ***year*** to the budget ***year*** plus 1; ``(C) the amount of obligations for noncatastrophic events for the budget ***year***; ``(D) the amount of obligations for the budget ***year*** for catastrophic events delineated by event and by State; ``(E) the total amount that has been previously obligated or will be required for catastrophic events delineated by event and by State for all prior ***years***, the current fiscal ***year***, the budget ***year***, and each fiscal ***year*** thereafter; ``(F) the amount of previously obligated funds that will be recovered for the budget ***year***; ``(G) the amount that will be required for obligations for emergencies, as described in section 102(1), major disasters, as described in section 102(2), fire management assistance grants, as described in section 420, surge activities, and disaster readiness and support activities; and ``(H) the amount required for activities not covered under section 251(b)(2)(D)(iii) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C 901(b)(2)(D)(iii)); and ``(2) an estimate or actual amounts, if available, of the following for the current fiscal ***year***, which shall be submitted not later than the fifth day of each month, published by the Administrator of the Federal Emergency Management Agency on the website of the Federal Emergency Management Agency not later than the fifth day of each month: ``(A) A summary of the amount of appropriations made available by source, the ***transfers*** executed, the previously allocated funds recovered, and the commitments, allocations, and obligations made. ``(B) A table of disaster relief activity delineated by month, including-- ``(i) the beginning and ending balances; ``(ii) the total obligations to include amounts obligated for fire assistance, emergencies, surge, and disaster support activities; ``(iii) the obligations for catastrophic events delineated by event and by State; and ``(iv) the amount of previously obligated funds that are recovered. ``(C) A summary of allocations, obligations, and expenditures for catastrophic events delineated by event. ``(D) The cost of the following categories of spending: ``(i) Public assistance. ``(ii) Individual assistance. ``(iii) Mitigation. ``(iv) Administrative. ``(v) Operations. ``(vi) Any other relevant category (including emergency measures and disaster resources) delineated by disaster. ``(E) The date on which funds appropriated will be exhausted. ``(d) Contracts.-- ``(1) Information.--Not later than 10 days after the first day of each month, the Administrator of the Federal Emergency Management Agency shall publish on the website of the Federal Emergency Management Agency the specifics of each contract in excess of $1,000,000 that the Federal Emergency Management Agency enters into, including-- ``(A) the name of the party; ``(B) the date the contract was awarded; ``(C) the amount and scope of the contract; ``(D) if the contract was awarded through a competitive bidding process; ``(E) if no competitive bidding process was used, the reason why competitive bidding was not used; and ``(F) the authority used to bypass the competitive bidding process. The information shall be delineated by disaster, if applicable, and specify the damage category code, if applicable. ``(2) Report.--Not later than 10 days after the last day of the fiscal ***year***, the Administrator of the Federal Emergency Management Agency shall provide a report to the appropriate committees of Congress summarizing the following information for the preceding fiscal ***year***: ``(A) The number of contracts awarded without competitive bidding. ``(B) The reasons why a competitive bidding process was not used. ``(C) The total amount of contracts awarded with no competitive bidding. ``(D) The damage category codes, if applicable, for contracts awarded without competitive bidding. ``(e) Collection of Public Assistance Recipient and Subrecipient Contracts.-- ``(1) In general.--Not later than 180 days after the date of enactment of this subsection, the Administrator of the Federal Emergency Management Agency shall initiate and maintain an effort to collect and store information, prior to the project closeout phase on any contract entered into by a public assistance recipient or subrecipient that through the base award, available options, or any subsequent modifications has [[Page H8982]] an estimated value of more than $1,000,000 and is funded through section 324, 403, 404, 406, 407, 428, or 502, including-- ``(A) the disaster number, project worksheet number, and the category of work associated with each contract; ``(B) the name of each party; ``(C) the date the contract was awarded; ``(D) the amount of the contract; ``(E) the scope of the contract; ``(F) the period of performance for the contract; and ``(G) whether the contract was awarded through a competitive bidding process. ``(2) Availability of information collected.--The Administrator of the Federal Emergency Management Agency shall make the information collected and stored under paragraph (1) available to the Inspector General of the Department of Homeland Security, the Government Accountability Office, and appropriate committees of Congress, upon request. ``(3) Report.--Not later than 365 days after the date of enactment of this subsection, the Administrator of the Federal Emergency Management Agency shall submit a report to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives on the efforts of the Federal Emergency Management Agency to collect the information described in paragraph (1).''. SEC. 1225. AUDIT OF CONTRACTS. Notwithstanding any other provision of law, the Administrator of the Federal Emergency Management Agency shall not reimburse a State or local government, an Indian tribal government (as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122), or the owner or operator of a private nonprofit facility (as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122) for any activities made pursuant to a contract entered into after August 1, 2017, that prohibits the Administrator or the Comptroller General of the United States from auditing or otherwise reviewing all aspects relating to the contract. SEC. 1226. INSPECTOR GENERAL AUDIT OF FEMA CONTRACTS FOR TARPS AND PLASTIC SHEETING. (a) In General.--Not later than 30 days after the date of enactment of this Act, the Inspector General of the Department of Homeland Security shall initiate an audit of the contracts awarded by the Agency for tarps and plastic sheeting for the Commonwealth of Puerto Rico and the United States Virgin Islands in response to Hurricane Irma and Hurricane Maria. (b) Considerations.--In carrying out the audit under subsection (a), the inspector general shall review-- (1) the contracting process used by the Agency to evaluate offerors and award the relevant contracts to contractors; (2) the assessment conducted by the Agency of the past performance of the contractors, including any historical information showing that the contractors had supported large- scale delivery quantities in the past; (3) the assessment conducted by the Agency of the capacity of the contractors to carry out the relevant contracts, including with respect to inventory, production, and financial capabilities; (4) how the Agency ensured that the contractors met the terms of the relevant contracts; and (5) whether the failure of the contractors to meet the terms of the relevant contracts and the subsequent cancellation by the Agency of the relevant contracts affected the provision of tarps and plastic sheeting to the Commonwealth of Puerto Rico and the United States Virgin Islands. (c) Report.--Not later than 270 days after the date of initiation of the audit under subsection (a), the inspector general shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate a report on the results of the audit, including findings and recommendations. SEC. 1227. RELIEF ORGANIZATIONS. Section 309 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5152) is amended-- (1) in subsection (a), by striking ``and other relief or'' and inserting ``long-term recovery groups, domestic hunger relief, and other relief, or''; and (2) in subsection (b), by striking ``and other relief or'' and inserting ``long-term recovery groups, domestic hunger relief, and other relief, or''. SEC. 1228. GUIDANCE ON INUNDATED AND SUBMERGED ROADS. The Administrator of the Federal Emergency Management Agency, in coordination with the Administrator of the Federal Highway Administration, shall develop and issue guidance for State, local, and Indian tribal governments regarding repair, restoration, and replacement of inundated and submerged roads damaged or destroyed by a major disaster, and for associated expenses incurred by the Government, with respect to roads eligible for assistance under section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172). SEC. 1229. EXTENSION OF ASSISTANCE. (a) In General.--Notwithstanding any other provision of law, in the case of an individual eligible to receive unemployment assistance under section 410(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5177(a)) as a result of a disaster declaration made for Hurricane Irma and Hurricane Maria in the Commonwealth of Puerto Rico and the United States Virgin Islands, the President shall make such assistance available for 52 weeks after the date of the disaster declaration effective as if enacted at the time of the disaster declaration. (b) No Additional Funds Authorized.--No additional funds are authorized to carry out the requirements of this section. SEC. 1230. GUIDANCE AND RECOMMENDATIONS. (a) Guidance.--The Administrator shall provide guidance to a common interest community that provides essential services of a governmental nature on actions that a common interest community may take in order to be eligible to receive reimbursement from a grantee that receives funds from the Agency for certain activities performed after an event that results in a major disaster declared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170). (b) Recommendations.--Not later than 90 days after the date of enactment of this Act, the Administrator shall provide to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate a legislative proposal on how to provide eligibility for disaster assistance with respect to common areas of condominiums and housing cooperatives. (c) Effective Date.--This section shall be effective on the date of enactment of this Act. SEC. 1231. GUIDANCE ON HAZARD MITIGATION ASSISTANCE. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Administrator shall issue guidance regarding the acquisition of property for open space as a mitigation measure under section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170c) that includes-- (1) a process by which the State hazard mitigation officer appointed for such an acquisition shall, not later than 60 days after the applicant for assistance enters into an agreement with the Administrator regarding the acquisition, provide written notification to each affected unit of local government for such acquisition that includes-- (A) the location of the acquisition; (B) the State-local assistance agreement for the hazard mitigation grant ***program***; (C) a description of the acquisition; and (D) a copy of the deed restriction; and (2) recommendations for entering into and implementing a memorandum of understanding between units of local government and covered entities that includes provisions to allow an affected unit of local government notified under paragraph (1) to-- (A) use and maintain the open space created by such a project, consistent with section 404 (including related regulations, standards, and guidance) and consistent with all adjoining property, subject to the notification of the adjoining property, so long as the cost of the maintenance is borne by the local government; and (B) maintain the open space pursuant to standards exceeding any local government standards defined in the agreement with the Administrator described under paragraph (1). (b) Definitions.--In this section: (1) Affected unit of local government.--The term ``affected unit of local government'' means any entity covered by the definition of local government in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122), that has jurisdiction over the property subject to the acquisition described in subsection (a). (2) Covered entity.--The term ``covered entity'' means-- (A) the grantee or subgrantee receiving assistance for an open space project described in subsection (a); (B) the State in which such project is located; and (C) the applicable Regional Administrator of the Agency. SEC. 1232. LOCAL IMPACT. (a) In General.--In making recommendations to the President regarding a major disaster declaration, the Administrator of the Federal Emergency Management Agency shall give greater consideration to severe local impact or recent multiple disasters. Further, the Administrator shall make corresponding adjustments to the Agency's policies and regulations regarding such consideration. Not later than 1 ***year*** after the date of enactment of this section, the Administrator shall report to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate on the changes made to regulations and policies and the number of declarations that have been declared based on the new criteria. (b) Effective Date.--This section shall be effective on the date of enactment of this Act. SEC. 1233. ADDITIONAL HAZARD MITIGATION ACTIVITIES. Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170c), as amended by this division, is further amended by adding at the end the following: ``(g) Use of Assistance for Earthquake Hazards.--Recipients of hazard mitigation [[Page H8983]] assistance provided under this section and section 203 may use the assistance to conduct activities to help reduce the risk of future damage, hardship, loss, or suffering in any area affected by earthquake hazards, including-- ``(1) improvements to regional seismic networks in support of building a capability for earthquake early warning; ``(2) improvements to geodetic networks in support of building a capability for earthquake early warning; and ``(3) improvements to seismometers, Global Positioning System receivers, and associated infrastructure in support of building a capability for earthquake early warning.''. SEC. 1234. NATIONAL PUBLIC INFRASTRUCTURE PREDISASTER HAZARD MITIGATION. (a) Predisaster Hazard Mitigation.--Section 203 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5133) is amended-- (1) in subsection (c) by inserting ``Public Infrastructure'' after ``the National''; (2) in subsection (e)(1)(B)-- (A) by striking ``or'' at the end of clause (ii); (B) by striking the period at the end of clause (iii) and inserting ``; or''; and (C) by adding at the end the following: ``(iv) to establish and carry out enforcement activities and implement the latest published editions of relevant consensus-based codes, specifications, and standards that incorporate the latest hazard-resistant designs and establish minimum acceptable criteria for the design, construction, and maintenance of residential structures and facilities that may be eligible for assistance under this Act for the purpose of protecting the health, safety, and general welfare of the buildings' users against disasters.''; (3) in subsection (f)-- (A) in paragraph (1) by inserting ``for mitigation activities that are cost effective'' after ``competitive basis''; and (B) by adding at the end the following: ``(3) Redistribution of unobligated amounts.--The President may-- ``(A) withdraw amounts of financial assistance made available to a State (including amounts made available to local governments of a State) under this subsection that remain unobligated by the end of the third fiscal ***year*** after the fiscal ***year*** for which the amounts were allocated; and ``(B) in the fiscal ***year*** following a fiscal ***year*** in which amounts were withdrawn under subparagraph (A), add the amounts to any other amounts available to be awarded on a competitive basis pursuant to paragraph (1).''; (4) in subsection (g)-- (A) by inserting ``provide financial assistance only in States that have received a major disaster declaration in the previous 7 ***years***, or to any Indian tribal government located partially or entirely within the boundaries of such States, and'' after ``the President shall''; (B) in paragraph (9) by striking ``and'' at the end; (C) by redesignating paragraph (10) as paragraph (12); and (D) by adding after paragraph (9) the following: ``(10) the extent to which the State, local, Indian tribal, or territorial government has facilitated the adoption and enforcement of the latest published editions of relevant consensus-based codes, specifications, and standards, including amendments made by State, local, Indian tribal, or territorial governments during the adoption process that incorporate the latest hazard-resistant designs and establish criteria for the design, construction, and maintenance of residential structures and facilities that may be eligible for assistance under this Act for the purpose of protecting the health, safety, and general welfare of the buildings' users against disasters; ``(11) the extent to which the assistance will fund activities that increase the level of resiliency; and''; (5) by striking subsection (i) and inserting the following: ``(i) National Public Infrastructure Predisaster Mitigation Assistance.-- ``(1) In general.--The President may set aside from the Disaster Relief Fund, with respect to each major disaster, an amount equal to 6 percent of the estimated aggregate amount of the grants to be made pursuant to sections 403, 406, 407, 408, 410, 416, and 428 for the major disaster in order to provide technical and financial assistance under this section and such set aside shall be deemed to be related to activities carried out pursuant to major disasters under this Act. ``(2) Estimated aggregate amount.--Not later than 180 days after each major disaster declaration pursuant to this Act, the estimated aggregate amount of grants for purposes of paragraph (1) shall be determined by the President and such estimated amount need not be reduced, increased, or changed due to variations in estimates. ``(3) No reduction in amounts.--The amount set aside pursuant to paragraph (1) shall not reduce the amounts otherwise made available for sections 403, 404, 406, 407, 408, 410, 416, and 428 under this Act.''; and (6) by striking subsections (j) and (m); (7) by redesignating subsections (k), (l), and (n) as subsections (j), (k), and (l), respectively and (8) by adding at the end the following: ``(m) Latest Published Editions.--For purposes of subsections (e)(1)(B)(iv) and (g)(10), the term `latest published editions' means, with respect to relevant consensus-based codes, specifications, and standards, the 2 most recently published editions.''. (b) Applicability.--The amendments made to section 203 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5133) by paragraphs (3) and (5) of subsection (a) shall apply to funds appropriated on or after the date of enactment of this Act. (c) Sense of Congress.--It is the sense of Congress that-- (1) all funding expended from the National Public Infrastructure Predisaster Mitigation Assistance created by Section 203(i)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5133), as added by this section, shall not be considered part of FEMA's regular appropriations for non-Stafford activities, also known as the Federal Emergency Management Agency's Disaster Relief Fund base; and (2) the President should have the funds related to the National Public Infrastructure Predisaster Mitigation Assistance created by Section 203(i)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5133), as added by this section, identified in and allocated from the Federal Emergency Management Agency's Disaster Relief Fund for major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.). (d) Sunset.--On the date that is 5 ***years*** after the date of enactment of this Act, section 203 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5133) is amended by striking subsection (m), as added by subsection (a)(8) of this section. SEC. 1235. ADDITIONAL MITIGATION ACTIVITIES. (a) Hazard Mitigation Clarification.--Section 404(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170c(a)) is amended by striking the first sentence and inserting the following: ``The President may contribute up to 75 percent of the cost of hazard mitigation measures which the President has determined are cost effective and which substantially reduce the risk of, or increase resilience to, future damage, hardship, loss, or suffering in any area affected by a major disaster.''. (b) Eligible Cost.--Section 406(e)(1)(A) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172(e)(1)(A)) is amended-- (1) in the matter preceding clause (i), by inserting after ``section,'' the following: ``for disasters declared on or after August 1, 2017, or a disaster in which a cost estimate has not yet been finalized for a project, or for any project for which the finalized cost estimate is on appeal,''; (2) in clause (i), by striking ``and'' at the end; (3) in clause (ii)-- (A) by striking ``codes, specifications, and standards'' and inserting ``the latest published editions of relevant consensus-based codes, specifications, and standards that incorporate the latest hazard-resistant designs and establish minimum acceptable criteria for the design, construction, and maintenance of residential structures and facilities that may be eligible for assistance under this Act for the purposes of protecting the health, safety, and general welfare of a facility's users against disasters''; (B) by striking ``applicable at the time at which the disaster occurred''; and (C) by striking the period at the end and inserting ``; and''; and (4) by adding at the end the following: ``(iii) in a manner that allows the facility to meet the definition of resilient developed pursuant to this subsection.''. (c) Other Eligible Cost.--Section 406(e)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172(e)(1)) is further amended by adding at the end the following: ``(C) Contributions.--Contributions for the eligible cost made under this section may be provided on an actual cost basis or on cost-estimation procedures.''. (d) New Rules.--Section 406(e) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172(e)) is further amended by adding at the end the following: ``(5) New rules.-- ``(A) In general.--Not later than 18 months after the date of enactment of this paragraph, the President, acting through the Administrator of the Federal Emergency Management Agency, and in consultation with the heads of relevant Federal departments and agencies, shall issue a final rulemaking that defines the terms `resilient' and `resiliency' for purposes of this subsection. ``(B) Interim guidance.--Not later than 60 days after the date of enactment of this paragraph, the Administrator shall issue interim guidance to implement this subsection. Such interim guidance shall expire 18 months after the date of enactment of this paragraph or upon issuance of final regulations pursuant to subparagraph (A), whichever occurs first. ``(C) Guidance.--Not later than 90 days after the date on which the Administrator issues the final rulemaking under this paragraph, the Administrator shall issue any necessary guidance related to the rulemaking. ``(D) Report.--Not later than 2 ***years*** after the date of enactment of this paragraph, the [[Page H8984]] Administrator shall submit to Congress a report summarizing the regulations and guidance issued pursuant to this paragraph.''. (e) Conforming Amendment.--Section 205(d)(2) of the Disaster Mitigation Act of 2000 (42 U.S.C 5172 note) is amended by inserting ``(B)'' after ``except that paragraph (1)''. SEC. 1236. GUIDANCE AND TRAINING BY FEMA ON COORDINATION OF EMERGENCY RESPONSE PLANS. (a) Training Requirement.--The Administrator, in coordination with other relevant agencies, shall provide guidance and training on an annual basis to State, local, and Indian tribal governments, first responders, and facilities that store hazardous materials on coordination of emergency response plans in the event of a major disaster or emergency, including severe weather events. The guidance and training shall include the following: (1) Providing a list of equipment required in the event a hazardous substance is released into the environment. (2) Outlining the health risks associated with exposure to hazardous substances to improve treatment response. (3) Publishing best practices for mitigating further danger to communities from hazardous substances. (b) Implementation.--The requirement of subsection (a) shall be implemented not later than 180 days after the date of enactment of this Act. SEC. 1237. CERTAIN RECOUPMENT PROHIBITED. (a) In General.--Notwithstanding any other provision of law, the Agency shall deem any covered disaster assistance to have been properly procured, provided, and utilized, and shall restore any funding of covered disaster assistance previously provided but subsequently withdrawn or deobligated. (b) Covered Disaster Assistance Defined.--In this section, the term ``covered disaster assistance'' means assistance-- (1) provided to a local government pursuant to section 403, 406, or 407 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170b, 5172, or 5173); and (2) with respect to which the inspector general of the Department of Homeland Security has determined, after an audit, that-- (A) the Agency deployed to the local government a Technical Assistance Contractor to review field operations, provide eligibility advice, and assist with day-to-day decisions; (B) the Technical Assistance Contractor provided inaccurate information to the local government; and (C) the local government relied on the inaccurate information to determine that relevant contracts were eligible, reasonable, and reimbursable. (c) Effective Date.--This section shall be effective on the date of enactment of this Act. SEC. 1238. FEDERAL ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS AND NONPROFIT FACILITIES. (a) Critical Document Fee Waiver.-- (1) In general.--Notwithstanding section 1 of the Passport Act of June 4, 1920 (22 U.S.C 214) or any other provision of law, the President, in consultation with the Governor of a State, may provide a waiver under this subsection to an individual or household described in section 408(e)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(e)(1)) for the following document replacement fees: (A) The passport application fee for individuals who lost their United States passport in a major disaster within the preceding three ***calendar*** ***years***. (B) The file search fee for a United States passport. (C) The Application for Waiver of Passport and/or Visa form (Form I-193) fee. (D) The Permanent Resident Card replacement form (Form I- 90) filing fee. (E) The Declaration of Intention form (Form N-300) filing fee. (F) The Naturalization/Citizenship Document replacement form (Form N-565) filing fee. (G) The Employment Authorization form (Form I-765) filing fee. (H) The biometric service fee. (2) Exemption from form requirement.--The authority of the President to waive fees under subparagraphs (C) through (H) of paragraph (1) applies regardless of whether the individual or household qualifies for a Form I-912 Request for Fee Waiver, or any successor thereto. (3) Exemption from assistance maximum.--The assistance limit in section 408(h) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(h)) shall not apply to any fee waived under this subsection. (4) Report.--Not later than 365 days after the date of enactment of this subsection, the Administrator and the head of any other agency given critical document fee waiver authority under this subsection shall submit a report to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives on the costs associated with providing critical document fee waivers as described in paragraph (1). (b) Federal Assistance to Private Nonprofit Childcare Facilities.--Section 102(11)(A) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122(11)(A)) is amended-- (1) in the second subparagraph (A) (as added by Public Law 115-123), by inserting ``center-based childcare,'' after ``facility),''; and (2) in the first subparagraph (A), by striking ``(a) in general.--The term `private nonprofit facility' means private nonprofit educational, utility'' and all that follows through ``President.''. (c) Applicability.--The amendment made by subsection (b)(1) shall apply to any major disaster or emergency declared by the President under section 401 or 501, respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170, 5191) on or after the date of enactment of this Act. SEC. 1239. COST OF ASSISTANCE ESTIMATES. (a) In General.--Not later than 270 days after the date of enactment of this Act, the Administrator shall review the factors considered when evaluating a request for a major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.), specifically the estimated cost of the assistance, and provide a report and briefing to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives. (b) Rulemaking.--Not later than 2 ***years*** after the date of enactment of this Act, the Administrator shall review and initiate a rulemaking to update the factors considered when evaluating a Governor's request for a major disaster declaration, including reviewing how the Agency estimates the cost of major disaster assistance, and consider other impacts on the capacity of a jurisdiction to respond to disasters. In determining the capacity of a jurisdiction to respond to disasters, and prior to the issuance of such a rule, the Administrator shall engage in meaningful consultation with relevant representatives of State, regional, local, and Indian tribal government stakeholders. SEC. 1240. REPORT ON INSURANCE SHORTFALLS. Not later than 2 ***years*** after the date of enactment of this section, and each ***year*** thereafter until 2023, the Administrator of the Federal Emergency Management Agency shall submit a report to Congress on the number of instances and the estimated amounts involved, by State, for cases in which self-insurance amounts have been insufficient to address flood damages. SEC. 1241. POST DISASTER BUILDING SAFETY ASSESSMENT. (a) Building Safety Assessment Team.-- (1) In general.--The Administrator shall coordinate with State and local governments and organizations representing design professionals, such as architects and engineers, to develop guidance, including best practices, for post-disaster assessment of buildings by licensed architects and engineers to ensure the design professionals properly analyze the structural integrity and livability of buildings and structures. (2) Publication.--The Administrator shall publish the guidance required to be developed under paragraph (1) not later than 1 ***year*** after the date of enactment of this Act. (b) National Incident Management System.--The Administrator shall revise or issue guidance as required to the National Incident Management System Resource Management component to ensure the functions of post-disaster building safety assessment, such as those functions performed by design professionals are accurately resource typed within the National Incident Management System. (c) Effective Date.--This section shall be effective on the date of enactment of this Act. SEC. 1242. FEMA UPDATES ON NATIONAL PREPAREDNESS ASSESSMENT. Not later than 6 months after the date of enactment of this Act, and every 6 months thereafter until completion, the Administrator shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committees on Transportation and Infrastructure and Homeland Security of the House of Representatives an update on the progress of the Agency in completing action 6 with respect to the report published by the Government Accountability Office entitled ``2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue'' (February 28, 2012), which recommends the Agency to-- (1) complete a national preparedness assessment of capability gaps at each level based on tiered, capability- specific performance objectives to enable prioritization of grant funding; and (2) identify the potential costs for establishing and maintaining those capabilities at each level and determine what capabilities Federal agencies should provide. SEC. 1243. FEMA REPORT ON DUPLICATION IN NON-NATURAL DISASTER PREPAREDNESS GRANT ***PROGRAMS***. Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to the Committees on Homeland Security and Governmental Affairs of the Senate and the Committees on Transportation and Infrastructure and Homeland Security of the House of Representatives a report on the results of the efforts of the Agency to identify and prevent unnecessary duplication within and across the non- natural disaster preparedness grant ***programs*** of the Agency, as recommended in the report published by the Government Accountability Office entitled ``2012 Annual Report: Opportunities to Reduce Duplication, Overlap and [[Page H8985]] Fragmentation, Achieve Savings, and Enhance Revenue'' (February 28, 2012), including with respect to-- (1) the Urban Area Security Initiative established under section 2003 of the Homeland Security Act of 2002 (6 U.S.C 604); (2) the Port Security Grant ***Program*** authorized under section 70107 of title 46, United States Code; (3) the State Homeland Security Grant ***Program*** established under section 2004 of the Homeland Security Act of 2002 (6 U.S.C 605); and (4) the Transit Security Grant ***Program*** authorized under titles XIV and XV of the Implementing Recommendations of the 9/11 Commission Act of 2007 (6 U.S.C 1131 et seq.). SEC. 1244. STUDY AND REPORT. (a) In General.--Not later than 90 days after the date of enactment of this Act, the Administrator shall enter into a contract with the National Academy of Medicine to conduct a study and prepare a report as described in subsection (b). (b) Study and Report.-- (1) Study.-- (A) In general.--The study described in this subsection shall be a study of matters concerning best practices in mortality counts as a result of a major disaster (as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122)). (B) Contents.--The study described in this subsection shall address approaches to quantifying mortality and significant morbidity among populations affected by major disasters, which shall include best practices and policy recommendations for-- (i) equitable and timely attribution, in order to facilitate access to available benefits, among other things; (ii) timely prospective tracking of population levels of mortality and significant morbidity, and their causes, in order to continuously inform response efforts; and (iii) a retrospective study of disaster-related mortality and significant morbidity to inform after-action analysis and improve subsequent preparedness efforts. (2) Report.--Not later than 2 ***years*** after the date on which the contract described in subsection (a) is entered into, the National Academy of Medicine shall complete and transmit to the Administrator a report on the study described in paragraph (1). (c) No Additional Funds Authorized.--No additional funds are authorized to carry out the requirements of this section. SEC. 1245. REVIEW OF ASSISTANCE FOR DAMAGED UNDERGROUND WATER INFRASTRUCTURE. (a) Definition of Public Assistance Grant ***Program***.--The term ``public assistance grant ***program***'' means the public assistance grant ***program*** authorized under sections 403, 406, 407, 428, and 502(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170b, 5172, 5173, 5192(a)). (b) Review and Briefing.--Not later than 60 days after the date of enactment of this Act, the Administrator shall-- (1) conduct a review of the assessment and eligibility process under the public assistance grant ***program*** with respect to assistance provided for damaged underground water infrastructure as a result of a major disaster declared under section 401 of such Act (42 U.S.C 5170), including wildfires, and shall include the extent to which local technical memoranda, prepared by a local unit of government in consultation with the relevant State or Federal agencies, identified damaged underground water infrastructure that should be eligible for the public assistance grant ***program***; and (2) provide to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a briefing on the review conducted under paragraph (1). (c) Report and Recommendations.--The Administrator shall-- (1) not later than 180 days after the date of enactment of this Act, issue a report on the review conducted under subsection (b)(1); and (2) not later than 180 days after the date on which the Administrator issues the report required under paragraph (1), initiate a rulemaking, if appropriate, to address any recommendations contained in the report. SEC. 1246. EXTENSION. The Administrator shall extend the deadlines to implement the reasonable and prudent alternative outlined in the jeopardy biological opinion dated April 14, 2016, by up to 3 ***years*** from the date of enactment of this Act. Within 18 months from the date of enactment of this Act, the Administrator shall submit to the Committee on Homeland Security and Governmental Affairs, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Environment and Public Works of the Senate; and the Committee on Homeland Security, the Committee on Natural Resources, and the Committee on Transportation and Infrastructure of the House of Representatives a report on the status of implementing these reasonable and prudent alternatives. DIVISION E--CONCRETE MASONRY SEC. 1301. SHORT TITLE. This division may be cited as the ``Concrete Masonry Products Research, Education, and Promotion Act of 2018''. SEC. 1302. DECLARATION OF POLICY. (a) Purpose.--The purpose of this division is to authorize the establishment of an orderly ***program*** for developing, financing, and carrying out an effective, continuous, and coordinated ***program*** of research, education, and promotion, including funds for marketing and market research activities, that is designed to-- (1) strengthen the position of the concrete masonry products industry in the domestic marketplace; (2) maintain, develop, and expand markets and uses for concrete masonry products in the domestic marketplace; and (3) promote the use of concrete masonry products in construction and building. (b) Limitation.--Nothing in this division may be construed to provide for the control of production or otherwise limit the right of any person to manufacture concrete masonry products. SEC. 1303. DEFINITIONS. For the purposes of this division: (1) Block machine.--The term ``block machine'' means a piece of equipment that utilizes vibration and compaction to form concrete masonry products. (2) Board.--The term ``Board'' means the Concrete Masonry Products Board established under section 1305. (3) Cavity.--The term ``cavity'' means the open space in the mold of a block machine capable of forming a single concrete masonry unit having nominal plan dimensions of 8 inches by 16 inches. (4) Concrete masonry products.--The term ``concrete masonry products'' refers to a broader class of products, including concrete masonry units as well as hardscape products such as concrete pavers and segmental retaining wall units, manufactured on a block machine using dry-cast concrete. (5) Concrete masonry unit.--The term ``concrete masonry unit''-- (A) means a concrete masonry product that is a manmade masonry unit having an actual width of 3 inches or greater and manufactured from dry-cast concrete using a block machine; and (B) includes concrete block and related concrete units used in masonry applications. (6) Conflict of interest.--The term ``conflict of interest'' means, with respect to a member or employee of the Board, a situation in which such member or employee has a direct or indirect financial or other interest in a person that performs a service for, or enters into a contract with, for anything of economic value. (7) Department.--The term ``Department'' means the Department of Commerce. (8) Dry-cast concrete.--The term ``dry-cast concrete'' means a composite material that is composed essentially of aggregates embedded in a binding medium composed of a mixture of cementitious materials (including hydraulic cement, pozzolans, or other cementitious materials) and water of such a consistency to maintain its shape after forming in a block machine. (9) Education.--The term ``education'' means ***programs*** that will educate or communicate the benefits of concrete masonry products in safe and environmentally sustainable development, advancements in concrete masonry product technology and development, and other information and ***programs*** designed to generate increased demand for commercial, residential, multifamily, and institutional projects using concrete masonry products and to generally enhance the image of concrete masonry products. (10) Machine cavities.--The term ``machine cavities'' means the cavities with which a block machine could be equipped. (11) Machine cavities in operation.--The term ``machine cavities in operation'' means those machine cavities associated with a block machine that have produced concrete masonry units within the last 6 months of the date set for determining eligibility and is fully operable and capable of producing concrete masonry units. (12) Manufacturer.--The term ``manufacturer'' means any person engaged in the manufacturing of commercial concrete masonry products in the United States. (13) Masonry unit.--The term ``masonry unit'' means a noncombustible building product intended to be laid by hand or joined using mortar, grout, surface bonding, post- tensioning or some combination of these methods. (14) Order.--The term ``order'' means an order issued under section 1304. (15) Person.--The term ``person'' means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity. (16) Promotion.--The term ``promotion'' means any action, including paid advertising, to advance the image and desirability of concrete masonry products with the express intent of improving the competitive position and stimulating sales of concrete masonry products in the marketplace. (17) Research.--The term ``research'' means studies testing the effectiveness of market development and promotion efforts, studies relating to the improvement of concrete masonry products and new product development, and studies documenting the performance of concrete masonry. (18) Secretary.--The term ``Secretary'' means the Secretary of Commerce. (19) United states.--The term ``United States'' means the several States and the District of Columbia. SEC. 1304. ISSUANCE OF ORDERS. (a) In General.-- (1) Issuance.--The Secretary, subject to the procedures provided in subsection (b), [[Page H8986]] shall issue orders under this division applicable to manufacturers of concrete masonry products. (2) Scope.--Any order shall be national in scope. (3) One order.--Not more than 1 order shall be in effect at any one time. (b) Procedures.-- (1) Development or receipt of proposed order.--A proposed order with respect to the generic research, education, and promotion with regards to concrete masonry products may be-- (A) proposed by the Secretary at any time; or (B) requested by or submitted to the Secretary by-- (i) an existing national organization of concrete masonry product manufacturers; or (ii) any person that may be affected by the issuance of an order. (2) Publication of proposed order.--If the Secretary determines that a proposed order received in accordance with paragraph (1)(B) is consistent with and will effectuate the purpose of this division, the Secretary shall publish such proposed order in the Federal Register not later than 90 days after receiving the order, and give not less than 30 days notice and opportunity for public comment on the proposed order. (3) Issuance of order.-- (A) In general.--After notice and opportunity for public comment are provided in accordance with paragraph (2), the Secretary shall issue the order, taking into consideration the comments received and including in the order such provisions as are necessary to ensure that the order is in conformity with this division. (B) Effective date.--If there is an affirmative vote in a referendum as provided in section 1307, the Secretary shall issue the order and such order shall be effective not later than 140 days after publication of the proposed order. (c) Amendments.--The Secretary may, from time to time, amend an order. The provisions of this division applicable to an order shall be applicable to any amendment to an order. SEC. 1305. REQUIRED TERMS IN ORDERS. (a) In General.--Any order issued under this division shall contain the terms and provisions specified in this section. (b) Concrete Masonry Products Board.-- (1) Establishment and membership.-- (A) Establishment.--The order shall provide for the establishment of a Concrete Masonry Products Board to carry out a ***program*** of generic promotion, research, and education regarding concrete masonry products. (B) Membership.-- (i) Number of members.--The Board shall consist of not fewer than 15 and not more than 25 members. (ii) Appointment.--The members of the Board shall be appointed by the Secretary from nominations submitted as provided in the order. (iii) Composition.--The Board shall consist of manufacturers. No employee of an industry trade organization exempt from tax under paragraph (3) or (6) of section 501(c) of the Internal Revenue Code of 1986 representing the concrete masonry industry or related industries shall serve as a member of the Board and no member of the Board may serve concurrently as an officer of the board of directors of a national concrete masonry products industry trade association. Only 2 individuals from any single company or its affiliates may serve on the Board at any one time. (2) Distribution of appointments.-- (A) Representation.--To ensure fair and equitable representation of the concrete masonry products industry, the composition of the Board shall reflect the geographical distribution of the manufacture of concrete masonry products in the United States, the types of concrete masonry products manufactured, and the range in size of manufacturers in the United States. (B) Adjustment in board representation.--Three ***years*** after the assessment of concrete masonry products commences pursuant to an order, and at the end of each 3-***year*** period thereafter, the Board, subject to the review and approval of the Secretary, shall, if warranted, recommend to the Secretary the reapportionment of the Board membership to reflect changes in the geographical distribution of the manufacture of concrete masonry products and the types of concrete masonry products manufactured. (3) Nominations process.--The Secretary may make appointments from nominations by manufacturers pursuant to the method set forth in the order. (4) Failure to appoint.--If the Secretary fails to make an appointment to the Board within 60 days of receiving nominations for such appointment, the first nominee for such appointment shall be deemed appointed, unless the Secretary provides reasonable justification for the delay to the Board and to Congress and provides a reasonable date by which approval or disapproval will be made. (5) Alternates.--The order shall provide for the selection of alternate members of the Board by the Secretary in accordance with procedures specified in the order. (6) Terms.-- (A) In general.--The members and any alternates of the Board shall each serve for a term of 3 ***years***, except that members and any alternates initially appointed to the Board shall serve for terms of not more than 2, 3, and 4 ***years***, as specified by the order. (B) Limitation on consecutive terms.--A member or an alternate may serve not more than 2 consecutive terms. (C) Continuation of term.--Notwithstanding subparagraph (B), each member or alternate shall continue to serve until a successor is appointed by the Secretary. (D) Vacancies.--A vacancy arising before the expiration of a term of office of an incumbent member or alternate of the Board shall be filled in a manner provided for in the order. (7) Disqualification from board service.--The order shall provide that if a member or alternate of the Board who was appointed as a manufacturer ceases to qualify as a manufacturer, such member or alternate shall be disqualified from serving on the Board. (8) Compensation.-- (A) In general.--Members and any alternates of the Board shall serve without compensation. (B) Travel expenses.--If approved by the Board, members or alternates shall be reimbursed for reasonable travel expenses, which may include per diem allowance or actual subsistence incurred while away from their homes or regular places of business in the performance of services for the Board. (c) Powers and Duties of the Board.--The order shall specify the powers and duties of the Board, including the power and duty-- (1) to administer the order in accordance with its terms and conditions and to collect assessments; (2) to develop and recommend to the Secretary for approval such bylaws as may be necessary for the functioning of the Board and such rules as may be necessary to administer the order, including activities authorized to be carried out under the order; (3) to meet, organize, and select from among members of the Board a chairperson, other officers, and committees and subcommittees, as the Board determines appropriate; (4) to establish regional organizations or committees to administer regional initiatives; (5) to establish working committees of persons other than Board members; (6) to employ such persons, other than the members, as the Board considers necessary, and to determine the compensation and specify the duties of the persons; (7) to prepare and submit for the approval of the Secretary, before the beginning of each fiscal ***year***, rates of assessment under section 1306 and an annual budget of the anticipated expenses to be incurred in the administration of the order, including the probable cost of each promotion, research, and information activity proposed to be developed or carried out by the Board; (8) to borrow funds necessary for the startup expenses of the order; (9) to carry out generic research, education, and promotion ***programs*** and projects relating to concrete masonry products, and to pay the costs of such ***programs*** and projects with assessments collected under section 1306; (10) subject to subsection (e), to enter into contracts or agreements to develop and carry out ***programs*** or projects of research, education, and promotion relating to concrete masonry products; (11) to keep minutes, books, and records that reflect the actions and transactions of the Board, and promptly report minutes of each Board meeting to the Secretary; (12) to receive, investigate, and report to the Secretary complaints of violations of the order; (13) to furnish the Secretary with such information as the Secretary may request; (14) to recommend to the Secretary such amendments to the order as the Board considers appropriate; and (15) to provide the Secretary with advance notice of meetings to permit the Secretary, or the representative of the Secretary, to attend the meetings. (d) ***Programs*** and Projects; Budgets; Expenses.-- (1) ***Programs*** and projects.-- (A) In general.--The order shall require the Board to submit to the Secretary for approval any ***program*** or project of research, education, or promotion relating to concrete masonry products. (B) Statement required.--Any educational or promotional activity undertaken with funds provided by the Board shall include a statement that such activities were supported in whole or in part by the Board. (2) Budgets.-- (A) Submission.--The order shall require the Board to submit to the Secretary for approval a budget of the anticipated expenses and disbursements of the Board in the implementation of the order, including the projected costs of concrete masonry products research, education, and promotion ***programs*** and projects. (B) Timing.--The budget shall be submitted before the beginning of a fiscal ***year*** and as frequently as may be necessary after the beginning of the fiscal ***year***. (C) Approval.--If the Secretary fails to approve or reject a budget within 60 days of receipt, such budget shall be deemed approved, unless the Secretary provides to the Board and to Congress, in writing, reasonable justification for the delay and provides a reasonable date by which approval or disapproval will be made. (3) Administrative expenses.-- (A) Incurring expenses.--The Board may incur the expenses described in paragraph (2) and other expenses for the administration, [[Page H8987]] maintenance, and functioning of the Board as authorized by the Secretary. (B) ***Payment*** of expenses.--Expenses incurred under subparagraph (A) shall be paid by the Board using assessments collected under section 1306, earnings obtained from assessments, and other income of the Board. Any funds borrowed by the Board shall be expended only for startup costs and capital outlays. (C) Limitation on spending.--For fiscal ***years*** beginning 3 or more ***years*** after the date of the establishment of the Board, the Board may not expend for administration (except for reimbursement to the Secretary required under subparagraph (D)), maintenance, and functioning of the Board in a fiscal ***year*** an amount that exceeds 10 percent of the assessment and other income received by the Board for the fiscal ***year***. (D) Reimbursement of secretary.--The order shall require that the Secretary be reimbursed by the Board from assessments for all expenses incurred by the Secretary in the implementation, administration, and supervision of the order, including all referenda costs incurred in connection with the order. (e) Contracts and Agreements.-- (1) In general.--The order shall provide that, with the approval of the Secretary, the Board may-- (A) enter into contracts and agreements to carry out generic research, education, and promotion ***programs*** and projects relating to concrete masonry products, including contracts and agreements with manufacturer associations or other entities as considered appropriate by the Secretary; (B) enter into contracts and agreements for administrative services; and (C) pay the cost of approved generic research, education, and promotion ***programs*** and projects using assessments collected under section 1306, earnings obtained from assessments, and other income of the Board. (2) Requirements.--Each contract or agreement shall provide that any person who enters into the contract or agreement with the Board shall-- (A) develop and submit to the Board a proposed ***program*** or project together with a budget that specifies the cost to be incurred to carry out the ***program*** or project; (B) keep accurate records of all transactions relating to the contract or agreement; (C) account for funds received and expended in connection with the contract or agreement; (D) make periodic reports to the Board of activities conducted under the contract or agreement; and (E) make such other reports as the Board or the Secretary considers relevant. (3) Failure to approve.--If the Secretary fails to approve or reject a contract or agreement entered into under paragraph (1) within 60 days of receipt, the contract or agreement shall be deemed approved, unless the Secretary provides to the Board and to Congress, in writing, reasonable justification for the delay and provides a reasonable date by which approval or disapproval will be made. (f) Books and Records of Board.-- (1) In general.--The order shall require the Board to-- (A) maintain such books and records (which shall be available to the Secretary for inspection and audit) as the Secretary may require; (B) collect and submit to the Secretary, at any time the Secretary may specify, any information the Secretary may request; and (C) account for the receipt and disbursement of all funds in the possession, or under the control, of the Board. (2) Audits.--The order shall require the Board to have-- (A) the books and records of the Board audited by an independent auditor at the end of each fiscal ***year***; and (B) a report of the audit submitted directly to the Secretary. (g) Prohibited Activities.-- (1) In general.--Subject to paragraph (2), the Board shall not engage in any ***program*** or project to, nor shall any funds received by the Board under this division be used to-- (A) influence legislation, elections, or governmental action; (B) engage in an action that would be a conflict of interest; (C) engage in advertising that is false or misleading; (D) engage in any promotion, research, or education that would be disparaging to other construction materials; or (E) engage in any promotion or project that would benefit any individual manufacturer. (2) Exceptions.--Paragraph (1) does not preclude-- (A) the development and recommendation of amendments to the order; (B) the communication to appropriate government officials of information relating to the conduct, implementation, or results of research, education, and promotion activities under the order except communications described in paragraph (1)(A); or (C) any lawful action designed to market concrete masonry products directly to a foreign government or political subdivision of a foreign government. (h) Periodic Evaluation.--The order shall require the Board to provide for the independent evaluation of all research, education, and promotion ***programs*** or projects undertaken under the order, beginning 5 ***years*** after the date of enactment of this Act and every 3 ***years*** thereafter. The Board shall submit to the Secretary and make available to the public the results of each such evaluation. (i) Objectives.--The Board shall establish annual research, education, and promotion objectives and performance metrics for each fiscal ***year*** subject to approval by the Secretary. (j) Biennial Report.--Every 2 ***years*** the Board shall prepare and make publicly available a comprehensive and detailed report that includes an identification and description of all ***programs*** and projects undertaken by the Board during the previous 2 ***years*** as well as those planned for the subsequent 2 ***years*** and detail the allocation or planned allocation of Board resources for each such ***program*** or project. Such report shall also include-- (1) the overall financial condition of the Board; (2) a summary of the amounts obligated or expended during the 2 preceding fiscal ***years***; and (3) a description of the extent to which the objectives of the Board were met according to the metrics required under subsection (i). (k) Books and Records of Persons Covered by Order.-- (1) In general.--The order shall require that manufacturers shall-- (A) maintain records sufficient to ensure compliance with the order and regulations; and (B) make the records described in subparagraph (A) available, during normal business hours, for inspection by employees or agents of the Board or the Department. (2) Time requirement.--Any record required to be maintained under paragraph (1) shall be maintained for such time period as the Secretary may prescribe. (3) Confidentiality of information.-- (A) In general.--Except as otherwise provided in this paragraph, trade secrets and commercial or financial information that is privileged or confidential reported to, or otherwise obtained by the Board or the Secretary (or any representative of the Board or the Secretary) under this division shall not be disclosed by any officers, employees, and agents of the Department or the Board. (B) Suits and hearings.--Information referred to in subparagraph (A) may be disclosed only if-- (i) the Secretary considers the information relevant; and (ii) the information is revealed in a judicial proceeding or administrative hearing brought at the direction or on the request of the Secretary or to which the Secretary or any officer of the Department is a party. (C) General statements and publications.--This paragraph does not prohibit-- (i) the issuance of general statements based on reports or on information relating to a number of persons subject to an order if the statements do not identify the information furnished by any person; or (ii) the publication, by direction of the Secretary, of the name of any person violating any order and a statement of the particular provisions of the order violated by the person. (D) Penalty.--Any officer, employee, or agent of the Department of Commerce or any officer, employee, or agent of the Board who willfully violates this paragraph shall be fined not more than $1,000 and imprisoned for not more than 1 ***year***, or both. (4) Withholding information.--This subsection does not authorize the withholding of information from Congress. SEC. 1306. ASSESSMENTS. (a) Assessments.--The order shall provide that assessments shall be paid by a manufacturer if the manufacturer has manufactured concrete masonry products during a period of at least 180 days prior to the date the assessment is to be remitted. (b) Collection.-- (1) In general.--Assessments required under the order shall be remitted by the manufacturer to the Board in the manner prescribed by the order. (2) Timing.--The order shall provide that assessments required under the order shall be remitted to the Board not less frequently than quarterly. (3) Records.--As part of the remittance of assessments, manufacturers shall identify the total amount due in assessments on all sales receipts, invoices or other commercial documents of sale as a result of the sale of concrete masonry units in a manner as prescribed by the Board to ensure compliance with the order. (c) Assessment Rates.--With respect to assessment rates, the order shall contain the following terms: (1) Initial rate.--The assessment rate on concrete masonry products shall be $0.01 per concrete masonry unit sold. (2) Changes in the rate.-- (A) Authority to change rate.--The Board shall have the authority to change the assessment rate. A two-thirds majority of voting members of the Board shall be required to approve a change in the assessment rate. (B) Limitation on increases.--An increase or decrease in the assessment rate with respect to concrete masonry products may not exceed $0.01 per concrete masonry unit sold. (C) Maximum rate.--The assessment rate shall not be in excess of $0.05 per concrete masonry unit. (D) Limitation on frequency of changes.--The assessment rate may not be increased or decreased more than once annually. (d) Late-***Payment*** and Interest Charges.-- [[Page H8988]] (1) In general.--Late-***payment*** and interest charges may be levied on each person subject to the order who fails to remit an assessment in accordance with subsection (b). (2) Rate.--The rate for late-***payment*** and interest charges shall be specified by the Secretary. (e) Investment of Assessments.--Pending disbursement of assessments under a budget approved by the Secretary, the Board may invest assessments collected under this section in-- (1) obligations of the United States or any agency of the United States; (2) general obligations of any State or any political subdivision of a State; (3) interest-bearing accounts or certificates of deposit of financial institutions that are members of the Federal Reserve System; or (4) obligations fully guaranteed as to principal and interest by the United States. (f) Assessment Funds for Regional Initiatives.-- (1) In general.--The order shall provide that not less than 50 percent of the assessments (less administration expenses) paid by a manufacturer shall be used to support research, education, and promotion ***programs*** and projects in support of the geographic region of the manufacturer. (2) Geographic regions.--The order shall provide for the following geographic regions: (A) Region I shall comprise Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia. (B) Region II shall comprise Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia. (C) Region III shall comprise Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. (D) Region IV shall comprise Arizona, Arkansas, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas. (E) Region V shall comprise Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming. (3) Adjustment of geographic regions.--The order shall provide that the Secretary may, upon recommendation of the Board, modify the composition of the geographic regions described in paragraph (2). SEC. 1307. REFERENDA. (a) Initial Referendum.-- (1) Referendum required.--During the 60-day period immediately preceding the proposed effective date of the order issued under section 1304, the Secretary shall conduct a referendum among manufacturers eligible under subsection (b)(2) subject to assessments under section 1306. (2) Approval of order needed.--The order shall become effective only if the Secretary determines that the order has been approved by a majority of manufacturers voting who also represent a majority of the machine cavities in operation of those manufacturers voting in the referendum. (b) Votes Permitted.-- (1) In general.--Each manufacturer eligible to vote in a referendum conducted under this section shall be entitled to cast 1 vote. (2) Eligibility.--For purposes of paragraph (1), a manufacturer shall be considered to be eligible to vote if the manufacturer has manufactured concrete masonry products during a period of at least 180 days prior to the first day of the period during which voting in the referendum will occur. (c) Manner of Conducting Referenda.-- (1) In general.--Referenda conducted pursuant to this section shall be conducted in a manner determined by the Secretary. (2) Advance registration.--A manufacturer who chooses to vote in any referendum conducted under this section shall register with the Secretary prior to the voting period, after receiving notice from the Secretary concerning the referendum under paragraph (4). (3) Voting.--The Secretary shall establish procedures for voting in any referendum conducted under this section. The ballots and other information or reports that reveal or tend to reveal the identity or vote of voters shall be strictly confidential. (4) Notice.--Not later than 30 days before a referendum is conducted under this section with respect to an order, the Secretary shall notify all manufacturers, in such a manner as determined by the Secretary, of the period during which voting in the referendum will occur. The notice shall explain any registration and voting procedures established under this subsection. (d) Subsequent Referenda.--If an order is approved in a referendum conducted under subsection (a), the Secretary shall conduct a subsequent referendum-- (1) at the request of the Board, subject to the voting requirements of subsections (b) and (c), to ascertain whether eligible manufacturers favor suspension, termination, or continuance of the order; or (2) effective beginning on the date that is 5 ***years*** after the date of the approval of the order, and at 5-***year*** intervals thereafter, at the request of 25 percent or more of the total number of persons eligible to vote under subsection (b). (e) Suspension or Termination.--If, as a result of a referendum conducted under subsection (d), the Secretary determines that suspension or termination of the order is favored by a majority of all votes cast in the referendum as provided in subsection (a)(2), the Secretary shall-- (1) not later than 180 days after the referendum, suspend or terminate, as appropriate, collection of assessments under the order; and (2) suspend or terminate, as appropriate, ***programs*** and projects under the order as soon as practicable and in an orderly manner. (f) Costs of Referenda.--The Board established under an order with respect to which a referendum is conducted under this section shall reimburse the Secretary from assessments for any expenses incurred by the Secretary to conduct the referendum. SEC. 1308. PETITION AND REVIEW. (a) Petition.-- (1) In general.--A person subject to an order issued under this division may file with the Secretary a petition-- (A) stating that the order, any provision of the order, or any obligation imposed in connection with the order, is not established in accordance with law; and (B) requesting a modification of the order or an exemption from the order. (2) Hearing.--The Secretary shall give the petitioner an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary. (3) Ruling.--After the hearing, the Secretary shall make a ruling on the petition. The ruling shall be final, subject to review as set forth in subsection (b). (4) Limitation on petition.--Any petition filed under this subsection challenging an order, any provision of the order, or any obligation imposed in connection with the order, shall be filed not less than 2 ***years*** after the effective date of the order, provision, or obligation subject to challenge in the petition. (b) Review.-- (1) Commencement of action.--The district courts of the United States in any district in which a person who is a petitioner under subsection (a) resides or conducts business shall have jurisdiction to review the ruling of the Secretary on the petition of the person, if a complaint requesting the review is filed no later than 30 days after the date of the entry of the ruling by the Secretary. (2) Process.--Service of process in proceedings under this subsection shall be conducted in accordance with the Federal Rules of Civil Procedure. (3) Remands.--If the court in a proceeding under this subsection determines that the ruling of the Secretary on the petition of the person is not in accordance with law, the court shall remand the matter to the Secretary with directions-- (A) to make such ruling as the court shall determine to be in accordance with law; or (B) to take such further action as, in the opinion of the court, the law requires. (c) Enforcement.--The pendency of proceedings instituted under this section shall not impede, hinder, or delay the Attorney General or the Secretary from obtaining relief under section 1309. SEC. 1309. ENFORCEMENT. (a) Jurisdiction.--A district court of the United States shall have jurisdiction to enforce, and to prevent and restrain any person from violating, this division or an order or regulation issued by the Secretary under this division. (b) Referral to Attorney General.--A civil action authorized to be brought under this section shall be referred to the Attorney General of the United States for appropriate action. (c) Civil Penalties and Orders.-- (1) Civil penalties.--A person who willfully violates an order or regulation issued by the Secretary under this division may be assessed by the Secretary a civil penalty of not more than $5,000 for each violation. (2) Separate offense.--Each violation and each day during which there is a failure to comply with an order or regulation issued by the Secretary shall be considered to be a separate offense. (3) Cease-and-desist orders.--In addition to, or in lieu of, a civil penalty, the Secretary may issue an order requiring a person to cease and desist from violating the order or regulation. (4) Notice and hearing.--No order assessing a penalty or cease-and-desist order may be issued by the Secretary under this subsection unless the Secretary provides notice and an opportunity for a hearing on the record with respect to the violation. (5) Finality.--An order assessing a penalty or a cease-and- desist order issued under this subsection by the Secretary shall be final and conclusive unless the person against whom the order is issued files an appeal from the order with the appropriate district court of the United States. (d) Additional Remedies.--The remedies provided in this division shall be in addition to, and not exclusive of, other remedies that may be available. SEC. 1310. INVESTIGATION AND POWER TO SUBPOENA. (a) Investigations.--The Secretary may conduct such investigations as the Secretary considers necessary for the effective administration of this division, or to determine whether any person has engaged or is engaging in any act that constitutes a violation of this division or any order or regulation issued under this division. (b) Subpoenas, Oaths, and Affirmations.-- (1) Investigations.--For the purpose of conducting an investigation under subsection (a), the Secretary may administer [[Page H8989]] oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The production of the records may be required from any place in the United States. (2) Administrative hearings.--For the purpose of an administrative hearing held under section 1308(a)(2) or section 1309(c)(4), the presiding officer may administer oaths and affirmations, subpoena witnesses, compel the attendance of witnesses, take evidence, and require the production of any records that are relevant to the inquiry. The attendance of witnesses and the production of the records may be required from any place in the United States. (c) Aid of Courts.-- (1) In general.--In the case of contumacy by, or refusal to obey a subpoena issued under subsection (b) to, any person, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which the investigation or proceeding is conducted, or where the person resides or conducts business, in order to enforce a subpoena issued under subsection (b). (2) Order.--The court may issue an order requiring the person referred to in paragraph (1) to comply with a subpoena referred to in paragraph (1). (3) Failure to obey.--Any failure to obey the order of the court may be punished by the court as a contempt of court. (4) Process.--Process in any proceeding under this subsection may be served in the United States judicial district in which the person being proceeded against resides or conducts business, or wherever the person may be found. SEC. 1311. SUSPENSION OR TERMINATION. (a) Mandatory Suspension or Termination.--The Secretary shall suspend or terminate an order or a provision of an order if the Secretary finds that an order or provision of an order obstructs or does not tend to effectuate the purpose of this division, or if the Secretary determines that the order or a provision of an order is not favored by a majority of all votes cast in the referendum as provided in section 1307(a)(2). (b) Implementation of Suspension or Termination.--If, as a result of a referendum conducted under section 1307, the Secretary determines that the order is not approved, the Secretary shall-- (1) not later than 180 days after making the determination, suspend or terminate, as the case may be, collection of assessments under the order; and (2) as soon as practicable, suspend or terminate, as the case may be, activities under the order in an orderly manner. SEC. 1312. AMENDMENTS TO ORDERS. The provisions of this division applicable to the order shall be applicable to any amendment to the order, except that section 1308 shall not apply to an amendment. SEC. 1313. EFFECT ON OTHER LAWS. This division shall not affect or preempt any other Federal or State law authorizing research, education, and promotion relating to concrete masonry products. SEC. 1314. REGULATIONS. The Secretary may issue such regulations as may be necessary to carry out this division and the power vested in the Secretary under this division. SEC. 1315. LIMITATION ON EXPENDITURES FOR ADMINISTRATIVE EXPENSES. Funds appropriated to carry out this division may not be used for the ***payment*** of the expenses or expenditures of the Board in administering the order. SEC. 1316. LIMITATIONS ON OBLIGATION OF FUNDS. (a) In General.--In each fiscal ***year*** of the covered period, the Board may not obligate an amount greater than the sum of-- (1) 73 percent of the amount of assessments estimated to be collected under section 1306 in such fiscal ***year***; (2) 73 percent of the amount of assessments actually collected under section 1306 in the most recent fiscal ***year*** for which an audit report has been submitted under section 1305(f)(2)(B) as of the beginning of the fiscal ***year*** for which the amount that may be obligated is being determined, less the estimate made pursuant to paragraph (1) for such most recent fiscal ***year***; and (3) amounts permitted in preceding fiscal ***years*** to be obligated pursuant to this subsection that have not been obligated. (b) Excess Amounts Deposited in Escrow Account.-- Assessments collected under section 1306 in excess of the amount permitted to be obligated under subsection (a) in a fiscal ***year*** shall be deposited in an escrow account for the duration of the covered period. (c) Treatment of Amounts in Escrow Account.--During the covered period, the Board may not obligate, expend, or borrow against amounts required under subsection (b) to be deposited in the escrow account. Any interest earned on such amounts shall be deposited in the escrow account and shall be unavailable for obligation for the duration of the covered period. (d) Release of Amounts in Escrow Account.--After the covered period, the Board may withdraw and obligate in any fiscal ***year*** an amount in the escrow account that does not exceed \1/5\ of the amount in the escrow account on the last day of the covered period. (e) Special Rule for Estimates for Particular Fiscal ***Years***.-- (1) Rule.--For purposes of subsection (a)(1), the amount of assessments estimated to be collected under section 1306 in a fiscal ***year*** specified in paragraph (2) shall be equal to 62 percent of the amount of assessments actually collected under such section in the most recent fiscal ***year*** for which an audit report has been submitted under section 1305(f)(2)(B) as of the beginning of the fiscal ***year*** for which the amount that may be obligated is being determined. (2) Fiscal ***years*** specified.--The fiscal ***years*** specified in this paragraph are the 9th and 10th fiscal ***years*** that begin on or after the date of enactment of this Act. (f) Covered Period Defined.--In this section, the term ``covered period'' means the period that begins on the date of enactment of this Act and ends on the last day of the 11th fiscal ***year*** that begins on or after such date of enactment. SEC. 1317. STUDY AND REPORT BY THE GOVERNMENT ACCOUNTABILITY OFFICE. Not later than 5 ***years*** after the date of enactment of this Act, the Comptroller General of the United States shall prepare a study, and not later than 8 ***years*** after the date of enactment of this Act, the Comptroller General shall submit to Congress and the Secretary a report, examining-- (1) how the Board spends assessments collected; (2) the extent to which the reported activities of the Board help achieve the annual objectives of the Board; (3) any changes in demand for concrete masonry products relative to other building materials; (4) any impact of the activities of the Board on the market share of competing products; (5) any impact of the activities of the Board on the overall size of the market for building products; (6) any impact of the activities of the Board on the total number of concrete-masonry-related jobs, including manufacturing, sales, and installation; (7) any significant effects of the activities of the Board on downstream purchasers of concrete masonry products and real property into which concrete masonry products are incorporated; (8) effects on prices of concrete masonry products as a result of the activities of the Board; (9) the cost to the Federal Government of an increase in concrete masonry product prices, if any, as a result of the ***program*** established by this division; (10) the extent to which key statutory requirements are met; (11) the extent and strength of Federal oversight of the ***program*** established by this division; (12) the appropriateness of administering the ***program*** from within the Office of the Secretary of Commerce and the appropriateness of administering the ***program*** from within any division of the Department, including whether the Department has the expertise, knowledge, or other capabilities necessary to adequately administer the ***program***; and (13) any other topic that the Comptroller General considers appropriate. SEC. 1318. STUDY AND REPORT BY THE DEPARTMENT OF COMMERCE. Not later than 3 ***years*** after the date of enactment of this Act, the Secretary shall prepare a study and submit to Congress a report examining the appropriateness and effectiveness of applying the commodity check-off ***program*** model (such as those ***programs*** established under the Commodity Promotion, Research, and Information Act of 1996 (7 U.S.C 7411 et seq.)) to a nonagricultural industry, taking into account the ***program*** established by this division and any other check-off ***program*** involving a nonagricultural industry. DIVISION F--BUILD ACT OF 2018 SEC. 1401. SHORT TITLE. This division may be cited as the ``Better Utilization of Investments Leading to Development Act of 2018'' or the ``BUILD Act of 2018''. SEC. 1402. DEFINITIONS. In this division: (1) Appropriate congressional committees.--The term ``appropriate congressional committees'' means-- (A) the Committee on Foreign Relations and the Committee on Appropriations of the Senate; and (B) the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives. (2) Less developed country.--The term ``less developed country'' means a country with a low-income economy, lower- middle-income economy, or upper-middle-income economy, as defined by the International Bank for Reconstruction and Development and the International Development Association (collectively referred to as the ``World Bank''). (3) Predecessor authority.--The term ``predecessor authority'' means authorities repealed by title VI. (4) Qualifying sovereign entity.--The term ``qualifying sovereign entity'' means-- (A) any agency or instrumentality of a foreign state (as defined in section 1603 of title 28, United States Code) that has a purpose that is similar to the purpose of the Corporation as described in section 1412(b); or (B) any international financial institution (as defined in section 1701(c) of the International Financial Institutions Act (22 U.S.C 262r(c))). [[Page H8990]] TITLE I--ESTABLISHMENT SEC. 1411. STATEMENT OF POLICY. It is the policy of the United States to facilitate market- based private sector development and inclusive economic growth in less developed countries through the provision of credit, capital, and other financial support-- (1) to mobilize private capital in support of sustainable, broad-based economic growth, poverty reduction, and development through demand-driven partnerships with the private sector that further the foreign policy interests of the United States; (2) to finance development that builds and strengthens civic institutions, promotes competition, and provides for public accountability and transparency; (3) to help private sector actors overcome identifiable market gaps and inefficiencies without distorting markets; (4) to achieve clearly defined economic and social development outcomes; (5) to coordinate with institutions with purposes similar to the purposes of the Corporation to leverage resources of those institutions to produce the greatest impact; (6) to provide countries a robust alternative to state- directed investments by authoritarian governments and United States strategic competitors using best practices with respect to transparency and environmental and social safeguards, and which take into account the debt sustainability of partner countries; (7) to leverage private sector capabilities and innovative development tools to help countries transition from recipients of bilateral development assistance toward increased self-reliance; and (8) to complement and be guided by overall United States foreign policy, development, and national security objectives, taking into account the priorities and needs of countries receiving support. SEC. 1412. UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION. (a) Establishment.--There is established in the executive branch the United States International Development Finance Corporation (in this division referred to as the ``Corporation''), which shall be a wholly owned Government corporation for purposes of chapter 91 of title 31, United States Code, under the foreign policy guidance of the Secretary of State. (b) Purpose.--The purpose of the Corporation shall be to mobilize and facilitate the participation of private sector capital and skills in the economic development of less developed countries, as described in subsection (c), and countries in transition from nonmarket to market economies, in order to complement the development assistance objectives, and advance the foreign policy interests, of the United States. In carrying out its purpose, the Corporation, utilizing broad criteria, shall take into account in its financing operations the economic and financial soundness and development objectives of projects for which it provides support under title II. (c) Less Developed Country Focus.-- (1) In general.--The Corporation shall prioritize the provision of support under title II in less developed countries with a low-income economy or a lower-middle-income economy. (2) Support in upper-middle-income countries.--The Corporation shall restrict the provision of support under title II in a less developed country with an upper-middle- income economy unless-- (A) the President certifies to the appropriate congressional committees that such support furthers the national economic or foreign policy interests of the United States; and (B) such support is designed to produce significant developmental outcomes or provide developmental benefits to the poorest population of that country. SEC. 1413. MANAGEMENT OF CORPORATION. (a) Structure of Corporation.--There shall be in the Corporation a Board of Directors (in this division referred to as the ``Board''), a Chief Executive Officer, a Deputy Chief Executive Officer, a Chief Risk Officer, a Chief Development Officer, and such other officers as the Board may determine. (b) Board of Directors.-- (1) Duties.--All powers of the Corporation shall vest in and be exercised by or under the authority of the Board. The Board-- (A) shall perform the functions specified to be carried out by the Board in this division; (B) may prescribe, amend, and repeal bylaws, rules, regulations, policies, and procedures governing the manner in which the business of the Corporation may be conducted and in which the powers granted to the Corporation by law may be exercised; and (C) shall develop, in consultation with stakeholders, other interested parties, and the appropriate congressional committees, a publicly available policy with respect to consultations, hearings, and other forms of engagement in order to provide for meaningful public participation in the Board's activities. (2) Membership of board.-- (A) In general.--The Board shall consist of-- (i) the Chief Executive Officer of the Corporation; (ii) the officers specified in subparagraph (B); and (iii) four other individuals who shall be appointed by the President, by and with the advice and consent of the Senate, of which-- (I) one individual should be appointed from among a list of at least 5 individuals submitted by the majority leader of the Senate after consultation with the chairman of the Committee on Foreign Relations of the Senate; (II) one individual should be appointed from among a list of at least 5 individuals submitted by the minority leader of the Senate after consultation with the ranking member of the Committee on Foreign Relations of the Senate; (III) one individual should be appointed from among a list of at least 5 individuals submitted by the Speaker of the House of Representatives after consultation with the chairman of the Committee on Foreign Affairs of the House of Representatives; and (IV) one individual should be appointed from among a list of at least 5 individuals submitted by the minority leader of the House of Representatives after consultation with the ranking member of the Committee on Foreign Affairs of the House of Representatives. (B) Officers specified.-- (i) In general.--The officers specified in this subparagraph are the following: (I) The Secretary of State or a designee of the Secretary. (II) The Administrator of the United States Agency for International Development or a designee of the Administrator. (III) The Secretary of the Treasury or a designee of the Secretary. (IV) The Secretary of Commerce or a designee of the Secretary. (ii) Requirements for designees.--A designee under clause (i) shall be selected from among officers-- (I) appointed by the President, by and with the advice and consent of the Senate; (II) whose duties relate to the ***programs*** of the Corporation; and (III) who is designated by and serving at the pleasure of the President. (C) Requirements for nongovernment members.--A member of the Board described in subparagraph (A)(iii)-- (i) may not be an officer or employee of the United States Government; (ii) shall have relevant experience, which may include experience relating to the private sector, the environment, labor organizations, or international development, to carry out the purpose of the Corporation; (iii) shall be appointed for a term of 3 ***years*** and may be reappointed for one additional term; (iv) shall serve until the member's successor is appointed and confirmed; (v) shall be compensated at a rate equivalent to that of level IV of the Executive Schedule under section 5315 of title 5, United States Code, when engaged in the business of the Corporation; and (vi) may be paid per diem in lieu of subsistence at the applicable rate under the Federal Travel Regulation under subtitle F of title 41, Code of Federal Regulations, from time to time, while away from the home or usual place of business of the member. (3) Chairperson.--The Secretary of State, or the designee of the Secretary under paragraph (2)(B)(i)(I), shall serve as the Chairperson of the Board. (4) Vice chairperson.--The Administrator of the United States Agency for International Development, or the designee of the Administrator under paragraph (2)(B)(i)(II), shall serve as the Vice Chairperson of the Board. (5) Quorum.--Five members of the Board shall constitute a quorum for the transaction of business by the Board. (c) Public Hearings.--The Board shall hold at least 2 public hearings each ***year*** in order to afford an opportunity for any person to present views with respect to whether-- (1) the Corporation is carrying out its activities in accordance with this division; and (2) any support provided by the Corporation under title II in any country should be suspended, expanded, or extended. (d) Chief Executive Officer.-- (1) Appointment.--There shall be in the Corporation a Chief Executive Officer, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall serve at the pleasure of the President. (2) Authorities and duties.--The Chief Executive Officer shall be responsible for the management of the Corporation and shall exercise the powers and discharge the duties of the Corporation subject to the bylaws, rules, regulations, and procedures established by the Board. (3) Relationship to board.--The Chief Executive Officer shall report to and be under the direct authority of the Board. (4) Compensation.--Section 5313 of title 5, United States Code, is amended by adding at the end the following: ``Chief Executive Officer, United States International Development Finance Corporation.''. (e) Deputy Chief Executive Officer.--There shall be in the Corporation a Deputy Chief Executive Officer, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall serve at the pleasure of the President. (f) Chief Risk Officer.-- (1) Appointment.--Subject to the approval of the Board, the Chief Executive Officer of the Corporation shall appoint a Chief Risk Officer, from among individuals with experience at a senior level in financial risk management, who-- (A) shall report directly to the Board; and [[Page H8991]] (B) shall be removable only by a majority vote of the Board. (2) Duties.--The Chief Risk Officer shall, in coordination with the audit committee of the Board established under section 1441, develop, implement, and manage a comprehensive process for identifying, assessing, monitoring, and limiting risks to the Corporation, including the overall portfolio diversification of the Corporation. (g) Chief Development Officer.-- (1) Appointment.--Subject to the approval of the Board, the Chief Executive Officer, with the concurrence of the Administrator of the United States Agency for International Development, shall appoint a Chief Development Officer, from among individuals with experience in development, who-- (A) shall report directly to the Board; and (B) shall be removable only by a majority vote of the Board. (2) Duties.--The Chief Development Officer shall-- (A) coordinate the Corporation's development policies and implementation efforts with the United States Agency for International Development, the Millennium Challenge Corporation, and other relevant United States Government departments and agencies, including directly liaising with missions of the United States Agency for International Development, to ensure that departments, agencies, and missions have training, awareness, and access to the Corporation's tools in relation to development policy and projects in countries; (B) under the guidance of the Chief Executive Officer, manage employees of the Corporation that are dedicated to structuring, monitoring, and evaluating transactions and projects co-designed with the United States Agency for International Development and other relevant United States Government departments and agencies; (C) authorize and coordinate ***transfers*** of funds or other resources to and from such agencies, departments, or missions upon the concurrence of those institutions in support of the Corporation's projects or activities; (D) manage the responsibilities of the Corporation under paragraphs (1) and (4) of section 1442(b) and paragraphs (1)(A) and (3)(A) of section 1443(b); (E) coordinate and implement the activities of the Corporation under section 1445; and (F) be an ex officio member of the Development Advisory Council established under subsection (i) and participate in or send a representative to each meeting of the Council. (h) Officers and Employees.-- (1) In general.--Except as otherwise provided in this section, officers, employees, and agents shall be selected and appointed by the Corporation, and shall be vested with such powers and duties as the Corporation may determine. (2) Administratively determined employees.-- (A) Appointment; compensation; removal.--Of officers and employees employed by the Corporation under paragraph (1), not more than 50 may be appointed, compensated, or removed without regard to title 5, United States Code. (B) Reinstatement.--Under such regulations as the President may prescribe, officers and employees appointed to a position under subparagraph (A) may be entitled, upon removal from such position (unless the removal was for cause), to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. (C) Additional positions.--Positions authorized by subparagraph (A) shall be in addition to those otherwise authorized by law, including positions authorized under section 5108 of title 5, United States Code. (D) Rates of pay for officers and employees.--The Corporation may set and adjust rates of basic pay for officers and employees appointed under subparagraph (A) without regard to the provisions of chapter 51 or subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, respectively. (3) Liability of employees.-- (A) In general.--An individual who is a member of the Board or an officer or employee of the Corporation has no liability under this division with respect to any claim arising out of or resulting from any act or omission by the individual within the scope of the employment of the individual in connection with any transaction by the Corporation. (B) Rule of construction.--Subparagraph (A) shall not be construed to limit personal liability of an individual for criminal acts or omissions, willful or malicious misconduct, acts or omissions for private gain, or any other acts or omissions outside the scope of the individual's employment. (C) Conflicts of interest.--The Corporation shall establish and publish procedures for avoiding conflicts of interest on the part of officers and employees of the Corporation and members of the Development Advisory Council established under subsection (i). (D) Savings provision.--This paragraph shall not be construed-- (i) to affect-- (I) any other immunities and protections that may be available to an individual described in subparagraph (A) under applicable law with respect to a transaction described in that subparagraph; or (II) any other right or remedy against the Corporation, against the United States under applicable law, or against any person other than an individual described in subparagraph (A) participating in such a transaction; or (ii) to limit or alter in any way the immunities that are available under applicable law for Federal officers and employees not described in this paragraph. (i) Development Advisory Council.-- (1) In general.--There is established a Development Advisory Council (in this subsection referred to as the ``Council'') to advise the Board on development objectives of the Corporation. (2) Membership.--Members of the Council shall be appointed by the Board, on the recommendation of the Chief Executive Officer and the Chief Development Officer, and shall be composed of not more than 9 members broadly representative of nongovernmental organizations, think tanks, advocacy organizations, foundations, and other institutions engaged in international development. (3) Functions.--The Board shall call upon members of the Council, either collectively or individually, to advise the Board regarding the extent to which the Corporation is meeting its development mandate and any suggestions for improvements in with respect to meeting that mandate, including opportunities in countries and project development and implementation challenges and opportunities. (4) Federal advisory committee act.--The Council shall not be subject to the Federal Advisory Committee Act (5 U.S.C App.). SEC. 1414. INSPECTOR GENERAL OF THE CORPORATION. (a) In General.--Section 8G(a)(2) of the Inspector General Act of 1978 (5 U.S.C App.) is amended by inserting ``the United States International Development Finance Corporation,'' after ``the Smithsonian Institution,''. (b) Oversight Independence.--Section 8G(a)(4) of the Inspector General Act of 1978 (5 U.S.C App.) is amended-- (1) in subparagraph (H), by striking ``; and'' and inserting a semicolon; (2) in subparagraph (I), by striking the semicolon and inserting ``; and''; and (3) by adding at the end the following: ``(J) with respect to the United States International Development Finance Corporation, such term means the Board of Directors of the United States International Development Finance Corporation;''. SEC. 1415. INDEPENDENT ACCOUNTABILITY MECHANISM. (a) In General.--The Board shall establish a transparent and independent accountability mechanism. (b) Functions.--The independent accountability mechanism established pursuant to subsection (a) shall-- (1) annually evaluate and report to the Board and Congress regarding compliance with environmental, social, labor, human rights, and transparency standards, consistent with Corporation statutory mandates; (2) provide a forum for resolving concerns regarding the impacts of specific Corporation-supported projects with respect to such standards; and (3) provide advice regarding Corporation projects, policies, and practices. TITLE II--AUTHORITIES SEC. 1421. AUTHORITIES RELATING TO PROVISION OF SUPPORT. (a) In General.--The authorities in this title shall only be exercised to-- (1) carry out of the policy of the United States in section 1411 and the purpose of the Corporation in section 1412; (2) mitigate risks to United States taxpayers by sharing risks with the private sector and qualifying sovereign entities through co-financing and structuring of tools; and (3) ensure that support provided under this title is additional to private sector resources by mobilizing private capital that would otherwise not be deployed without such support. (b) Lending and Guaranties.-- (1) In general.--The Corporation may make loans or guaranties upon such terms and conditions as the Corporation may determine. (2) Denomination.--Loans and guaranties issued under paragraph (1) may be denominated and repayable in United States dollars or foreign currencies. Foreign currency denominated loans and guaranties should only be provided if the Board determines there is a substantive policy rationale for such loans and guaranties. (3) Applicability of federal credit reform act of 1990.-- Loans and guaranties issued under paragraph (1) shall be subject to the requirements of the Federal Credit Reform Act of 1990 (2 U.S.C 661 et seq.). (c) Equity Investments.-- (1) In general.--The Corporation may, as a minority investor, support projects with funds or use other mechanisms for the purpose of purchasing, and may make and fund commitments to purchase, invest in, make pledges in respect of, or otherwise acquire, equity or quasi-equity securities or shares or financial interests of any entity, including as a limited partner or other investor in investment funds, upon such terms and conditions as the Corporation may determine. (2) Denomination.--Support provided under paragraph (1) may be denominated and repayable in United States dollars or foreign currency. Foreign currency denominated support provided by paragraph (1) should only be provided if the Board determines there is a substantive policy rationale for such support. [[Page H8992]] (3) Guidelines and criteria.--The Corporation shall develop guidelines and criteria to require that the use of the authority provided by paragraph (1) with respect to a project has a clearly defined development and foreign policy purpose, taking into account the following objectives: (A) The support for the project would be more likely than not to substantially reduce or overcome the effect of an identified market failure in the country in which the project is carried out. (B) The project would not have proceeded or would have been substantially delayed without the support. (C) The support would meaningfully contribute to transforming local conditions to promote the development of markets. (D) The support can be shown to be aligned with commercial partner incentives. (E) The support can be shown to have significant developmental impact and will contribute to long-term commercial sustainability. (F) The support furthers the policy of the United States described in section 1411. (4) Limitations on equity investments.-- (A) Per project limit.--The aggregate amount of support provided under this subsection with respect to any project shall not exceed 30 percent of the aggregate amount of all equity investment made to the project at the time that the Corporation approves support of the project. (B) Total limit.--Support provided pursuant to this subsection shall be limited to not more than 35 percent of the Corporation's aggregate exposure on the date that such support is provided. (5) Sales and liquidation of position.--The Corporation shall seek to sell and liquidate any support for a project provided under this subsection as soon as commercially feasible, commensurate with other similar investors in the project and taking into consideration the national security interests of the United States. (6) Timetable.--The Corporation shall create a project- specific timetable for support provided under paragraph (1). (d) Insurance and Reinsurance.--The Corporation may issue insurance or reinsurance, upon such terms and conditions as the Corporation may determine, to private sector entities and qualifying sovereign entities assuring protection of their investments in whole or in part against any or all political risks such as currency inconvertibility and ***transfer*** restrictions, expropriation, war, terrorism, civil disturbance, breach of contract, or nonhonoring of financial obligations. (e) Promotion of and Support for Private Investment Opportunities.-- (1) In general.--In order to carry out the purpose of the Corporation described in section 1412(b), the Corporation may initiate and support, through financial participation, incentive grant, or otherwise, and on such terms and conditions as the Corporation may determine, feasibility studies for the planning, development, and management of, and procurement for, potential bilateral and multilateral development projects eligible for support under this title, including training activities undertaken in connection with such projects, for the purpose of promoting investment in such projects and the identification, assessment, surveying, and promotion of private investment opportunities, utilizing wherever feasible and effective, the facilities of private investors. (2) Contributions to costs.--The Corporation shall, to the maximum extent practicable, require any person receiving funds under the authorities of this subsection to-- (A) share the costs of feasibility studies and other project planning services funded under this subsection; and (B) reimburse the Corporation those funds provided under this section, if the person succeeds in project implementation. (f) Special Projects and ***Programs***.--The Corporation may administer and manage special projects and ***programs*** in support of specific transactions undertaken by the Corporation, including ***programs*** of financial and advisory support that provide private technical, professional, or managerial assistance in the development of human resources, skills, technology, capital savings, or intermediate financial and investment institutions or cooperatives, and including the initiation of incentives, grants, or studies for energy, women's economic empowerment, microenterprise households, or other small business activities. (g) Enterprise Funds.-- (1) In general.--The Corporation may, following consultation with the Secretary of State, the Administrator of the United States Agency for International Development, and the heads of other relevant departments or agencies, establish and operate enterprise funds in accordance with this subsection. (2) Private character of funds.--Nothing in this section shall be construed to make an enterprise fund an agency or establishment of the United States Government, or to make the officers, employees, or members of the Board of Directors of an enterprise fund officers or employees of the United States for purposes of title 5, United States Code. (3) Purposes for which support may be provided.--The Corporation, subject to the approval of the Board, may designate private, nonprofit organizations as eligible to receive support under this title for the following purposes: (A) To promote development of economic freedom and private sectors, including small- and medium-sized enterprises and joint ventures with the United States and host country participants. (B) To facilitate access to credit to small- and medium- sized enterprises with sound business plans in countries where there is limited means of accessing credit on market terms. (C) To promote policies and practices conducive to economic freedom and private sector development. (D) To attract foreign direct investment capital to further promote private sector development and economic freedom. (E) To complement the work of the United States Agency for International Development and other donors to improve the overall business-enabling environment, financing the creation and expansion of the private business sector. (F) To make financially sustainable investments designed to generate measurable social benefits and build technical capacity in addition to financial returns. (4) Operation of funds.-- (A) Expenditures.--Funds made available to an enterprise fund shall be expended at the minimum rate necessary to make timely ***payments*** for projects and activities carried out under this subsection. (B) Administrative expenses.--Not more than 3 percent per annum of the funds made available to an enterprise fund may be obligated or expended for the administrative expenses of the enterprise fund. (5) Board of directors.--Each enterprise fund established under this subsection should be governed by a Board of Directors comprised of private citizens of the United States or the host country, who-- (A) shall be appointed by the President after consultation with the chairmen and ranking members of the appropriate congressional committees; and (B) have pursued careers in international business and have demonstrated expertise in international and emerging market investment activities. (6) Majority member requirement.--The majority of the members of the Board of Directors shall be United States citizens who shall have relevant experience relating to the purposes described in paragraph (3). (7) Reports.--Not later than one ***year*** after the date of the establishment of an enterprise fund under this subsection, and annually thereafter until the enterprise fund terminates in accordance with paragraph (10), the Board of Directors of the enterprise fund shall-- (A) submit to the appropriate congressional committees a report-- (i) detailing the administrative expenses of the enterprise fund during the ***year*** preceding the submission of the report; (ii) describing the operations, activities, engagement with civil society and relevant local private sector entities, development objectives and outcomes, financial condition, and accomplishments of the enterprise fund during that ***year***; (iii) describing the results of any audit conducted under paragraph (8); and (iv) describing how audits conducted under paragraph (8) are informing the operations and activities of the enterprise fund; and (B) publish, on a publicly available internet website of the enterprise fund, each report required by subparagraph (A). (8) Oversight.-- (A) Inspector general performance audits.-- (i) In general.--The Inspector General of the Corporation shall conduct periodic audits of the activities of each enterprise fund established under this subsection. (ii) Consideration.--In conducting an audit under clause (i), the Inspector General shall assess whether the activities of the enterprise fund-- (I) support the purposes described in paragraph (3); (II) result in profitable private sector investing; and (III) generate measurable social benefits. (B) Recordkeeping requirements.--The Corporation shall ensure that each enterprise fund receiving support under this subsection-- (i) keeps separate accounts with respect to such support; and (ii) maintains such records as may be reasonably necessary to facilitate effective audits under this paragraph. (9) Return of funds to treasury.--Any funds resulting from any liquidation, dissolution, or winding up of an enterprise fund, in whole or in part, shall be returned to the Treasury of the United States. (10) Termination.--The authority of an enterprise fund to provide support under this subsection shall terminate on the earlier of-- (A) the date that is 10 ***years*** after the date of the first expenditure of amounts from the enterprise fund; or (B) the date on which the enterprise fund is liquidated. (h) Supervision of Support.--Support provided under this title shall be subject to section 622(c) of the Foreign Assistance Act of 1961 (22 U.S.C 2382(c)). (i) Small Business Development.-- (1) In general.--The Corporation shall undertake, in cooperation with appropriate departments, agencies, and instrumentalities of the United States as well as private entities and others, to broaden the participation of United States small businesses and cooperatives and other small United States investors in the development of small private enterprise in less developed friendly countries or areas. [[Page H8993]] (2) Outreach to minority-owned and women-owned businesses.-- (A) In general.--The Corporation shall collect data on the involvement of minority- and women-owned businesses in projects supported by the Corporation, including-- (i) the amount of insurance and financing provided by the Corporation to such businesses in connection with projects supported by the Corporation; and (ii) to the extent such information is available, the involvement of such businesses in procurement activities conducted or supported by the Corporation. (B) Inclusion in annual report.--The Corporation shall include, in its annual report submitted to Congress under section 1443, the aggregate data collected under this paragraph, in such form as to quantify the effectiveness of the Corporation's outreach activities to minority- and women- owned businesses. SEC. 1422. TERMS AND CONDITIONS. (a) In General.--Except as provided in subsection (b), support provided by the Corporation under this title shall be on such terms and conditions as the Corporation may prescribe. (b) Requirements.--The following requirements apply to support provided by the Corporation under this title: (1) The Corporation shall provide support using authorities under this title only if it is necessary-- (A) to alleviate a credit market imperfection; or (B) to achieve specified development or foreign policy objectives of the United States Government by providing support in the most efficient way to meet those objectives on a case-by-case basis. (2) The final maturity of a loan made or guaranteed by the Corporation shall not exceed the lesser of-- (A) 25 ***years***; or (B) debt servicing capabilities of the project to be financed by the loan (as determined by the Corporation). (3) The Corporation shall, with respect to providing any loan guaranty to a project, require the parties to the project to bear the risk of loss in an amount equal to at least 20 percent of the guaranteed support by the Corporation in the project. (4) The Corporation may not make or guarantee a loan unless the Corporation determines that the borrower or lender is responsible and that adequate provision is made for servicing the loan on reasonable terms and protecting the financial interest of the United States. (5) The interest rate for direct loans and interest supplements on guaranteed loans shall be set by reference to a benchmark interest rate (yield) on marketable Treasury securities or other widely recognized or appropriate benchmarks with a similar maturity to the loans being made or guaranteed, as determined in consultation with the Director of the Office of Management and Budget and the Secretary of the Treasury. The Corporation shall establish appropriate minimum interest rates for loans, guaranties, and other instruments as necessary. (6) The minimum interest rate for new loans as established by the Corporation shall be adjusted periodically to take account of changes in the interest rate of the benchmark financial instrument. (7)(A) The Corporation shall set fees or premiums for support provided under this title at levels that minimize the cost to the Government while supporting achievement of the objectives of support. (B) The Corporation shall review fees for loan guaranties periodically to ensure that the fees assessed on new loan guaranties are at a level sufficient to cover the Corporation's most recent estimates of its costs. (8) Any loan guaranty provided by the Corporation shall be conclusive evidence that-- (A) the guaranty has been properly obtained; (B) the loan qualified for the guaranty; and (C) but for fraud or material misrepresentation by the holder of the guaranty, the guaranty is presumed to be valid, legal, and enforceable. (9) The Corporation shall prescribe explicit standards for use in periodically assessing the credit risk of new and existing direct loans or guaranteed loans. (10) The Corporation may not make loans or loan guaranties except to the extent that budget authority to cover the costs of the loans or guaranties is provided in advance in an appropriations Act, as required by section 504 of the Federal Credit Reform Act of 1990 (2 U.S.C 661c). (11) The Corporation shall rely upon specific standards to assess the developmental and strategic value of projects for which it provides support and should only provide the minimum level of support necessary in order to support such projects. (12) Any loan or loan guaranty made by the Corporation should be provided on a senior basis or pari passu with other senior debt unless there is a substantive policy rationale to provide such support otherwise. SEC. 1423. ***PAYMENT*** OF LOSSES. (a) ***Payments*** for Defaults on Guaranteed Loans.-- (1) In general.--If the Corporation determines that the holder of a loan guaranteed by the Corporation suffers a loss as a result of a default by a borrower on the loan, the Corporation shall pay to the holder the percent of the loss, as specified in the guaranty contract, after the holder of the loan has made such further collection efforts and instituted such enforcement proceedings as the Corporation may require. (2) Subrogation.--Upon making a ***payment*** described in paragraph (1), the Corporation shall ensure the Corporation will be subrogated to all the rights of the recipient of the ***payment***. (3) Recovery efforts.--The Corporation shall pursue recovery from the borrower of the amount of any ***payment*** made under paragraph (1) with respect to the loan. (b) Limitation on ***Payments***.-- (1) In general.--Except as provided by paragraph (2), compensation for insurance, reinsurance, or a guaranty issued under this title shall not exceed the dollar value of the tangible or intangible contributions or commitments made in the project, plus interest, earnings, or profits actually accrued on such contributions or commitments, to the extent provided by such insurance, reinsurance, or guaranty. (2) Exception.-- (A) In general.--The Corporation may provide that-- (i) appropriate adjustments in the insured dollar value be made to reflect the replacement cost of project assets; and (ii) compensation for a claim of loss under insurance of an equity investment under section 1421 may be computed on the basis of the net book value attributable to the equity investment on the date of loss. (3) Additional limitation.-- (A) In general.--Notwithstanding paragraph (2)(A)(ii) and except as provided in subparagraph (B), the Corporation shall limit the amount of direct insurance and reinsurance issued under section 1421 with respect to a project so as to require that the insured and its affiliates bear the risk of loss for at least 10 percent of the amount of the Corporation's exposure to that insured and its affiliates in the project. (B) Exception.--The limitation under subparagraph (A) shall not apply to direct insurance or reinsurance of loans provided by banks or other financial institutions to unrelated parties. (c) Actions by Attorney General.--The Attorney General shall take such action as may be appropriate to enforce any right accruing to the United States as a result of the issuance of any loan or guaranty under this title. (d) Rule of Construction.--Nothing in this section shall be construed to preclude any forbearance for the benefit of a borrower that may be agreed upon by the parties to a loan guaranteed by the Corporation if budget authority for any resulting costs to the United States Government (as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C 661a)) is available. SEC. 1424. TERMINATION. (a) In General.--The authorities provided under this title terminate on the date that is 7 ***years*** after the date of the enactment of this Act. (b) Termination of Corporation.--The Corporation shall terminate on the date on which the portfolio of the Corporation is liquidated. TITLE III--ADMINISTRATIVE AND GENERAL PROVISIONS SEC. 1431. OPERATIONS. (a) Bilateral Agreements.--The Corporation may provide support under title II in connection with projects in any country the government of which has entered into an agreement with the United States authorizing the Corporation to provide such support in that country. (b) Claims Settlement.-- (1) In general.--Claims arising as a result of support provided under title II or under predecessor authority may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the Corporation may determine. (2) Settlements conclusive.--***Payment*** made pursuant to any settlement pursuant to paragraph (1), or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law. (c) Presumption of Compliance.--Each contract executed by such officer or officers as may be designated by the Board shall be conclusively presumed to be issued in compliance with the requirements of this division. (d) Electronic ***Payments*** and Documents.--The Corporation shall implement policies to accept electronic documents and electronic ***payments*** in all of its ***programs***. SEC. 1432. CORPORATE POWERS. (a) In General.--The Corporation-- (1) may adopt, alter, and use a seal, to include an identifiable symbol of the United States; (2) may make and perform such contracts, including no-cost contracts (as defined by the Corporation), grants, and other agreements notwithstanding division C of subtitle I of title 41, United States Code, with any person or government however designated and wherever situated, as may be necessary for carrying out the functions of the Corporation; (3) may lease, purchase, or otherwise acquire, improve, and use such real property wherever situated, as may be necessary for carrying out the functions of the Corporation, except that, if the real property is for the Corporation's own occupancy, the lease, purchase, acquisition, improvement, or use of the real property shall be entered into or conducted in consultation with the Administrator of General Services; (4) may accept cash gifts or donations of services or of property (real, personal, or [[Page H8994]] mixed), tangible or intangible, for the purpose of carrying out the functions of the Corporation; (5) may use the United States mails in the same manner and on the same conditions as the Executive departments (as defined in section 101 of title 5, United States Code); (6) may contract with individuals for personal services, who shall not be considered Federal employees for any provision of law administered by the Director of the Office of Personnel Management; (7) may hire or obtain passenger motor vehicles; (8) may sue and be sued in its corporate name; (9) may acquire, hold, or dispose of, upon such terms and conditions as the Corporation may determine, any property, real, personal, or mixed, tangible or intangible, or any interest in such property, except that, in the case of real property that is for the Corporation's own occupancy, the acquisition, holding, or disposition of the real property shall be conducted in consultation with the Administrator of General Services; (10) may lease office space for the Corporation's own use, with the obligation of amounts for such lease limited to the current fiscal ***year*** for which ***payments*** are due until the expiration of the current lease under predecessor authority, as of the day before the date of the enactment of this Act; (11) may indemnify directors, officers, employees, and agents of the Corporation for liabilities and expenses incurred in connection with their activities on behalf of the Corporation; (12) notwithstanding any other provision of law, may represent itself or contract for representation in any legal or arbitral proceeding; (13) may exercise any priority of the Government of the United States in collecting debts from bankrupt, insolvent, or decedents' estates; (14) may collect, notwithstanding section 3711(g)(1) of title 31, United States Code, or compromise any obligations assigned to or held by the Corporation, including any legal or equitable rights accruing to the Corporation; (15) may make arrangements with foreign governments (including agencies, instrumentalities, or political subdivisions of such governments) or with multilateral organizations or institutions for sharing liabilities; (16) may sell direct investments of the Corporation to private investors upon such terms and conditions as the Corporation may determine; and (17) shall have such other powers as may be necessary and incident to carrying out the functions of the Corporation. (b) Treatment of Property.--Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of property by the United States, the Corporation shall have the right in its discretion to complete, recondition, reconstruct, renovate, repair, maintain, operate, or sell any property acquired by the Corporation pursuant to the provisions of this division, except that, in the case of real property that is for the Corporation's own occupancy, the completion, reconditioning, reconstruction, renovation, repair, maintenance, operation, or sale of the real property shall be conducted in consultation with the Administrator of General Services. SEC. 1433. MAXIMUM CONTINGENT LIABILITY. The maximum contingent liability of the Corporation outstanding at any one time shall not exceed in the aggregate $60,000,000,000. SEC. 1434. CORPORATE FUNDS. (a) Corporate Capital Account.--There is established in the Treasury of the United States a fund to be known as the ``Corporate Capital Account'' to carry out the purposes of the Corporation. (b) Funding.--The Corporate Capital Account shall consist of-- (1) fees charged and collected pursuant to subsection (c); (2) any amounts received pursuant to subsection (e); (3) investments and returns on such investments pursuant to subsection (g); (4) unexpended balances ***transferred*** to the Corporation pursuant to subsection (i); (5) ***payments*** received in connection with settlements of all insurance and reinsurance claims of the Corporation; and (6) all other collections ***transferred*** to or earned by the Corporation, excluding the cost, as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C 661a), of loans and loan guaranties. (c) Fee Authority.--Fees may be charged and collected for providing services in amounts to be determined by the Corporation. (d) Uses.-- (1) In general.--Subject to Acts making appropriations, the Corporation is authorized to pay-- (A) the cost, as defined in section 502 of the Federal Credit Reform Act of 1990, of loans and loan guaranties; (B) administrative expenses of the Corporation; (C) for the cost of providing support authorized by subsections (c), (e), (f), and (g) of section 1421; (D) project-specific transaction costs. (2) Income and revenue.--In order to carry out the purposes of the Corporation, all collections ***transferred*** to or earned by the Corporation, excluding the cost, as defined in section 502 of the Federal Credit Reform Act of 1990, of loans and loan guaranties, shall be deposited into the Corporate Capital Account and shall be available to carry out its purpose, including without limitation-- (A) ***payment*** of all insurance and reinsurance claims of the Corporation; (B) repayments to the Treasury of amounts borrowed under subsection (e); and (C) dividend ***payments*** to the Treasury under subsection (f). (e) Full Faith and Credit.-- (1) In general.--All support provided pursuant to predecessor authorities or title II shall continue to constitute obligations of the United States, and the full faith and credit of the United States is hereby pledged for the full ***payment*** and performance of such obligations. (2) Authority to borrow.--The Corporation is authorized to borrow from the Treasury such sums as may be necessary to fulfill such obligations of the United States and any such borrowing shall be at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yields on outstanding marketable obligations of the United States of comparable maturities, for a period jointly determined by the Corporation and the Secretary, and subject to such terms and conditions as the Secretary may require. (f) Dividends.--The Board, in consultation with the Director of the Office of Management and Budget, shall annually assess a dividend ***payment*** to the Treasury if the Corporation's insurance portfolio is more than 100 percent reserved. (g) Investment Authority.-- (1) In general.--The Corporation may request the Secretary of the Treasury to invest such portion of the Corporate Capital Account as is not, in the Corporation's judgment, required to meet the current needs of the Corporate Capital Account. (2) Form of investments.--Such investments shall be made by the Secretary of the Treasury in public debt obligations, with maturities suitable to the needs of the Corporate Capital Account, as determined by the Corporation, and bearing interest at rates determined by the Secretary, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. (h) Collections.--Interest earnings made pursuant to subsection (g), earnings collected related to equity investments, and amounts, excluding fees related to insurance or reinsurance, collected pursuant to subsection (c), shall not be collected for any fiscal ***year*** except to the extent provided in advance in appropriations Acts. (i) ***Transfer*** From Predecessor Agencies and ***Programs***.--By the end of the transition period described in title VI, the unexpended balances, assets, and responsibilities of any agency specified in the plan required by section 1462 shall be ***transferred*** to the Corporation. (j) ***Transfer*** of Funds.--In order to carry out this division, funds authorized to be appropriated to carry out the Foreign Assistance Act of 1961 (22 U.S.C 2151 et seq.) may be ***transferred*** to the Corporation and funds authorized to be appropriated to the Corporation may be ***transferred*** to the Department of State and the United States Agency for International Development. (k) Definition.--In this section, the term ``project- specific transaction costs''-- (1) means those costs incurred by the Corporation for travel, legal expenses, and direct and indirect costs incurred in claims settlements associated with the provision of support under title II and shall not be considered administrative expenses for the purposes of this section; and (2) does not include information technology (as such term is defined in section 11101 of title 40, United States Code). SEC. 1435. COORDINATION WITH OTHER DEVELOPMENT AGENCIES. It is the sense of Congress that the Corporation should use relevant data of the Department of State, the Millennium Challenge Corporation, the United States Agency for International Development, and other departments and agencies that have development functions to better inform the decisions of the Corporation with respect to providing support under title II. TITLE IV--MONITORING, EVALUATION, AND REPORTING SEC. 1441. ESTABLISHMENT OF RISK AND AUDIT COMMITTEES. (a) In General.--To assist the Board to fulfill its duties and responsibilities under section 1421(a), the Corporation shall establish a risk committee and an audit committee. (b) Duties and Responsibilities of Risk Committee.--Subject to the direction of the Board, the risk committee established under subsection (a) shall have oversight responsibility of-- (1) formulating risk management policies of the operations of the Corporation; (2) reviewing and providing guidance on operation of the Corporation's global risk management framework; (3) developing policies for enterprise risk management, monitoring, and management of strategic, reputational, regulatory, operational, developmental, environmental, social, and financial risks; (4) developing the risk profile of the Corporation, including a risk management and compliance framework and governance structure to support such framework; and (5) developing policies and procedures for assessing, prior to providing, and for any period during which the Corporation provides, support to any foreign entities, whether such [[Page H8995]] entities have in place sufficient enhanced due diligence policies and practices to prevent money laundering and corruption to ensure the Corporation does not provide support to persons that are-- (A) knowingly engaging in acts of corruption; (B) knowingly providing material or financial support for terrorism, drug trafficking, or human trafficking; or (C) responsible for ordering or otherwise directing serious or gross violations of human rights. (c) Duties and Responsibilities of Audit Committee.-- Subject to the direction of the Board, the audit committee established under subsection (a) shall have the oversight responsibility of-- (1) the integrity of the Corporation's financial reporting and systems of internal controls regarding finance and accounting; (2) the integrity of the Corporation's financial statements; (3) the performance of the Corporation's internal audit function; and (4) compliance with legal and regulatory requirements related to the finances of the Corporation. SEC. 1442. PERFORMANCE MEASURES, EVALUATION, AND LEARNING. (a) In General.--The Corporation shall develop a performance measurement system to evaluate and monitor projects supported by the Corporation under title II and to guide future projects of the Corporation. (b) Considerations.--In developing the performance measurement system required by subsection (a), the Corporation shall-- (1) develop a successor for the development impact measurement system of the Overseas Private Investment Corporation (as such system was in effect on the day before the date of the enactment of this Act); (2) develop a mechanism for ensuring that support provided by the Corporation under title II is in addition to private investment; (3) develop standards for, and a method for ensuring, appropriate financial performance of the Corporation's portfolio; and (4) develop standards for, and a method for ensuring, appropriate development performance of the Corporation's portfolio, including-- (A) measurement of the projected and ex post development impact of a project; and (B) the information necessary to comply with section 1443. (c) Public Availability of Certain Information.--The Corporation shall make available to the public on a regular basis information about support provided by the Corporation under title II and performance metrics about such support on a country-by-country basis. (d) Consultation.--In developing the performance measurement system required by subsection (a), the Corporation shall consult with the Development Advisory Council established under section 1413(i) and other stakeholders and interested parties engaged in sustainable economic growth and development. SEC. 1443. ANNUAL REPORT. (a) In General.--After the end of each fiscal ***year***, the Corporation shall submit to the appropriate congressional committees a complete and detailed report of its operations during that fiscal ***year***, including an assessment of-- (1) the economic and social development impact, including with respect to matters described in subsections (d), (e), and (f) of section 1451, of projects supported by the Corporation under title II; (2) the extent to which the operations of the Corporation complement or are compatible with the development assistance ***programs*** of the United States and qualifying sovereign entities; (3) the Corporation's institutional linkages with other relevant United States Government department and agencies, including efforts to strengthen such linkages; and (4) the compliance of projects supported by the Corporation under title II with human rights, environmental, labor, and social policies, or other such related policies that govern the Corporation's support for projects, promulgated or otherwise administered by the Corporation. (b) Elements.--Each annual report required by subsection (a) shall include analyses of the effects of projects supported by the Corporation under title II, including-- (1) reviews and analyses of-- (A) the desired development outcomes for projects and whether or not the Corporation is meeting the associated metrics, goals, and development objectives, including, to the extent practicable, in the ***years*** after conclusion of projects; and (B) the effect of the Corporation's support on access to capital and ways in which the Corporation is addressing identifiable market gaps or inefficiencies and what impact, if any, such support has on access to credit for a specific project, country, or sector; (2) an explanation of any partnership arrangement or cooperation with a qualifying sovereign entity in support of each project; (3) projections of-- (A) development outcomes, and whether or not support for projects are meeting the associated performance measures, both during the start-up phase and over the duration of the support, and to the extent practicable, measures of such development outcomes should be on a gender-disaggregated basis, such as changes in employment, access to financial services, enterprise development and growth, and composition of executive boards and senior leadership of enterprises receiving support under title II; and (B) the value of private sector assets brought to bear relative to the amount of support provided by the Corporation and the value of any other public sector support; and (4) an assessment of the extent to which lessons learned from the monitoring and evaluation activities of the Corporation, and from annual reports from previous ***years*** compiled by the Corporation, have been applied to projects. SEC. 1444. PUBLICLY AVAILABLE PROJECT INFORMATION. The Corporation shall-- (1) maintain a user-friendly, publicly available, machine- readable database with detailed project-level information, as appropriate and to the extent practicable, including a description of the support provided by the Corporation under title II, including, to the extent feasible, the information included in the report to Congress under section 1443 and project-level performance metrics; and (2) include a clear link to information about each project supported by the Corporation under title II on the internet website of the Department of State, ``ForeignAssistance.gov'', or a successor website or other online publication. SEC. 1445. ENGAGEMENT WITH INVESTORS. (a) In General.--The Corporation, acting through the Chief Development Officer, shall, in cooperation with the Administrator of the United States Agency for International Development-- (1) develop a strategic relationship with private sector entities focused at the nexus of business opportunities and development priorities; (2) engage such entities and reduce business risks primarily through direct transaction support and facilitating investment partnerships; (3) develop and support tools, approaches, and intermediaries that can mobilize private finance at scale in the developing world; (4) pursue highly developmental projects of all sizes, especially those that are small but designed for work in the most underdeveloped areas, including countries with chronic suffering as a result of extreme poverty, fragile institutions, or a history of violence; and (5) pursue projects consistent with the policy of the United States described in section 1411 and the Joint Strategic Plan and the Mission Country Development Cooperation Strategies of the United States Agency for International Development. (b) Assistance.--To achieve the goals described in subsection (a), the Corporation shall-- (1) develop risk mitigation tools; (2) provide transaction structuring support for blended finance models; (3) support intermediaries linking capital supply and demand; (4) coordinate with other Federal agencies to support or accelerate transactions; (5) convene financial, donor, civil society, and public sector partners around opportunities for private finance within development priorities; (6) offer strategic planning and ***programming*** assistance to catalyze investment into priority sectors; (7) provide transaction structuring support; (8) deliver training and knowledge management tools for engaging private investors; (9) partner with private sector entities that provide access to capital and expertise; and (10) identify and screen new investment partners. (c) Technical Assistance.--The Corporation shall coordinate with the United States Agency for International Development and other agencies and departments, as necessary, on projects and ***programs*** supported by the Corporation that include technical assistance. SEC. 1446. NOTIFICATIONS TO BE PROVIDED BY THE CORPORATION. (a) In General.--Not later than 15 days prior to the Corporation making a financial commitment associated with the provision of support under title II in an amount in excess of $10,000,000, the Chief Executive Officer of the Corporation shall submit to the appropriate congressional committees a report in writing that contains the information required by subsection (b). (b) Information Required.--The information required by this subsection includes-- (1) the amount of each such financial commitment; (2) an identification of the recipient or beneficiary; and (3) a description of the project, activity, or asset and the development goal or purpose to be achieved by providing support by the Corporation. (c) Bilateral Agreements.--The Chief Executive Officer of the Corporation shall notify the appropriate congressional committees not later than 30 days after entering into a new bilateral agreement described in section 1431(a). TITLE V--CONDITIONS, RESTRICTIONS, AND PROHIBITIONS SEC. 1451. LIMITATIONS AND PREFERENCES. (a) Limitation on Support for Single Entity.--No entity receiving support from the Corporation under title II may receive more than an amount equal to 5 percent of the Corporation's maximum contingent liability authorized under section 1433. (b) Preference for Support for Projects Sponsored by United States Persons.-- [[Page H8996]] (1) In general.--The Corporation should give preferential consideration to projects sponsored by or involving private sector entities that are United States persons. (2) United states person defined.--In this subsection, the term ``United States person'' means-- (A) a United States citizen; or (B) an entity owned or controlled by an individual or individuals described in subparagraph (A). (c) Preference for Support in Countries in Compliance With International Trade Obligations.-- (1) Consultations with united states trade representative.--Not less frequently than annually, the Corporation shall consult with the United States Trade Representative with respect to the status of countries eligible to receive support from the Corporation under title II and the compliance of those countries with their international trade obligations. (2) Preferential consideration.--The Corporation shall give preferential consideration to providing support under title II for projects in countries in compliance with or making substantial progress coming into compliance with their international trade obligations. (d) Worker Rights.-- (1) In general.--The Corporation shall only support projects under title II in countries that are taking steps to adopt and implement laws that extend internationally recognized worker rights (as defined in section 507 of the Trade Act of 1974 (19 U.S.C 2467)) to workers in that country, including any designated zone in that country. (2) Required contract language.--The Corporation shall also include the following language, in substantially the following form, in all contracts which the Corporation enters into with persons receiving support under title II: ``The person receiving support agrees not to take actions to prevent employees of the foreign enterprise from lawfully exercising their right of association and their right to organize and bargain collectively. The person further agrees to observe applicable laws relating to a minimum age for employment of children, acceptable conditions of work with respect to minimum wages, hours of work, and occupational health and safety, and not to use forced labor or the worst forms of child labor (as defined in section 507 of the Trade Act of 1974 (19 U.S.C 2467)). The person is not responsible under this paragraph for the actions of a foreign government.''. (e) Impact Notification.--The Board shall not vote in favor of any project proposed to be supported by the Corporation under title II that is likely to have significant adverse environmental or social impacts that are sensitive, diverse, or unprecedented, unless-- (1) at least 60 days before the date of the vote, an environmental and social impact assessment or initial environmental and social audit, analyzing the environmental and social impacts of the proposed project and of alternatives to the proposed project, including mitigation measures, is completed; (2) such assessment or audit has been made available to the public of the United States, locally affected groups in the country in which the project will be carried out, and nongovernmental organizations in that country; and (3) the Corporation, applying best practices with respect to environmental and social safeguards, includes in any contract relating to the project provisions to ensure the mitigation of any such adverse environmental or social impacts. (f) Women's Economic Empowerment.--In utilizing its authorities under title II, the Corporation shall consider the impacts of its support on women's economic opportunities and outcomes and shall prioritize the reduction of gender gaps and maximize development impact by working to improve women's economic opportunities. (g) Preference for Provision of Support in Countries Embracing Private Enterprise.-- (1) In general.--The Corporation should give preferential consideration to projects for which support under title II may be provided in countries the governments of which have demonstrated consistent support for economic policies that promote the development of private enterprise, both domestic and foreign, and maintaining the conditions that enable private enterprise to make a full contribution to the development of such countries, including-- (A) market-based economic policies; (B) protection of private property rights; (C) respect for the rule of law; and (D) systems to combat corruption and bribery. (2) Sources of information.--The Corporation should rely on both third-party indicators and United States Government information, such as the Department of State's Investment Climate Statements, the Department of Commerce's Country Commercial Guides, or the Millennium Challenge Corporation's Constraints Analysis, to assess whether countries meet the conditions described in paragraph (1). (h) Consideration of Foreign Boycott Participation.--In providing support for projects under title II, the Corporation shall consider, using information readily available, whether the project is sponsored by or substantially affiliated with any person taking or knowingly agreeing to take actions, or having taken or knowingly agreed to take actions within the past 3 ***years***, which demonstrate or otherwise evidence intent to comply with, further, or support any boycott described in section 1773(a) of the Export Control Reform Act of 2018 (subtitle B of title XVII of Public Law 115-232). (i) Ensuring Opportunities for Small Businesses in Foreign Development.--The Corporation shall, using broad criteria, make, to the maximum extent possible consistent with this division, efforts-- (1) to give preferential consideration in providing support under title II to projects sponsored by or involving small businesses; and (2) to ensure that the proportion of projects sponsored by or involving United States small businesses, including women- , minority-, and veteran-owned small businesses, is not less than 50 percent of all projects for which the Corporation provides support and that involve United States persons. SEC. 1452. ADDITIONALITY AND AVOIDANCE OF MARKET DISTORTION. (a) In General.--Before the Corporation provides support for a project under title II, the Corporation shall ensure that private sector entities are afforded an opportunity to support the project. (b) Safeguards, Policies, and Guidelines.--The Corporation shall develop appropriate safeguards, policies, and guidelines to ensure that support provided by the Corporation under title II-- (1) supplements and encourages, but does not compete with, private sector support; (2) operates according to internationally recognized best practices and standards with respect to ensuring the avoidance of market distorting government subsidies and the crowding out of private sector lending; and (3) does not have a significant adverse impact on United States employment. SEC. 1453. PROHIBITION ON SUPPORT IN COUNTRIES THAT SUPPORT TERRORISM OR VIOLATE HUMAN RIGHTS AND WITH SANCTIONED PERSONS. (a) In General.--The Corporation is prohibited from providing support under title II for a government, or an entity owned or controlled by a government, if the Secretary of State has determined that the government-- (1) has repeatedly provided support for acts of international terrorism for purposes of-- (A) section 1754(c)(1)(A)(i) of the Export Control Reform Act of 2018 (subtitle B of title XVII of Public Law 115-232); (B) section 620A(a) of the Foreign Assistance Act of 1961 (22 U.S.C 2371(a)); (C) section 40(d) of the Arms Export Control Act (22 U.S.C 2780(d)); or (D) any other relevant provision of law; or (2) has engaged in a consistent pattern of gross violations of internationally recognized human rights for purposes of section 116(a) or 502B(a)(2) of the Foreign Assistance Act of 1961 (22 U.S.C 2151n(a) and 2304(a)(2)) or any other relevant provision of law. (b) Prohibition on Support of Sanctioned Persons.--The Corporation is prohibited from all dealings related to any project under title II prohibited under United States sanctions laws or regulations, including dealings with persons on the list of specially designated persons and blocked persons maintained by the Office of Foreign Assets Control of the Department of the Treasury, except to the extent otherwise authorized by the Secretary of the Treasury or the Secretary of State. (c) Prohibition on Support of Activities Subject to Sanctions.--The Corporation shall require any person receiving support under title II to certify that the person, and any entity owned or controlled by the person, is in compliance with all United States sanctions laws and regulations. SEC. 1454. APPLICABILITY OF CERTAIN PROVISIONS OF LAW. Subsections (g), (l), (m), and (n) of section 237 of the Foreign Assistance Act of 1961 (22 U.S.C 2197) shall apply with respect to the Corporation to the same extent and in the same manner as such subsections applied with respect to the Overseas Private Investment Corporation on the day before the date of the enactment of this Act. TITLE VI--TRANSITIONAL PROVISIONS SEC. 1461. DEFINITIONS. In this title: (1) Agency.--The term ``agency'' includes any entity, organizational unit, ***program***, or function. (2) Transition period.--The term ``transition period'' means the period-- (A) beginning on the date of the enactment of this Act; and (B) ending on the effective date of the reorganization plan required by section 1462(e). SEC. 1462. REORGANIZATION PLAN. (a) Submission of Plan.-- (1) In general.--Not later than 120 days after the date of the enactment of this Act, the President shall transmit to the appropriate congressional committees a reorganization plan regarding the following: (A) The ***transfer*** of agencies, personnel, assets, and obligations to the Corporation pursuant to this title. (B) Any consolidation, reorganization, or streamlining of agencies ***transferred*** to the Corporation pursuant to this title. (C) Any efficiencies or cost savings achieved or additional costs incurred as a result of the ***transfer*** of agencies, personnel, assets, and obligations to the Corporation pursuant to this title, including reductions in unnecessary or duplicative operations, assets, and personnel. [[Page H8997]] (2) Consultation.--Not later than 15 days before the date on which the plan is transmitted pursuant to this subsection, the President shall consult with the appropriate congressional committees on such plan. (b) Plan Elements.--The plan transmitted under subsection (a) shall contain, consistent with this division, such elements as the President deems appropriate, including the following: (1) Identification of any functions of agencies ***transferred*** to the Corporation pursuant to this title that will not be ***transferred*** to the Corporation under the plan. (2) Specification of the steps to be taken to organize the Corporation, including the delegation or assignment of functions ***transferred*** to the Corporation. (3) Specification of the funds available to each agency that will be ***transferred*** to the Corporation as a result of ***transfers*** under the plan. (4) Specification of the proposed allocations within the Corporation of unexpended funds ***transferred*** in connection with ***transfers*** under the plan. (5) Specification of any proposed disposition of property, facilities, contracts, records, and other assets and obligations of agencies ***transferred*** under the plan. (6) Specification of the number of authorized positions and personnel employed before the end of the transition period that will be ***transferred*** to the Corporation, including plans to mitigate the impact of such ***transfers*** on the United States Agency for International Development. (c) Report on Coordination.-- (1) In general.--The ***transfer*** of functions authorized by this section may occur only after the President and Chief Executive Officer of the Overseas Private Investment Corporation and the Administrator of the United States Agency for International Development jointly submit to the Committee on Foreign Affairs and Committee on Appropriations of the House of Representatives and Committee on Foreign Relations and Committee on Appropriations of the Senate a report in writing that contains the information required by paragraph (2). (2) Information required.--The information required by this paragraph includes a description in detail of the procedures to be followed after the ***transfer*** of functions authorized by this section have occurred to coordinate between the Corporation and the United States Agency for International Development in carrying out the functions so ***transferred***. (d) Modification of Plan.--The President shall consult with the appropriate congressional committees before making any material modification or revision to the plan before the plan becomes effective in accordance with subsection (e). (e) Effective Date.-- (1) In general.--The reorganization plan described in this section, including any modifications or revisions of the plan under subsection (c), shall become effective for an agency on the date specified in the plan (or the plan as modified pursuant to subsection (d)), except that such date may not be earlier than 90 days after the date the President has transmitted the reorganization plan to the appropriate congressional committees pursuant to subsection (a). (2) Statutory construction.--Nothing in this subsection may be construed to require the ***transfer*** of functions, personnel, records, balances of appropriations, or other assets of an agency on a single date. SEC. 1463. ***TRANSFER*** OF FUNCTIONS. (a) In General.--Effective at the end of the transition period, there shall be ***transferred*** to the Corporation the functions, personnel, assets, and liabilities of-- (1) the Overseas Private Investment Corporation, as in existence on the day before the date of the enactment of this Act; and (2) the following elements of the United States Agency for International Development: (A) The Development Credit Authority. (B) The existing Legacy Credit portfolio under the Urban Environment ***Program*** and any other direct loan ***programs*** and non-Development Credit Authority guaranty ***programs*** authorized by the Foreign Assistance Act of 1961 (22 U.S.C 2151 et seq.) or other predecessor Acts, as in existence on the date of the enactment of this Act, other than any sovereign loan guaranties. (b) Additional ***Transfer*** Authority.--Effective at the end of the transition period, there is authorized to be ***transferred*** to the Corporation, with the concurrence of the Administrator of the United States Agency for International Development, the functions, personnel, assets, and liabilities of the following elements of the United States Agency for International Development: (1) The Office of Private Capital and Microenterprise. (2) The enterprise funds. (c) Sovereign Loan Guaranty ***Transfer***.-- (1) In general.--Effective at the end of the transition period, there is authorized to be ***transferred*** to the Corporation or any other appropriate department or agency of the United States Government the loan accounts and the legal rights and responsibilities for the sovereign loan guaranty portfolio held by the United States Agency for International Development as in existence on the day before the date of the enactment of this Act. (2) Inclusion in reorganization plan.--The President shall include in the reorganization plan submitted under section 1462 a description of the ***transfer*** authorized under paragraph (1). (d) Bilateral Agreements.--Any bilateral agreement of the United States in effect on the date of the enactment of this Act that serves as the basis for ***programs*** of the Overseas Private Investment Corporation and the Development Credit Authority shall be considered as satisfying the requirements of section 1431(a). (e) Transition.--During the transition period, the agencies specified in subsection (a) shall-- (1) continue to administer the assets and obligations of those agencies; and (2) carry out such ***programs*** and activities authorized under this division as may be determined by the President. SEC. 1464. TERMINATION OF OVERSEAS PRIVATE INVESTMENT CORPORATION AND OTHER SUPERCEDED AUTHORITIES. Effective at the end of the transition period-- (1) the Overseas Private Investment Corporation is terminated; and (2) title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 (22 U.S.C 2191 et seq.) (other than subsections (g), (l), (m), and (n) of section 237 of that Act) is repealed. SEC. 1465. TRANSITIONAL AUTHORITIES. (a) Provision of Assistance by Officials.--Until the ***transfer*** of an agency to the Corporation under section 1463, any official having authority over, or functions relating to, the agency on the day before the date of the enactment of this Act shall provide to the Corporation such assistance, including the use of personnel and assets, as the Corporation may request in preparing for the ***transfer*** and integration of the agency into the Corporation. (b) Services and Personnel.--During the transition period, upon the request of the Corporation, the head of any executive agency may, on a reimbursable or non-reimbursable basis, provide services or detail personnel to assist with the transition. (c) Acting Officials.-- (1) In general.--During the transition period, pending the advice and consent of the Senate to the appointment of an officer required by this division to be appointed by and with such advice and consent, the President may designate any officer whose appointment was required to be made by and with such advice and consent and who was such an officer before the end of the transition period (and who continues in office) or immediately before such designation, to act in such office until the same is filled as provided in this division. While so acting, such officers shall receive compensation at the higher of-- (A) the rates provided by this division for the respective offices in which they act; or (B) the rates provided for the offices held at the time of designation. (2) Rule of construction.--Nothing in this division shall be construed to require the advice and consent of the Senate to the appointment by the President to a position in the Corporation of any officer whose agency is ***transferred*** to the Corporation pursuant to this title and whose duties following such ***transfer*** are germane to those performed before such ***transfer***. (d) ***Transfer*** of Personnel, Assets, Obligations, and Functions.--Upon the ***transfer*** of an agency to the Corporation under section 1463-- (1) the personnel, assets, and obligations held by or available in connection with the agency shall be ***transferred*** to the Corporation for appropriate allocation, subject to the approval of the Director of the Office of Management and Budget and in accordance with section 1531(a)(2) of title 31, United States Code; and (2) the Corporation shall have all functions-- (A) relating to the agency that any other official could by law exercise in relation to the agency immediately before such ***transfer***; and (B) vested in the Corporation by this division or other law. SEC. 1466. SAVINGS PROVISIONS. (a) Completed Administrative Actions.-- (1) In general.--Completed administrative actions of an agency shall not be affected by the enactment of this Act or the ***transfer*** of such agency to the Corporation under section 1463, but shall continue in effect according to their terms until amended, modified, superseded, terminated, set aside, or revoked in accordance with law by an officer of the United States or a court of competent jurisdiction, or by operation of law. (2) Completed administrative action defined.--In this subsection, the term ``completed administrative action'' includes orders, determinations, rules, regulations, personnel actions, permits, agreements, grants, contracts, certificates, policies, licenses, registrations, and privileges. (b) Pending Proceedings.-- (1) In general.--Pending proceedings in an agency, including notices of proposed rulemaking, and applications for licenses, permits, certificates, grants, and financial assistance, shall continue notwithstanding the enactment of this Act or the ***transfer*** of the agency to the Corporation, unless discontinued or modified under the same terms and conditions and to the same extent that such discontinuance could have occurred if such enactment or ***transfer*** had not occurred. (2) Orders.--Orders issued in proceedings described in paragraph (1), and appeals therefrom, and ***payments*** made pursuant to such [[Page H8998]] orders, shall issue in the same manner and on the same terms as if this division had not been enacted or the agency had not been ***transferred***, and any such orders shall continue in effect until amended, modified, superseded, terminated, set aside, or revoked by an officer of the United States or a court of competent jurisdiction, or by operation of law. (c) Pending Civil Actions.--Pending civil actions shall continue notwithstanding the enactment of this Act or the ***transfer*** of an agency to the Corporation, and in such civil actions, proceedings shall be had, appeals taken, and judgments rendered and enforced in the same manner and with the same effect as if such enactment or ***transfer*** had not occurred. (d) References.--References relating to an agency that is ***transferred*** to the Corporation under section 1463 in statutes, Executive orders, rules, regulations, directives, or delegations of authority that precede such ***transfer*** or the date of the enactment of this Act shall be deemed to refer, as appropriate, to the Corporation, to its officers, employees, or agents, or to its corresponding organizational units or functions. Statutory reporting requirements that applied in relation to such an agency immediately before the effective date of this division shall continue to apply following such ***transfer*** if they refer to the agency by name. (e) Employment Provisions.-- (1) Regulations.--The Corporation may, in regulations prescribed jointly with the Director of the Office of Personnel Management, adopt the rules, procedures, terms, and conditions, established by statute, rule, or regulation before the date of the enactment of this Act, relating to employment in any agency ***transferred*** to the Corporation under section 1463. (2) Effect of ***transfer*** on conditions of employment.--Except as otherwise provided in this division, or under authority granted by this division, the ***transfer*** pursuant to this title of personnel shall not alter the terms and conditions of employment, including compensation, of any employee so ***transferred***. (f) Statutory Reporting Requirements.--Any statutory reporting requirement that applied to an agency ***transferred*** to the Corporation under this title immediately before the date of the enactment of this Act shall continue to apply following that ***transfer*** if the statutory requirement refers to the agency by name. SEC. 1467. OTHER TERMINATIONS. Except as otherwise provided in this division, whenever all the functions vested by law in any agency have been ***transferred*** pursuant to this title, each position and office the incumbent of which was authorized to receive compensation at the rates prescribed for an office or position at level II, III, IV, or V of the Executive Schedule under subchapter II of chapter 53 of title 5, United States Code, shall terminate. SEC. 1468. INCIDENTAL ***TRANSFERS***. The Director of the Office of Management and Budget, in consultation with the Corporation, is authorized and directed to make such additional incidental dispositions of personnel, assets, and liabilities held, used, arising from, available, or to be made available, in connection with the functions ***transferred*** by this title, as the Director may determine necessary to accomplish the purposes of this division. SEC. 1469. REFERENCE. With respect to any function ***transferred*** under this title (including under a reorganization plan under section 1462) and exercised on or after the date of the enactment of this Act, reference in any other Federal law to any department, commission, or agency or any officer or office the functions of which are so ***transferred*** shall be deemed to refer to the Corporation or official or component of the Corporation to which that function is so ***transferred***. SEC. 1470. CONFORMING AMENDMENTS. (a) Exempt ***Programs***.--Section 255(g) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C 905(g)) is amended by striking ``Overseas Private Investment Corporation, Noncredit Account (71-4184-0-3-151).'' and inserting ``United States International Development Finance Corporation.''. (b) Executive Schedule.--Title 5, United States Code, is amended-- (1) in section 5314, by striking ``President, Overseas Private Investment Corporation.''; (2) in section 5315, by striking ``Executive Vice President, Overseas Private Investment Corporation.''; and (3) in section 5316, by striking ``Vice Presidents, Overseas Private Investment Corporation (3).''. (c) Office of International Trade of the Small Business Administration.--Section 22 of the Small Business Act (15 U.S.C 649) is amended-- (1) in subsection (b), in the matter preceding paragraph (1), by striking ``the President of the Overseas Private Investment Corporation, Director'' and inserting ``the Board of Directors of the United States International Development Finance Corporation, the Director''; and (2) by striking ``Overseas Private Investment Corporation'' each place it appears and inserting ``United States International Development Finance Corporation''. (d) United States and Foreign Commercial Service.--Section 2301 of the Export Enhancement Act of 1988 (15 U.S.C 4721) is amended by striking ``Overseas Private Investment Corporation'' each place it appears and inserting ``United States International Development Finance Corporation''. (e) Trade Promotion Coordinating Committee.--Section 2312(d)(1)(K) of the Export Enhancement Act of 1988 (15 U.S.C 4727(d)(1)(K)) is amended by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''. (f) Interagency Trade Data Advisory Committee.--Section 5402(b) of the Omnibus Trade and Competitiveness Act of 1988 (15 U.S.C 4902(b)) is amended by striking ``the President of the Overseas Private Investment Corporation'' and inserting ``the Chief Executive Officer of the United States International Development Finance Corporation''. (g) Misuse of Names of Federal Agencies.--Section 709 of title 18, United States Code, is amended by striking `` `Overseas Private Investment', `Overseas Private Investment Corporation', or `OPIC','' and inserting `` `United States International Development Finance Corporation' or `DFC' ''. (h) Engagement on Currency Exchange Rate and Economic Policies.--Section 701(c)(1)(A) of the Trade Facilitation and Trade Enforcement Act of 2015 (19 U.S.C 4421(c)(1)(A)) is amended by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''. (i) Internships With Institute for International Public Policy.--Section 625 of the Higher Education Act of 1965 (20 U.S.C 1131c(a)) is amended by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''. (j) Foreign Assistance Act of 1961.--The Foreign Assistance Act of 1961 (22 U.S.C 2151 et seq.) is amended-- (1) in section 116-- (A) in subsection (a), by inserting ``, and no support may be provided under title II of the Better Utilization of Investments Leading to Development Act of 2018,'' after ``this part''; (B) in the first subsection (b)-- (i) by inserting ``or title II of the Better Utilization of Investments Leading to Development Act of 2018'' after ``this part''; (ii) by inserting ``or the Chief Executive Officer of the United States International Development Finance Corporation, as applicable,'' after ``this Act''; (iii) by inserting ``or support'' after ``the assistance''; and (iv) by inserting ``or support'' after ``such assistance'' each place it appears; (C) in the second subsection (b), by inserting ``under this part, and no support may be provided under title II of the Better Utilization of Investments Leading to Development Act of 2018,'' after ``provided''; and (D) in subsection (c), by striking ``under this part, the Administrator'' and inserting ``under this part, or support provided under title II of the Better Utilization of Investments Leading to Development Act of 2018, the Administrator, or the Chief Executive Officer of the United States International Development Finance Corporation, as applicable,''; (2) in section 449B(b)(2) (22 U.S.C 2296b(b)(2)), by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''; and (3) in section 481(e)(4)(A) (22 U.S.C 2291(e)(4)(A)), in the matter preceding clause (i), by striking ``(including ***programs*** under title IV of chapter 2, relating to the Overseas Private Investment Corporation)'' and inserting ``(and any support under title II of the Better Utilization of Investments Leading to Development Act of 2018, relating to the United States International Development Finance Corporation)''. (k) Electrify Africa Act of 2015.--Sections 5 and 7 of the Electrify Africa Act of 2015 (Public Law 114-121; 22 U.S.C 2293 note) are amended by striking ``Overseas Private Investment Corporation'' each place it appears and inserting ``United States International Development Finance Corporation''. (l) Foreign Aid Transparency and Accountability Act of 2016.--Section 2(3) of the Foreign Aid Transparency and Accountability Act of 2016 (Public Law 114-191; 22 U.S.C 2394c note) is amended-- (1) in subparagraph (A), by striking ``except for'' and all that follows through ``chapter 3'' and insert ``except for chapter 3''; (2) in subparagraph (C), by striking ``and'' at the end; (3) in subparagraph (D), by striking the period at the end and inserting ``; and''; and (4) by adding at the end the following: ``(E) the Better Utilization of Investments Leading to Development Act of 2018.''. (m) Support for East European Democracy (SEED) ***Program***.-- The Support for East European Democracy (SEED) Act of 1989 (22 U.S.C 5401 et seq.) is amended-- (1) in section 2(c) (22 U.S.C 5401(c)), by striking paragraph (12) and inserting the following: ``(12) United states international development finance corporation.--***Programs*** of the United States International Development Finance Corporation.''; and (2) in section 201 (22 U.S.C 5421), by striking subsection (e) and inserting the following: ``(e) Grants to Enterprise Funds.--Funds appropriated to the President pursuant to [[Page H8999]] subsection (b) shall be granted to the Enterprise Funds to carry out the purposes specified in subsection (a) and for the administrative expenses of each Enterprise Fund-- ``(1) except as provided in paragraph (2), by the United States Agency for International Development; or ``(2) if the Enterprise Funds are ***transferred*** to the United States International Development Finance Corporation pursuant to section 1463(b) of the Better Utilization of Investments Leading to Development Act of 2018, by the Corporation.''. (n) Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996.--Section 202(b)(2)(B)(iv) of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (22 U.S.C 6062(b)(2)(B)(iv)) is amended by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''. (o) International Religious Freedom Act of 1998.--Section 405(a)(10) of the International Religious Freedom Act of 1998 (22 U.S.C 6445(a)(10)) is amended by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''. (p) Trafficking Victims Protection Act of 2000.--Section 103(8)(A) of the Trafficking Victims Protection Act of 2000 (22 U.S.C 7102(8)(A)) is amended in clause (viii) to read as follows: ``(viii) any support under title II of the Better Utilization of Investments Leading to Development Act of 2018 relating to the United States International Development Finance Corporation; and''. (q) Technology Deployment in Developing Countries.--Section 732(b) of the Global Environmental Protection Assistance Act of 1989 (22 U.S.C 7902(b)) is amended by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''. (r) Expanded Nonmilitary Assistance for Ukraine.--Section 7(c)(3) of the Ukraine Freedom Support Act of 2014 (22 U.S.C 8926(c)(3)) is amended-- (1) in the paragraph heading, by striking ``Overseas private investment corporation'' and inserting ``United states international development finance corporation''; (2) in the matter preceding subparagraph (A), by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''; and (3) in subparagraph (B), by striking ``by eligible investors (as defined in section 238 of the Foreign Assistance Act of 1961 (22 U.S.C 2198))''. (s) Global Food Security Act of 2016.--Section 4(7) of the Global Food Security Act of 2016 (22 U.S.C 9303(7)) is amended by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''. (t) Sense of Congress on European and Eurasian Energy Security.--Section 257(c)(2)(B) of the Countering Russian Influence in Europe and Eurasia Act of 2017 (22 U.S.C 9546(c)(2)(B)) is amended by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''. (u) Wholly Owned Government Corporation.--Section 9101(3) of title 31, United States Code, is amended by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''. (v) Energy Independence and Security Act of 2007.--Title IX of the Energy Independence and Security Act of 2007 (42 U.S.C 17321 et seq.) is amended-- (1) in section 914 (42 U.S.C 17334)-- (A) in the section heading, by striking ``overseas private investment corporation'' and inserting ``united states international development finance corporation''; (B) in subsection (a), in the matter preceding paragraph (1), by striking ``Overseas Private Investment Corporation'' and inserting ``United States International Development Finance Corporation''; and (C) in subsection (b), in the matter preceding paragraph (1), by striking ``Overseas Private Investment Corporation shall include in its annual report required under section 240A of the Foreign Assistance Act of 1961 (22 U.S.C 2200a)'' and inserting ``United States International Development Finance Corporation shall include in its annual report required under section 1443 of the Better Utilization of Investments Leading to Development Act of 2018''; and (2) in section 916(a)(2)(I) (42 U.S.C 17336(a)(2)(I)), by striking ``Overseas Private Investment Corporation:'' and inserting ``United States International Development Finance Corporation;''. (w) Effective Date.--The amendments made by this section shall take effect at the end of the transition period. DIVISION G--SYRIA STUDY GROUP SEC. 1501. SYRIA STUDY GROUP. (a) Establishment.--There is established a working group to be known as the ``Syria Study Group'' (in this section referred to as the ``Group''). (b) Purpose.--The purpose of the Group is to examine and make recommendations on the military and diplomatic strategy of the United States with respect to the conflict in Syria. (c) Composition.-- (1) Membership.--The Group shall be composed of 12 members, none of whom may be members of Congress, who shall be appointed as follows: (A) One member appointed by the chair of the Committee on Armed Services of the Senate. (B) One member appointed by the ranking minority member of the Committee on Armed Services of the Senate. (C) One member appointed by the chair of the Committee on Foreign Relations of the Senate. (D) One member appointed by the ranking minority member of the Committee on Foreign Relations of the Senate. (E) One member appointed by the chair of the Committee on Armed Services of the House of Representatives. (F) One member appointed by the ranking minority member of the Committee on Armed Services of the House of Representatives. (G) One member appointed by the chair of the Committee on Foreign Affairs of the House of Representatives. (H) One member appointed by the ranking minority member of the Committee on Foreign Affairs of the House of Representatives. (I) One member appointed by the majority leader of the Senate. (J) One member appointed by the minority leader of the Senate. (K) One member appointed by the Speaker of the House of Representatives. (L) One member appointed by the minority leader of the House of Representatives. (2) Co-chairs.-- (A) Of the members of the Group, one co-chair shall be jointly designated by-- (i) the chairs of the Committee on Armed Services and the Committee on Foreign Relations of the Senate; (ii) the chairs of the Committee on Armed Services and the Committee on Foreign Affairs of the House of Representatives; (iii) the majority leader of the Senate; and (iv) the Speaker of the House of Representatives. (B) Of the members of the Group, one co-chair shall be jointly designated by-- (i) the ranking minority members of the Committee on Armed Services and the Committee on Foreign Relations of the Senate; (ii) the ranking minority members of the Committee on Armed Services and the Committee on Foreign Affairs of the House of Representatives; (iii) the minority leader of the Senate; and (iv) the minority leader of the House of Representatives. (3) Period of appointment.--A member shall be appointed for the life of the Group. (4) Vacancies.--Any vacancy in the Group shall be filled in the same manner as the original appointment. (d) Duties.-- (1) Review.--The Group shall conduct a review on the current United States military and diplomatic strategy with respect to the conflict in Syria that includes a review of current United States objectives in Syria and the desired end state in Syria. (2) Assessment and recommendations.--The Group shall-- (A) conduct a comprehensive assessment of the current situation in Syria, the impact of such situation on neighboring countries, the resulting regional and geopolitical threats to the United States, and current military, diplomatic, and political efforts to achieve a stable Syria; and (B) develop recommendations on the military and diplomatic strategy of the United States with respect to the conflict in Syria. (e) Cooperation of United States Government.-- (1) In general.--The Group shall receive the full and timely cooperation of the Secretary of Defense, the Secretary of State, and the Director of National Intelligence in providing the Group with analyses, briefings, and other information necessary for the discharge of the duties of the Group under subsection (d). (2) Liaison.--The Secretary of Defense, the Secretary of State, and the Director of National Intelligence shall each designate at least one officer or employee of the Department of Defense, the Department of State, and the Office of the Director of National Intelligence, respectively, to serve as a liaison to the Group. (3) Facilitation.--The United States Institute of Peace shall take appropriate actions to facilitate the Group in the discharge of the duties of the Group under this section. (f) Reports.-- (1) Final report.-- (A) In general.--Not later than 180 days after the date of enactment of this section, the Group shall submit to the President, the Secretary of Defense, the Committee on Armed Services and the Committee on Foreign Relations of the Senate, the Committee on Armed Services and the Committee on Foreign Affairs of the House of Representatives, the majority and minority leaders of the Senate, the Speaker of the House of Representatives, and the minority leader of the House of Representatives a report that sets forth the findings, conclusions, and recommendations of the Group under this section. (B) Elements.--The report required by subparagraph (A) shall include each of the following: (i) An assessment of the current security, political, humanitarian, and economic situations in Syria. [[Page H9000]] (ii) An assessment of the current participation and objectives of the various external actors in Syria. (iii) An assessment of the consequences of continued conflict in Syria. (iv) Recommendations for a resolution to the conflict in Syria, including-- (I) options for a gradual political transition to a post- Assad Syria; and (II) actions necessary for reconciliation. (v) A roadmap for a United States and coalition strategy to reestablish security and governance in Syria, including recommendations for the synchronization of stabilization, development, counterterrorism, and reconstruction efforts. (vi) Any other matter with respect to the conflict in Syria that the Group considers to be appropriate. (2) Interim report.--Not later than 90 days after the date of enactment of this section, the Group shall submit to the Committee on Armed Services and the Committee on Foreign Relations of the Senate, the Committee on Armed Services and the Committee on Foreign Affairs of the House of Representatives, the majority and minority leaders of the Senate, the Speaker of the House of Representatives, and the minority leader of the House of Representatives a report that describes the status of the review and assessment under subsection (d) and any interim recommendations developed by the Group as of the date of the briefing. (3) Form of report.--The report submitted to Congress under paragraph (1) shall be submitted in unclassified form, but may include a classified annex. (g) Termination.--The Group shall terminate on the date that is 180 days after the date on which the Group submits the report required by subsection (f)(1). DIVISION H--PREVENTING EMERGING THREATS SEC. 1601. SHORT TITLE. This division may be cited as the ``Preventing Emerging Threats Act of 2018''. SEC. 1602. PROTECTION OF CERTAIN FACILITIES AND ASSETS FROM UNMANNED AIRCRAFT. (a) In General.--Subtitle A of title II of the Homeland Security Act of 2002 (6 U.S.C 121 et seq.) is amended by adding at the end the following: ``SEC. 210G. PROTECTION OF CERTAIN FACILITIES AND ASSETS FROM UNMANNED AIRCRAFT. ``(a) Authority.--Notwithstanding section 46502 of title 49, United States Code, or sections 32, 1030, 1367 and chapters 119 and 206 of title 18, United States Code, the Secretary and the Attorney General may, for their respective Departments, take, and may authorize personnel with assigned duties that include the security or protection of people, facilities, or assets, to take such actions as are described in subsection (b)(1) that are necessary to mitigate a credible threat (as defined by the Secretary or the Attorney General, in consultation with the Secretary of Transportation) that an unmanned aircraft system or unmanned aircraft poses to the safety or security of a covered facility or asset. ``(b) Actions Described.-- ``(1) In general.--The actions authorized in subsection (a) are the following: ``(A) During the operation of the unmanned aircraft system, detect, identify, monitor, and track the unmanned aircraft system or unmanned aircraft, without prior consent, including by means of intercept or other access of a wire communication, an oral communication, or an electronic communication used to control the unmanned aircraft system or unmanned aircraft. ``(B) Warn the operator of the unmanned aircraft system or unmanned aircraft, including by passive or active, and direct or indirect physical, electronic, radio, and electromagnetic means. ``(C) Disrupt control of the unmanned aircraft system or unmanned aircraft, without prior consent, including by disabling the unmanned aircraft system or unmanned aircraft by intercepting, interfering, or causing interference with wire, oral, electronic, or radio communications used to control the unmanned aircraft system or unmanned aircraft. ``(D) Seize or exercise control of the unmanned aircraft system or unmanned aircraft. ``(E) Seize or otherwise confiscate the unmanned aircraft system or unmanned aircraft. ``(F) Use reasonable force, if necessary, to disable, damage, or destroy the unmanned aircraft system or unmanned aircraft. ``(2) Required coordination.--The Secretary and the Attorney General shall develop for their respective Departments the actions described in paragraph (1) in coordination with the Secretary of Transportation. ``(3) Research, testing, training, and evaluation.--The Secretary and the Attorney General shall conduct research, testing, training on, and evaluation of any equipment, including any electronic equipment, to determine its capability and utility prior to the use of any such technology for any action described in subsection (b)(1). ``(4) Coordination.--The Secretary and the Attorney General shall coordinate with the Administrator of the Federal Aviation Administration when any action authorized by this section might affect aviation safety, civilian aviation and aerospace operations, aircraft airworthiness, or the use of the airspace. ``(c) Forfeiture.--Any unmanned aircraft system or unmanned aircraft described in subsection (a) that is seized by the Secretary or the Attorney General is subject to forfeiture to the United States. ``(d) Regulations and Guidance.-- ``(1) In general.--The Secretary, the Attorney General, and the Secretary of Transportation may prescribe regulations and shall issue guidance in the respective areas of each Secretary or the Attorney General to carry out this section. ``(2) Coordination.-- ``(A) Coordination with department of transportation.--The Secretary and the Attorney General shall coordinate the development of their respective guidance under paragraph (1) with the Secretary of Transportation. ``(B) Effect on aviation safety.--The Secretary and the Attorney General shall respectively coordinate with the Secretary of Transportation and the Administrator of the Federal Aviation Administration before issuing any guidance, or otherwise implementing this section, if such guidance or implementation might affect aviation safety, civilian aviation and aerospace operations, aircraft airworthiness, or the use of airspace. ``(e) Privacy Protection.--The regulations or guidance issued to carry out actions authorized under subsection (b) by each Secretary or the Attorney General, as the case may be, shall ensure that-- ``(1) the interception or acquisition of, or access to, or maintenance or use of, communications to or from an unmanned aircraft system under this section is conducted in a manner consistent with the First and Fourth Amendments to the Constitution of the United States and applicable provisions of Federal law; ``(2) communications to or from an unmanned aircraft system are intercepted or acquired only to the extent necessary to support an action described in subsection (b)(1); ``(3) records of such communications are maintained only for as long as necessary, and in no event for more than 180 days, unless the Secretary of Homeland Security or the Attorney General determine that maintenance of such records is necessary to investigate or prosecute a violation of law, directly support an ongoing security operation, is required under Federal law, or for the purpose of any litigation; ``(4) such communications are not disclosed outside the Department of Homeland Security or the Department of Justice unless the disclosure-- ``(A) is necessary to investigate or prosecute a violation of law; ``(B) would support the Department of Defense, a Federal law enforcement agency, or the enforcement activities of a regulatory agency of the Federal Government in connection with a criminal or civil investigation of, or any regulatory, statutory, or other enforcement action relating to an action described in subsection (b)(1); ``(C) is between the Department of Homeland Security and the Department of Justice in the course of a security or protection operation of either agency or a joint operation of such agencies; or ``(D) is otherwise required by law; and ``(5) to the extent necessary, the Department of Homeland Security and the Department of Justice are authorized to share threat information, which shall not include communications referred to in subsection (b), with State, local, territorial, or tribal law enforcement agencies in the course of a security or protection operation. ``(f) Budget.--The Secretary and the Attorney General shall submit to Congress, as a part of the homeland security or justice budget materials for each fiscal ***year*** after fiscal ***year*** 2019, a consolidated funding display that identifies the funding source for the actions described in subsection (b)(1) within the Department of Homeland Security or the Department of Justice. The funding display shall be in unclassified form, but may contain a classified annex. ``(g) Semiannual Briefings and Notifications.-- ``(1) In general.--On a semiannual basis during the period beginning 6 months after the date of enactment of this section and ending on the date specified in subsection (i), the Secretary and the Attorney General shall, respectively, provide a briefing to the appropriate congressional committees on the activities carried out pursuant to this section. ``(2) Requirement.--Each briefing required under paragraph (1) shall be conducted jointly with the Secretary of Transportation. ``(3) Content.--Each briefing required under paragraph (1) shall include-- ``(A) policies, ***programs***, and procedures to mitigate or eliminate impacts of such activities to the National Airspace System; ``(B) a description of instances in which actions described in subsection (b)(1) have been taken, including all such instances that may have resulted in harm, damage, or loss to a person or to private property; ``(C) a description of the guidance, policies, or procedures established to address privacy, civil rights, and civil liberties issues implicated by the actions allowed under this section, as well as any changes or subsequent efforts that would significantly affect privacy, civil rights or civil liberties; ``(D) a description of options considered and steps taken to mitigate any identified impacts to the national airspace system related to the use of any system or technology, including the minimization of the use of any technology that disrupts the transmission of radio or electronic signals, for carrying out the actions described in subsection (b)(1); [[Page H9001]] ``(E) a description of instances in which communications intercepted or acquired during the course of operations of an unmanned aircraft system were held for more than 180 days or shared outside of the Department of Justice or the Department of Homeland Security; ``(F) how the Secretary, the Attorney General, and the Secretary of Transportation have informed the public as to the possible use of authorities under this section; ``(G) how the Secretary, the Attorney General, and the Secretary of Transportation have engaged with Federal, State, and local law enforcement agencies to implement and use such authorities. ``(4) Unclassified form.--Each briefing required under paragraph (1) shall be in unclassified form, but may be accompanied by an additional classified briefing. ``(5) Notification.--Within 30 days of deploying any new technology to carry out the actions described in subsection (b)(1), the Secretary and the Attorney General shall, respectively, submit a notification to the appropriate congressional committees. Such notification shall include a description of options considered to mitigate any identified impacts to the national airspace system related to the use of any system or technology, including the minimization of the use of any technology that disrupts the transmission of radio or electronic signals, for carrying out the actions described in subsection (b)(1). ``(h) Rule of Construction.--Nothing in this section may be construed to-- ``(1) vest in the Secretary or the Attorney General any authority of the Secretary of Transportation or the Administrator of the Federal Aviation Administration; ``(2) vest in the Secretary of Transportation or the Administrator of the Federal Aviation Administration any authority of the Secretary or the Attorney General; ``(3) vest in the Secretary of Homeland Security any authority of the Attorney General; ``(4) vest in the Attorney General any authority of the Secretary of Homeland Security; or ``(5) provide a new basis of liability for any State, local, territorial, or tribal law enforcement officers who participate in the protection of a mass gathering identified by the Secretary or Attorney General under subsection (k)(3)(C)(iii)(II), act within the scope of their authority, and do not exercise the authority granted to the Secretary and Attorney General by this section. ``(i) Termination.--The authority to carry out this section with respect to a covered facility or asset specified in subsection (k)(3) shall terminate on the date that is 4 ***years*** after the date of enactment of this section. ``(j) Scope of Authority.--Nothing in this section shall be construed to provide the Secretary or the Attorney General with additional authorities beyond those described in subsections (a) and (k)(3)(C)(iii). ``(k) Definitions.--In this section: ``(1) The term `appropriate congressional committees' means-- ``(A) the Committee on Homeland Security and Governmental Affairs, the Committee on Commerce, Science, and Transportation, and the Committee on the Judiciary of the Senate; and ``(B) the Committee on Homeland Security, the Committee on Transportation and Infrastructure, the Committee on Energy and Commerce, and the Committee on the Judiciary of the House of Representatives. ``(2) The term `budget', with respect to a fiscal ***year***, means the budget for that fiscal ***year*** that is submitted to Congress by the President under section 1105(a) of title 31. ``(3) The term `covered facility or asset' means any facility or asset that-- ``(A) is identified as high-risk and a potential target for unlawful unmanned aircraft activity by the Secretary or the Attorney General, in coordination with the Secretary of Transportation with respect to potentially impacted airspace, through a risk-based assessment for purposes of this section (except that in the case of the missions described in subparagraph (C)(i)(II) and (C)(iii)(I), such missions shall be presumed to be for the protection of a facility or asset that is assessed to be high-risk and a potential target for unlawful unmanned aircraft activity); ``(B) is located in the United States (including the territories and possessions, territorial seas or navigable waters of the United States); and ``(C) directly relates to one or more-- ``(i) missions authorized to be performed by the Department of Homeland Security, consistent with governing statutes, regulations, and orders issued by the Secretary, pertaining to-- ``(I) security or protection functions of the U.S Customs and Border Protection, including securing or protecting facilities, aircraft, and vessels, whether moored or underway; ``(II) United States Secret Service protection operations pursuant to sections 3056(a) and 3056A(a) of title 18, United States Code, and the Presidential Protection Assistance Act of 1976 (18 U.S.C 3056 note); or ``(III) protection of facilities pursuant to section 1315(a) of title 40, United States Code; ``(ii) missions authorized to be performed by the Department of Justice, consistent with governing statutes, regulations, and orders issued by the Attorney General, pertaining to-- ``(I) personal protection operations by-- ``(aa) the Federal Bureau of Investigation as specified in section 533 of title 28, United States Code; and ``(bb) the United States Marshals Service of Federal jurists, court officers, witnesses, and other threatened persons in the interests of justice, as specified in section 566(e)(1)(A) of title 28, United States Code; ``(II) protection of penal, detention, and correctional facilities and operations conducted by the Federal Bureau of Prisons; or ``(III) protection of the buildings and grounds leased, owned, or operated by or for the Department of Justice, and the provision of security for Federal courts, as specified in section 566(a) of title 28, United States Code; ``(iii) missions authorized to be performed by the Department of Homeland Security or the Department of Justice, acting together or separately, consistent with governing statutes, regulations, and orders issued by the Secretary or the Attorney General, respectively, pertaining to-- ``(I) protection of a National Special Security Event and Special Event Assessment Rating event; ``(II) the provision of support to State, local, territorial, or tribal law enforcement, upon request of the chief executive officer of the State or territory, to ensure protection of people and property at mass gatherings, that is limited to a specified timeframe and location, within available resources, and without delegating any authority under this section to State, local, territorial, or tribal law enforcement; or ``(III) protection of an active Federal law enforcement investigation, emergency response, or security function, that is limited to a specified timeframe and location; and ``(iv) missions authorized to be performed by the United States Coast Guard, including those described in clause (iii) as directed by the Secretary, and as further set forth in section 104 of title 14, United States Code, and consistent with governing statutes, regulations, and orders issued by the Secretary of the Department in which the Coast Guard is operating. ``(4) The terms `electronic communication', `intercept', `oral communication', and `wire communication' have the meaning given those terms in section 2510 of title 18, United States Code. ``(5) The term `homeland security or justice budget materials', with respect to a fiscal ***year***, means the materials submitted to Congress by the Secretary and the Attorney General in support of the budget for that fiscal ***year***. ``(6) For purposes of subsection (a), the term `personnel' means officers and employees of the Department of Homeland Security or the Department of Justice. ``(7) The terms `unmanned aircraft' and `unmanned aircraft system' have the meanings given those terms in section 44801, of title 49, United States Code. ``(8) For purposes of this section, the term `risk-based assessment' includes an evaluation of threat information specific to a covered facility or asset and, with respect to potential impacts on the safety and efficiency of the national airspace system and the needs of law enforcement and national security at each covered facility or asset identified by the Secretary or the Attorney General, respectively, of each of the following factors: ``(A) Potential impacts to safety, efficiency, and use of the national airspace system, including potential effects on manned aircraft and unmanned aircraft systems, aviation safety, airport operations, infrastructure, and air navigation services related to the use of any system or technology for carrying out the actions described in subsection (b)(1). ``(B) Options for mitigating any identified impacts to the national airspace system related to the use of any system or technology, including minimizing when possible the use of any technology which disrupts the transmission of radio or electronic signals, for carrying out the actions described in subsection (b)(1). ``(C) Potential consequences of the impacts of any actions taken under subsection (b)(1) to the national airspace system and infrastructure if not mitigated. ``(D) The ability to provide reasonable advance notice to aircraft operators consistent with the safety of the national airspace system and the needs of law enforcement and national security. ``(E) The setting and character of any covered facility or asset, including whether it is located in a populated area or near other structures, whether the facility is open to the public, whether the facility is also used for nongovernmental functions, and any potential for interference with wireless communications or for injury or damage to persons or property. ``(F) The setting, character, timeframe, and national airspace system impacts of National Special Security Event and Special Event Assessment Rating events. ``(G) Potential consequences to national security, public safety, or law enforcement if threats posed by unmanned aircraft systems are not mitigated or defeated. ``(l) Department of Homeland Security Assessment.-- ``(1) Report.--Not later than 1 ***year*** after the date of the enactment of this section, the Secretary shall conduct, in coordination with the Attorney General and the Secretary of Transportation, an assessment to the appropriate congressional committees, including-- ``(A) an evaluation of the threat from unmanned aircraft systems to United States critical infrastructure (as defined in this Act) and to domestic large hub airports (as [[Page H9002]] defined in section 40102 of title 49, United States Code); ``(B) an evaluation of current Federal and State, local, territorial, or tribal law enforcement authorities to counter the threat identified in subparagraph (A), and recommendations, if any, for potential changes to existing authorities to allow State, local, territorial, and tribal law enforcement to assist Federal law enforcement to counter the threat where appropriate; ``(C) an evaluation of the knowledge of, efficiency of, and effectiveness of current procedures and resources available to owners of critical infrastructure and domestic large hub airports when they believe a threat from unmanned aircraft systems is present and what additional actions, if any, the Department of Homeland Security or the Department of Transportation could implement under existing authorities to assist these entities to counter the threat identified in subparagraph (A); ``(D) an assessment of what, if any, additional authorities are needed by each Department and law enforcement to counter the threat identified in subparagraph (A); and ``(E) an assessment of what, if any, additional research and development the Department needs to counter the threat identified in subparagraph (A). ``(2) Unclassified form.--The report required under paragraph (1) shall be submitted in unclassified form, but may contain a classified annex.''. (b) Clerical Amendment.--The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 210F the following: ``Sec. 210G. Protection of certain facilities and assets from unmanned aircraft.''. SEC. 1603. PROTECTING AGAINST UNMANNED AIRCRAFT. (a) In General.--Chapter 5 of title 14, United States Code, is amended by inserting after section 103 the following: ``Sec. 104. Protecting against unmanned aircraft ``For the purposes of section 210G(k)(3)(C)(iv) of the Homeland Security Act of 2002, the missions authorized to be performed by the United States Coast Guard shall be those related to-- ``(1) functions of the U.S Coast Guard relating to security or protection of facilities and assets assessed to be high-risk and a potential target for unlawful unmanned aircraft activity, including the security and protection of-- ``(A) a facility, including a facility that is under the administrative control of the Commandant; and ``(B) a vessel (whether moored or underway) or an aircraft, including a vessel or aircraft-- ``(i) that is operated by the Coast Guard, or that the Coast Guard is assisting or escorting; and ``(ii) that is directly involved in a mission of the Coast Guard pertaining to-- ``(I) assisting or escorting a vessel of the Department of Defense; ``(II) assisting or escorting a vessel of national security significance, a high interest vessel, a high capacity passenger vessel, or a high value unit, as those terms are defined by the Secretary; ``(III) section 91(a) of this title; ``(IV) assistance in protecting the President or the Vice President (or other officer next in order of succession to the Office of the President) pursuant to the Presidential Protection Assistance Act of 1976 (18 U.S.C 3056 note); ``(V) protection of a National Special Security Event and Special Event Assessment Rating events; ``(VI) air defense of the United States, including air sovereignty, ground-based air defense, and the National Capital Region integrated air defense system; or ``(VII) a search and rescue operation; and ``(2) missions directed by the Secretary pursuant to 210G(k)(3)(C)(iii) of the Homeland Security Act of 2002.''. (b) Clerical Amendment.--The analysis for chapter 5 of title 14, United States Code, is amended by inserting after the item relating to section 103 the following: ``104. Protecting against unmanned aircraft.''. DIVISION I--SUPPLEMENTAL APPROPRIATIONS FOR DISASTER RELIEF, 2018 The following sums are hereby appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of Government for fiscal ***year*** 2018, and for other purposes, namely: DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Community Planning and Development community development fund (including ***transfers*** of funds) For an additional amount for ``Community Development Fund'', $1,680,000,000, to remain available until expended, for necessary expenses for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C 5301 et seq.) related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster declared in 2018 pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.): Provided, That funds shall be awarded directly to the State or unit of general local government at the discretion of the Secretary: Provided further, That as a condition of making any grant, the Secretary shall certify in advance that such grantee has in place proficient financial controls and procurement processes and has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5155), to ensure timely expenditure of funds, to maintain comprehensive websites regarding all disaster recovery activities assisted with these funds, and to detect and prevent waste, fraud, and abuse of funds: Provided further, That prior to the obligation of funds a grantee shall submit a plan to the Secretary for approval detailing the proposed use of all funds, including criteria for eligibility and how the use of these funds will address long- term recovery and restoration of infrastructure and housing and economic revitalization in the most impacted and distressed areas: Provided further, That such funds may not be used for activities reimbursable by, or for which funds are made available by, the Federal Emergency Management Agency or the Army Corps of Engineers: Provided further, That funds allocated under this heading shall not be considered relevant to the non-disaster formula allocations made pursuant to section 106 of the Housing and Community Development Act of 1974 (42 U.S.C 5306): Provided further, That a State or subdivision thereof may use up to 5 percent of its allocation for administrative costs: Provided further, That in administering the funds under this heading, the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), if the Secretary finds that good cause exists for the waiver or alternative requirement and such waiver or alternative requirement would not be inconsistent with the overall purpose of title I of the Housing and Community Development Act of 1974: Provided further, That, notwithstanding the preceding proviso, recipients of funds provided under this heading that use such funds to supplement Federal assistance provided under section 402, 403, 404, 406, 407, 408(c)(4), or 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.) may adopt, without review or public comment, any environmental review, approval, or permit performed by a Federal agency, and such adoption shall satisfy the responsibilities of the recipient with respect to such environmental review, approval or permit: Provided further, That, notwithstanding section 104(g)(2) of the Housing and Community Development Act of 1974 (42 U.S.C 5304(g)(2)), the Secretary may, upon receipt of a request for release of funds and certification, immediately approve the release of funds for an activity or project assisted under this heading if the recipient has adopted an environmental review, approval or permit under the preceding proviso or the activity or project is categorically excluded from review under the National Environmental Policy Act of 1969 (42 U.S.C 4321 et seq.): Provided further, That the Secretary shall publish via notice in the Federal Register any waiver, or alternative requirement, to any statute or regulation that the Secretary administers pursuant to title I of the Housing and Community Development Act of 1974 no later than 5 days before the effective date of such waiver or alternative requirement: Provided further, That of the amounts made available under this heading, up to $2,500,000 may be ***transferred***, in aggregate, to ``Department of Housing and Urban Development-- ***Program*** Office Salaries and Expenses--Community Planning and Development'' for necessary costs, including information technology costs, of administering and overseeing the obligation and expenditure of amounts under this heading: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That the amount designated under this heading as an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be available only if the President subsequently so designates such amount and transmits such designation to the Congress. SEC. 1701. BUDGETARY EFFECTS. (a) Statutory PAYGO Scorecards.--The budgetary effects of this division shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay As- You-Go Act of 2010. (b) Senate PAYGO Scorecards.--The budgetary effects of this division shall not be entered on any PAYGO scorecard maintained for purposes of section 4106 of H. Con. Res. 71 (115th Congress). (c) Classification of Budgetary Effects.-- Notwithstanding Rule 3 of the Budget Scorekeeping Guidelines set forth in the joint explanatory statement of the committee of conference accompanying Conference Report 105-217 and section 250(c)(7) and (c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985, the budgetary effects of this division shall be estimated for purposes of section 251 of such Act. [[Page H9003]] This division may be cited as the ``Supplemental Appropriations for Disaster Relief Act, 2018''. DIVISION J--MARITIME SECURITY SEC. 1801. SHORT TITLE. This division may be cited as the ``Maritime Security Improvement Act of 2018''. SEC. 1802. DEFINITIONS. In this division: (1) Appropriate committees of congress.--The term ``appropriate committees of Congress'' means-- (A) the Committee on Commerce, Science, and Transportation of the Senate; (B) the Committee on Homeland Security and Governmental Affairs of the Senate; (C) the Committee on Homeland Security of the House of Representatives; and (D) the Committee on Transportation and Infrastructure of the House of Representatives. (2) TSA.--The term ``TSA'' means the Transportation Security Administration. SEC. 1803. COORDINATION WITH TSA ON MARITIME FACILITIES. The Secretary of Homeland Security shall-- (1) provide the Administrator of the TSA with updates to vulnerability assessments required under section 70102(b)(3) of title 46, United States Code, to avoid any duplication of effort between the Coast Guard and the TSA; and (2) identify any security gaps between authorities of operating entities within the Department of Homeland Security that a threat could exploit to cause a transportation security incident (as defined in section 70101 of title 46, United States Code). SEC. 1804. STRATEGIC PLAN TO ENHANCE THE SECURITY OF THE INTERNATIONAL SUPPLY CHAIN. Section 201 of the Security and Accountability for Every Port Act of 2006 (6 U.S.C 941) is amended-- (1) in subsection (a), by striking ``as appropriate'' and inserting ``triennially''; and (2) in subsection (g)-- (A) in the heading, by striking ``Report'' and inserting ``Reports''; and (B) by amending paragraph (2) to read as follows: ``(2) Updates.--Not later than 270 days after the date of enactment of the Maritime Security Improvement Act of 2018 and triennially thereafter, the Secretary shall submit to the appropriate congressional committees a report that contains any updates to the strategic plan under subsection (a) since the prior report.''. SEC. 1805. CYBERSECURITY INFORMATION SHARING AND COORDINATION IN PORTS. (a) Maritime Cybersecurity Risk Assessment Model.--The Secretary of Homeland Security, through the Commandant of the Coast Guard and the Under Secretary responsible for overseeing the critical infrastructure protection, cybersecurity, and other related ***programs*** of the Department of Homeland Security, shall-- (1) not later than 1 ***year*** after the date of enactment of this Act, coordinate with the National Maritime Security Advisory Committee, the Area Maritime Security Advisory Committees, and other maritime stakeholders, as necessary, to develop and implement a maritime cybersecurity risk assessment model, consistent with the activities described in section 2(e) of the National Institute of Standards and Technology Act (15 U.S.C 272(e)), to evaluate current and future cybersecurity risks that have the potential to affect the marine transportation system or that would cause a transportation security incident (as defined in section 70101 of title 46, United States Code) in ports; and (2) not less than biennially thereafter, evaluate the effectiveness of the cybersecurity risk assessment model established under paragraph (1). (b) Port Security; Definitions.--Section 70101 of title 46, United States Code, is amended-- (1) by redesignating paragraphs (2) through (6) as paragraphs (3) through (7), respectively; and (2) by inserting after paragraph (1) the following: ``(2) The term `cybersecurity risk' has the meaning given the term in section 227 of the Homeland Security Act of 2002 (6 U.S.C 148).''. (c) National Maritime Security Advisory Committee.-- (1) Functions.--Section 70112(a)(1)(A) of title 46, United States Code, is amended by inserting before the semicolon the following: ``, including on enhancing the sharing of information related to cybersecurity risks that may cause a transportation security incident, between relevant Federal agencies and-- ``(i) State, local, and tribal governments; ``(ii) relevant public safety and emergency response agencies; ``(iii) relevant law enforcement and security organizations; ``(iv) maritime industry; ``(v) port owners and operators; and ``(vi) terminal owners and operators;''. (2) Information sharing.--The Commandant of the Coast Guard and the Under Secretary responsible for overseeing the critical infrastructure protection, cybersecurity, and other related ***programs*** of the Department of Homeland Security shall-- (A) ensure there is a process for each Area Maritime Security Advisory Committee established under section 70112 of title 46, United States Code-- (i) to facilitate the sharing of information related to cybersecurity risks that may cause transportation security incidents; (ii) to timely report transportation security incidents to the national level; and (iii) to disseminate such reports across the entire maritime transportation system via the National Cybersecurity and Communications Integration Center; and (B) issue voluntary guidance for the management of such cybersecurity risks in each Area Maritime Transportation Security Plan and facility security plan required under section 70103 of title 46, United States Code, approved after the date that the cybersecurity risk assessment model is developed under subsection (a) of this section. (d) Vulnerability Assessments and Security Plans.-- (1) Facility and vessel assessments.--Section 70102(b)(1) of title 46, United States Code, is amended-- (A) in the matter preceding subparagraph (A), by striking ``and by not later than December 31, 2004''; and (B) in subparagraph (C), by inserting ``security against cybersecurity risks,'' after ``physical security,''. (2) Maritime transportation security plans.--Section 70103 of title 46, United States Code, is amended-- (A) in subsection (a)(1), by striking ``Not later than April 1, 2005, the'' and inserting ``The''; (B) in subsection (a)(2), by adding at the end the following: ``(K) A plan to detect, respond to, and recover from cybersecurity risks that may cause transportation security incidents.''; (C) in subsection (b)(2)-- (i) in subparagraph (G)(ii), by striking ``; and'' and inserting a semicolon; (ii) by redesignating subparagraph (H) as subparagraph (I); and (iii) by inserting after subparagraph (G) the following: ``(H) include a plan for detecting, responding to, and recovering from cybersecurity risks that may cause transportation security incidents; and''; and (D) in subsection (c)(3)(C)-- (i) in clause (iv), by striking ``; and'' and inserting a semicolon; (ii) by redesignating clause (v) as clause (vi); and (iii) by inserting after clause (iv) the following: ``(v) detecting, responding to, and recovering from cybersecurity risks that may cause transportation security incidents; and''. (3) Applicability.--The amendments made by this subsection shall apply to assessments or security plans, or updates to such assessments or plans, submitted after the date that the cybersecurity risk assessment model is developed under subsection (a). (e) Brief to Congress.--Not later than 1 ***year*** after the date of enactment of this Act, the Commandant of the Coast Guard and the Under Secretary responsible for overseeing the critical infrastructure protection, cybersecurity, and other related ***programs*** of the Department of Homeland Security shall provide to the appropriate committees of Congress a briefing on how the Coast Guard will assist in security and response in the port environment when a cyber-caused transportation security incident occurs, to include the use of cyber protection teams. SEC. 1806. FACILITY INSPECTION INTERVALS. Section 70103(c)(4)(D) of title 46, United States Code, is amended to read as follows: ``(D) subject to the availability of appropriations, periodically, but not less than one time per ***year***, conduct a risk-based, no notice facility inspection to verify the effectiveness of each such facility security plan.''. SEC. 1807. UPDATES OF MARITIME OPERATIONS COORDINATION PLAN . (a) In General.--Subtitle C of title IV of the Homeland Security Act of 2002 (6 U.S.C 231 et seq.) is amended by adding at the end the following: ``SEC. 435. MARITIME OPERATIONS COORDINATION PLAN. ``(a) In General.--Not later than 180 days after the date of enactment of the Maritime Security Improvement Act of 2018, and biennially thereafter, the Secretary shall-- ``(1) update the Maritime Operations Coordination Plan, published by the Department on July 7, 2011, to strengthen coordination, planning, information sharing, and intelligence integration for maritime operations of components and offices of the Department with responsibility for maritime security missions; and ``(2) submit each update to the Committee on Commerce, Science, and Transportation and the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Transportation and Infrastructure and the Committee on Homeland Security of the House of Representatives. ``(b) Contents.--Each update shall address the following: ``(1) Coordinating the planning, integration of maritime operations, and development of joint maritime domain awareness efforts of any component or office of the Department with responsibility for maritime security missions. ``(2) Maintaining effective information sharing and, as appropriate, intelligence integration, with Federal, State, and local officials and the private sector, regarding threats to maritime security. ``(3) Cooperating and coordinating with Federal departments and agencies, and State and local agencies, in the maritime environment, in support of maritime security missions. [[Page H9004]] ``(4) Highlighting the work completed within the context of other national and Department maritime security strategic guidance and how that work fits with the Maritime Operations Coordination Plan.''. (b) Table of Contents.--The table of contents in section 1(b) of the Homeland Security Act of 2002 (Public Law 107- 296; 116 Stat. 2136) is amended by adding after the item relating to section 434 the following: ``435. Maritime operations coordination plan.''. SEC. 1808. EVALUATION OF COAST GUARD DEPLOYABLE SPECIALIZED FORCES. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Commerce, Science, and Transportation and the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Transportation and Infrastructure and the Committee on Homeland Security of the House of Representatives a report on the state of the Coast Guard's Deployable Specialized Forces (referred to in this section as DSF). (b) Contents.--The report shall include, at a minimum, the following: (1) For each of the past 3 fiscal ***years***, and for each type of DSF, the following: (A) A cost analysis, including training, operating, and travel costs. (B) The number of personnel assigned. (C) The total number of units. (D) The total number of operations conducted. (E) The number of operations requested by each of the following: (i) Coast Guard. (ii) Other components or offices of the Department of Homeland Security. (iii) Other Federal departments or agencies. (iv) State agencies. (v) Local agencies. (F) The number of operations fulfilled in support of each entity described in clauses (i) through (v) of subparagraph (E). (2) An examination of alternative distributions of deployable specialized forces, including the feasibility, cost (including cost savings), and impact on mission capability of such distributions, including at a minimum the following: (A) Combining deployable specialized forces, primarily focused on counterdrug operations, under one centralized command. (B) Distributing counter-terrorism and anti-terrorism capabilities to deployable specialized forces in each major United States port. (c) Definition of Deployable Specialized Forces or DSF.--In this section, the term ``deployable specialized forces'' or ``DSF'' means the deployable specialized forces established under section 70106 of title 46, United States Code. SEC. 1809. REPEAL OF INTERAGENCY OPERATIONAL CENTERS FOR PORT SECURITY AND SECURE SYSTEMS OF TRANSPORTATION. (a) Interagency Operational Centers for Port Security.-- (1) Repeal.--Section 70107A of title 46, United States Code, is repealed. (2) Savings clause.--A repeal made by this subsection shall not affect an interagency operational center established before the date of enactment of this Act. (3) Notice to congress.--The Secretary of Homeland Security shall notify the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Homeland Security and the Committee on Transportation and Infrastructure of the House of Representatives at least 1 ***year*** before ceasing operations of any interagency operational center established before the date of enactment of the Security and Accountability for Every Port Act of 2006 (Public Law 109-347; 120 Stat. 1884). (b) Secure Systems of Transportation.--Section 70116 of title 46, United States Code, is repealed. (c) Technical and Conforming Amendments.-- (1) Table of contents.--The table of contents for chapter 701 of title 46, United States Code, is amended by striking the items relating to sections 70107A and 70116. (2) Report requirement.--Section 108 of the Security and Accountability for Every Port Act of 2006 (Public Law 109- 347; 120 Stat. 1893) is amended by striking subsection (b) (46 U.S.C 70107A note) and inserting the following: ``(b) [Reserved].''. SEC. 1810. DUPLICATION OF EFFORTS IN THE MARITIME DOMAIN. (a) GAO Analysis.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall-- (1) conduct an analysis of all operations in the applicable location of-- (A) the Air and Marine Operations of the U.S Customs and Border Protection; and (B) any other agency of the Department of Homeland Security that operates air and marine assets; (2) in conducting the analysis under paragraph (1)-- (A) examine the extent to which the Air and Marine Operations is synchronizing and deconflicting any duplicative flight hours or patrols with the agencies described in paragraph (1)(B); and (B) include a sector-by-sector analysis of any potential costs savings or other benefits that would be derived through greater coordination of flight hours and patrols; and (3) submit to the Secretary of Homeland Security and the appropriate committees of Congress a report on the analysis, including any recommendations. (b) DHS Report.--Not later than 180 days after the date the report is submitted under subsection (a)(3), the Secretary of Homeland Security shall submit to the appropriate committees of Congress a report on what actions the Secretary plans to take in response to the findings of the analysis and recommendations of the Comptroller General. (c) Definition of Applicable Location.--In this section, the term ``applicable location'' means any location in which the Air and Marine Operations of the U.S Customs and Border Protection is based within 45 miles of a location in which any other agency of the Department of Homeland Security also operates air and marine assets. SEC. 1811. MARITIME SECURITY CAPABILITIES ASSESSMENTS. (a) In General.--Subtitle C of title IV of the Homeland Security Act of 2002 (6 U.S.C 231 et seq.), as amended by section 1807 of this Act, is further amended by adding at the end the following: ``SEC. 436. MARITIME SECURITY CAPABILITIES ASSESSMENTS. ``Not later than 180 days after the date of enactment of the Maritime Security Improvement Act of 2018, and annually thereafter, the Secretary shall submit to the Committee on Commerce, Science, and Transportation and the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Transportation and Infrastructure and the Committee on Homeland Security of the House of Representatives, an assessment of the number and type of maritime assets and the number of personnel required to increase the Department's maritime response rate pursuant to section 1092 of the National Defense Authorization Act for Fiscal ***Year*** 2017 (6 U.S.C 223).''. (b) Table of Contents.--The table of contents in section 1(b) of the Homeland Security Act of 2002 (Public Law 107- 296; 116 Stat. 2136), as amended by section 1807 of this Act, is further amended by adding after the item relating to section 435 the following: ``436. Maritime security capabilities assessments.''. SEC. 1812. CONTAINER SECURITY INITIATIVE. Section 205(l) of the Security and Accountability for Every Port Act of 2006 (6 U.S.C 945) is amended-- (1) by striking paragraph (2); and (2) in paragraph (1)-- (A) by striking ``(1) In general.--Not later than September 30, 2007,'' and inserting ``Not later than 270 days after the date of enactment of the Maritime Security Improvement Act of 2018,''; and (B) by redesignating subparagraphs (A) through (H) as paragraphs (1) through (8), respectively. SEC. 1813. MARITIME BORDER SECURITY REVIEW. (a) Definitions.--In this section: (1) Maritime border.--The term ``maritime border'' means-- (A) the transit zone; and (B) the borders and territorial waters of Puerto Rico and the United States Virgin Islands. (2) Transit zone.--The term ``transit zone'' has the meaning given the term in section 1092(a) of the National Defense Authorization Act for Fiscal ***Year*** 2017 (6 U.S.C 223(a)). (b) Maritime Border Threat Analysis.-- (1) In general.--Not later than 180 days after the date of enactment of this Act, the Secretary of Homeland Security shall submit to the appropriate committees of Congress a maritime border threat analysis that includes an identification and description of the following: (A) Current and potential threats posed by the individuals and groups seeking to-- (i) enter the United States through the maritime border; or (ii) exploit border vulnerabilities on the maritime border. (B) Improvements needed at United States sea ports-- (i) to prevent terrorists and instruments of terror from entering the United States; and (ii) to reduce criminal activity, as measured by the total flow of illegal goods and illicit drugs, related to the maritime border. (C) Improvements needed with respect to the maritime border-- (i) to prevent terrorists and instruments of terror from entering the United States; and (ii) reduce criminal activity related to the maritime border. (D) Vulnerabilities in law, policy, cooperation between State, territorial, and local law enforcement, or international agreements that hinder effective and efficient border security, counterterrorism, anti-human trafficking efforts, and the flow of legitimate trade with respect to the maritime border. (E) Metrics and performance parameters used by the Department of Homeland Security to evaluate maritime security effectiveness, as appropriate. (2) Analysis requirements.--In preparing the threat analysis under subsection (a), the Secretary of Homeland Security shall consider the following: (A) Technology needs and challenges. (B) Personnel needs and challenges. (C) The role of State, territorial, and local law enforcement in maritime border security activities. [[Page H9005]] (D) The need for cooperation among Federal, State, territorial, local, and appropriate international law enforcement entities relating to maritime border security. (E) The geographic challenges of the maritime border. (F) The impact of Hurricanes Harvey, Irma, Maria, and Nate on general border security activities with respect to the maritime border. (3) Classified threat analysis.-- (A) In general.--To the extent possible, the Secretary of Homeland Security shall submit the threat analysis under subsection (a) in unclassified form. (B) Classified.--The Secretary may submit a portion of the threat analysis in classified form if the Secretary determines that such form is appropriate for such portion. SEC. 1814. MARITIME BORDER SECURITY COOPERATION. The Secretary of the department in which the Coast Guard is operating shall, in accordance with law-- (1) partner with other Federal, State, and local government agencies to leverage existing technology, including existing sensor and camera systems and other sensors, in place along the maritime border to facilitate monitoring of high-risk maritime borders, as determined by the Secretary; and (2) subject to the availability of appropriations, enter into such agreements as the Secretary considers necessary to ensure the monitoring described in paragraph (1). SEC. 1815. TRANSPORTATION WORKER IDENTIFICATION CREDENTIAL APPEALS PROCESS. Not later than 90 days after the date of enactment of this Act, the Secretary of Homeland Security shall transmit to the appropriate committees of Congress a report on the following: (1) The average completion time of an appeal under the appeals process established under section 70105(c)(4) of title 46, United States Code. (2) The most common reasons for any delays at each step in such process. (3) Recommendations on how to resolve any such delays as expeditiously as possible. SEC. 1816. TECHNICAL AND CONFORMING AMENDMENTS. (a) Study to Identify Redundant Background Records Checks.--Section 105 of the Security and Accountability for Every Port Act of 2006 (Public Law 109-347; 120 Stat. 1891) and the item relating to that section in the table of contents for that Act are repealed. (b) Domestic Radiation Detection and Imaging.--Section 121 of the Security and Accountability for Every Port Act of 2006 (6 U.S.C 921) is amended-- (1) by striking subsections (c), (d), and (e); (2) by redesignating subsections (f), (g), (h), and (i) as subsections (c), (d), (e), and (f), respectively; and (3) in subsection (e)(1)(B), as redesignated, by striking ``(and updating, if any, of that strategy under subsection (c))''. (c) Inspection of Car Ferries Entering From Abroad.-- Section 122 of the Security and Accountability for Every Port Act of 2006 (6 U.S.C 922) and the item relating to that section in the table of contents for that Act are repealed. (d) Report on Arrival and Departure Manifest for Certain Commercial Vessels in the United States Virgin Islands.-- Section 127 of the Security and Accountability for Every Port Act of 2006 (120 Stat. 1900) and the item relating to that section in the table of contents for that Act are repealed. (e) International Cooperation and Coordination.-- (1) In general.--Section 233 of the Security and Accountability for Every Port Act of 2006 (6 U.S.C 983) is amended to read as follows: ``SEC. 233. INSPECTION TECHNOLOGY AND TRAINING. ``(a) In General.--The Secretary, in coordination with the Secretary of State, the Secretary of Energy, and appropriate representatives of other Federal agencies, may provide technical assistance, equipment, and training to facilitate the implementation of supply chain security measures at ports designated under the Container Security Initiative. ``(b) Acquisition and Training.--Unless otherwise prohibited by law, the Secretary may-- ``(1) lease, loan, provide, or otherwise assist in the deployment of nonintrusive inspection and radiation detection equipment at foreign land and sea ports under such terms and conditions as the Secretary prescribes, including nonreimbursable loans or the ***transfer*** of ownership of equipment; and ``(2) provide training and technical assistance for domestic or foreign personnel responsible for operating or maintaining such equipment.''. (2) Table of contents.--The table of contents in section 1(b) of the Security and Accountability for Every Port Act of 2006 (Public Law 109-347; 120 Stat. 1884) is amended by amending the item relating to section 233 to read as follows: ``Sec. 233. Inspection technology and training.''. (f) Pilot ***Program*** to Improve the Security of Empty Containers.--Section 235 of the Security and Accountability for Every Port Act of 2006 (6 U.S.C 984) and the item relating to that section in the table of contents for that Act are repealed. (g) Security Plan for Essential Air Service and Small Community Airports.--Section 701 of the Security and Accountability for Every Port Act of 2006 (Public Law 109- 347; 120 Stat. 1943) and the item relating to that section in the table of contents for that Act are repealed. (h) Aircraft Charter Customer and Lessee Prescreening ***Program***.--Section 708 of the Security and Accountability for Every Port Act of 2006 (Public Law 109-347; 120 Stat. 1947) and the item relating to that section in the table of contents for that Act are repealed. DIVISION K--TRANSPORTATION SECURITY TITLE I--TRANSPORTATION SECURITY SEC. 1901. SHORT TITLE; REFERENCES. (a) Short Title.--This title may be cited as the ``TSA Modernization Act''. (b) References to Title 49, United States Code.--Except as otherwise expressly provided, wherever 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 title 49, United States Code. SEC. 1902. DEFINITIONS. In this title: (1) Administrator.--The term ``Administrator'' means the Administrator of the TSA. (2) Appropriate committees of congress.--The term ``appropriate committees of Congress'' means-- (A) the Committee on Commerce, Science, and Transportation of the Senate; (B) the Committee on Homeland Security and Governmental Affairs of the Senate; and (C) the Committee on Homeland Security of the House of Representatives. (3) ASAC.--The term ``ASAC'' means the Aviation Security Advisory Committee established under section 44946 of title 49, United States Code. (4) Department.--The term ``Department'' means the Department of Homeland Security. (5) Explosive detection canine team.--The term ``explosives detection canine team'' means a canine and a canine handler that are trained to detect explosives and other threats as defined by the Secretary. (6) Secretary.--The term ``Secretary'' means the Secretary of Homeland Security. (7) TSA.--The term ``TSA'' means the Transportation Security Administration. Subtitle A--Organization and Authorizations SEC. 1903. AUTHORIZATION OF APPROPRIATIONS. Section 114(w) is amended to read as follows: ``(w) Authorization of Appropriations.--There are authorized to be appropriated to the Transportation Security Administration for salaries, operations, and maintenance of the Administration-- ``(1) $7,849,247,000 for fiscal ***year*** 2019; ``(2) $7,888,494,000 for fiscal ***year*** 2020; and ``(3) $7,917,936,000 for fiscal ***year*** 2021.''. SEC. 1904. ADMINISTRATOR OF THE TRANSPORTATION SECURITY ADMINISTRATION; 5-***YEAR*** TERM. (a) In General.--Section 114, as amended by section 1903 of this Act, is further amended-- (1) in subsection (a), by striking ``Department of Transportation'' and inserting ``Department of Homeland Security''; (2) by amending subsection (b) to read as follows: ``(b) Leadership.-- ``(1) Head of transportation security administration.-- ``(A) Appointment.--The head of the Administration shall be the Administrator of the Transportation Security Administration (referred to in this section as the `Administrator'). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate. ``(B) Qualifications.--The Administrator must-- ``(i) be a citizen of the United States; and ``(ii) have experience in a field directly related to transportation or security. ``(C) Term.--Effective with respect to any individual appointment by the President, by and with the advice and consent of the Senate, after the date of enactment of the TSA Modernization Act, the term of office of an individual appointed as the Administrator shall be 5 ***years***. The term of office of an individual serving as the Administrator on the date of enactment of the TSA Modernization Act shall be 5 ***years*** beginning on the date that the Administrator began serving. ``(2) Deputy administrator.-- ``(A) Appointment.--There is established in the Transportation Security Administration a Deputy Administrator, who shall assist the Administrator in the management of the Transportation Security Administration. The Deputy Administrator shall be appointed by the President. ``(B) Vacancy.--The Deputy Administrator shall be Acting Administrator during the absence or incapacity of the Administrator or during a vacancy in the office of Administrator. ``(C) Qualifications.--The Deputy Administrator must-- ``(i) be a citizen of the United States; and ``(ii) have experience in a field directly related to transportation or security. ``(3) Chief counsel.-- ``(A) Appointment.--There is established in the Transportation Security Administration a Chief Counsel, who shall advise the Administrator and other senior officials on all legal matters relating to the responsibilities, functions, and management of the Transportation Security Administration. [[Page H9006]] ``(B) Qualifications.--The Chief Counsel must be a citizen of the United States.''; and (3) in subsections (c) through (n), (p), (q), and (r), by striking ``Under Secretary'' each place it appears and inserting ``Administrator''. (b) Technical and Conforming Amendments.-- (1) In general.--Section 114, as amended by subsection (a) of this section, is further amended-- (A) in subsection (g)-- (i) in paragraph (1)-- (I) in the matter preceding subparagraph (A), by striking ``Subject to the direction and control of the Secretary'' and inserting ``Subject to the direction and control of the Secretary of Homeland Security''; and (II) in subparagraph (D), by inserting ``of Homeland Security'' after ``Secretary''; and (ii) in paragraph (3), by inserting ``of Homeland Security'' after ``Secretary''; (B) in subsection (j)(1)(D), by inserting ``of Homeland Security'' after ``Secretary''; (C) in subsection (k), by striking ``functions ***transferred***, on or after the date of enactment of the Aviation and Transportation Security Act,'' and inserting ``functions assigned''; (D) in subsection (l)(4)(B), by striking ``Administrator under subparagraph (A)'' and inserting ``Administrator of the Federal Aviation Administration under subparagraph (A)''; (E) in subsection (n), by striking ``Department of Transportation'' and inserting ``Department of Homeland Security''; (F) in subsection (o), by striking ``Department of Transportation'' and inserting ``Department of Homeland Security''; (G) in subsection (p)(4), by striking ``Secretary of Transportation'' and inserting ``Secretary of Homeland Security''; (H) in subsection (s)-- (i) in paragraph (3)(B), by inserting ``)'' after ``Act of 2007''; and (ii) in paragraph (4)-- (I) in the heading, by striking ``Submissions of plans to congress'' and inserting ``Submission of plans''; (II) by striking subparagraph (A); (III) by redesignating subparagraphs (B) through (E) as subparagraphs (A) through (D), respectively; (IV) in subparagraph (A), as redesignated-- (aa) in the heading, by striking ``Subsequent versions'' and inserting ``In general''; and (bb) by striking ``After December 31, 2015, the'' and inserting ``The''; and (V) in subparagraph (B)(ii)(III)(cc), as redesignated, by striking ``for the Department'' and inserting ``for the Department of Homeland Security''; (I) by redesignating subsections (u), (v), and (w) as subsections (t), (u), and (v), respectively; (J) in subsection (t), as redesignated-- (i) in paragraph (1)-- (I) by striking subparagraph (D); and (II) by redesignating subparagraph (E) as subparagraph (D); (ii) in paragraph (2), by inserting ``of Homeland Security'' after ``Plan, the Secretary''; (iii) in paragraph (4)(B)-- (I) by inserting ``of Homeland Security'' after ``agency within the Department''; and (II) by inserting ``of Homeland Security'' after ``Secretary''; (iv) by amending paragraph (6) to read as follows: ``(6) Annual report on plan.--The Secretary of Homeland Security shall annually submit to the appropriate congressional committees a report containing the Plan.''; and (v) in paragraphs (7) and (8), by inserting ``of Homeland Security'' after ``Secretary''; and (K) in subsection (u), as redesignated-- (i) in paragraph (1)-- (I) in subparagraph (B), by inserting ``or the Administrator'' after ``Secretary of Homeland Security''; and (II) in subparagraph (C)(ii), by striking ``Secretary's designee'' and inserting ``Secretary of Defense's designee''; (III) in subparagraphs (B), (C), (D), and (E) of paragraph (3), by inserting ``of Homeland Security'' after ``Secretary'' each place it appears; (ii) in paragraph (4)(A), by inserting ``of Homeland Security'' after ``Secretary''; (iii) in paragraph (5), by inserting ``of Homeland Security'' after ``Secretary''; and (iv) in paragraph (7)-- (I) in subparagraph (A), by striking ``Not later than December 31, 2008, and annually thereafter, the Secretary'' and inserting ``The Secretary of Homeland Security''; and (II) by striking subparagraph (D). (2) Congressional oversight of security assurance for public and private stakeholders.--Section 1203(b)(1)(B) of the Implementing Recommendations of the 9/11 Commission Act of 2007 (49 U.S.C 114 note) is amended by striking ``, under section 114(u)(7) of title 49, United States Code, as added by this section, or otherwise,''. (c) Executive Schedule.-- (1) Administrator of the tsa.-- (A) Positions at level ii.--Section 5313 of title 5, United States Code, is amended by inserting after the item relating to the Under Secretary of Homeland Security for Management the following: ``Administrator of the Transportation Security Administration.''. (B) Bonus eligibility.--Section 101(c)(2) of the Aviation and Transportation Security Act (5 U.S.C 5313 note) is amended-- (i) by striking ``Under Secretary'' and inserting ``Administrator of the Transportation Security Administration''; (ii) by striking ``on the Secretary's'' and inserting ``on the Secretary of Homeland Security's''; and (iii) by striking ``Under Secretary's'' and inserting ``Administrator's''. (2) Deputy administrator of the tsa.--Section 5314 of title 5, United States Code, is amended by inserting after the item relating to Deputy Administrators, Federal Emergency Management Agency the following: ``Deputy Administrator, Transportation Security Administration.''. (3) Nonapplicability.--The amendment made by paragraph (2) of this subsection shall not affect the salary of an individual who is performing the duties of the Deputy Administrator on the date of enactment of this Act, even if that individual is subsequently appointed as Deputy Administrator. SEC. 1905. TRANSPORTATION SECURITY ADMINISTRATION ORGANIZATION. Section 114, as amended by sections 1903 and 1904 of this Act, is further amended by adding at the end the following: ``(w) Leadership and Organization.-- ``(1) In general.--For each of the areas described in paragraph (2), the Administrator of the Transportation Security Administration shall appoint at least 1 individual who shall-- ``(A) report directly to the Administrator or the Administrator's designated direct report; and ``(B) be responsible and accountable for that area. ``(2) Areas described.--The areas described in this paragraph are as follows: ``(A) Aviation security operations and training, including risk-based, adaptive security-- ``(i) focused on airport checkpoint and baggage screening operations; ``(ii) workforce training and development ***programs***; and ``(iii) ensuring compliance with aviation security law, including regulations, and other specialized ***programs*** designed to secure air transportation. ``(B) Surface transportation security operations and training, including risk-based, adaptive security-- ``(i) focused on accomplishing security systems assessments; ``(ii) reviewing and prioritizing projects for appropriated surface transportation security grants; ``(iii) operator compliance with surface transportation security law, including regulations, and voluntary industry standards; and ``(iv) workforce training and development ***programs***, and other specialized ***programs*** designed to secure surface transportation. ``(C) Transportation industry engagement and planning, including the development, interpretation, promotion, and oversight of a unified effort regarding risk-based, risk- reducing security policies and plans (including strategic planning for future contingencies and security challenges) between government and transportation stakeholders, including airports, domestic and international airlines, general aviation, air cargo, mass transit and passenger rail, freight rail, pipeline, highway and motor carriers, and maritime. ``(D) International strategy and operations, including agency efforts to work with international partners to secure the global transportation network. ``(E) Trusted and registered traveler ***programs***, including the management and marketing of the agency's trusted traveler initiatives, including the PreCheck ***Program***, and coordination with trusted traveler ***programs*** of other Department of Homeland Security agencies and the private sector. ``(F) Technology acquisition and deployment, including the oversight, development, testing, evaluation, acquisition, deployment, and maintenance of security technology and other acquisition ***programs***. ``(G) Inspection and compliance, including the integrity, efficiency and effectiveness of the agency's workforce, operations, and ***programs*** through objective audits, covert testing, inspections, criminal investigations, and regulatory compliance. ``(H) Civil rights, liberties, and traveler engagement, including ensuring that agency employees and the traveling public are treated in a fair and lawful manner consistent with Federal laws and regulations protecting privacy and prohibiting discrimination and reprisal. ``(I) Legislative and public affairs, including communication and engagement with internal and external audiences in a timely, accurate, and transparent manner, and development and implementation of strategies within the agency to achieve congressional approval or authorization of agency ***programs*** and policies. ``(3) Notification.--The Administrator shall submit to the appropriate committees of Congress-- ``(A) not later than 180 days after the date of enactment of the TSA Modernization Act, a list of the names of the individuals appointed under paragraph (1); and ``(B) an update of the list not later than 5 days after any new individual is appointed under paragraph (1).''. SEC. 1906. TRANSPORTATION SECURITY ADMINISTRATION EFFICIENCY. (a) Efficiency Review.-- (1) In general.--Not later than 270 days after the date of enactment of this Act, the [[Page H9007]] Administrator shall complete a comprehensive, agency-wide efficiency review of the TSA to identify and effectuate spending reductions and administrative savings that can be achieved by the streamlining or restructuring of TSA divisions. (2) Requirements.--In carrying out the review under paragraph (1), the Administrator shall consider the following: (A) Eliminating unnecessarily duplicative or overlapping ***programs*** and initiatives. (B) Eliminating unnecessary or obsolete rules, regulations, directives, or procedures. (C) Reducing overall operating expenses of the TSA, including costs associated with the number of personnel, as a direct result of efficiencies gained through the implementation of risk-based screening or through any other means as determined appropriate by the Administrator in accordance with this section. (D) Reducing, by 20 percent, the number of positions at the Senior Executive Service level at the TSA as calculated on the date of enactment of this Act. (E) Such other matters the Administrator considers appropriate. (b) Report to Congress.--Not later than 30 days after the date the efficiency review under subsection (a) is complete, the Administrator shall submit to the appropriate committees of Congress a report on the findings, including a description of any cost savings expected to be achieved by the streamlining or restructuring of TSA divisions. SEC. 1907. PERSONNEL MANAGEMENT SYSTEM REVIEW. (a) In General.--Not later than 30 days after the date of enactment of this Act, the Administrator shall convene a working group consisting of representatives of the TSA and representatives of the labor organization representing security screening personnel to recommend reforms to the TSA's personnel management system, including appeals to the Merit Systems Protection Board and grievance procedures. (b) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the working group convened under subsection (a) shall submit to the Administrator and the appropriate committees of Congress a report containing proposed, mutually agreed-upon recommendations to reform the TSA's personnel management system. (c) Implementation.--To the extent authorized under law, the Administrator may implement 1 or more of the recommendations submitted under subsection (b). (d) Termination.--The working group shall terminate on the date that the report is submitted under subsection (b). SEC. 1908. TSA LEAP PAY REFORM. (a) Definition of Basic Pay.--Clause (ii) of section 8331(3)(E) of title 5, United States Code, is amended to read as follows: ``(ii) received after September 11, 2001, by a Federal air marshal or criminal investigator (as defined in section 5545a(a)(2)) of the Transportation Security Administration, subject to all restrictions and earning limitations imposed on criminal investigators receiving such pay under section 5545a, including the premium pay limitations under section 5547;''. (b) Effective Date; Applicability.-- (1) In general.--Subject to paragraph (2), this section, and the amendments made by this section, shall take effect on the first day of the first pay period commencing on or after the date of enactment of this section. (2) Retroactive application.-- (A) In general.--Any availability pay received for any pay period commencing before the date of enactment of this Act by a Federal air marshal or criminal investigator employed by the Transportation Security Administration shall be deemed basic pay under section 8331(3) of title 5, United States Code, if the Transportation Security Administration treated such pay as retirement-creditable basic pay, but the Office of Personnel Management, based on an interpretation of section 8331(3) of title 5, United States Code, did not accept such pay as retirement-creditable basic pay. (B) Implementation.--Not later than 3 months after the date of enactment of this Act, the Director of the Office of Personnel Management shall commence taking such actions as are necessary to implement the amendments made by this section with respect to availability pay deemed to be basic pay under subparagraph (A). SEC. 1909. RANK AWARDS ***PROGRAM*** FOR TRANSPORTATION SECURITY ADMINISTRATION EXECUTIVES AND SENIOR PROFESSIONALS. Section 114(n), as amended by section 1904 of this Act, is further amended-- (1) by inserting ``(1) In general.--'' before ``The personnel management system'' and indenting appropriately; and (2) by adding at the end the following: ``(2) Meritorious executive or distinguished executive rank awards.--Notwithstanding section 40122(g)(2) of this title, the applicable sections of title 5 shall apply to the Transportation Security Administration personnel management system, except that-- ``(A) for purposes of applying such provisions to the personnel management system-- ``(i) the term `agency' means the Department of Homeland Security; ``(ii) the term `senior executive' means a Transportation Security Administration executive serving on a Transportation Security Executive Service appointment; ``(iii) the term `career appointee' means a Transportation Security Administration executive serving on a career Transportation Security Executive Service appointment; and ``(iv) The term `senior career employee' means a Transportation Security Administration employee covered by the Transportation Security Administration Core Compensation System at the L or M pay band; ``(B) receipt by a career appointee or a senior career employee of the rank of Meritorious Executive or Meritorious Senior Professional entitles the individual to a lump-sum ***payment*** of an amount equal to 20 percent of annual basic pay, which shall be in addition to the basic pay paid under the applicable Transportation Security Administration pay system; and ``(C) receipt by a career appointee or a senior career employee of the rank of Distinguished Executive or Distinguished Senior Professional entitles the individual to a lump-sum ***payment*** of an amount equal to 35 percent of annual basic pay, which shall be in addition to the basic pay paid under the applicable Transportation Security Administration pay system. ``(3) Definition of applicable sections of title 5.--In this subsection, the term `applicable sections of title 5' means-- ``(A) subsections (b), (c) and (d) of section 4507 of title 5; and ``(B) subsections (b) and (c) of section 4507a of title 5.''. SEC. 1910. TRANSMITTALS TO CONGRESS. With regard to each report, legislative proposal, or other communication of the Executive Branch related to the TSA and required to be submitted to Congress or the appropriate committees of Congress, the Administrator shall transmit such communication directly to the appropriate committees of Congress. Subtitle B--Security Technology SEC. 1911. THIRD PARTY TESTING AND VERIFICATION OF SCREENING TECHNOLOGY. (a) In General.--In carrying out the responsibilities under section 114(f)(9), the Administrator shall develop and implement, not later than 1 ***year*** after the date of enactment of this Act, a ***program*** to enable a vendor of related security screening technology to obtain testing and verification, including as an alternative to the TSA's test and evaluation process, by an appropriate third party, of such technology before procurement or deployment. (b) Detection Testing.-- (1) In general.--The third party testing and verification ***program*** authorized under subsection (a) shall include detection testing to evaluate the performance of the security screening technology system regarding the probability of detection, the probability of false alarm, and such other indicators that the system is able to meet the TSA's mission needs. (2) Results.--The results of the third party detection testing under paragraph (1) shall be considered final if the results are approved by the Administration in accordance with approval standards developed by the Administrator. (3) Coordination with final testing.--To the extent practicable, but without compromising the integrity of the TSA test and evaluation process, the Administrator shall coordinate the third party detection testing under paragraph (1) with any subsequent, final Federal Government testing. (4) International standards.--To the extent practicable and permissible under law and considering the national security interests of the United States, the Administrator shall-- (A) share detection testing information and standards with appropriate international partners; and (B) coordinate with the appropriate international partners to align TSA testing and evaluation with relevant international standards to maximize the capability to detect explosives and other threats. (c) Operational Testing.-- (1) In general.--Subject to paragraph (2), the third party testing and verification ***program*** authorized under subsection (a) shall include operational testing. (2) Limitation.--Third party operational testing under paragraph (1) may not exceed 1 ***year***. (d) Alternative.--Third party testing under subsection (a) shall replace as an alternative, at the discretion of the Administrator, the testing at the TSA Systems Integration Facility, including testing for-- (1) health and safety factors; (2) operator interface; (3) human factors; (4) environmental factors; (5) throughput; (6) reliability, maintainability, and availability factors; and (7) interoperability. (e) Testing and Verification Framework.-- (1) In general.--The Administrator shall-- (A) establish a framework for the third party testing and for verifying a security technology is operationally effective and able to meet the TSA's mission needs before it may enter or re-enter, as applicable, the operational context at an airport or other transportation facility; (B) use phased implementation to allow the TSA and the third party to establish best practices; and (C) oversee the third party testing and evaluation framework. [[Page H9008]] (2) Recommendations.--The Administrator shall request ASAC's Security Technology Subcommittee, in consultation with representatives of the security manufacturers industry, to develop and submit to the Administrator recommendations for the third party testing and verification framework. (f) Field Testing.--The Administrator shall prioritize the field testing and evaluation, including by third parties, of security technology and equipment at airports and on site at security technology manufacturers whenever possible as an alternative to the TSA Systems Integration Facility. (g) Appropriate Third Parties.-- (1) Citizenship requirement.--An appropriate third party under subsection (a) shall be-- (A) if an individual, a citizen of the United States; or (B) if an entity, owned and controlled by a citizen of the United States. (2) Waiver.--The Administrator may waive the requirement under paragraph (1)(B) if the entity is a United States subsidiary of a parent company that has implemented a foreign ownership, control, or influence mitigation plan that has been approved by the Defense Security Service of the Department of Defense before applying to provide third party testing. The Administrator may reject any application to provide third party testing under subsection (a) submitted by an entity that requires a waiver under this paragraph. (3) Conflicts of interest.--The Administrator shall ensure, to the extent possible, that an entity providing third party testing under this section does not have a contractual, business, or other pecuniary interest (exclusive of any such testing) in-- (A) the security screening technology subject to such testing; or (B) the vendor of such technology. (h) GAO Review.-- (1) In general.--Not later than 2 ***years*** after the date of enactment of this Act, the Comptroller General of the United States shall submit to the appropriate committees of Congress a study on the third party testing ***program*** developed under this section (2) Review.--The study under paragraph (1) shall include a review of the following: (A) Any efficiencies or gains in effectiveness achieved in TSA operations, including technology acquisition or screening operations, as a result of such ***program***. (B) The degree to which the TSA conducts timely and regular oversight of the appropriate third parties engaged in such testing. (C) The effect of such ***program*** on the following: (i) The introduction of innovative detection technologies into security screening operations. (ii) The availability of testing for technologies developed by small to medium sized businesses. (D) Any vulnerabilities associated with such ***program***, including with respect to the following: (i) National security. (ii) Any conflicts of interest between the appropriate third parties engaged in such testing and the entities providing such technologies to be tested. (iii) Waste, fraud, and abuse. SEC. 1912. TRANSPORTATION SECURITY ADMINISTRATION SYSTEMS INTEGRATION FACILITY. (a) In General.--The Administrator shall continue to operate the Transportation Security Administration Systems Integration Facility (referred to in this section as the ``TSIF'') for the purposes of testing and evaluating advanced transportation security screening technologies related to the mission of the TSA. (b) Requirements.--The TSIF shall-- (1) evaluate the technologies described in subsection (a) to enhance the security of transportation systems through screening and threat mitigation and detection; (2) test the technologies described in subsection (a) to support identified mission needs of the TSA and to meet requirements for acquisitions and procurement; (3) to the extent practicable, provide original equipment manufacturers with test plans to minimize requirement interpretation disputes and adhere to provided test plans; (4) collaborate with other technical laboratories and facilities for purposes of augmenting the capabilities of the TSIF; (5) deliver advanced transportation security screening technologies that enhance the overall security of domestic transportation systems; and (6) to the extent practicable, provide funding and promote efforts to enable participation by a small business concern (as the term is described under section 3 of the Small Business Act (15 U.S.C 632)) that-- (A) has an advanced technology or capability; but (B) does not have adequate resources to participate in testing and evaluation processes. (c) Staffing and Resource Allocation.--The Administrator shall ensure adequate staffing and resource allocations for the TSIF in a manner that-- (1) prevents unnecessary delays in the testing and evaluation of advanced transportation security screening technologies for acquisitions and procurement determinations; (2) ensures the issuance of final paperwork certification no later than 45 days after the date such testing and evaluation has concluded; and (3) ensures collaboration with technology stakeholders to close capabilities gaps in transportation security. (d) Deadline.-- (1) In general.--The Administrator shall notify the appropriate committees of Congress if testing and evaluation by the TSIF of an advanced transportation security screening technology under this section exceeds 180 days from the delivery date. (2) Notification.--The notification under paragraph (1) shall include-- (A) information relating to the delivery date; (B) a justification for why the testing and evaluation process has exceeded 180 days; and (C) the estimated date for completion of such testing and evaluation. (3) Definition of delivery date.--In this subsection, the term ``delivery date'' means the date that the owner of an advanced transportation security screening technology-- (A) after installation, delivers the technology to the TSA for testing and evaluation; and (B) submits to the Administrator, in such form and manner as the Administrator prescribes, a signed notification of the delivery described in subparagraph (A). (e) Retesting and Evaluation.--Advanced transportation security screening technology that fails testing and evaluation by the TSIF may be retested and evaluated at the discretion of the Administrator. (f) Rule of Construction.--Nothing in this section may be construed to affect the authority or responsibility of an officer of the Department, or an officer of any other Federal department or agency, with respect to research, development, testing, and evaluation of technologies, including such authorities or responsibilities of the Undersecretary for Science and Technology of the Department and Assistant Secretary of the Countering Weapons of Mass Destruction Office of the Department. SEC. 1913. OPPORTUNITIES TO PURSUE EXPANDED NETWORKS FOR BUSINESS. (a) Strategy.--Subtitle B of title of title XVI of the Homeland Security Act of 2002 (6 U.S.C 563 et seq.) is amended by adding at the end following: ``SEC. 1617. DIVERSIFIED SECURITY TECHNOLOGY INDUSTRY MARKETPLACE. ``(a) In General.--Not later than 120 days after the date of enactment of the TSA Modernization Act, the Administrator shall develop and submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Homeland Security of the House of Representatives a strategy to promote a diverse security technology industry marketplace upon which the Administrator can rely to acquire advanced transportation security technologies or capabilities, including by increased participation of small business innovators. ``(b) Contents.--The strategy required under subsection (a) shall include the following: ``(1) Information on how existing Administration solicitation, testing, evaluation, piloting, acquisition, and procurement processes impact the Administrator's ability to acquire from the security technology industry marketplace, including small business innovators that have not previously provided technology to the Administration, innovative technologies or capabilities with the potential to enhance transportation security. ``(2) Specific actions that the Administrator will take, including modifications to the processes described in paragraph (1), to foster diversification within the security technology industry marketplace. ``(3) Projected timelines for implementing the actions described in paragraph (2). ``(4) Plans for how the Administrator could, to the extent practicable, assist a small business innovator periodically during such processes, including when such an innovator lacks adequate resources to participate in such processes, to facilitate an advanced transportation security technology or capability being developed and acquired by the Administrator. ``(5) An assessment of the feasibility of partnering with an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code to provide venture capital to businesses, particularly small business innovators, for commercialization of innovative transportation security technologies that are expected to be ready for commercialization in the near term and within 36 months. ``(c) Feasibility Assessment.--In conducting the feasibility assessment under subsection (b)(5), the Administrator shall consider the following: ``(1) Establishing an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code as a venture capital partnership between the private sector and the intelligence community to help businesses, particularly small business innovators, commercialize innovative security- related technologies. ``(2) Enhanced engagement through the Science and Technology Directorate of the Department of Homeland Security. ``(d) Rule of Construction.--Nothing in this section may be construed as requiring changes to the Transportation Security Administration standards for security technology. ``(e) Definitions.--In this section: ``(1) Intelligence community.--The term `intelligence community' has the meaning [[Page H9009]] given the term in section 3 of the National Security Act of 1947 (50 U.S.C 3003). ``(2) Small business concern.--The term `small business concern' has the meaning described under section 3 of the Small Business Act (15 U.S.C 632). ``(3) Small business innovator.--The term `small business innovator' means a small business concern that has an advanced transportation security technology or capability.''. (b) GAO Review.--Not later than 1 ***year*** after the date the strategy is submitted under section 1617 of the Homeland Security Act of 2002, the Comptroller General of the United States shall-- (1) review the extent to which the strategy-- (A) addresses the requirements of that section; (B) has resulted in increased participation of small business innovators in the security technology industry marketplace; and (C) has diversified the security technology industry marketplace; and (2) submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Homeland Security of the House of Representatives the findings of the review and any recommendations. (c) Table of Contents.--The table of contents in section 1(b) of the Homeland Security Act of 2002 is amended by inserting after the item relating to section 1616 the following: ``1617. Diversified security technology industry marketplace.''. SEC. 1914. RECIPROCAL RECOGNITION OF SECURITY STANDARDS. (a) In General.--The Administrator, in coordination with appropriate international aviation security authorities, shall develop a validation process for the reciprocal recognition of security equipment technology approvals among international security partners or recognized certification authorities for deployment. (b) Requirement.--The validation process shall ensure that the certification by each participating international security partner or recognized certification authority complies with detection, qualification, and information security, including cybersecurity, standards of the TSA, the Department of Homeland Security, and the National Institute of Standards and Technology. SEC. 1915. TRANSPORTATION SECURITY LABORATORY. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Secretary, in consultation with the Administrator and the Undersecretary for Science and Technology-- (1) shall conduct a review to determine whether the TSA is the most appropriate component within the Department to administer the Transportation Security Laboratory; and (2) may direct the TSA to administer the Transportation Security Laboratory if the review under paragraph (1) identifies the TSA as the most appropriate component. (b) Periodic Reviews.--The Secretary shall periodically review the screening technology test and evaluation process conducted at the Transportation Security Laboratory to improve the coordination, collaboration, and communication between the Transportation Security Laboratory and the TSA to identify factors contributing to acquisition inefficiencies, develop strategies to reduce acquisition inefficiencies, facilitate more expeditious initiation and completion of testing, and identify how laboratory practices can better support acquisition decisions. (c) Reports.--The Secretary shall report the findings of each review under this section to the appropriate committees of Congress. SEC. 1916. INNOVATION TASK FORCE. (a) In General.--The Administrator shall establish an innovation task force-- (1) to cultivate innovations in transportation security; (2) to develop and recommend how to prioritize and streamline requirements for new approaches to transportation security; (3) to accelerate the development and introduction of new innovative transportation security technologies and improvements to transportation security operations; and (4) to provide industry with access to the airport environment during the technology development and assessment process to demonstrate the technology and to collect data to understand and refine technical operations and human factor issues. (b) Activities.--The task force shall-- (1) conduct activities to identify and develop an innovative technology, emerging security capability, or process designed to enhance transportation security, including-- (A) by conducting a field demonstration of such a technology, capability, or process in the airport environment; (B) by gathering performance data from such a demonstration to inform the acquisition process; and (C) by enabling a small business with an innovative technology or emerging security capability, but less than adequate resources, to participate in such a demonstration; (2) conduct at least quarterly collaboration meetings with industry, including air carriers, airport operators, and other transportation security stakeholders to highlight and discuss best practices on innovative security operations and technology evaluation and deployment; and (3) submit to the appropriate committees of Congress an annual report on the effectiveness of key performance data from task force-sponsored projects and checkpoint enhancements. (c) Composition.-- (1) Appointment.--The Administrator, in consultation with the Chairperson of ASAC shall appoint the members of the task force. (2) Chairperson.--The task force shall be chaired by the Administrator's designee. (3) Representation.--The task force shall be comprised of representatives of-- (A) the relevant offices of the TSA; (B) if considered appropriate by the Administrator, the Science and Technology Directorate of the Department of Homeland Security; (C) any other component of the Department of Homeland Security that the Administrator considers appropriate; and (D) such industry representatives as the Administrator considers appropriate. (d) Rule of Construction.--Nothing in this section shall be construed to require the acquisition or deployment of an innovative technology, emerging security capability, or process identified, developed, or recommended under this section. (e) Nonapplicability of FACA.--The Federal Advisory Committee Act (5 U.S.C App.) shall not apply to the task force established under this section. SEC. 1917. 5-***YEAR*** TECHNOLOGY INVESTMENT PLAN UPDATE. Section 1611 of the Homeland Security Act of 2002 (6 U.S.C 563) is amended-- (1) in subsection (g)-- (A) by striking the matter preceding paragraph (1) and inserting ``The Administrator shall, in collaboration with relevant industry and government stakeholders, annually submit to Congress in an appendix to the budget request and publish in an unclassified format in the public domain--''; (B) in paragraph (1), by striking ``; and'' and inserting a semicolon; (C) in paragraph (2), by striking the period and inserting ``; and''; and (D) by adding at the end the following: ``(3) information about acquisitions completed during the fiscal ***year*** preceding the fiscal ***year*** during which the report is submitted.''; and (2) by adding at the end the following: ``(h) Additional Update Requirements.--Updates and reports under subsection (g) shall-- ``(1) be prepared in consultation with-- ``(A) the persons described in subsection (b); and ``(B) the Surface Transportation Security Advisory Committee established under section 404; and ``(2) include-- ``(A) information relating to technology investments by the Transportation Security Administration and the private sector that the Department supports with research, development, testing, and evaluation for aviation, including air cargo, and surface transportation security; ``(B) information about acquisitions completed during the fiscal ***year*** preceding the fiscal ***year*** during which the report is submitted; ``(C) information relating to equipment of the Transportation Security Administration that is in operation after the end of the life-cycle of the equipment specified by the manufacturer of the equipment; and ``(D) to the extent practicable, a classified addendum to report sensitive transportation security risks and associated capability gaps that would be best addressed by security- related technology described in subparagraph (A).''. ``(i) Notice of Covered Changes to Plan.-- ``(1) Notice required.--The Administrator shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Homeland Security of the House of Representatives notice of any covered change to the Plan not later than 90 days after the date that the covered change is made. ``(2) Definition of covered change.--In this subsection, the term `covered change' means-- ``(A) an increase or decrease in the dollar amount allocated to the procurement of a technology; or ``(B) an increase or decrease in the number of a technology.''. SEC. 1918. MAINTENANCE OF SECURITY-RELATED TECHNOLOGY. (a) In General.--Title XVI of the Homeland Security Act of 2002 (6 U.S.C 561 et seq.), as amended by section 1913 of this Act, is further amended by adding at the end the following: ``Subtitle C--Maintenance of Security-related Technology ``SEC. 1621. MAINTENANCE VALIDATION AND OVERSIGHT. ``(a) In General.--Not later than 180 days after the date of enactment of the TSA Modernization Act, the Administrator shall develop and implement a preventive maintenance validation process for security-related technology deployed to airports. ``(b) Maintenance by Administration Personnel at Airports.--For maintenance to be carried out by Administration personnel at airports, the process referred to in subsection (a) shall include the following: ``(1) Guidance to Administration personnel at airports specifying how to conduct and document preventive maintenance actions. ``(2) Mechanisms for the Administrator to verify compliance with the guidance issued pursuant to paragraph (1). [[Page H9010]] ``(c) Maintenance by Contractors at Airports.--For maintenance to be carried by a contractor at airports, the process referred to in subsection (a) shall require the following: ``(1) Provision of monthly preventative maintenance schedules to appropriate Administration personnel at each airport that includes information on each action to be completed by contractor. ``(2) Notification to appropriate Administration personnel at each airport when maintenance action is completed by a contractor. ``(3) A process for independent validation by a third party of contractor maintenance. ``(d) Penalties for Noncompliance.--The Administrator shall require maintenance for any contracts entered into 60 days after the date of enactment of the TSA Modernization Act or later for security-related technology deployed to airports to include penalties for noncompliance when it is determined that either preventive or corrective maintenance has not been completed according to contractual requirements and manufacturers' specifications.''. (b) Table of Contents.--The table of contents of the Homeland Security Act of 2002, as amended by section 1913 of this Act, is further amended by inserting after the item relating to section 1617 the following: ``Subtitle C--Maintenance of Security-related Technology ``1621. Maintenance validation and oversight.''. SEC. 1919. BIOMETRICS EXPANSION. (a) In General.--The Administrator and the Commissioner of U.S Customs and Border Protection shall consult with each other on the deployment of biometric technologies. (b) Rule of Construction.--Nothing in this section shall be construed to permit the Commissioner of U.S Customs and Border Protection to facilitate or expand the deployment of biometric technologies, or otherwise collect, use, or retain biometrics, not authorized by any provision of or amendment made by the Intelligence Reform and Terrorism Prevention Act of 2004 (Public Law 108-458; 118 Stat. 3638) or the Implementing Recommendations of the 9/11 Commission Act of 2007 (Public Law 110-53; 121 Stat. 266). (c) Report Required.--Not later than 270 days after the date of enactment of this Act, the Secretary shall submit to the appropriate committees of Congress, and to any Member of Congress upon the request of that Member, a report that includes specific assessments from the Administrator and the Commissioner of U.S Customs and Border Protection with respect to the following: (1) The operational and security impact of using biometric technology to identify travelers. (2) The potential effects on privacy of the expansion of the use of biometric technology under paragraph (1), including methods proposed or implemented to mitigate any risks to privacy identified by the Administrator or the Commissioner related to the active or passive collection of biometric data. (3) Methods to analyze and address any matching performance errors related to race, gender, or age identified by the Administrator with respect to the use of biometric technology, including the deployment of facial recognition technology; (4) With respect to the biometric entry-exit ***program***, the following: (A) Assessments of-- (i) the error rates, including the rates of false positives and false negatives, and accuracy of biometric technologies; (ii) the effects of biometric technologies, to ensure that such technologies do not unduly burden categories of travelers, such as a certain race, gender, or nationality; (iii) the extent to which and how biometric technologies could address instances of travelers to the United States overstaying their visas, including-- (I) an estimate of how often biometric matches are contained in an existing database; (II) an estimate of the rate at which travelers using fraudulent credentials identifications are accurately rejected; and (III) an assessment of what percentage of the detection of fraudulent identifications could have been accomplished using conventional methods; (iv) the effects on privacy of the use of biometric technologies, including methods to mitigate any risks to privacy identified by the Administrator or the Commissioner of U.S Customs and Border Protection related to the active or passive collection of biometric data; and (v) the number of individuals who stay in the United States after the expiration of their visas each ***year***. (B) A description of-- (i) all audits performed to assess-- (I) error rates in the use of biometric technologies; or (II) whether the use of biometric technologies and error rates in the use of such technologies disproportionately affect a certain race, gender, or nationality; and (ii) the results of the audits described in clause (i). (C) A description of the process by which domestic travelers are able to opt-out of scanning using biometric technologies. (D) A description of-- (i) what traveler data is collected through scanning using biometric technologies, what agencies have access to such data, and how long the agencies possess such data; (ii) specific actions that the Department and other relevant Federal departments and agencies take to safeguard such data; and (iii) a short-term goal for the prompt deletion of the data of individual United States citizens after such data is used to verify traveler identities. (d) Publication of Assessments.--The Secretary, the Administrator, and the Commissioner shall, if practicable, publish a public version of the assessment required by subsection (c)(2) on the Internet website of the TSA and of the U.S Customs and Border Protection. SEC. 1920. PILOT ***PROGRAM*** FOR AUTOMATED EXIT LANE TECHNOLOGY. (a) In General.--Not later than 90 days after the date of enactment of this Act, the Administrator shall establish a pilot ***program*** to implement and evaluate the use of automated exit lane technology at small hub airports and nonhub airports (as those terms are defined in section 40102 of title 49, United States Code). (b) Partnership.--The Administrator shall carry out the pilot ***program*** in partnership with the applicable airport directors. (c) Cost Share.--The Federal share of the cost of the pilot ***program*** under this section shall not exceed 85 percent of the total cost of the ***program***. (d) Authorization of Appropriations.--There is authorized to be appropriated to carry out the pilot ***program*** under this section $15,000,000 for each of fiscal ***years*** 2019 through 2021. (e) GAO Report.--Not later than 2 ***years*** after the date the pilot ***program*** is implemented, the Comptroller General of the United States shall submit to the appropriate committees of Congress a report on the pilot ***program***, including-- (1) the extent of airport participation in the pilot ***program*** and how the ***program*** was implemented; (2) the results of the pilot ***program*** and any reported benefits, including the impact on security and any cost- related efficiencies realized by TSA or at the participating airports; and (3) the feasibility of expanding the pilot ***program*** to additional airports, including to medium and large hub airports. SEC. 1921. AUTHORIZATION OF APPROPRIATIONS; EXIT LANE SECURITY. There is authorized to be appropriated to carry out section 44903(n)(1) of title 49, United States Code, $77,000,000 for each of fiscal ***years*** 2019 through 2021. SEC. 1922. REAL-TIME SECURITY CHECKPOINT WAIT TIMES. (a) In General.--Not later than 18 months after the date of enactment of this Act, the Administrator shall make available to the public information on wait times at each airport security checkpoint at which security screening operations are conducted or overseen by the TSA. (b) Requirements.--The information described in subsection (a) shall be provided in real time via technology and published-- (1) online; and (2) in physical locations at applicable airport terminals. (c) Considerations.--The Administrator shall only make the information described in subsection (a) available to the public if it can do so in a manner that does not increase public area security risks. (d) Definition of Wait Time.--In this section, the term ``wait time'' means the period beginning when a passenger enters a queue for a screening checkpoint and ending when that passenger exits the checkpoint. SEC. 1923. GAO REPORT ON DEPLOYMENT OF SCREENING TECHNOLOGIES ACROSS AIRPORTS. (a) Study.--The Comptroller General of the United States shall conduct a study whether the TSA allocates resources, including advanced imaging and computed tomography technologies, appropriately based on risk at Category X, I, II, III, and IV airports at which security screening operations are conducted or overseen by the TSA. (b) Cost Analysis.--As a part of the study conducted under subsection (a), the Comptroller General shall analyze the costs allocated or incurred by the TSA at Category X, I, II, III, and IV airports-- (1) to purchase and deploy screening equipment and other assets, including advanced imaging and computed tomography technologies, at Category X, I, II, III, and IV airports; (2) to install such equipment, including any related variant, and assets in the airport; and (3) to maintain such equipment and assets. (c) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report on the findings of the study under subsection (a). SEC. 1924. SCREENING TECHNOLOGY REVIEW AND PERFORMANCE OBJECTIVES. (a) Review of Technology Acquisitions Process.-- (1) In general.--Not later than 180 days after the date of enactment of this Act, the Administrator, in coordination with relevant officials of the Department, shall conduct a review of existing advanced transportation security screening technology testing and evaluation, acquisitions, and procurement practices within TSA. (2) Contents.--Such review shall include-- (A) identifying process delays and obstructions within the Department and the Administration regarding how such technology is identified, tested and evaluated, acquired, and deployed; [[Page H9011]] (B) assessing whether the TSA can better leverage existing resources or processes of the Department for the purposes of technology testing and evaluation; (C) assessing whether the TSA can further encourage innovation and competition among technology stakeholders, including through increased participation of and funding for small business concerns (as such term is described under section 3 of the Small Business Act (15 U.S.C 632)); (D) identifying best practices of other Department components or United States Government entities; and (E) a plan to address any problems or challenges identified by such review. (b) Briefing.--The Administrator shall provide to the appropriate committees of Congress a briefing on the findings of the review required under this section and a plan to address any problems or challenges identified by such review. (c) Acquisitions and Procurement Enhancement.-- Incorporating the results of the review in subsection (a), the Administrator shall-- (1) engage in outreach, coordination, and collaboration with transportation stakeholders to identify and foster innovation of new advanced transportation security screening technologies; (2) streamline the overall technology development, testing, evaluation, acquisitions, procurement, and deployment processes of the Administration; and (3) ensure the effectiveness and efficiency of such processes. (d) Assessment.--The Secretary, in consultation with the Chief Privacy Officer of the Department, shall submit to the appropriate committees of Congress a compliance assessment of the TSA acquisition process relating to the health and safety risks associated with implementation of screening technologies. (e) Performance Objectives.--The Administrator shall establish performance objectives for the testing and verification of security technology, including testing and verification conducted by appropriate third parties under section 1911, to ensure that progress is made, at a minimum, toward-- (1) reducing time for each phase of testing while maintaining security (including testing for detection testing, operational testing, testing and verification framework, and field testing); (2) eliminating testing and verification delays; and (3) increasing accountability. (f) Tracking.-- (1) In general.--In carrying out subsection (e), the Administrator shall establish and continually track performance metrics for each type of security technology submitted for testing and verification, including testing and verification conducted by appropriate third parties under section 1911. (2) Measuring progress toward goals.--The Administrator shall use the metrics established and tracked under paragraph (1) to generate data on an ongoing basis and to measure progress toward the achievement of the performance objectives established under subsection (e). (3) Report required.-- (A) In general.--Not later than 2 ***years*** after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report assessing the extent to which the performance objectives established under subsection (e), as measured by the performance metrics established and tracked under paragraph (1) of this subsection, have been met. (B) Elements.--The report required by subparagraph (A) shall include-- (i) a list of the performance metrics established under paragraph (1), including the length of time for each phase of testing and verification for each type of security technology; and (ii) a comparison of the progress achieved for testing and verification of security technology conducted by the TSA and the testing and verification of security technology conducted by third parties. (C) Proprietary information.--The report required by subparagraph (A) shall-- (i) not include identifying information regarding an individual or entity or equipment; and (ii) protect proprietary information. (g) Information Technology Security.--Not later than 90 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a plan to conduct recurring reviews of the operational, technical, and management security controls for Administration information technology systems at airports SEC. 1925. COMPUTED TOMOGRAPHY PILOT ***PROGRAMS***. (a) In General.--Not later than 90 days after the date of enactment of this Act, the Administrator shall carry out a pilot ***program*** to test the use of screening equipment using computed tomography technology to screen baggage at passenger screening checkpoints at airports. (b) Feasibility Study.-- (1) In general.--Not later than 120 days after the date of enactment of this Act, the Administrator, in coordination with the Under Secretary for Science and Technology of the Department, shall submit to the appropriate committees of Congress a feasibility study regarding expanding the use of computed tomography technology for the screening of air cargo transported on passenger aircraft operated by an air carrier or foreign air carrier in air transportation, interstate air transportation, or interstate air commerce. (2) Considerations.--In conducting the feasibility study under paragraph (1), the Administrator shall consider the following: (A) Opportunities to leverage computed tomography systems used for screening passengers and baggage. (B) Costs and benefits of using computed tomography technology for screening air cargo. (C) An analysis of emerging computed tomography systems that may have potential to enhance the screening of air cargo, including systems that may address aperture challenges associated with screening certain categories of air cargo. (D) An analysis of emerging screening technologies, in addition to computed tomography, that may be used to enhance the screening of air cargo. (c) Pilot ***Program***.--Not later than 120 days after the date the feasibility study is submitted under subsection (b), the Administrator shall initiate a 2-***year*** pilot ***program*** to achieve enhanced air cargo security screening outcomes through the use of new or emerging screening technologies, such as computed tomography technology, as identified through such study. (d) Updates.--Not later than 60 days after the date the pilot ***program*** under subsection (c) is initiated, and biannually thereafter for 2 ***years***, the Administrator shall brief the appropriate committees of Congress on the progress of implementation of such pilot ***program***. (e) Definitions.--In this section: (1) Air carrier.--The term ``air carrier'' has the meaning given the term in section 40102 of title 49, United States Code. (2) Air transportation.--The term ``air transportation'' has the meaning given the term in section 40102 of title 49, United States Code. (3) Foreign air carrier.--The term ``foreign air carrier'' has the meaning given the term in section 40102 of title 49, United States Code. (4) Interstate air commerce.--The term ``interstate air commerce'' has the meaning given the term in section 40102 of title 49, United States Code. (5) Interstate air transportation.--The term ``interstate air transportation'' has the meaning given the term in section 40102 of title 49, United States Code. Subtitle C--Public Area Security SEC. 1926. DEFINITIONS. In this subtitle: (1) Behavioral standards.--The term ``behavioral standards'' means standards for the evaluation of explosives detection working canines for certain factors, including canine temperament, work drive, suitability for training, environmental factors used in evaluations, and canine familiarity with natural or man-made surfaces or working conditions relevant to the canine's expected work area. (2) Medical standards.--The term ``medical standards'' means standards for the evaluation of explosives detection working canines for certain factors, including canine health, management of heredity health conditions, breeding practices, genetics, pedigree, and long-term health tracking. (3) Technical standards.--The term ``technical standards'' means standards for the evaluation of explosives detection working canines for certain factors, including canine search techniques, handler-canine communication, detection testing conditions and logistics, and learned explosive odor libraries. SEC. 1927. EXPLOSIVES DETECTION CANINE CAPACITY BUILDING. (a) In General.--Not later than 90 days after the date of enactment of this Act, the Administrator shall establish a working group to determine ways to support decentralized, non-Federal domestic canine breeding capacity to produce high quality explosives detection canines and modernize canine training standards. (b) Working Group Composition.--The working group established under subsection (a) shall be comprised of representatives from the following: (1) The TSA. (2) The Science and Technology Directorate of the Department. (3) National domestic canine associations with expertise in breeding and pedigree. (4) Universities with expertise related to explosives detection canines and canine breeding. (5) Domestic canine breeders and vendors. (c) Chairpersons.--The Administrator shall approve of 2 individuals from among the representatives of the working group specified in subsection (b) to serve as the Chairpersons of the working group as follows: (1) One Chairperson shall be from an entity specified in paragraph (1) or (2) of that subsection. (2) One Chairperson shall be from an entity specified in paragraph (3), (4), or (5) of that subsection. (d) Proposed Standards and Recommendations.--Not later than 180 days after the date the working group is established under subsection (a), the working group shall submit to the Administrator-- (1) proposed behavioral standards, medical standards, and technical standards for domestic canine breeding and canine training described in that subsection; and (2) recommendations on how the TSA can engage stakeholders to further the development of such domestic non-Federal canine breeding capacity and training. [[Page H9012]] (e) Strategy.--Not later than 180 days after the date the recommendations are submitted under subsection (d), the Administrator shall develop and submit to the appropriate committees of Congress a strategy for working with non- Federal stakeholders to facilitate expanded the domestic canine breeding capacity described in subsection (a), based on such recommendations. (f) Consultation.--In developing the strategy under subsection (e), the Administrator shall consult with the Under Secretary for Science and Technology of the Department, the Commissioner for U.S Customs and Border Protection, the Director of the United States Secret Service, and the heads of such other Federal departments or agencies as the Administrator considers appropriate to incorporate, to the extent practicable, mission needs across the Department for an expanded non-Federal domestic explosives detection canine breeding capacity that can be leveraged to help meet the Department's operational needs. (g) Termination.--The working group established under subsection (a) shall terminate on the date that the strategy is submitted under subsection (e), unless the Administrator extends the termination date for the purposes of section 1928. (h) Nonapplicability of Federal Advisory Committee Act.-- The Federal Advisory Committee Act (5 U.S.C App.) shall not apply to the working group established under this Act. SEC. 1928. THIRD PARTY DOMESTIC CANINES. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, to enhance the efficiency and efficacy of transportation security by increasing the supply of canine teams for use by the TSA and transportation stakeholders, the Administrator shall develop and issue behavioral standards, medical standards, and technical standards, based on the recommendations of the working group under section 1927, that a third party explosives detection canine must satisfy to be certified for the screening of individuals and property, including detection of explosive vapors among individuals and articles of property, in public areas of an airport under section 44901 of title 49, United States Code. (b) Augmenting Public Area Security.-- (1) In general.--The Administrator shall develop guidance on the coordination of development and deployment of explosives detection canine teams for use by transportation stakeholders to enhance public area security at transportation hubs, including airports. (2) Consultation.--In developing the guidance under paragraph (1), the Administrator shall consult with-- (A) the working group established under section 1927; (B) the officials responsible for carrying out section 1941; and (C) such transportation stakeholders, canine providers, law enforcement, privacy groups, and transportation security providers as the Administrator considers relevant. (c) Agreement.--Subject to subsections (d), (e), and (f), not later than 270 days after the issuance of standards under subsection (a), the Administrator shall, to the extent possible, enter into an agreement with at least 1 third party to test and certify the capabilities of canines in accordance with the standards under subsection (a). (d) Expedited Deployment.--In entering into an agreement under subsection (c), the Administrator shall use-- (1) the other transaction authority under section 114(m) of title 49, United States Code; or (2) such other authority of the Administrator as the Administrator considers appropriate to expedite the deployment of additional canine teams. (e) Process.--Before entering into an agreement under subsection (c), the Administrator shall-- (1) evaluate and verify the third party's ability to effectively evaluate the capabilities of canines; (2) designate key elements required for appropriate evaluation venues where third parties may conduct testing; and (3) periodically assess the ***program*** at evaluation centers to ensure the proficiency of the canines beyond the initial testing and certification by the third party. (f) Consultation.--To determine best practices for the use of third parties to test and certify the capabilities of canines, the Administrator shall consult with the following persons before entering into an agreement under subsection (c): (1) The Secretary of State. (2) The Secretary of Defense. (3) Non-profit organizations that train, certify, and provide the services of canines for various purposes. (4) Institutions of higher education with research ***programs*** related to use of canines for the screening of individuals and property, including detection of explosive vapors among individuals and articles of property. (g) Third Party Explosives Detection Canine Provider List.-- (1) In general.--Not later than 90 days after the date the Administrator enters into an agreement under subsection (c), the Administrator shall develop and maintain a list of the names of each third party from which the TSA procures explosive detection canines, including for each such third party the relevant contractual period of performance. (2) Distribution.--The Administrator shall make the list under paragraph (1) available to appropriate transportation stakeholders in such form and manner as the Administrator prescribes. (h) Oversight.--The Administrator shall establish a process to ensure appropriate oversight of the certification ***program*** and compliance with the standards under subsection (a), including periodic audits of participating third parties. (i) Authorization.-- (1) TSA.--The Administrator shall develop and implement a process for the TSA to procure third party explosives detection canines certified under this section. (2) Aviation stakeholders.-- (A) In general.--The Administrator shall authorize an aviation stakeholder, under the oversight of and in coordination with the Federal Security Director at an applicable airport, to contract with, procure or purchase, and deploy one or more third party explosives detection canines certified under this section to augment public area security at that airport. (B) Applicable large hub airports.-- (i) In general.--Except as provided under subparagraph (ii), notwithstanding any law to the contrary, and subject to the other provisions of this paragraph, an applicable large hub airport may provide a certified canine described in subparagraph (A) on an in-kind basis to the TSA to be deployed as a passenger screening canine at that airport unless the applicable large hub airport consents to the use of that certified canine elsewhere. (ii) Exception.--The Administrator may, on a case-by-case basis, deploy a certified canine described in subparagraph (A) to a transportation facility other than the applicable large hub airport described in clause (i) for not more than 90 days per ***year*** if the Administrator-- (I) determines that such deployment is necessary to meet operational or security needs; and (II) notifies the applicable large hub airport described in clause (i). (iii) Nondeployable canines.--Any certified canine provided to the TSA under clause (i) that does not complete training for deployment under that clause shall be the responsibility of the large hub airport unless the TSA agrees to a different outcome. (C) Handlers.--Not later than 30 days before a canine begins training to become a certified canine under subparagraph (B), the airport shall notify the TSA of such training and the Administrator shall assign a TSA canine handler to participate in the training with that canine, as appropriate. (D) Limitation.--The Administrator may not reduce the staffing allocation model for an applicable large hub airport based on that airport's provision of a certified canine under this paragraph. (j) Definitions.--In this section: (1) Applicable large hub airport.--The term ``applicable large hub airport'' means a large hub airport (as defined in section 40102 of title 49, United States Code) that has less than 100 percent of the allocated passenger screening canine teams staffed by the TSA. (2) Aviation stakeholder.--The term ``aviation stakeholder'' includes an airport, airport operator, and air carrier. SEC. 1929. TRACKING AND MONITORING OF CANINE TRAINING AND TESTING. Not later than 180 days after the date of enactment of this Act, the Administrator shall use, to the extent practicable, a digital monitoring system for all training, testing, and validation or certification of public and private canine assets utilized or funded by the TSA to facilitate improved review, data analysis, and record keeping of canine testing performance and ***program*** administration. SEC. 1930. VIPR TEAM STATISTICS. (a) VIPR Team Statistics.-- (1) In general.--Not later than 90 days after the date of enactment of this Act, and annually thereafter, the Administrator shall notify the appropriate committees of Congress of the number of VIPR teams available for deployment at transportation facilities, including-- (A) the number of VIPR team operations that include explosive detection canine teams; and (B) the distribution of VIPR team operations deployed across different modes of transportation. (2) Annex.--The notification under paragraph (1) may contain a classified annex. (3) Definition of vipr team.--In this subsection, the term ``VIPR'' means a Visible Intermodal Prevention and Response team authorized under section 1303 of the National Transit Systems Security Act of 2007 (6 U.S.C 1112). (b) Authorization of VIPR Teams.--Section 1303(b) of the National Transit Systems Security Act of 2007 (6 U.S.C 1112(b)) is amended by striking ``to the extent appropriated, including funds to develop not more than 60 VIPR teams, for fiscal ***years*** 2016 through 2018'' and inserting ``such sums as necessary, including funds to develop at least 30, but not more than 60, VIPR teams, for fiscal ***years*** 2019 through 2021''. SEC. 1931. PUBLIC AREA SECURITY WORKING GROUP. (a) Definitions.--In this section: (1) Public and private stakeholders.--The term ``public and private stakeholders'' has the meaning given the term in section 114(t)(1)(C) of title 49, United States Code. (2) Surface transportation asset.--The term ``surface transportation asset'' includes-- [[Page H9013]] (A) facilities, equipment, or systems used to provide transportation services by-- (i) a public transportation agency (as the term is defined in section 1402 of the Implementing Recommendations of the 9/ 11 Commission Act of 2007 (6 U.S.C 1131)); (ii) a railroad carrier (as the term is defined in section 20102 of title 49, United States Code); (iii) an owner or operator of-- (I) an entity offering scheduled, fixed-route transportation services by over-the road bus (as the term is defined in section 1501 of the Implementing Recommendations of the 9/11 Commission Act of 2007 (6 U.S.C 1151)); or (II) a bus terminal; or (B) other transportation facilities, equipment, or systems, as determined by the Secretary. (b) Public Area Security Working Group.-- (1) Working group.--The Administrator, in coordination with the National Protection and ***Programs*** Directorate, shall establish a working group to promote collaborative engagement between the TSA and public and private stakeholders to develop non-binding recommendations for enhancing security in public areas of transportation facilities (including facilities that are surface transportation assets), including recommendations regarding the following: (A) Information sharing and interoperable communication capabilities among the TSA and public and private stakeholders with respect to terrorist or other threats. (B) Coordinated incident response procedures. (C) The prevention of terrorist attacks and other incidents through strategic planning, security training, exercises and drills, law enforcement patrols, worker vetting, and suspicious activity reporting. (D) Infrastructure protection through effective construction design barriers and installation of advanced surveillance and other security technologies. (2) Annual report.-- (A) In general.--Not later than 1 ***year*** after the date the working group is established under paragraph (1), the Administrator shall submit to the appropriate committee of Congress a report, covering the 12-month period preceding the date of the report, on-- (i) the organization of the working group; (ii) the activities of the working group; (iii) the participation of the TSA and public and private stakeholders in the activities of the working group; (iv) the findings of the working group, including any recommendations. (B) Publication.--The Administrator may publish a public version of such report that describes the activities of the working group and such related matters as would be informative to the public, consistent with section 552(b) of title 5, United States Code. (3) Nonapplicability of faca.--The Federal Advisory Committee Act (5 U.S.C App.) shall not apply to the working group established under subsection (a) or any subcommittee thereof. (c) Technical Assistance.-- (1) In general.--The Secretary shall-- (A) inform owners and operators of surface transportation assets about the availability of technical assistance, including vulnerability assessment tools and cybersecurity guidelines, to help protect and enhance the resilience of public areas of such assets; and (B) upon request, and subject to the availability of appropriations, provide such technical assistance to owners and operators of surface transportation assets. (2) Best practices.--Not later than 1 ***year*** after the date of enactment of this Act, and periodically thereafter, the Secretary shall publish on the Department website and widely disseminate, as appropriate, current best practices for protecting and enhancing the resilience of public areas of transportation facilities (including facilities that are surface transportation assets), including associated frameworks or templates for implementation. (d) Review.-- (1) In general.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall-- (A) review of regulations, directives, policies, and procedures issued by the Administrator regarding the transportation of a firearm and ammunition; and (B) submit to the appropriate committees of Congress a report on the findings of the review under subparagraph (A), including, as appropriate, information on any plans to modify any regulation, directive, policy, or procedure based on the review. (2) Consultation.--In preparing the report under paragraph (1), the Administrator shall consult with-- (A) ASAC; (B) the Surface Transportation Security Advisory Committee under section 404 of the Homeland Security Act of 2002; and (C) appropriate public and private stakeholders. SEC. 1932. PUBLIC AREA BEST PRACTICES. (a) In General.--The Administrator shall, in accordance with law and as received or developed, periodically submit information, on any best practices developed by the TSA or appropriate transportation stakeholders related to protecting the public spaces of transportation infrastructure from emerging threats, to the following: (1) Federal Security Directors at airports. (2) Appropriate security directors for other modes of transportation. (3) Other appropriate transportation security stakeholders. (b) Information Sharing.--The Administrator shall, in accordance with law-- (1) in coordination with the Office of the Director of National Intelligence and industry partners, implement improvements to the Air Domain Intelligence and Analysis Center to encourage increased participation from stakeholders and enhance government and industry security information sharing on transportation security threats, including on cybersecurity threat awareness; (2) expand and improve the City and Airport Threat Assessment or similar ***program*** to public and private stakeholders to capture, quantify, communicate, and apply applicable intelligence to inform transportation infrastructure mitigation measures, such as-- (A) quantifying levels of risk by airport that can be used to determine risk-based security mitigation measures at each location; and (B) determining random and surge employee inspection operations based on changing levels of risk; (3) continue to disseminate Transportation Intelligence Notes, tear-lines, and related intelligence products to appropriate transportation security stakeholders on a regular basis; and (4) continue to conduct both regular routine and threat- specific classified briefings between the TSA and appropriate transportation sector stakeholders on an individual or group basis to provide greater information sharing between public and private sectors. (c) Mass Notification.--The Administrator shall encourage security stakeholders to utilize mass notification systems, including the Integrated Public Alert Warning System of the Federal Emergency Management Agency and social media platforms, to disseminate information to transportation community employees, travelers, and the general public, as appropriate. (d) Public Awareness ***Programs***.--The Secretary, in coordination with the Administrator, shall expand public ***programs*** of the Department of Homeland Security and the TSA that increase security threat awareness, education, and training to include transportation network public area employees, including airport and transportation vendors, local hotels, cab and limousine companies, ridesharing companies, cleaning companies, gas station attendants, cargo operators, and general aviation members. SEC. 1933. AIRPORT WORKER ACCESS CONTROLS COST AND FEASIBILITY STUDY. (a) In General.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator, in consultation with ASAC, shall submit to the Comptroller General of the United States and the appropriate committees of Congress a study examining the shared cost and feasibility to airports, airlines, and the TSA of implementing enhanced employee inspection measures at all access points between non-secured areas and secured areas at a statistically significant number of Category I, II, III, IV, and X airports. (b) Assessment.--To the extent practicable, in conducting the study, the Administrator shall assess the cost, operational efficiency, and security effectiveness of requiring all employees to present for inspection at every access point between non-secured areas and secured areas of airports, and of deploying some or all of the following screening measures and technologies: (1) A secure door utilizing card and pin entry or biometric technology. (2) Surveillance video recording capable of storing video data for at least 30 days. (3) Advanced screening technologies, including at least 1 of the following: (A) Magnetometer (walk-through or hand-held). (B) Explosives detection canines. (C) Explosives trace detection swabbing. (D) Advanced imaging technology. (E) X-ray bag screening technology. (4) The TSA's Advanced Threat Local Allocation Strategy (commonly known as ``ATLAS''). (c) Contents.--To the extent practicable, the study under subsection (a) shall include the following: (1) Costs associated with establishing an operational minimum number of employee entry and exit points. (2) A comparison of estimated costs and security effectiveness associated with implementing the security features specified in paragraphs (1), (2), (3), and (4) of subsection (b) based on information on the experiences from those category I, II, III, IV, and X airports that have already implemented or piloted enhanced employee inspection measures at access points between non-secured areas and secured areas of airports. (d) GAO Review.--Not later than 90 days after the date of receipt of the study under subsection (a), the Comptroller General of the United States shall-- (1) review the study to assess the quality and reliability of the study; and (2) submit to the appropriate committees of Congress a report on the results of the review under paragraph (1). SEC. 1934. SECURING AIRPORT WORKER ACCESS POINTS. (a) Cooperative Efforts to Enhance Airport Security Awareness.--Not later than 180 days after the date of enactment of this Act, the Administrator shall consult with air carriers, foreign air carriers, airport operators, and labor unions representing [[Page H9014]] credentialed employees to enhance security awareness of credentialed airport populations regarding insider threats to aviation security and best practices related to airport access controls. (b) Credentialing Standards.--Not later than 180 days after the date of enactment of this Act, the Administrator, in consultation with air carriers, foreign air carriers, airport operators, and labor unions representing credentialed employees, shall assess credentialing standards, policies, and practices, including implementation of relevant credentialing updates required under the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190; 130 Stat. 615), to ensure that insider threats to aviation security are adequately addressed. (c) SIDA Applications.-- (1) Social security numbers required.-- (A) In general.--Not later than 60 days after the date of enactment of this Act, the Administrator shall revise the application submitted by an individual applying for a credential granting access to the Secure Identification Area of an airport to require the social security number of such individual in order to strengthen security vetting effectiveness. (B) Failure to provide number.--An applicant who does not provide such applicant's social security number may be denied such a credential. (2) Screening notice.--The Administrator shall issue requirements for an airport operator to include in each application for access to a Security Identification Display Area notification to the applicant that an employee holding a credential granting access to a Security Identification Display Area may be screened at any time while gaining access to, working in, or leaving a Security Identification Display Area. (d) Secured and Sterile Areas of Airports.--The Administrator shall consult with airport operators and airline operators to identify advanced technologies, including biometric identification technologies, that could be used for securing employee access to the secured areas and sterile areas of airports. (e) Rap Back Vetting .--Not later than 180 days after the date of enactment of this Act, the Administrator shall identify and submit to the appropriate committees of Congress the number of credentialed aviation worker populations at airports that are continuously vetted through the Federal Bureau of Investigation's Rap Back Service, consistent with section 3405(b)(2) of the FAA Extension, Safety, and Security Act of 2016 (49 U.S.C 44901 note). (f) Insider Threat Education and Mitigation.--Not later than 180 days after the date of enactment of this Act, the Administrator shall identify means of enhancing the TSA's ability to leverage the resources of the Department and the intelligence community (as defined in section 3 of the National Security Act of 1947 (50 U.S.C 3003)) to educate Administration personnel on insider threats to aviation security and how the TSA can better mitigate such insider threats. (g) Employee Inspections.--Consistent with the FAA Extension, Safety, and Security Act of 2016 (Public Law 114- 190; 130 Stat. 615), the Administrator shall ensure that TSA- led, random employee physical inspection efforts of aviation workers are targeted, strategic, and focused on providing the greatest level of security effectiveness. (h) Covert Testing.-- (1) In general.--Consistent with the FAA Extension, Safety, and Security Act of 2016 (Public Law 114-190; 130 Stat. 615), the Administrator shall continue to conduct covert testing of TSA-led employee inspection operations at airports and measure existing levels of security effectiveness. (2) Requirements.--The Administrator shall provide-- (A) the results of such testing to-- (i) the airport operator for the airport that is the subject of any such testing; and (ii) as appropriate, to air carriers and foreign air carriers that operate at the airport that is the subject of such testing; and (B) recommendations and technical assistance for air carriers, foreign air carriers, and airport operators to conduct their own employee inspections, as needed. (3) Annual reporting.--The Administrator shall for each of fiscal ***years*** 2019 through 2021, submit to the appropriate committees of Congress a report on the frequency, methodology, strategy, and effectiveness of employee inspection operations at airports. (i) Centralized Database.-- (1) In general.--Not later than 180 days after the date of enactment of this Act, the Administrator, in consultation with ASAC, shall-- (A) subject to paragraph (2), establish a national, centralized database of the names of each individual who-- (i) has had an airport-issued badge revoked for failure to comply with aviation security requirements; or (ii) has had an aircraft operator-issued badge revoked for failure to comply with aviation security requirements; (B) determine the appropriate reporting mechanisms for air carriers, foreign air carriers, and airport operators-- (i) to submit to the Administration data regarding an individual described in subparagraph (A); and (ii) to access the database; and (C) establish a process to allow an individual whose name is mistakenly entered into the database to correct the record and have the individual's name expunged from the database. (2) Limitation.--The database shall not include the name of any individual whose badge has been revoked as a result of a termination or cessation of employment unrelated to-- (A) a violation of a security requirement; or (B) a determination that the individual poses a threat to aviation security. SEC. 1935. LAW ENFORCEMENT OFFICER REIMBURSEMENT ***PROGRAM***. (a) In General.--In accordance with section 44903(c)(1) of title 49, United States Code, the Administrator shall increase the number of awards, and the total funding amount of each award, under the Law Enforcement Officer Reimbursement ***Program***-- (1) to increase the presence of law enforcement officers in the public areas of airports, including baggage claim, ticket counters, and nearby roads; (2) to increase the presence of law enforcement officers at screening checkpoints; (3) to reduce the response times of law enforcement officers during security incidents; and (4) to provide visible deterrents to potential terrorists. (b) Cooperation by Administrator.--In carrying out subsection (a), the Administrator shall use the authority provided to the Administrator under section 114(m) of title 49, United States Code, that is the same authority as is provided to the Administrator of the Federal Aviation Administration under section 106(m) of that title. (c) Administrative Burdens.--The Administrator shall review the regulations and compliance policies related to the Law Enforcement Officer Reimbursement ***Program*** and, if necessary, revise such regulations and policies to reduce any administrative burdens on applicants or recipients of such awards. (d) Authorization of Appropriations.--There is authorized to be appropriated to carry out section 44901(h) of title 49, United States Code, $55,000,000 for each of fiscal ***years*** 2019 through 2021. SEC. 1936. AIRPORT PERIMETER AND ACCESS CONTROL SECURITY. (a) Risk Assessments of Airport Security.-- (1) In general.--The Administrator shall-- (A) not later than 180 days after the date of enactment of this Act, update the Transportation Sector Security Risk Assessment (referred to in this section as the ``TSSRA''); and (B) not later than 90 days after the date the TSSRA is updated under subparagraph (A)-- (i) update with the most currently available intelligence information the Comprehensive Risk Assessment of Perimeter and Access Control Security (referred to in this section as the ``Risk Assessment of Airport Security''); (ii) establish a regular schedule for periodic updates to the Risk Assessment of Airport Security; and (iii) conduct a system-wide assessment of airport access control points and airport perimeter security. (2) Contents.--The security risk assessments required under paragraph (1)(B) shall-- (A) include updates reflected in the TSSRA and Joint Vulnerability Assessment findings; (B) reflect changes to the risk environment relating to airport access control points and airport perimeters; (C) use security event data for specific analysis of system-wide trends related to airport access control points and airport perimeter security to better inform risk management decisions; and (D) consider the unique geography of and current best practices used by airports to mitigate potential vulnerabilities. (3) Report.--The Administrator shall report the results of the TSSRA and Risk Assessment of Airport Security under paragraph (1) to-- (A) the appropriate committees of Congress; (B) relevant Federal departments and agencies; and (C) airport operators. (b) Airport Security Strategy Development.-- (1) In general.--Not later than 90 days after the date of enactment of this Act, the Administrator shall update the 2012 National Strategy for Airport Perimeter and Access Control Security (referred to in this section as the ``National Strategy''). (2) Contents.--The update to the National Strategy shall include-- (A) information from the Risk Assessment of Airport Security; and (B) information on-- (i) airport security-related activities; (ii) the status of TSA efforts to address the objectives of the National Strategy; (iii) finalized outcome-based performance measures and performance levels for-- (I) each activity described in clause (i); and (II) each objective described in clause (ii); and (iv) input from airport operators. (3) Updates.--Not later than 90 days after the date the update to the National Strategy is complete, the Administrator shall establish a regular schedule for determining if and when additional updates to the strategy under paragraph (1) are necessary. Subtitle D--Passenger and Cargo Security SEC. 1937. PRECHECK ***PROGRAM***. (a) In General.--Section 44919 is amended to read as follows: [[Page H9015]] ``Sec. 44919. PreCheck ***Program*** ``(a) In General.--The Administrator of the Transportation Security Administration shall continue to administer the PreCheck ***Program*** in accordance with section 109(a)(3) of the Aviation and Transportation Security Act (49 U.S.C 114 note). ``(b) Expansion.--Not later than 180 days after the date of enactment of the TSA Modernization Act, the Administrator shall enter into an agreement, using other transaction authority under section 114(m) of this title, with at least 2 private sector entities to increase the methods and capabilities available for the public to enroll in the PreCheck ***Program***. ``(c) Minimum Capability Requirements.--At least 1 agreement under subsection (b) shall include the following capabilities: ``(1) Start-to-finish secure online or mobile enrollment capability. ``(2) Vetting of an applicant by means other than biometrics, such as a risk assessment, if-- ``(A) such means-- ``(i) are evaluated and certified by the Secretary of Homeland Security; ``(ii) meet the definition of a qualified anti-terrorism technology under section 865 of the Homeland Security Act of 2002 (6 U.S.C 444); and ``(iii) are determined by the Administrator to provide a risk assessment that is as effective as a fingerprint-based criminal history records check conducted through the Federal Bureau of Investigation with respect to identifying individuals who are not qualified to participate in the PreCheck ***Program*** due to disqualifying criminal history; and ``(B) with regard to private sector risk assessments, the Secretary has certified that reasonable procedures are in place with regard to the accuracy, relevancy, and proper utilization of information employed in such risk assessments. ``(d) Additional Capability Requirements.--At least 1 agreement under subsection (b) shall include the following capabilities: ``(1) Start-to-finish secure online or mobile enrollment capability. ``(2) Vetting of an applicant by means of biometrics if the collection-- ``(A) is comparable with the appropriate and applicable standards developed by the National Institute of Standards and Technology; ``(B) protects privacy and data security, including that any personally identifiable information is collected, retained, used, and shared in a manner consistent with section 552a of title 5, United States Code (commonly known as `Privacy Act of 1974'), and with agency regulations; ``(C) is evaluated and certified by the Secretary of Homeland Security; and ``(D) is determined by the Administrator to provide a risk assessment that is as effective as a fingerprint-based criminal history records check conducted through the Federal Bureau of Investigation with respect to identifying individuals who are not qualified to participate in the PreCheck ***Program*** due to disqualifying criminal history. ``(e) Target Enrollment.--Subject to subsections (b), (c), and (d), the Administrator shall take actions to expand the total number of individuals enrolled in the PreCheck ***Program*** as follows: ``(1) 7,000,000 passengers before October 1, 2019. ``(2) 10,000,000 passengers before October 1, 2020. ``(3) 15,000,000 passengers before October 1, 2021. ``(f) Marketing of PreCheck ***Program***.--Not later than 90 days after the date of enactment of the TSA Modernization Act, the Administrator shall-- ``(1) enter into at least 2 agreements, using other transaction authority under section 114(m) of this title, to market the PreCheck ***Program***; and ``(2) implement a long-term strategy for partnering with the private sector to encourage enrollment in such ***program***. ``(g) Identity Verification Enhancement.--The Administrator shall-- ``(1) coordinate with the heads of appropriate components of the Department to leverage Department-held data and technologies to verify the identity and citizenship of individuals enrolling in the PreCheck ***Program***; ``(2) partner with the private sector to use biometrics and authentication standards, such as relevant standards developed by the National Institute of Standards and Technology, to facilitate enrollment in the ***program***; and ``(3) consider leveraging the existing resources and abilities of airports to collect fingerprints for use in background checks to expedite identity verification. ``(h) PreCheck ***Program*** Lanes Operation.--The Administrator shall-- ``(1) ensure that PreCheck ***Program*** screening lanes are open and available during peak and high-volume travel times at appropriate airports to individuals enrolled in the PreCheck ***Program***; and ``(2) make every practicable effort to provide expedited screening at standard screening lanes during times when PreCheck ***Program*** screening lanes are closed to individuals enrolled in the ***program*** in order to maintain operational efficiency. ``(i) Eligibility of Members of the Armed Forces for Expedited Security Screening.-- ``(1) In general.--Subject to paragraph (3), an individual specified in paragraph (2) is eligible for expedited security screening under the PreCheck ***Program***. ``(2) Individuals specified.--An individual specified in this subsection is any of the following: ``(A) A member of the Armed Forces, including a member of a reserve component or the National Guard. ``(B) A cadet or midshipman of the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, or the United States Coast Guard Academy. ``(C) A family member of an individual specified in subparagraph (A) or (B) who is younger than 12 ***years*** old and accompanying the individual. ``(3) Implementation.--The eligibility of an individual specified in paragraph (2) for expedited security screening under the PreCheck ***Program*** is subject to such policies and procedures as the Administrator may prescribe to carry out this subsection, in consultation with the Secretary of Defense and, with respect to the United States Coast Guard, the Commandant of the United States Coast Guard. ``(j) Vetting for PreCheck ***Program*** Participants.--The Administrator shall initiate an assessment to identify any security vulnerabilities in the vetting process for the PreCheck ***Program***, including determining whether subjecting PreCheck ***Program*** participants to recurrent fingerprint-based criminal history records checks, in addition to recurrent checks against the terrorist watchlist, could be done in a cost-effective manner to strengthen the security of the PreCheck ***Program***. ``(k) Assurance of Separate ***Program***.--In carrying out this section, the Administrator shall ensure that the additional private sector application capabilities under subsections (b), (c), and (d) are undertaken in addition to any other related TSA ***program***, initiative, or procurement, including the Universal Enrollment Services ***program***. ``(l) Expenditure of Funds.--Any Federal funds expended by the Administrator to expand PreCheck ***Program*** enrollment shall be expended in a manner that includes the requirements of this section.''. (b) Technical and Conforming Amendments.-- (1) Repeal.--Subtitle A of title III of the FAA Extension, Safety, and Security Act of 2016 (49 U.S.C 44901 note) and the items relating to that subtitle in the table of contents of that Act are repealed. (2) Table of contents.--The table of contents of chapter 449 is amended by amending the item relating to section 44919 to read as follows: ``44919. PreCheck ***Program***.''. (3) Screening passengers and property.--Section 44901(a) is amended by striking ``44919 or''. SEC. 1938. PRECHECK EXPEDITED SCREENING. (a) In General.--Not later than 18 months after the date of enactment of this Act, the Administrator shall ensure that only a traveler who is a member of a trusted traveler ***program*** specified in subsection (b) is permitted to use a TSA PreCheck security screening lane at a passenger screening checkpoint. (b) Trusted Traveler ***Programs*** Specified.--A trusted traveler ***program*** specified in this subsection is any of the following: (1) The PreCheck ***Program*** under section 44919 of title 49, United States Code. (2) Any other ***program*** implemented by the TSA under section 109(a)(3) of the Aviation and Transportation Security Act (49 U.S.C 114 note). (3) Any other United States Government ***program*** that issues a unique identifier, such as a known traveler number, that the TSA accepts as validating that the individual holding such identifier is a member of a known low-risk population. (c) Exemptions.--Nothing in this section shall affect-- (1) the authority of the Administrator, under section 44927 of title 49, United States Code, to carry out expedited screening for members of the Armed Forces with disabilities or severe injuries or veterans with disabilities or severe injuries; or (2) the Honor Flight ***program*** under section 44928 of that title. (d) Low-risk Travelers.--Any traveler who is determined by the Administrator to be low risk based on the traveler's age and who is not a member of a trusted traveler ***program*** specified in subsection (b) shall be permitted to utilize TSA PreCheck security screening lanes at Transportation Security Administration checkpoints when traveling on the same reservation as a member of such a ***program***. (e) Risk Modified Screening.-- (1) Pilot ***program***.--Not later than 60 days after the date of enactment of this Act and subject to paragraph (2), the Administrator shall commence a pilot ***program*** regarding a risk modified screening protocol for lanes other than designated TSA PreCheck security screening lanes at passenger screening checkpoints, in airports of varying categories, to further segment passengers based on risk. (2) Eligibility.--Only a low-risk passenger shall be eligible to participate in the risk modified screening pilot ***program*** under paragraph (1). (3) Definition of low-risk passenger.--In this subsection, the term ``low-risk passenger'' means a passenger who-- (A) meets a risk-based, intelligence-driven criteria prescribed by the Administrator; or [[Page H9016]] (B) undergoes a canine enhanced screening upon arrival at the passenger screening checkpoint. (4) Termination.--The pilot ***program*** shall terminate on the date that is 120 days after the date it commences under paragraph (1). (5) Briefing.--Not later than 30 days after the termination date under paragraph (4), the Administrator shall brief the appropriate committees of Congress on the findings of the pilot ***program***, including-- (A) information relating to the security effectiveness and passenger facilitation effectiveness of the risk modified screening protocol; (B) a determination regarding whether the risk modified screening protocol was effective; and (C) if the Administrator determined that the protocol was effective, a plan for the deployment of the protocol at as many TSA passenger screening checkpoints as practicable. (6) Implementation.--In determining whether deployment of the protocol at a TSA passenger screening checkpoint at an airport is practicable, the Administrator shall consider-- (A) the level of risk at the airport; (B) the available space at the airport; (C) passenger throughput levels at the airport; (D) the checkpoint configuration at the airport; and (E) adequate resources to appropriately serve passengers in TSA PreCheck security screening lanes at the passenger screening checkpoint. (f) Working Group.-- (1) In general.--In carrying out subsection (e), the Administrator shall establish a working group to advise the Administrator on the development of plans for the deployment of the protocol at TSA passenger screening checkpoints, other than designated TSA PreCheck security screening lanes, in the most effective and efficient manner practicable. (2) Members.--The working group shall be comprised of representatives of Category X, I, II, III, and IV airports and air carriers (as the term is defined in section 40102 of title 49, United States Code). (3) Nonapplicability of faca.--The Federal Advisory Committee Act (5 U.S.C App.) shall not apply to the working group established under this subsection. (g) Briefings.-- (1) In general.--The Administrator shall brief, on a biannual basis, the appropriate committees of Congress on the implementation of subsections (a) until the Administrator certifies that only travelers who are members of trusted traveler ***programs*** specified in subsection (b) are permitted to use TSA PreCheck security screening lanes at passenger screening checkpoints. (2) Certification.--Upon a determination by the Administrator that only travelers who are members of a trusted traveler ***program*** specified in subsection (b) are permitted to use TSA PreCheck security screening lanes at checkpoints in accordance with subsection (a), the Administrator shall submit to the appropriate committees of Congress a written certification relating to such determination. (h) Inspector General Assessments.--The Inspector General of the Department shall assess and transmit to the appropriate committees of Congress the Administrator's implementation under subsection (a). (i) Expansion of TSA PreCheck ***Program*** Enrollment.-- (1) Long-term strategy.--Not later than 180 days after the date of enactment of this Act, the Administrator shall develop and begin the implementation a long-term strategy to increase enrollment in the TSA PreCheck ***Program***. (2) Considerations.--In developing the strategy under paragraph (1), the Administrator shall consider the following: (A) Partnering with air carriers (as the term is defined in section 40102 of title 49, United States Code) to incorporate PreCheck ***Program*** promotion opportunities in the reservation process described in section 1560.101 of title 49, Code of Federal Regulations; (B) Including in the PreCheck ***Program*** of an individual who-- (i) holds a Secret, Top Secret, or Top Secret/Sensitive Compartmented Information clearance, unless the individual has had the individual's clearance revoked or did not pass a periodic reinvestigation; or (ii) is a current, full-time Federal law enforcement officer. (C) Providing PreCheck ***Program*** enrollment flexibility by offering secure mobile enrollment platforms that facilitate in-person identity verification and application data collection, such as through biometrics. (D) Reducing travel time to PreCheck ***Program*** enrollment centers for applicants, including-- (i) by adjusting the locations and schedules of existing PreCheck ***Program*** enrollment centers to accommodate demand; (ii) by seeking to colocate such enrollment centers with existing facilities that support the issuance of-- (I) United States passports; and (II) Security Identification Display Area credentials (as the term is defined in section 1540.5 of title 49, Code of Federal Regulations) located in public, non-secure areas of airports if no systems of an airport operator are used in support of enrollment activities for such credentials; and (iii) by increasing the availability of PreCheck ***Program*** enrollment platforms, such as kiosks, tablets, or staffed laptop stations. (E) The feasibility of providing financial assistance or other incentives for PreCheck ***Program*** enrollment for-- (i) children who are at least 12 ***years*** or older, but less than 18 ***years*** old; (ii) families consisting of 5 or more immediate family members; (iii) private sector entities, including small businesses, to establish PreCheck ***Program*** enrollment centers in their respective facilities; and (iv) private sector entities, including small business concerns (as the term is described in section 3 of the Small Business Act (15 U.S.C 632)), to reimburse an employee for the cost of the PreCheck ***Program*** application. SEC. 1939. TRUSTED TRAVELER ***PROGRAMS***; COLLABORATION. Not later than 180 days after the date of enactment of this Act, the Administrator, in consultation with the Commissioner of U.S Customs and Border Protection, shall-- (1) review each trusted traveler ***program*** administered by U.S Customs and Border Protection and the PreCheck ***Program***; (2) identify any improvements that can be made to such ***programs***-- (A) to streamline and integrate the requirements and operations of such ***programs*** to reduce administrative burdens, including applications for inclusion and determining whether a valid credential can satisfy the requirements for another credential; (B) to increase information and data sharing across such ***programs***; and (C) to allow the public to access and link to the applications for enrollment in all of such ***programs*** from 1 online portal; (3) identify any law, including regulations, policy, or procedure that may unnecessarily inhibit collaboration among Department of Homeland Security agencies regarding such ***programs*** or implementation of the improvements identified under paragraph (2); (4) recommend any legislative, administrative, or other actions that can be taken to eliminate any unnecessary barriers to collaboration or implementation identified in paragraph (3); and (5) submit to the appropriate committees of Congress a report on the review, including any unnecessary barriers to collaboration or implementation identified under paragraph (3), and any recommendations under paragraph (4). SEC. 1940. PASSENGER SECURITY FEE. Section 44940(c) is amended by adding at the end the following: ``(3) Offsetting collections.--Beginning on October 1, 2027, fees collected under subsection (a)(1) for any fiscal ***year*** shall be credited as offsetting collections to appropriations made for aviation security measures carried out by the Transportation Security Administration, to remain available until expended.''. SEC. 1941. THIRD PARTY CANINE TEAMS FOR AIR CARGO SECURITY. Section 1307 of the Implementing Recommendations of the 9/ 11 Commission Act of 2007 (6 U.S.C 1116) is amended by adding at the end the following: ``(h) Third Party Canine Teams for Air Cargo Security.-- ``(1) In general.--In order to enhance the screening of air cargo and ensure that third party explosives detection canine assets are leveraged for such purpose, the Administrator shall, not later than 180 days after the date of enactment of the TSA Modernization Act-- ``(A) develop and issue standards for the use of such third party explosives detection canine assets for the primary screening of air cargo; ``(B) develop a process to identify qualified non-Federal entities that will certify canine assets that meet the standards established by the Administrator under subparagraph (A); ``(C) ensure that entities qualified to certify canine assets shall be independent from entities that will train and provide canines to end users of such canine assets; ``(D) establish a system of Transportation Security Administration audits of the process developed under subparagraph (B); and ``(E) provide that canines certified for the primary screening of air cargo can be used by air carriers, foreign air carriers, freight forwarders, and shippers. ``(2) Implementation.--Beginning on the date that the development of the process under paragraph (1)(B) is complete, the Administrator shall-- ``(A) facilitate the deployment of such assets that meet the certification standards of the Administration, as determined by the Administrator; ``(B) make such standards available to vendors seeking to train and deploy third party explosives detection canine assets; and ``(C) ensure that all costs for the training and certification of canines, and for the use of supplied canines, are borne by private industry and not the Federal Government. ``(3) Definitions.--In this subsection: ``(A) Air carrier.--The term `air carrier' has the meaning given the term in section 40102 of title 49, United States Code. ``(B) Foreign air carrier.--The term `foreign air carrier' has the meaning given the term in section 40102 of title 49, United States Code. ``(C) Third party explosives detection canine asset.--The term `third party explosives detection canine asset' means any explosives detection canine or handler not [[Page H9017]] owned or employed, respectively, by the Transportation Security Administration.''. SEC. 1942. KNOWN SHIPPER ***PROGRAM*** REVIEW. The Administrator shall direct the Air Cargo Subcommittee of ASAC-- (1) to conduct a comprehensive review and security assessment of the Known Shipper ***Program***; (2) to recommend whether the Known Shipper ***Program*** should be modified or eliminated considering the full implementation of 100 percent screening under section 44901(g) of title 49, United States Code; and (3) to report its findings and recommendations to the Administrator. SEC. 1943. ESTABLISHMENT OF AIR CARGO SECURITY DIVISION. (a) In General.--Subchapter II of chapter 449 is amended by adding at the end the following: ``Sec. 44947. Air cargo security division ``(a) Establishment.--Not later than 90 days after the date of enactment of the TSA Modernization Act, the Administrator shall establish an air cargo security division to carry out and engage with stakeholders regarding the implementation of air cargo security ***programs*** established by the Administration. ``(b) Leadership; Staffing.--The air cargo security division established pursuant to subsection (a) shall be headed by an individual in the executive service within the TSA and be staffed by not fewer than 4 full-time equivalents, including the head of the division. ``(c) Staffing.--The Administrator of the Transportation Security Administration shall staff the air cargo security division with existing TSA personnel.''. (b) Table of Contents.--The table of contents of chapter 449 is amended by inserting after the item related to section 44946 the following: ``44947. Air cargo security division.''. SEC. 1944. AIR CARGO REGULATION REVIEW. (a) Review.--Not later than 150 days after the date of enactment of this Act, the Administrator shall-- (1) review the Certified Cargo Screening ***Program***, including-- (A) consideration of the degree to which the ***Program*** is effective at fully addressing evolving threats to air cargo, particularly as air cargo volumes fluctuate; and (B) identification of any vulnerabilities in the ***Program*** and effectiveness of information sharing with air cargo security stakeholders; and (2) submit to the appropriate committees of Congress a report on the findings of the review under paragraph (1), including-- (A) a description of the actions the Administrator has taken to improve the ***Program***; and (B) a description of the actions the Administrator will take to address the findings of the review under paragraph (1), including any plans to issue new rulemaking, if necessary. SEC. 1945. GAO REVIEW. Not later than 2 ***years*** after the date of enactment of this Act, the Comptroller General of the United States shall-- (1) review the Department's analysis and intelligence pre- screening processes and procedures for air cargo entering the United States; (2) review the pilot ***program*** conducted under section 1925; (3) assess the effectiveness of the Department's risk-based strategy for examining air cargo and ensuring compliance with air cargo security law, including regulations; and (4) review the Department's information sharing procedures and practices for disseminating information to relevant stakeholders on preventing, mitigating, and responding to air cargo related threats. SEC. 1946. SCREENING PARTNERSHIP ***PROGRAM*** UPDATES. (a) Security Screening Opt-Out ***Program***.--Section 44920 is amended-- (1) in the heading by striking ``Security screening opt-out ***program***'' and inserting ``Screening partnership ***program***''; (2) by amending subsection (a) to read as follows: ``(a) In General.--An airport operator may submit to the Administrator of the Transportation Security Administration an application to carry out the screening of passengers and property at the airport under section 44901 by personnel of a qualified private screening company pursuant to a contract entered into with the Transportation Security Administration.''; (3) in subsection (b)-- (A) by amending paragraph (1) to read as follows: ``(1) In general.--Not later than 60 days after the date of receipt of an application submitted by an airport operator under subsection (a), the Administrator shall approve or deny the application.''; and (B) in paragraphs (2) and (3), by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; (4) in subsection (d)-- (A) in the heading, by striking ``Standards'' inserting ``Selection of Contracts and Standards''; (B) by redesignating paragraph (2) as paragraph (3); (C) in paragraph (1)-- (i) by striking ``The Under Secretary may enter'' and all that follows through ``certifies to Congress that--'' and inserting ``The Administrator shall, upon approval of the application, provide the airport operator with a list of qualified private screening companies.''; and (ii) by inserting before subparagraphs (A) and (B) the following: ``(2) Contracts.--The Administrator shall, to the extent practicable, enter into a contract with a private screening company from the list provided under paragraph (1) for the provision of screening at the airport not later than 120 days after the date of approval of an application submitted by the airport operator under subsection (a) if--''; and (D) in paragraph (2), as redesignated-- (i) in subparagraph (A), by striking ``; and'' and inserting a semicolon; (ii) in subparagraph (B)-- (I) by striking ``Under Secretary'' and inserting ``Administrator''; and (II) by striking the period at the end and inserting ``; and''; and (iii) by adding at the end the following: ``(C) the selected qualified private screening company offered contract price is equal to or less than the cost to the Federal Government to provide screening services at the airport.''; and (E) in paragraph (3), as redesignated-- (i) by striking ``paragraph (1)(B)'' and inserting ``paragraph (2)(B)''; and (ii) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; (5) in subsection (e)-- (A) in the heading, by striking ``Screened'' and inserting ``Screening''; (B) by striking the period at the end and inserting ``; and''; (C) by striking ``The Under Secretary shall'' and inserting ``The Administrator shall--''; (D) by inserting ``(1)'' before ``provide Federal Government'' and indenting appropriately; and (E) by adding at the end the following: ``(2) undertake covert testing and remedial training support for employees of private screening companies providing screening at airports.''; (6) in subsection (f)-- (A) in the heading, by inserting ``or Suspension'' after ``Termination''; (B) by striking ``terminate'' and inserting ``suspend or terminate, as appropriate,''; and (C) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; and (7) by striking subsection (h) and inserting the following: ``(h) Evaluation of Screening Company Proposals for Award.-- ``(1) In general.--Except as provided in paragraph (2), notwithstanding any other provision of law, including title 48 of the Code of Federal Regulations and the Federal Advisory Committee Act (5 U.S.C App.), an airport operator that has applied and been approved to have security screening services carried out by a qualified private screening company under contract with the Administrator may nominate to the head of the contracting activity an individual to participate in the evaluation of proposals for the award of such contract. ``(2) Participation on a proposal evaluation committee.-- Any participation on a proposal evaluation committee under paragraph (1) shall be conducted in accordance with chapter 21 of title 41. ``(i) Innovative Screening Approaches and Technologies.-- The Administrator shall encourage an airport operator to whom screening services are provided under this section to recommend to the Administrator innovative screening approaches and technologies. Upon receipt of any such recommendations, the Administrator shall review and, if appropriate, test, conduct a pilot project, and, if appropriate, deploy such approaches and technologies.''. (b) Feasibility Assessment.-- (1) In general.--The Administrator, in consultation with airport operators and airlines, shall submit to the appropriate committees of Congress an assessment of the feasibility of modifying the Screening Partnership ***Program*** to allow an individual airport terminal to participate in the Screening Partnership ***Program***. (2) Considerations.--In conducting the assessment under paragraph (1), the Administrator shall consider-- (A) potential benefits and costs, including with respect to the efficacy of security operations, of such an approach; (B) potential impacts on security operations; and (C) potential impacts on recruitment, hiring, and retention. (c) Applications Submitted Before the Date of Enactment.-- Not later than 30 days after the date of enactment of this Act, the Administrator shall approve or deny, in accordance with section 44920(b) of title 49, United States Code, as amended by this Act, each application submitted before the date of enactment of this Act, by an airport operator under subsection (a) of that section, that is awaiting such a determination. SEC. 1947. SCREENING PERFORMANCE ASSESSMENTS. Subject to part 1520 of title 49, Code of Federal Regulations, the Administrator shall quarterly make available to the airport director of an airport-- (1) an assessment of the screening performance of that airport compared to the mean average performance of all airports in the equivalent airport category for screening performance data; and (2) a briefing on the results of performance data reports, including-- (A) a scorecard of objective metrics developed by the Office of Security Operations to [[Page H9018]] measure screening performance, such as results of annual proficiency reviews and covert testing, at the appropriate level of classification; and (B) other performance data, including-- (i) passenger throughput; (ii) wait times; and (iii) employee attrition, absenteeism, injury rates, and any other human capital measures collected by the TSA. SEC. 1948. TRANSPORTATION SECURITY TRAINING ***PROGRAMS***. (a) In General.--Section 44935 is amended-- (1) by striking ``(i) Accessibility of Computer-based Training Facilities.--'' and inserting ``(k) Accessibility of Computer-based Training Facilities.--''; and (2) by adding at the end the following: ``(l) Initial and Recurring Training.-- ``(1) In general.--The Administrator shall establish a training ***program*** for new security screening personnel located at the Transportation Security Administration Academy. ``(2) Recurring training.-- ``(A) In general.--Not later than 180 days after the date of enactment of the TSA Modernization Act, the Administrator shall establish recurring training for security screening personnel regarding updates to screening procedures and technologies, including, in response to weaknesses identified in covert tests at airports-- ``(i) methods to identify the verification of false or fraudulent travel documents; and ``(ii) training on emerging threats. ``(B) Contents.--The training under subparagraph (A) shall include-- ``(i) internal controls for monitoring and documenting compliance of transportation security officers with such training requirements; and ``(ii) such other matters as identified by the Administrator with regard to such training.''. (b) GAO Study.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall-- (1) examine the effectiveness of the new security screening personnel training under section 44935(l) of title 49, United States Code; and (2) submit to the appropriate committees of Congress a report on the findings under paragraph (1), including any recommendations. SEC. 1949. TRAVELER REDRESS IMPROVEMENT. (a) Redress Process.-- (1) In general.--Not later than 30 days after the date of enactment of this Act, the Administrator, using existing resources, systems, and processes, shall ensure the availability of the Department of Homeland Security Traveler Redress Inquiry ***Program*** (referred to in this section as ``DHS TRIP'') redress process to adjudicate an inquiry for an individual who-- (A) is a citizen of the United States or alien lawfully admitted for permanent residence; (B) has filed the inquiry with DHS TRIP after receiving enhanced screening at an airport passenger security checkpoint more than 3 times in any 60-day period; and (C) believes the individual has been wrongly identified as being a threat to aviation security. (2) Briefing.--Not later than 180 days after the date of enactment of this Act, the Administrator shall brief the appropriate committees of Congress on the implementation of the redress process required under paragraph (1). (b) Privacy Impact Review and Update.-- (1) In general.--Not later than 180 days after the date of enactment of this Act, the Administrator shall review and update the Privacy Impact Assessment for the Secure Flight ***programs*** to ensure the assessment accurately reflects the operation of such ***programs***. (2) Public dissemination; form.--The Administrator shall-- (A) publish the Secure Flight Privacy Impact Assessment review and update required under paragraph (1) on a publicly- accessible internet webpage of the TSA; and (B) submit the Secure Flight Privacy Impact Assessment review and update to the appropriate committees of Congress. (c) Rule Review and Notification Process.-- (1) Rule review.--Not later than 60 days after the date of enactment of this Act, and every 120 days thereafter, the Assistant Administrator of the Office of Intelligence and Analysis of the TSA, in coordination with the entities specified in paragraph (3), shall identify and review the screening rules established by the Office of Intelligence and Analysis of TSA. (2) Notification process.--Not later than 2 days after the date that any change to a rule identified under paragraph (1) is made, the Assistant Administrator of the Office of Intelligence and Analysis of the TSA shall notify the entities specified in paragraph (3) of the change. (3) Entities specified.--The entities specified in this paragraph are as follows: (A) The Office of Civil Rights and Liberties, Ombudsman, and Traveler Engagement of the TSA. (B) The Office of Civil Rights and Liberties of the Department. (C) The Office of Chief Counsel of the TSA. (D) The Office of General Counsel of the Department. (E) The Privacy Office of the Administration. (F) The Privacy Office of the Department. (G) The Federal Air Marshal Service. (H) The Traveler Redress Inquiry ***Program*** of the Department. (d) Federal Air Marshal Service Coordination.-- (1) In general.--The Administrator shall ensure that the rules identified in subsection (c) are taken into account for Federal Air Marshal mission scheduling. (2) Report.--Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on whether, and if so how, the rules identified in subsection (c) are incorporated in the risk analysis conducted during the Federal Air Marshal mission scheduling process. (e) GAO Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall-- (1) study the rules identified under subsection (c)(1), including-- (A) whether the rules are effective in mitigating potential threats to aviation security; and (B) whether, and if so how, the TSA coordinates with the Department regarding any proposed change to a rule; and (2) submit to the appropriate committees of Congress a report on the findings under paragraph (1), including any recommendations. SEC. 1950. IMPROVEMENTS FOR SCREENING OF PASSENGERS WITH DISABILITIES. (a) Revised Training.-- (1) In general.--Not later than 180 days after the date of enactment of this Act, the Administrator, in consultation with nationally-recognized veterans and disability organizations, shall revise the training requirements for Transportation Security Officers related to the screening of passengers with disabilities, including passengers with disabilities who participate in the PreCheck ***program***. (2) Training specifications.--In revising the training requirements under paragraph (1), the Administrator shall address the proper screening, and any particular sensitivities related to the screening, of a passenger with a disability-- (A) traveling with a medical device, including an indwelling medical device; (B) traveling with a prosthetic; (C) traveling with a wheelchair, walker, scooter, or other mobility device; (D) traveling with a service animal; or (E) with sensitivities to touch, pressure, sound, or hypersensitivity to stimuli in the environment. (3) Training frequency.--The Administrator shall implement the revised training under paragraph (1) during initial and recurrent training of all Transportation Security Officers. (b) Best Practices.--The individual at the TSA responsible for civil rights, liberties, and traveler engagement shall-- (1) record each complaint from a passenger with a disability regarding the screening practice of the TSA; (2) identify the most frequent concerns raised, or accommodations requested, in the complaints; (3) determine the best practices for addressing the concerns and requests identified in paragraph (2); and (4) recommend appropriate training based on such best practices. (c) Signage.--At each category X airport, the TSA shall place signage at each security checkpoint that-- (1) specifies how to contact the appropriate TSA employee at the airport designated to address complaints of screening mistreatment based on disability; and (2) describes how to receive assistance from that individual or other qualified personnel at the security screening checkpoint. (d) Reports to Congress.--Not later than September 30 of the first full fiscal ***year*** after the date of enactment of this Act, and each fiscal ***year*** thereafter, the Administrator shall submit to the appropriate committees of Congress a report on the checkpoint experiences of passengers with disabilities, including the following: (1) The number and most frequent types of disability- related complaints received. (2) The best practices recommended under subsection (b) to address the top areas of concern. (3) The estimated wait times for assist requests for passengers with disabilities, including disabled passengers who participate in the PreCheck ***program***. SEC. 1951. AIR CARGO ADVANCE SCREENING ***PROGRAM***. (a) In General.--The Commissioner of U.S Customs and Border Protection and the Administrator, consistent with the requirements of the Trade Act of 2002 (Public Law 107-210) shall-- (1) establish an air cargo advance screening ***program*** (referred to in this section as the ``ACAS ***Program***'') for the collection of advance electronic information from air carriers and other persons within the supply chain regarding cargo being transported to the United States by air; (2) under such ***program***, require that such information be transmitted by such air carriers and other persons at the earliest point practicable prior to loading of such cargo onto an aircraft destined to or transiting through the United States; (3) establish appropriate communications systems with freight forwarders, shippers, and air carriers; [[Page H9019]] (4) establish a system that will allow freight forwarders, shippers, and air carriers to provide shipment level data for air cargo, departing from any location that is inbound to the United States; and (5) identify opportunities in which the information furnished in compliance with the ACAS ***Program*** could be used by the Administrator. (b) Inspection of High-risk Cargo.--Under the ACAS ***Program***, the Commissioner of U.S Customs and Border Protection and the Administrator shall ensure that all cargo that has been identified as high-risk is inspected-- (1) prior to the loading of such cargo onto aircraft at the last point of departure; or (2) at an earlier point in the supply chain, before departing for the United States. (c) Consultation.--In carrying out the ACAS ***Program***, the Commissioner of U.S Customs and Border Protection and the Administrator shall consult with relevant stakeholders, as appropriate, to ensure that an operationally feasible and practical approach to-- (1) the collection of advance information with respect to cargo on aircraft departing for the United States is applied; and (2) the inspection of high-risk cargo recognizes the significant differences among air cargo business models and modes of transportation. (d) Analysis.--The Commissioner of U.S Customs and Border Protection and the Administrator may analyze the information described in subsection (a) in the Department of Homeland Security's automated targeting system and integrate such information with other intelligence to enhance the accuracy of the risk assessment process under the ACAS ***Program***. (e) No Duplication.--The Commissioner of U.S Customs and Border Protection and the Administrator shall carry out this section in a manner that, after the ACAS ***Program*** is fully in effect, ensures, to the greatest extent practicable, that the ACAS ***Program*** does not duplicate other Department ***programs*** or requirements relating to the submission of air cargo data or the inspection of high-risk cargo. (f) Consideration of Industry.--In carrying out the ACAS ***Program***, the Commissioner of U.S Customs and Border Protection and the Administrator shall-- (1) consider the content and timeliness of the available data may vary among entities in the air cargo industry and among countries; (2) explore procedures to accommodate the variations described in paragraph (1) while maximizing the contribution of such data to the risk assessment process under the ACAS ***Program***; (3) test the business processes, technologies, and operational procedures required to provide advance information with respect to cargo on aircraft departing for the United States and carry out related inspection of high- risk cargo, while ensuring delays and other negative impacts on vital supply chains are minimized; and (4) consider the cost, benefit, and feasibility before establishing any set time period for submission of certain elements of the data for air cargo under this section in line with the regulatory guidelines specified in Executive Order 13563 or any successor Executive order or regulation. (g) Guidance.--The Commissioner of U.S Customs and Border Protection and the Administrator shall provide guidance for participants in the ACAS ***Program*** regarding the requirements for participation, including requirements for transmitting shipment level data. (h) Use of Data.--The Commissioner of U.S Customs and Border Protection and the Administrator shall use the data provided under the ACAS ***Program*** for targeting shipments for screening and aviation security purposes only. (i) Final Rule.--Not later than 180 days after the date of enactment of this Act, the Commissioner of U.S Customs and Border Protection, in coordination with the Administrator, shall issue a final regulation to implement the ACAS ***Program*** to include the electronic transmission to U.S Customs and Border Protection of data elements for targeting cargo, including appropriate security elements of shipment level data. (j) Report.--Not later than 180 days after the date of the commencement of the ACAS ***Program***, the Commissioner of U.S Customs and Border Protection and the Administrator shall submit to the appropriate committees of Congress a report detailing the operational implementation of providing advance information under the ACAS ***Program*** and the value of such information in targeting cargo. SEC. 1952. GENERAL AVIATION AIRPORTS. (a) Short Title.--This section may be cited as the ``Securing General Aviation and Charter Air Carrier Service Act''. (b) Advanced Passenger Prescreening System.--Not later than 120 days after the date of enactment of this Act, the Administrator shall submit to the appropriate committees of Congress a report on the status of the deployment of the advanced passenger prescreening system, and access thereto for certain aircraft charter operators, as required by section 44903(j)(2)(E) of title 49, United States Code, including-- (1) the reasons for the delay in deploying the system; and (2) a detailed schedule of actions necessary for the deployment of the system. (c) Screening Services Other Than in Primary Passenger Terminals.-- (1) In general.--Subject to the provisions of this subsection, the Administrator may provide screening services to a charter air carrier in an area other than the primary passenger terminal of an applicable airport. (2) Requests.--A request for screening services under paragraph (1) shall be made at such time, in such form, and in such manner as the Administrator may require, except that the request shall be made to the Federal Security Director for the applicable airport at which the screening services are requested. (3) Availability.--A Federal Security Director may provide requested screening services under this section if the Federal Security Director determines such screening services are available. (4) Agreements.-- (A) Limitation.--No screening services may be provided under this section unless a charter air carrier agrees in writing to compensate the TSA for all reasonable costs, including overtime, of providing the screening services. (B) ***Payments***.--Notwithstanding section 3302 of title 31, United States Code, ***payment*** received under subparagraph (A) shall be credited to the account that was used to cover the cost of providing the screening services. Amounts so credited shall be merged with amounts in that account, and shall be available for the same purposes, and subject to the same conditions and limitations, as other amounts in that account. (5) Definitions.--In this subsection: (A) Applicable airport.--The term ``applicable airport'' means an airport that-- (i) is not a commercial service airport; and (ii) is receiving screening services for scheduled passenger aircraft. (B) Charter air carrier.--The term ``charter air carrier'' has the meaning given the term in section 40102 of title 49, United States Code. (C) Screening services.--The term ``screening services'' means the screening of passengers and property similar to the screening of passengers and property described in section 44901 of title 49, United States Code. (d) Report.--Not later than 120 days after the date of enactment of this Act, the Administrator, in consultation with the ASAC, shall, consistent with the requirements of paragraphs (6) and (7) of section 44946(b) of title 49, United States Code, submit to the appropriate Committees of Congress an implementation plan, including an implementation schedule, for any of the following recommendations that were adopted by the ASAC and with which the Administrator has concurred before the date of the enactment of this Act: (1) The recommendation regarding general aviation access to Ronald Reagan Washington National Airport, as adopted on February 17, 2015. (2) The recommendation regarding the vetting of persons seeking flight training in the United States, as adopted on July 28, 2016. (3) Any other such recommendations relevant to the security of general aviation adopted before the date of the enactment of this Act. (e) Designated Staffing.--The Administrator may designate 1 or more full-time employees of the TSA to liaise with, and respond to issues raised by, general aviation stakeholders. (f) Security Enhancements.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator, in consultation with the ASAC, shall submit to the appropriate committees of Congress a report on the feasibility of requiring a security threat assessment before an individual could obtain training from a private flight school to operate an aircraft having a maximum certificated takeoff weight of more than 12,500 pounds. Subtitle E--Foreign Airport Security SEC. 1953. LAST POINT OF DEPARTURE AIRPORTS; SECURITY DIRECTIVES. (a) Notice and Consultation.-- (1) In general.--The Administrator shall, to the maximum extent practicable, consult and notify the following stakeholders prior to making changes to security standards via security directives and emergency amendments for last points of departure: (A) Trade association representatives, for affected air carriers and airports, who hold the appropriate security clearances. (B) The head of each relevant Federal department or agency, including the Administrator of the Federal Aviation Administration. (2) Transmittal to congress.--Not later than 3 days after the date that the Administrator issues a security directive or emergency amendment for a last point of departure, the Administrator shall transmit to the appropriate committees of Congress a description of the extent to which the Administrator consulted and notified the stakeholders under paragraph (1). (b) GAO Report.-- (1) In general.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall review the effectiveness of the TSA process to update, consolidate, or revoke security directives, emergency amendments, and other policies related to international aviation security at last point of departure airports and submit to the appropriate committees of Congress and the Administrator a report on the findings and recommendations. [[Page H9020]] (2) Contents.--In conducting the review under paragraph (1), the Comptroller General shall-- (A) review current security directives, emergency amendments, and any other policies related to international aviation security at last point of departure airports; (B) review the extent of intra-agency and interagency coordination, stakeholder outreach, coordination, and feedback; and (C) review TSA's process and criteria for, and implementation of, updating or revoking the policies described in subparagraph (A). (c) Rescreening.--Subject to section 44901(d)(4)(c) of title 49, United States Code, upon discovery of specific threat intelligence, the Administrator shall immediately direct TSA personnel to rescreen passengers and baggage arriving from an airport outside the United States and identify enhanced measures that should be implemented at that airport. (d) Notification to Congress.--Not later than 1 day after the date that the Administrator determines that a foreign air carrier is in violation of part 1546 of title 49, Code of Federal Regulations, or any other applicable security requirement, the Administrator shall notify the appropriate committees of Congress. (e) Decisions Not Subject to Judicial Review.-- Notwithstanding any other provision of law, any decision of the Administrator under subsection (a)(1) relating to consultation or notification shall not be subject to judicial review. SEC. 1954. LAST POINT OF DEPARTURE AIRPORT ASSESSMENT. Section 44907(a)(2)(B) is amended by inserting ``, including the screening and vetting of airport workers'' before the semicolon. SEC. 1955. TRACKING SECURITY SCREENING EQUIPMENT FROM LAST POINT OF DEPARTURE AIRPORTS. (a) Donation of Screening Equipment To Protect the United States.--Chapter 449 is amended-- (1) in subchapter I, by adding at the end the following: ``Sec. 44929. Donation of screening equipment to protect the United States ``(a) In General.--Subject to subsection (b), the Administrator is authorized to donate security screening equipment to a foreign last point of departure airport operator if such equipment can be reasonably expected to mitigate a specific vulnerability to the security of the United States or United States citizens. ``(b) Conditions.--Before donating any security screening equipment to a foreign last point of departure airport operator the Administrator shall-- ``(1) ensure that the screening equipment has been restored to commercially available settings; ``(2) ensure that no TSA-specific security standards or algorithms exist on the screening equipment; and ``(3) verify that the appropriate officials have an adequate system-- ``(A) to properly maintain and operate the screening equipment; and ``(B) to document and track any removal or disposal of the screening equipment to ensure the screening equipment does not come into the possession of terrorists or otherwise pose a risk to security. ``(c) Reports.--Not later than 30 days before any donation of security screening equipment under subsection (a), the Administrator shall provide to the Committee on Commerce, Science, and Transportation and the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Homeland Security of the House of Representatives a detailed written explanation of the following: ``(1) The specific vulnerability to the United States or United States citizens that will be mitigated by such donation. ``(2) An explanation as to why the recipient of such donation is unable or unwilling to purchase security screening equipment to mitigate such vulnerability. ``(3) An evacuation plan for sensitive technologies in case of emergency or instability in the country to which such donation is being made. ``(4) How the Administrator will ensure the security screening equipment that is being donated is used and maintained over the course of its life by the recipient. ``(5) The total dollar value of such donation. ``(6) How the appropriate officials will document and track any removal or disposal of the screening equipment by the recipient to ensure the screening equipment does not come into the possession of terrorists or otherwise pose a risk to security.''; and (2) in the table of contents, by inserting after the item relating to section 44928 the following: ``44929. Donation of screening equipment to protect the United States.''. (b) Technical and Conforming Amendments.--Section 3204 of the Aviation Security Act of 2016 (49 U.S.C 44901 note) and the item relating to that section in the table of contents of that Act are repealed. (c) Raising International Standards.--Not later than 90 days after the date of enactment of this Act, the Administrator shall collaborate with other aviation authorities and the United States Ambassador or the Charge d'Affaires to the United States Mission to the International Civil Aviation Organization, as applicable, to advance a global standard for each international airport to document and track the removal and disposal of any security screening equipment to ensure the screening equipment does not come into the possession of terrorists or otherwise pose a risk to security. SEC. 1956. INTERNATIONAL SECURITY STANDARDS. (a) Global Aviation Security Review.-- (1) In general.--Not later than 180 days after the date of enactment of this Act, the Administrator, in coordination with the Commissioner of the U.S Customs and Border Protection, the Director of the Office of International Engagement of the Department of Homeland Security, and the Secretary of State, shall conduct a global aviation security review to improve aviation security standards, including standards intended to mitigate cybersecurity threats, across the global aviation system. (2) Best practices.--The global aviation security review shall establish best practices regarding the following: (A) Collaborating with foreign partners to improve global aviation security capabilities and standards. (B) Identifying foreign partners that-- (i) have not successfully implemented security protocols from the International Civil Aviation Organization or the Department of Homeland Security; and (ii) have not taken steps to implement such security protocols; (C) Improving the development, outreach, and implementation process for security directives or emergency amendments issued to domestic and foreign air carriers. (D) Assessing the cybersecurity risk of security screening equipment. (b) Notification.--Not later than 90 days after the date of enactment of this Act, the Administrator, in consultation with the United States Ambassador to the International Civil Aviation Organization, shall notify the Committee on Commerce, Science, and Transportation and the Committee on Foreign Relations of the Senate, and the Committee on Homeland Security and the Committee on Foreign Affairs of the House of Representatives of the progress of the review under subsection (a) and any proposed international improvements to aviation security. (c) ICAO.--Subject to subsection (a), the Administrator and Ambassador shall take such action at the International Civil Aviation Organization as the Administrator and Ambassador consider necessary to advance aviation security improvement proposals, including if practicable, introducing a resolution to raise minimum standards for aviation security. (d) Briefings to Congress.--Beginning not later than 180 days after the date of enactment of this Act, and periodically thereafter, the Administrator, in consultation with the Ambassador with respect to subsection (c), shall brief the Committee on Commerce, Science, and Transportation and the Committee on Foreign Relations of the Senate, and the Committee on Homeland Security and the Committee on Foreign Affairs of the House of Representatives on the implementation of subsections (a) and (b). SEC. 1957. AVIATION SECURITY IN CUBA. (a) Security of Public Charter Operations.--The Administrator of the Transportation Security Administration, in coordination with the Secretary of Transportation and the Administrator of the Federal Aviation Administration, shall-- (1) direct all public charters operating flights between the United States and Cuba to provide updated flight schedules to, and maintain such schedules with, the Transportation Security Administration; and (2) develop and implement a mechanism that corroborates and validates flight schedule data to more reliably track the public charter operations of air carriers between the United States and Cuba. (b) Briefing on Security at Airports in Cuba.--The Administrator shall provide to Congress (including the Committee on Homeland Security of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate) a confidential briefing on the following aspects of security measures at airports in Cuba that have air service to the United States: (1) Details about the type of equipment used at screening checkpoints and an analysis of the capabilities and weaknesses of that equipment. (2) Information about each such airport's canine screening ***program***, if used. (3) The frequency of training for screening and security personnel. (4) Access controls in place to ensure only credentialed personnel have access to the secure and sterile areas of such airports. (5) An assessment of the ability of known or suspected terrorists to use Cuba as a gateway to entering the United States. (6) Security of such airports' perimeters. (7) The vetting practices and procedures for airport employees. (8) Any other information the Administrator considers relevant to the security practices, procedures, and equipment in place at such airports. SEC. 1958. REPORT ON AIRPORTS USED BY MAHAN AIR. (a) In General.--Not later than 120 days after the date of enactment of this Act, and annually thereafter through 2021, the Secretary of Homeland Security, in consultation with the Secretary of Transportation, the Secretary of State, the Secretary of the Treasury, and the Director of National Intelligence, shall submit to Congress a report that includes-- [[Page H9021]] (1) a list of all airports at which aircraft owned or controlled by Mahan Air have landed during the 2 ***years*** preceding the submission of the report; and (2) for each such airport-- (A) an assessment of whether aircraft owned or controlled by Mahan Air continue to conduct operations at that airport; (B) an assessment of whether any of the landings of aircraft owned or controlled by Mahan Air were necessitated by an emergency situation; (C) a determination regarding whether additional security measures should be imposed on flights to the United States that originate from that airport; and (D) an explanation of the rationale for that determination. (b) Form of Report.--Each report required by subsection (a) shall be submitted in unclassified form, but may include a classified annex. (c) Publication of List.--The list required by subsection (a)(1) shall be publicly and prominently posted on the website of the Department of Homeland Security on the date on which the report required by subsection (a) is submitted to Congress. Subtitle F--Cockpit and Cabin Security SEC. 1959. FEDERAL AIR MARSHAL SERVICE UPDATES. (a) Standardization.-- (1) In general.--Not later than 60 days after the date of enactment of this Act, the Administrator shall develop a standard written agreement that shall be the basis of all negotiations and agreements that begin after the date of enactment of this Act between the United States and foreign governments or partners regarding the presence of Federal air marshals on flights to and from the United States, including deployment, technical assistance, and information sharing. (2) Written agreements.--Except as provided in paragraph (3), not later than 180 days after the date of enactment of this Act, all agreements between the United States and foreign governments or partners regarding the presence of Federal air marshals on flights to and from the United States shall be in writing and signed by the Administrator or other authorized United States Government representative. (3) Exception.--The Administrator may schedule Federal air marshal service on flights operating to a foreign country with which no written agreement is in effect if the Administrator determines that-- (A) such mission is necessary for aviation security; and (B) the requirements of paragraph (4)(B) are met. (4) Notification to congress.-- (A) Written agreements.--Not later than 30 days after the date that the Administrator enters into a written agreement under this section, the Administrator shall transmit to the appropriate committees of Congress a copy of the agreement. (B) No written agreements.--The Administrator shall submit to the appropriate committees of Congress-- (i) not later than 30 days after the date of enactment of this Act, a list of each foreign government or partner that does not have a written agreement under this section, including an explanation for why no written agreement exists and a justification for the determination that such a mission is necessary for aviation security; and (ii) not later than 30 days after the date that the Administrator makes a determination to schedule Federal air marshal service on flights operating to a foreign country with which no written agreement is in effect under paragraph (3), the name of the applicable foreign government or partner, an explanation for why no written agreement exists, and a justification for the determination that such mission is necessary for aviation security. (b) Mission Scheduling Automation.--The Administrator shall endeavor to acquire automated capabilities or technologies for scheduling Federal air marshal service missions based on current risk modeling. (c) Improving Federal Air Marshal Service Deployments.-- (1) After-action reports.--The Administrator shall strengthen internal controls to ensure that all after-action reports on Federal air marshal service special mission coverage provided to stakeholders include documentation of supervisory review and approval, and mandatory narratives. (2) Study.--The Administrator shall contract with an independent entity to conduct a validation and verification study of the risk analysis and risk-based determinations guiding Federal air marshal service deployment, including the use of risk-based strategies under subsection (d). (3) Cost-benefit analysis.--The Administrator shall conduct a cost-benefit analysis regarding mitigation of aviation security threats through Federal air marshal service deployment. (4) Performance measures.--The Administrator shall improve existing performance measures to better determine the effectiveness of in-flight operations in addressing the highest risks to aviation transportation based on current intelligence. (5) Long distance flights.--Section 44917 is amended-- (A) by striking subsection (b); and (B) by redesignating subsections (c) through (d) as subsections (b) through (c), respectively. (d) Use of Risk-based Strategies.-- (1) In general.--Section 44917(a) is amended-- (A) in paragraph (7), by striking ``and'' after the semicolon at the end; (B) in paragraph (8), by striking the period at the end and inserting a semicolon; and (C) by adding at the end the following: ``(9) shall require the Federal Air Marshal Service to utilize a risk-based strategy when allocating resources between international and domestic flight coverage, including when initially setting its annual target numbers of average daily international and domestic flights to cover; ``(10) shall require the Federal Air Marshal Service to utilize a risk-based strategy to support domestic allocation decisions; ``(11) shall require the Federal Air Marshal Service to utilize a risk-based strategy to support international allocation decisions; and ``(12) shall ensure that the seating arrangements of Federal air marshals on aircraft are determined in a manner that is risk-based and most capable of responding to current threats to aviation security.''. (2) Briefing.--Not later than 270 days after the date of enactment of this Act, the Administrator shall brief the appropriate committees of Congress on the Federal Air Marshal Service's compliance with the requirements under paragraphs (9) through (12) of section 44917(a) of title 49, United States Code, as added by this Act, and the documented methodology used by the Federal Air Marshal Service to conduct risk assessments in accordance with such paragraphs. (3) Implementation deadline.--Not later than 180 days after the date of enactment of this Act, the Administrator shall begin implementing the requirements under paragraphs (9) through (12) of section 44917(a), United States Code, as added by this Act. SEC. 1960. CREW MEMBER SELF-DEFENSE TRAINING. The Administrator, in consultation with the Administrator of the Federal Aviation Administration, shall continue to carry out and encourage increased participation by air carrier employees in the voluntary self-defense training ***program*** under section 44918(b) of title 49, United States Code. SEC. 1961. FLIGHT DECK SAFETY AND SECURITY. (a) Threat Assessment.--Not later than 90 days after the date of enactment of this Act, the Administrator, in consultation with the Administrator of the Federal Aviation Administration, shall complete a detailed threat assessment to identify any safety or security risks associated with unauthorized access to the flight decks on commercial aircraft and any appropriate measures that should be taken based on the risks. (b) RTCA Report.--The Administrator, in coordination with the Administrator of the Federal Aviation Administration, shall disseminate RTCA Document (DO-329) Aircraft Secondary Barriers and Alternative Flight Deck Security Procedure to aviation stakeholders, including air carriers and flight crew, to convey effective methods and best practices to protect the flight deck. SEC. 1962. CARRIAGE OF WEAPONS, EXPLOSIVES, AND INCENDIARIES BY INDIVIDUALS. (a) Interpretive Rule.--Subject to subsections (b) and (c), the Administrator shall periodically review and amend, as necessary, the interpretive rule (68 Fed. Reg. 7444) that provides guidance to the public on the types of property considered to be weapons, explosives, and incendiaries prohibited under section 1540.111 of title 49, Code of Federal Regulations. (b) Considerations.--Before determining whether to amend the interpretive rule to include or remove an item from the prohibited list, the Administrator shall-- (1) research and evaluate-- (A) the impact, if any, the amendment would have on security risks; (B) the impact, if any, the amendment would have on screening operations, including effectiveness and efficiency; and (C) whether the amendment is consistent with international standards and guidance, including of the International Civil Aviation Organization; and (2) consult with appropriate aviation security stakeholders, including ASAC. (c) Exceptions.--Except for plastic or round bladed butter knives, the Administrator may not amend the interpretive rule described in subsection (a) to authorize any knife to be permitted in an airport sterile area or in the cabin of an aircraft. (d) Notification.--The Administrator shall-- (1) publish in the Federal Register any amendment to the interpretive rule described in subsection (a); and (2) notify the appropriate committees of Congress of the amendment not later than 3 days before publication under paragraph (1). SEC. 1963. FEDERAL FLIGHT DECK OFFICER ***PROGRAM*** IMPROVEMENTS. (a) Improved Access to Training Facilities.--Section 44921(c)(2)(C)(ii) is amended-- (1) by striking ``The training of'' and inserting the following: ``(I) In general.--The training of''; (2) in subclause (I), as designated, by striking ``approved by the Under Secretary''; and (3) by adding at the end the following: ``(II) Access to training facilities.--The Administrator shall designate additional firearms training facilities located in various regions of the United States for Federal flight deck officers for recurrent and requalifying training relative to the number of such [[Page H9022]] facilities available on the day before such date of enactment.''. (b) Firearms Requalification.--Section 44921(c)(2)(C) is amended-- (1) in clause (iii)-- (A) by striking ``The Under Secretary shall'' and inserting the following: ``(I) In general.--The Administrator shall''; (B) in subclause (I), as designated by subparagraph (A), by striking ``the Under Secretary'' and inserting ``the Administrator''; and (C) by adding at the end the following: ``(II) Use of facilities for requalification.--The Administrator shall allow a Federal flight deck officer to requalify to carry a firearm under the ***program*** through training at a Transportation Security Administration-approved firearms training facility utilizing a Transportation Security Administration-approved contractor and a curriculum developed and approved by the Transportation Security Administration.''; and (2) by adding at the end the following: ``(iv) Periodic review.--The Administrator shall periodically review requalification training intervals and assess whether it is appropriate and sufficient to adjust the time between each requalification training to facilitate continued participation in the ***program*** under this section while still maintaining effectiveness of the training, and update the training requirements as appropriate.''. (c) Training Review.--Section 44921(c)(2) is amended by adding at the end the following: ``(D) Training review.--Not later than 2 ***years*** after the date of enactment of the TSA Modernization Act, and biennially thereafter, the Administrator shall review training facilities and training requirements for initial and recurrent training for Federal flight deck officers and evaluate how training requirements, including the length of training, could be streamlined while maintaining the effectiveness of the training, and update the training requirements as appropriate.''. (d) Other Measures to Facilitate Training.--Section 44921(e) is amended-- (1) by striking ``Pilots participating'' and inserting the following: ``(1) In general.--Pilots participating''; and (2) by adding at the end the following: ``(2) Facilitation of training.--An air carrier shall permit a pilot seeking to be deputized as a Federal flight deck officer or a Federal flight deck officer to take a reasonable amount of leave to participate in initial, recurrent, or requalification training, as applicable, for the ***program***. Leave required under this paragraph may be provided without compensation.''. (e) International Harmonization.--Section 44921(f) is amended-- (1) in paragraphs (1) and (3), by striking ``Under Secretary'' and inserting ``Administrator''; and (2) by adding at the end the following: ``(4) Consistency with federal air marshal ***program***.--The Administrator shall harmonize, to the extent practicable and in a manner that does not jeopardize existing Federal air marshal agreements, the policies relating to the carriage of firearms on international flights by Federal flight deck officers with the policies of the Federal air marshal ***program*** for carrying firearms on such flights and carrying out the duties of a Federal flight deck officer, notwithstanding Annex 17 of the International Civil Aviation Organization.''. (f) Physical Standards.--Section 44921(d)(2) is amended-- (1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively; (2) in clause (ii), as redesignated, by striking ``Under Secretary's'' and inserting ``Administrator's''; (3) by striking ``A pilot is'' and inserting the following: ``(A) In general.--A pilot is''; and (4) by adding at the end the following: ``(B) Consistency with requirements for certain medical certificates.--In establishing standards under subparagraph (A)(ii), the Administrator may not establish medical or physical standards for a pilot to become a Federal flight deck officer that are inconsistent with or more stringent than the requirements of the Federal Aviation Administration for the issuance of the required airman medical certificate under part 67 of title 14, Code of Federal Regulations (or any corresponding similar regulation or ruling).''. (g) ***Transfer*** of Status.--Section 44921(d) is amended by adding at the end the following: ``(5) ***Transfer*** from inactive to active status.--In accordance with any applicable Transportation Security Administration appeals processes, a pilot deputized as a Federal flight deck officer who moves to inactive status may return to active status upon successful completion of a recurrent training ***program*** administered within ***program*** guidelines.''. (h) Technical Corrections.--Section 44921, as amended by this section, is further amended-- (1) in subsection (a), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator''; (2) in subsection (b)-- (A) in paragraph (1), by striking ``Not later than 3 months after the date of enactment of this section, the Under Secretary'' and inserting ``The Administrator''; (B) in paragraph (2), by striking ``Beginning 3 months after the date of enactment of this section, the Under Secretary shall begin the process of training and deputizing'' and inserting ``The Administrator shall train and deputize''; and (C) in paragraph (3)(N), by striking ``Under Secretary's'' and inserting ``Administrator's''; (3) in subsection (d)(4)-- (A) by striking ``may,'' and inserting ``may''; and (B) by striking ``Under Secretary's'' and inserting ``Administrator's''; (4) in subsection (i)(2), by striking ``the Under Secretary may'' and inserting ``may''; (5) in subsection (k)-- (A) by striking paragraphs (2) and (3); and (B) by striking ``Applicability.--'' and all that follows through ``This section'' and inserting ``Applicability.--This section''; (6) by adding at the end the following: ``(l) Definitions.--In this section: ``(1) Administrator.--The term `Administrator' means the Administrator of the Transportation Security Administration. ``(2) Air transportation.--The term `air transportation' includes all-cargo air transportation. ``(3) Firearms training facility.--The term `firearms training facility' means a private or government-owned gun range approved by the Administrator to provide recurrent or requalification training, as applicable, for the ***program***, utilizing a Transportation Security Administration-approved contractor and a curriculum developed and approved by the Transportation Security Administration. ``(4) Pilot.--The term `pilot' means an individual who has final authority and responsibility for the operation and safety of the flight or any other flight deck crew member.''; and (7) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''. (i) Sensitive Security Information.--Not later than 180 days after the date of enactment of this Act-- (1) the Secretary of Transportation shall revise section 15.5(b)(11) of title 49, Code of Federal Regulations, to classify information about pilots deputized as Federal flight deck officers under section 44921 of title 49, United States Code, as sensitive security information in a manner consistent with the classification of information about Federal air marshals; and (2) the Administrator shall revise section 1520.5(b)(11) of title 49, Code of Federal Regulations, to classify information about pilots deputized as Federal flight deck officers under section 44921 of title 49, United States Code, as sensitive security information in a manner consistent with the classification of information about Federal air marshals. (j) Regulations.--Not later than 180 days after the date of enactment of this Act, the Administrator shall prescribe such regulations as may be necessary to carry out this section and the amendments made by this section. Subtitle G--Surface Transportation Security SEC. 1964. SURFACE TRANSPORTATION SECURITY ASSESSMENT AND IMPLEMENTATION OF RISK-BASED STRATEGY. (a) Security Assessment.-- (1) In general.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall complete an assessment of the vulnerabilities of and risks to surface transportation systems. (2) Considerations.--In conducting the security assessment under paragraph (1), the Administrator shall, at a minimum-- (A) consider appropriate intelligence; (B) consider security breaches and attacks at domestic and international surface transportation facilities; (C) consider the vulnerabilities and risks associated with specific modes of surface transportation; (D) evaluate the vetting and security training of-- (i) employees in surface transportation; and (ii) other individuals with access to sensitive or secure areas of surface transportation networks; and (E) consider input from-- (i) representatives of different modes of surface transportation; (ii) representatives of critical infrastructure entities; (iii) the Transportation Systems Sector Coordinating Council; and (iv) the heads of other relevant Federal departments or agencies. (b) Risk-based Surface Transportation Security Strategy.-- (1) In general.--Not later than 180 days after the date the security assessment under subsection (a) is complete, the Administrator shall use the results of the assessment-- (A) to develop and implement a cross-cutting, risk-based surface transportation security strategy that includes-- (i) all surface transportation modes; (ii) a mitigating strategy that aligns with each vulnerability and risk identified in subsection (a); (iii) a planning process to inform resource allocation; (iv) priorities, milestones, and performance metrics to measure the effectiveness of the risk-based surface transportation security strategy; and [[Page H9023]] (v) processes for sharing relevant and timely intelligence threat information with appropriate stakeholders; (B) to develop a management oversight strategy that-- (i) identifies the parties responsible for the implementation, management, and oversight of the risk-based surface transportation security strategy; and (ii) includes a plan for implementing the risk-based surface transportation security strategy; and (C) to modify the risk-based budget and resource allocations, in accordance with section 1965(c), for the Transportation Security Administration. (2) Coordinated approach.--In developing and implementing the risk-based surface transportation security strategy under paragraph (1), the Administrator shall coordinate with the heads of other relevant Federal departments or agencies, and stakeholders, as appropriate-- (A) to evaluate existing surface transportation security ***programs***, policies, and initiatives, including the explosives detection canine teams, for consistency with the risk-based security strategy and, to the extent practicable, avoid any unnecessary duplication of effort; (B) to determine the extent to which stakeholder security ***programs***, policies, and initiatives address the vulnerabilities and risks to surface transportation systems identified in subsection (a); and (C) subject to subparagraph (B), to mitigate each vulnerability and risk to surface transportation systems identified in subsection (a). (c) Report.-- (1) In general.--Not later than 180 days after the date the security assessment under subsection (a) is complete, the Administrator shall submit to the appropriate committees of Congress and the Inspector General of the Department a report that-- (A) describes the process used to complete the security assessment; (B) describes the process used to develop the risk-based security strategy; (C) describes the risk-based security strategy; (D) includes the management oversight strategy; (E) includes-- (i) the findings of the security assessment; (ii) a description of the actions recommended or taken by the Administrator to mitigate the vulnerabilities and risks identified in subsection (a), including interagency coordination; (iii) any recommendations for improving the coordinated approach to mitigating vulnerabilities and risks to surface transportation systems; and (iv) any recommended changes to the National Infrastructure Protection Plan, the modal annexes to such plan, or relevant surface transportation security ***programs***, policies, or initiatives; and (F) may contain a classified annex. (2) Protections.--In preparing the report, the Administrator shall take appropriate actions to safeguard information described by section 552(b) of title 5, United States Code, or protected from disclosure by any other law of the United States. (d) Updates.--Not less frequently than semiannually, the Administrator shall report to or brief the appropriate committees of Congress on the vulnerabilities of and risks to surface transportation systems and how those vulnerabilities and risks affect the risk-based security strategy. SEC. 1965. RISK-BASED BUDGETING AND RESOURCE ALLOCATION. (a) Report.--In conjunction with the submission of the Department's annual budget request to the Office of Management and Budget, the Administrator shall submit to the appropriate committees of Congress a report that describes a risk-based budget and resource allocation plan for surface transportation sectors, within and across modes, that-- (1) reflects the risk-based surface transportation security strategy under section 1964(b); and (2) is organized by appropriations account, ***program***, project, and initiative. (b) Budget Transparency.--In submitting the annual budget of the United States Government under section 1105 of title 31, United States Code, the President shall clearly distinguish the resources requested for surface transportation security from the resources requested for aviation security. (c) Resource Reallocation.-- (1) In general.--Not later than 15 days after the date on which the Transportation Security Administration allocates any resources or personnel, including personnel sharing, detailing, or assignment, or the use of facilities, technology systems, or vetting resources, for a nontransportation security purpose or National Special Security Event (as defined in section 2001 of Homeland Security Act of 2002 (6 U.S.C 601)), the Secretary shall provide the notification described in paragraph (2) to the appropriate committees of Congress. (2) Notification.--A notification described in this paragraph shall include-- (A) the reason for and a justification of the resource or personnel allocation; (B) the expected end date of the resource or personnel allocation; and (C) the projected cost to the Transportation Security Administration of the personnel or resource allocation. (d) 5-***year*** Capital Investment Plan.--Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Homeland Security of the House of Representatives a 5-***year*** capital investment plan, consistent with the 5-***year*** technology investment plan under section 1611 of title XVI of the Homeland Security Act of 2002, as amended by section 3 of the Transportation Security Acquisition Reform Act (Public Law 113-245; 128 Stat. 2871). SEC. 1966. SURFACE TRANSPORTATION SECURITY MANAGEMENT AND INTERAGENCY COORDINATION REVIEW. Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall-- (1) review the staffing, budget, resource, and personnel allocation, and management oversight strategy of the Transportation Security Administration's surface transportation security ***programs***; (2) review the coordination between relevant entities of leadership, planning, policy, inspections, and implementation of security ***programs*** relating to surface transportation to reduce redundancy and regulatory burden; and (3) submit to the appropriate committees of Congress a report on the findings of the reviews under paragraphs (1) and (2), including any recommendations for improving coordination between relevant entities and reducing redundancy and regulatory burden. SEC. 1967. TRANSPARENCY. (a) Regulations.-- (1) In general.--Not later than 180 days after the date of enactment of this Act, and every 180 days thereafter, the Administrator shall publish on a public website information regarding the status of each regulation relating to surface transportation security that is directed by law to be issued and that has not been issued if not less than 2 ***years*** have passed since the date of enactment of the law. (2) Contents.--The information published under paragraph (1) shall include-- (A) an updated rulemaking schedule for the outstanding regulation; (B) current staff allocations; (C) data collection or research relating to the development of the rulemaking; (D) current efforts, if any, with security experts, advisory committees, and other stakeholders; and (E) other relevant details associated with the development of the rulemaking that impact the progress of the rulemaking. (b) Inspector General Review.--Not later than 180 days after the date of enactment of this Act, and every 2 ***years*** thereafter until all of the requirements under titles XIII, XIV, and XV of the Implementing Recommendations of the 9/11 Commission Act of 2007 (6 U.S.C 1111 et seq.) and under this title have been fully implemented, the Inspector General of the Department shall submit to the appropriate committees of Congress a report that-- (1) identifies the requirements under such titles of that Act and under this title that have not been fully implemented; (2) describes what, if any, additional action is necessary; and (3) includes recommendations regarding whether any of the requirements under such titles of that Act or this title should be amended or repealed. SEC. 1968. TSA COUNTERTERRORISM ASSET DEPLOYMENT. (a) Counterterrorism Asset Deployment.-- (1) In general.--If the Administrator deploys any counterterrorism personnel or resource, such as explosive detection sweeps, random bag inspections, or patrols by Visible Intermodal Prevention and Response teams, to enhance security at a transportation system or transportation facility for a period of not less than 180 consecutive days, the Administrator shall provide sufficient notification to the system or facility operator, as applicable, not less than 14 days prior to terminating the deployment. (2) Exception.--This subsection shall not apply if the Administrator-- (A) determines there is an urgent security need for the personnel or resource described in paragraph (1); and (B) notifies the appropriate committees of Congress of the determination under subparagraph (A). (b) VIPR Teams.--Section 1303 of the Implementing Recommendations of the 9/11 Commission Act of 2007 (6 U.S.C 1112) is amended-- (1) in subsection (a)(4), by striking ``team,'' and inserting ``team as to specific locations and times within the facilities of such entities at which VIPR teams are to be deployed to maximize the effectiveness of such deployment,''; and (2) by striking subsection (b) and inserting the following: ``(b) Performance Measures.--Not later than 1 ***year*** after the date of enactment of the TSA Modernization Act, the Administrator shall develop and implement a system of qualitative performance measures and objectives by which to assess the roles, activities, and effectiveness of VIPR team operations on an ongoing basis, including a mechanism through which the transportation entities referred to in subsection (a)(4) may submit feedback on VIPR team operations involving their systems or facilities. ``(c) Plan.--Not later than 1 ***year*** after the date of the enactment of the TSA Modernization Act, the Administrator shall develop [[Page H9024]] and implement a plan for ensuring the interoperability of communications among VIPR team participants and between VIPR teams and any transportation entities with systems or facilities that are involved in VIPR team operations. Such plan shall include an analysis of the costs and resources required to carry out such plan.''. SEC. 1969. SURFACE TRANSPORTATION SECURITY ADVISORY COMMITTEE. (a) In General.--Subtitle A of title IV of the Homeland Security Act of 2002 (6 U.S.C 201 et seq.) is amended by adding at the end the following: ``SEC. 404. SURFACE TRANSPORTATION SECURITY ADVISORY COMMITTEE. ``(a) Establishment.--The Administrator of the Transportation Security Administration (referred to in this section as `Administrator') shall establish within the Transportation Security Administration the Surface Transportation Security Advisory Committee (referred to in this section as the `Advisory Committee'). ``(b) Duties.-- ``(1) In general.--The Advisory Committee may advise, consult with, report to, and make recommendations to the Administrator on surface transportation security matters, including the development, refinement, and implementation of policies, ***programs***, initiatives, rulemakings, and security directives pertaining to surface transportation security. ``(2) Risk-based security.--The Advisory Committee shall consider risk-based security approaches in the performance of its duties. ``(c) Membership.-- ``(1) Composition.--The Advisory Committee shall be composed of-- ``(A) voting members appointed by the Administrator under paragraph (2); and ``(B) nonvoting members, serving in an advisory capacity, who shall be designated by-- ``(i) the Transportation Security Administration; ``(ii) the Department of Transportation; ``(iii) the Coast Guard; and ``(iv) such other Federal department or agency as the Administrator considers appropriate. ``(2) Appointment.--The Administrator shall appoint voting members from among stakeholders representing each mode of surface transportation, such as passenger rail, freight rail, mass transit, pipelines, highways, over-the-road bus, school bus industry, and trucking, including representatives from-- ``(A) associations representing such modes of surface transportation; ``(B) labor organizations representing such modes of surface transportation; ``(C) groups representing the users of such modes of surface transportation, including asset manufacturers, as appropriate; ``(D) relevant law enforcement, first responders, and security experts; and ``(E) such other groups as the Administrator considers appropriate. ``(3) Chairperson.--The Advisory Committee shall select a chairperson from among its voting members. ``(4) Term of office.-- ``(A) Terms.-- ``(i) In general.--The term of each voting member of the Advisory Committee shall be 2 ***years***, but a voting member may continue to serve until the Administrator appoints a successor. ``(ii) Reappointment.--A voting member of the Advisory Committee may be reappointed. ``(B) Removal.-- ``(i) In general.--The Administrator may review the participation of a member of the Advisory Committee and remove such member for cause at any time. ``(ii) Access to information.--The Administrator may remove any member of the Advisory Committee that the Administrator determines should be restricted from reviewing, discussing, or possessing classified information or sensitive security information. ``(5) Prohibition on compensation.--The members of the Advisory Committee shall not receive any compensation from the Government by reason of their service on the Advisory Committee. ``(6) Meetings.-- ``(A) In general.--The Administrator shall require the Advisory Committee to meet at least semiannually in person or through web conferencing and may convene additional meetings as necessary. ``(B) Public meetings.--At least 1 of the meetings of the Advisory Committee each ***year*** shall be-- ``(i) announced in the Federal Register; ``(ii) announced on a public website; and ``(iii) open to the public. ``(C) Attendance.--The Advisory Committee shall maintain a record of the persons present at each meeting. ``(D) Minutes.-- ``(i) In general.--Unless otherwise prohibited by other Federal law, minutes of the meetings shall be published on the public website under subsection (e)(5). ``(ii) Protection of classified and sensitive information.--The Advisory Committee may redact or summarize, as necessary, minutes of the meetings to protect classified or other sensitive information in accordance with law. ``(7) Voting member access to classified and sensitive security information.-- ``(A) Determinations.--Not later than 60 days after the date on which a voting member is appointed to the Advisory Committee and before that voting member may be granted any access to classified information or sensitive security information, the Administrator shall determine if the voting member should be restricted from reviewing, discussing, or possessing classified information or sensitive security information. ``(B) Access.-- ``(i) Sensitive security information.--If a voting member is not restricted from reviewing, discussing, or possessing sensitive security information under subparagraph (A) and voluntarily signs a nondisclosure agreement, the voting member may be granted access to sensitive security information that is relevant to the voting member's service on the Advisory Committee. ``(ii) Classified information.--Access to classified materials shall be managed in accordance with Executive Order 13526 of December 29, 2009 (75 Fed. Reg. 707), or any subsequent corresponding Executive order. ``(C) Protections.-- ``(i) Sensitive security information.--Voting members shall protect sensitive security information in accordance with part 1520 of title 49, Code of Federal Regulations. ``(ii) Classified information.--Voting members shall protect classified information in accordance with the applicable requirements for the particular level of classification. ``(8) Joint committee meetings.--The Advisory Committee may meet with 1 or more of the following advisory committees to discuss multimodal security issues and other security-related issues of common concern: ``(A) Aviation Security Advisory Committee established under section 44946 of title 49, United States Code. ``(B) Maritime Security Advisory Committee established under section 70112 of title 46, United States Code. ``(C) Railroad Safety Advisory Committee established by the Federal Railroad Administration. ``(9) Subject matter experts.--The Advisory Committee may request the assistance of subject matter experts with expertise related to the jurisdiction of the Advisory Committee. ``(d) Reports.-- ``(1) Periodic reports.--The Advisory Committee shall periodically submit reports to the Administrator on matters requested by the Administrator or by a majority of the members of the Advisory Committee. ``(2) Annual report.-- ``(A) Submission.--The Advisory Committee shall submit to the Administrator and the appropriate congressional committees an annual report that provides information on the activities, findings, and recommendations of the Advisory Committee during the preceding ***year***. ``(B) Publication.--Not later than 6 months after the date that the Administrator receives an annual report under subparagraph (A), the Administrator shall publish a public version of the report, in accordance with section 552a(b) of title 5, United States Code. ``(e) Administration Response.-- ``(1) Consideration.--The Administrator shall consider the information, advice, and recommendations of the Advisory Committee in formulating policies, ***programs***, initiatives, rulemakings, and security directives pertaining to surface transportation security. ``(2) Feedback.--Not later than 90 days after the date that the Administrator receives a recommendation from the Advisory Committee under subsection (d)(2), the Administrator shall submit to the Advisory Committee written feedback on the recommendation, including-- ``(A) if the Administrator agrees with the recommendation, a plan describing the actions that the Administrator has taken, will take, or recommends that the head of another Federal department or agency take to implement the recommendation; or ``(B) if the Administrator disagrees with the recommendation, a justification for that determination. ``(3) Notices.--Not later than 30 days after the date the Administrator submits feedback under paragraph (2), the Administrator shall-- ``(A) notify the appropriate congressional committees of the feedback, including the determination under subparagraph (A) or subparagraph (B) of that paragraph, as applicable; and ``(B) provide the appropriate congressional committees with a briefing upon request. ``(4) Updates.--Not later than 90 days after the date the Administrator receives a recommendation from the Advisory Committee under subsection (d)(2) that the Administrator agrees with, and quarterly thereafter until the recommendation is fully implemented, the Administrator shall submit a report to the appropriate congressional committees or post on the public website under paragraph (5) an update on the status of the recommendation. ``(5) Website.--The Administrator shall maintain a public website that-- ``(A) lists the members of the Advisory Committee; and ``(B) provides the contact information for the Advisory Committee. ``(f) Nonapplicability of FACA.--The Federal Advisory Committee Act (5 U.S.C App.) shall not apply to the Advisory Committee or any subcommittee established under this section.''. (b) Advisory Committee Members.-- (1) Voting members.--Not later than 180 days after the date of enactment of this Act, the Administrator shall appoint the voting [[Page H9025]] members of the Surface Transportation Security Advisory Committee established under section 404 of the Homeland Security Act of 2002, as added by subsection (a) of this section. (2) Nonvoting members.--Not later than 90 days after the date of enactment of this Act, each Federal Government department and agency with regulatory authority over a mode of surface or maritime transportation, as the Administrator considers appropriate, shall designate an appropriate representative to serve as a nonvoting member of the Surface Transportation Security Advisory Committee. (c) Table of Contents.--The table of contents in section 1(b) of the Homeland Security Act of 2002 (Public Law 107- 296; 116 Stat. 2135) is amended by inserting after the item relating to section 403 the following: ``Sec. 404. Surface Transportation Security Advisory Committee.''. SEC. 1970. REVIEW OF THE EXPLOSIVES DETECTION CANINE TEAM ***PROGRAM***. (a) In General.--Not later than 90 days after the date that the Inspector General of the Department receives the report under section 1964(c), the Inspector General of the Department shall-- (1) review the explosives detection canine team ***program***, including-- (A) the development by the Transportation Security Administration of a deployment strategy for explosives detection canine teams; (B) the national explosives detection canine team training ***program***, including canine training, handler training, refresher training, and updates to such training; (C) the use of the canine assets during an urgent security need, including the reallocation of such ***program*** resources outside the transportation systems sector during an urgent security need; and (D) the monitoring and tracking of canine assets; and (2) submit to the appropriate committees of Congress a report on the review, including any recommendations. (b) Considerations.--In conducting the review of the deployment strategy under subsection (a)(1)(A), the Inspector General shall consider whether the Transportation Security Administration's method to analyze the risk to transportation facilities and transportation systems is appropriate. SEC. 1971. EXPANSION OF NATIONAL EXPLOSIVES DETECTION CANINE TEAM ***PROGRAM***. (a) In General.--The Secretary, where appropriate, shall encourage State, local, and tribal governments and private owners of high-risk transportation facilities to strengthen security through the use of explosives detection canine teams. (b) Increased Capacity.-- (1) In general.--Before the date the Inspector General of the Department submits the report under section 1970, the Administrator may increase the number of State and local surface and maritime transportation canines by not more than 70 explosives detection canine teams. (2) Additional teams.--Beginning on the date the Inspector General of the Department submits the report under section 1970, the Secretary may increase the State and local surface and maritime transportation canines up to 200 explosives detection canine teams unless more are identified in the risk-based surface transportation security strategy under section 1964, consistent with section 1965 or with the President's most recent budget submitted under section 1105 of title 31, United States Code. (3) Recommendations.--Before initiating any increase in the number of explosives detection teams under paragraph (2), the Secretary shall consider any recommendations in the report under section 1970 on the efficacy and management of the explosives detection canine ***program***. (c) Deployment.--The Secretary shall-- (1) use the additional explosives detection canine teams, as described in subsection (b)(1), as part of the Department's efforts to strengthen security across the Nation's surface and maritime transportation networks; (2) make available explosives detection canine teams to all modes of transportation, subject to the requirements under section 1968, to address specific vulnerabilities or risks, on an as-needed basis and as otherwise determined appropriate by the Secretary; and (3) consider specific needs and training requirements for explosives detection canine teams to be deployed across the Nation's surface and maritime transportation networks, including in venues of multiple modes of transportation, as the Secretary considers appropriate. (d) Authorization.--There are authorized to be appropriated to the Secretary to the extent of appropriations to carry out this section for each of fiscal ***years*** 2019 through 2021. SEC. 1972. STUDY ON SECURITY STANDARDS AND BEST PRACTICES FOR PASSENGER TRANSPORTATION SYSTEMS. (a) Security Standards and Best Practices for United States and Foreign Passenger Transportation Systems.--The Comptroller General of the United States shall conduct a study of how the Transportation Security Administration-- (1) identifies and compares-- (A) United States and foreign passenger transportation security standards; and (B) best practices for protecting passenger transportation systems, including shared terminal facilities, and cyber systems; and (2) disseminates the findings under paragraph (1) to stakeholders. (b) Report.--Not later than 18 months after the date of enactment of this Act, the Comptroller General shall issue a report that contains-- (1) the findings of the study conducted under subsection (a); and (2) any recommendations for improving the relevant processes or procedures. SEC. 1973. AMTRAK SECURITY UPGRADES. (a) Railroad Security Assistance.--Section 1513(b) of the Implementing Recommendations of the 9/11 Commission Act of 2007 (6 U.S.C 1163(b)) is amended-- (1) in paragraph (1), by striking the period at the end and inserting ``, including communications interoperability where appropriate with relevant outside agencies and entities.''; (2) in paragraph (5), by striking ``security of'' and inserting ``security and preparedness of''; (3) in paragraph (7), by striking ``security threats'' and inserting ``security threats and preparedness, including connectivity to the National Terrorist Screening Center''; and (4) in paragraph (9), by striking ``and security officers'' and inserting ``, security, and preparedness officers''. (b) Specific Projects.--Section 1514(a)(3) of the Implementing Recommendations of the 9/11 Commission Act of 2007 (6 U.S.C 1164(a)(3)) is amended-- (1) in subparagraph (D) by inserting ``, or to connect to the National Terrorism Screening Center watchlist'' after ``Secretary''; (2) in subparagraph (G), by striking ``; and'' at the end and inserting a semicolon; (3) in subparagraph (H) by striking the period at the end and inserting a semicolon; and (4) by adding at the end the following: ``(I) for improvements to passenger verification systems; ``(J) for improvements to employee and contractor verification systems, including identity verification technology; or ``(K) for improvements to the security of Amtrak computer systems, including cybersecurity assessments and ***programs***.''. SEC. 1974. PASSENGER RAIL VETTING. (a) In General.--Not later than 180 days after the date on which the Amtrak Board of Directors submits a request to the Administrator, the Administrator shall issue a decision on the use by Amtrak of the Transportation Security Administration's Secure Flight ***Program*** or a similar passenger vetting system to enhance passenger rail security. (b) Considerations.--In making a decision under subsection (a), the Administrator shall-- (1) consider the technological, privacy, operational, and security impacts of such a decision; and (2) describe such impacts in any strategic plan developed under subsection (c). (c) Strategic Plan.--If the Administrator decides to grant the request by Amtrak under subsection (a), the decision shall include a strategic plan for working with rail stakeholders to enhance passenger rail security by-- (1) vetting passengers using terrorist watch lists maintained by the Federal Government or a similar passenger vetting system maintained by the Transportation Security Administration; and (2) where applicable and in consultation with the Commissioner of U.S Customs and Border Protection, assessing whether the vetting process should be integrated into preclearance operations established under section 813 of the Trade Facilitation and Trade Enforcement Act of 2015 (19 U.S.C 4432). (d) Notices.--The Administrator shall notify the appropriate committees of Congress of any decision made under subsection (a) and the details of the strategic plan under subsection (c). (e) Rule of Construction.--Nothing in this section shall be construed to limit the Administrator's authority to set the access to, or terms and conditions of using, the Secure Flight ***Program*** or a similar passenger vetting system. SEC. 1975. STUDY ON SURFACE TRANSPORTATION INSPECTORS. (a) Strategy.--Not later than 180 days after the date of enactment of this Act, the Administrator shall submit to the appropriate congressional committees and the Comptroller General of the United States a strategy to guide operations of surface transportation security inspectors that addresses the following: (1) Any limitations in data systems for such inspectors, as identified by the Comptroller General. (2) Alignment of operations with risk assessment findings, including an approach to identifying and prioritizing entities and locations for inspections. (3) Measurable objectives for the surface transportation security inspectors ***program***. (b) GAO Review.--Not later than 180 days after the date the strategy under subsection (a) is submitted, the Comptroller General of the United States shall review such strategy and, as appropriate, issue recommendations. SEC. 1976. SECURITY AWARENESS ***PROGRAM***. (a) Establishment.--The Administrator shall establish a ***program*** to promote surface transportation security through the training of surface transportation operators and frontline employees on each of the skills identified in subsection (c). [[Page H9026]] (b) Application.--The ***program*** established under subsection (a) shall apply to all modes of surface transportation, including public transportation, rail, highway, motor carrier, and pipeline. (c) Training.--The ***program*** established under subsection (a) shall cover, at a minimum, the skills necessary to recognize, assess, and respond to suspicious items or actions that could indicate a threat to transportation. (d) Assessment.-- (1) In general.--The Administrator shall conduct an assessment of current training ***programs*** for surface transportation operators and frontline employees. (2) Contents.--The assessment shall identify-- (A) whether other training is being provided, either voluntarily or in response to other Federal requirements; and (B) whether there are any gaps in existing training. (e) Updates.--The Administrator shall ensure the ***program*** established under subsection (a) is updated as necessary to address changes in risk and terrorist methods and to close any gaps identified in the assessment under subsection (d). (f) Suspicious Activity Reporting.-- (1) In general.--The Secretary shall maintain a national telephone number for an individual to use to report suspicious activity under this section to the Administration. (2) Procedures.--The Administrator shall establish procedures for the Administration-- (A) to review and follow-up, as necessary, on each report received under paragraph (1); and (B) to share, as necessary and in accordance with law, the report with appropriate Federal, State, local, and tribal entities. (3) Rule of construction.--Nothing in this section may be construed to-- (A) replace or affect in any way the use of 9-1-1 services in an emergency; or (B) replace or affect in any way the security training ***program*** requirements specified in sections 1408, 1517, and 1534 of the Implementing Recommendations of the 9/11 Commission Act of 2007 (6 U.S.C 1137, 1167, 1184). (g) Definition of Frontline Employee.--In this section, the term ``frontline employee'' includes-- (1) an employee of a public transportation agency who is a transit vehicle driver or operator, dispatcher, maintenance and maintenance support employee, station attendant, customer service employee, security employee, or transit police, or any other employee who has direct contact with riders on a regular basis, and any other employee of a public transportation agency that the Administrator determines should receive security training under this section or that is receiving security training under other law; (2) over-the-road bus drivers, security personnel, dispatchers, maintenance and maintenance support personnel, ticket agents, other terminal employees, and other employees of an over-the-road bus operator or terminal owner or operator that the Administrator determines should receive security training under this section or that is receiving security training under other law; or (3) security personnel, dispatchers, locomotive engineers, conductors, trainmen, other onboard employees, maintenance and maintenance support personnel, bridge tenders, and any other employees of railroad carriers that the Administrator determines should receive security training under this section or that is receiving security training under other law. SEC. 1977. VOLUNTARY USE OF CREDENTIALING. (a) In General.--An applicable individual who is subject to credentialing or a background investigation may satisfy that requirement by obtaining a valid transportation security card. (b) Issuance of Cards.--The Secretary of Homeland Security-- (1) shall expand the transportation security card ***program***, consistent with section 70105 of title 46, United States Code, to allow an applicable individual who is subject to credentialing or a background investigation to apply for a transportation security card; and (2) may charge reasonable fees, in accordance with section 520(a) of the Department of Homeland Security Appropriations Act, 2004 (6 U.S.C 469(a)), for providing the necessary credentialing and background investigation. (c) Vetting.--The Administrator shall develop and implement a plan to utilize, in addition to any background check required for initial issue, the Federal Bureau of Investigation's Rap Back Service and other vetting tools as appropriate, including the No-Fly and Selectee lists, to get immediate notification of any criminal activity relating to any person with a valid transportation security card. (d) Definitions.--In this section: (1) Applicable individual who is subject to credentialing or a background investigation.--The term ``applicable individual who is subject to credentialing or a background investigation'' means only an individual who-- (A) because of employment is regulated by the Transportation Security Administration, Department of Transportation, or Coast Guard and is required to have a background records check to obtain a hazardous materials endorsement on a commercial driver's license issued by a State under section 5103a of title 49, United States Code; or (B) is required to have a credential and background records check under section 2102(d)(2) of the Homeland Security Act of 2002 (6 U.S.C 622(d)(2)) at a facility with activities that are regulated by the Transportation Security Administration, Department of Transportation, or Coast Guard. (2) Valid transportation security card.--The term ``valid transportation security card'' means a transportation security card that is-- (A) issued under section 70105 of title 46, United States Code; (B) not expired; (C) shows no signs of tampering; and (D) bears a photograph of the individual representing such card. SEC. 1978. BACKGROUND RECORDS CHECKS FOR ISSUANCE OF HAZMAT LICENSES. (a) Issuance of Licenses.--Section 5103a(a)(1) is amended-- (1) by striking ``unless'' and inserting ``unless--''; (2) by striking ``the Secretary of Homeland Security'' and inserting the following: ``(A) ``the Secretary of Homeland Security'';''; (3) in subparagraph (A), as designated by paragraph (2) of this subsection, by striking the period at the end and inserting ``; or''; and (4) by adding at the end the following: ``(B) the individual holds a valid transportation security card issued under section 70105 of title 46.''. (b) Transportation Security Card.--Section 5103a(d)(1) is amended, in the matter preceding subparagraph (A), by striking ``described in subsection (a)(1)'' and inserting ``under subsection (a)(1)(A)''. SEC. 1979. CARGO CONTAINER SCANNING TECHNOLOGY REVIEW. (a) Designations.-- (1) In general.--Not later than 1 ***year*** after the date of enactment of this Act, and not less frequently than once every 5 ***years*** thereafter until the date of full-scale implementation of 100 percent screening of cargo containers and 100 percent scanning of high-risk containers required under section 232 of the SAFE Port Act (6 U.S.C 982), the Secretary shall solicit proposals for scanning technologies, consistent with the standards under subsection (b)(8) of that section, to improve scanning of cargo at domestic ports. (2) Evaluation.--In soliciting proposals under paragraph (1), the Secretary shall establish measures to assess the performance of the proposed scanning technologies, including-- (A) the rate of false positives; (B) the delays in processing times; and (C) the impact on the supply chain. (b) Pilot ***Program***.-- (1) Establishment.--The Secretary may establish a pilot ***program*** to determine the efficacy of a scanning technology referred to in subsection (a). (2) Application process.--In carrying out the pilot ***program*** under this subsection, the Secretary shall-- (A) solicit applications from domestic ports; (B) select up to 4 domestic ports to participate in the pilot ***program***; and (C) select ports with unique features and differing levels of trade volume. (3) Report.--Not later than 1 ***year*** after initiating a pilot ***program*** under paragraph (1), the Secretary shall submit to the appropriate committees of Congress a report on the pilot ***program***, including-- (A) an evaluation of the scanning technologies proposed to improve security at domestic ports and to meet the full-scale implementation requirement; (B) the costs to implement a pilot ***program***; (C) the benefits of the proposed scanning technologies; (D) the impact of the pilot ***program*** on the supply chain; and (E) recommendations for implementation of advanced cargo scanning technologies at domestic ports. (4) Sharing pilot ***program*** testing results.--The results of the pilot testing of advanced cargo scanning technologies shall be shared, as appropriate, with government agencies and private stakeholders whose responsibilities encompass the secure transport of cargo. SEC. 1980. PIPELINE SECURITY STUDY. (a) Study.--The Comptroller General of the United States shall conduct a study regarding the roles and responsibilities of the Department of Homeland Security and the Department of Transportation with respect to pipeline security. (b) Contents.--The study under subsection (a) shall examine-- (1) whether the Annex to the Memorandum of Understanding executed on August 9, 2006, between the Department of Homeland Security and the Department of Transportation adequately delineates strategic and operational responsibilities for pipeline security, including whether it is clear which department is responsible for-- (A) protecting against intentional pipeline breaches and cyber attacks; (B) responding to intentional pipeline breaches and cyber attacks; and (C) planning to recover from the impact of intentional pipeline breaches and cyber attacks; (2) whether the respective roles and responsibilities of each department are adequately conveyed to relevant stakeholders and to the public; [[Page H9027]] (3) whether the processes and procedures for determining whether a particular pipeline breach is a terrorist incident are clear and effective; (4) whether, and if so how, pipeline sector stakeholders share security-related information; (5) the guidance pipeline operators report use to address security risks and the extent to which the TSA ensures its guidelines reflect the current threat environment; (6) the extent to which the TSA has assessed security risks to pipeline systems; and (7) the extent to which the TSA has assessed its effectiveness in reducing pipeline security risks. (c) Report on Study.--Not later than 180 days after the date of enactment of the TSA Modernization Act, the Comptroller General of the United States shall submit to the Secretary of Homeland Security and the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Homeland Security and the Committee on Transportation and Infrastructure of the House of Representatives a report containing the findings of the study under subsection (a). (d) Report to Congress.--Not later than 90 days after the date the report under subsection (c) is submitted, the Secretary of Homeland Security shall review and analyze the study and submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Homeland Security and the Committee on Transportation and Infrastructure of the House of Representatives a report on such review and analysis, including any recommendations for-- (1) changes to the Annex to the Memorandum of Understanding referred to in subsection (b)(1); and (2) other improvements to pipeline security activities at the Department. SEC. 1981. FEASIBILITY ASSESSMENT. (a) Emerging Issues.--Not later than 180 days after the date of enactment of this Act, the Secretary, acting through the Administrator and in coordination with the Under Secretary for Science and Technology of the Department of Homeland Security, shall submit to the appropriate committees of Congress a feasibility assessment of modifying the security of surface transportation assets by-- (1) introducing next generation technologies to be integrated into systems of surface transportation assets to detect explosives, including through the deployment of mobile explosives detection technologies to conduct risk-based passenger and property screening at such systems; (2) providing surface transportation asset operators with access to the Transportation Security Administration's Secure Flight ***Program*** or a similar passenger vetting system maintained by the Transportation Security Administration; (3) deploying a credential authentication technology or other means of identification document inspection to high- risk surface transportation assets to assist operators conducting passenger vetting; and (4) deploying scalable, cost-effective technology solutions to detect chemical, biological, radiological, nuclear, or explosive threats within high-risk surface transportation assets that are capable of passive, continuous, and real-time sensing and detection of, and alerting passengers and operating personnel to, the presence of such a threat. (b) Considerations.--In carrying out the assessment under subsection (a), the Secretary, acting through the Administrator and in coordination with the Under Secretary for Science and Technology of the Department of Homeland Security, shall address the technological, privacy, operational, passenger facilitation, and public acceptance considerations involved with each security measure contemplated in such assessment. SEC. 1982. BEST PRACTICES TO SECURE AGAINST VEHICLE-BASED ATTACKS. Not later than 180 days after the date of enactment of this Act, the Administrator shall disseminate best practices to public and private stakeholders regarding how to enhance transportation security against the threat of a vehicle-based terrorist attack. SEC. 1983. SURFACE TRANSPORTATION STAKEHOLDER SURVEY. (a) In General.--Not later than 120 days after the date of enactment of this Act, the Secretary shall begin conducting a survey of public and private stakeholders responsible for securing surface transportation assets regarding resource challenges, including the availability of Federal funding, associated with securing such assets that provides an opportunity for respondents to set forth information on specific unmet needs. (b) Report.--Not later than 120 days after beginning the survey required under subsection (a), the Secretary shall report to the appropriate committees of Congress regarding the results of such survey and the Department of Homeland Security's efforts to address any identified security vulnerabilities. SEC. 1984. NUCLEAR MATERIAL AND EXPLOSIVE DETECTION TECHNOLOGY. The Secretary, in coordination with the Director of the National Institute of Standards and Technology and the head of each relevant Federal department or agency researching nuclear material detection systems or explosive detection systems, shall research, facilitate, and, to the extent practicable, deploy next generation technologies, including active neutron interrogation, to detect nuclear material and explosives in transportation systems and transportation facilities. Subtitle H--Transportation Security SEC. 1985. NATIONAL STRATEGY FOR TRANSPORTATION SECURITY REVIEW. (a) GAO Review.-- (1) In general.--Not later than 1 ***year*** after the date of enactment of this Act, the Comptroller General of the United States shall evaluate the degree to which the most recent National Strategy for Transportation Security, as updated, under section 114(s) of title 49, United States Code, is reflected in relevant Federal transportation security ***programs***, budgets, research, staffing levels, and related activities. (2) Considerations.--In conducting the evaluation under paragraph (1), the Comptroller General shall consider the degree to which-- (A) the strategy is sufficiently forward-looking to guide future Federal efforts relating to transportation security; (B) Federal transportation security ***programs***, budgets, research, staffing levels, and related activities for fiscal ***year*** 2019 and subsequent fiscal ***years*** would be guided by the strategy; and (C) any annual progress reports submitted to Congress under that section after the strategy is submitted would provide information on the degree to which that strategy guides Federal efforts relating to transportation security. SEC. 1986. RISK SCENARIOS. (a) In General.--The Administrator shall annually develop, consistent with the transportation modal security plans required under section 114(s) of title 49, United States Code, risk-based priorities based on risk assessments conducted or received by the Secretary across all transportation modes that consider threats, vulnerabilities, and consequences. (b) Scenarios.--The Administrator shall ensure that the risk-based priorities identified under subsection (a) are informed by an analysis of terrorist attack scenarios for each transportation mode, including cyber-attack scenarios and intelligence and open source information about current and evolving threats. (c) Report.--Not later than 120 days after the date that annual risk-based priorities are developed under subsection (a), the Administrator shall submit to the appropriate committees of Congress a report that includes the following: (1) Copies of the risk assessments for each transportation mode. (2) A summary that ranks the risks within and across modes. (3) A description of the risk-based priorities for securing the transportation sector that identifies and prioritizes the greatest security needs of such transportation sector, both across and within modes, in the order that such priorities should be addressed. (4) Information on the underlying methodologies used to assess risks across and within each transportation mode and the basis for any assumptions regarding threats, vulnerabilities, and consequences made in assessing and prioritizing risks within each such mode and across modes. (d) Classification.--The information provided under subsection (c) may be submitted in a classified format or unclassified format, as the Administrator considers appropriate. SEC. 1987. INTEGRATED AND UNIFIED OPERATIONS CENTERS. -- (a) Framework.--Not later than 120 days after the date of enactment of this Act, the Administrator, in consultation with the heads of other appropriate offices or components of the Department, shall make available to public and private stakeholders a framework for establishing an integrated and unified operations center responsible for overseeing daily operations of a transportation facility that promotes coordination for responses to terrorism, serious incidents, and other purposes, as determined appropriate by the Administrator. (b) Report.--Not later than 1 ***year*** after the date of enactment of this Act, the Administrator shall brief the appropriate committees of Congress regarding the establishment and activities of integrated and unified operations centers at transportation facilities at which the TSA has a presence. SEC. 1988. NATIONAL DEPLOYMENT FORCE. (a) In General.--Subchapter II of chapter 449, as amended by section 1943 of this Act, is further amended by adding at the end the following: ``SEC. 44948. NATIONAL DEPLOYMENT OFFICE. ``(a) Establishment.--There is established within the Transportation Security Administration a National Deployment Office, to be headed by an individual with supervisory experience. Such individual shall be designated by the Administrator of the Transportation Security Administration. ``(b) Duties.--The individual designated as the head of the National Deployment Office shall be responsible for the following: ``(1) Maintaining a National Deployment Force within the Transportation Security Administration, including transportation security officers, supervisory transportation security officers and lead transportation security officers, to provide the Administration with rapid and efficient response capabilities and augment the Department of Homeland Security's homeland security operations to mitigate and reduce risk, including for the following: [[Page H9028]] ``(A) Airports temporarily requiring additional security personnel due to an emergency, seasonal demands, hiring shortfalls, severe weather conditions, passenger volume mitigation, equipment support, or other reasons. ``(B) Special events requiring enhanced security including National Special Security Events, as determined by the Secretary of Homeland Security. ``(C) Response in the aftermath of any manmade disaster, including any terrorist attack. ``(D) Other such situations, as determined by the Administrator. ``(2) Educating transportation security officers regarding how to participate in the Administration's National Deployment Force. ``(3) Recruiting officers to serve on the National Deployment Force, in accordance with a staffing model to be developed by the Administrator. ``(4) Approving 1-***year*** appointments for officers to serve on the National Deployment Force, with an option to extend upon officer request and with the approval of the appropriate Federal Security Director. ``(5) Training officers to serve on the National Deployment Force.''. (b) Table of Contents.--The table of contents of subchapter II of chapter 449, as amended by section 1943 of this Act, is further amended by adding after the item relating to section 44947 the following: ``44948. National Deployment Office.''. (c) Conforming Amendment.--Section 114(f), as amended by section 1904 of this Act, is further amended-- (1) in paragraph (14), by striking ``and'' after the semicolon at the end; (2) by redesignating paragraph (15) as paragraph (16); and (3) by inserting after paragraph (14) the following: ``(15) establish and maintain a National Deployment Office as required under section 44948 of this title; and''. (d) Career Development.--The Administrator may consider service in the National Deployment Force as a positive factor when evaluating applicants for promotion opportunities within the TSA. (e) Report.--Not later than 1 ***year*** after the date of enactment of this Act and annually thereafter for 5 ***years***, the Administrator shall submit to the appropriate committees of Congress a report regarding activities of the National Deployment Office, including the National Deployment Force, established under section 44948 of title 49, United States Code. Each such report shall include information relating to the following: (1) When, where, why, how many, and for how long the National Deployment Force was deployed throughout the 12- month period covered by such report and the costs associated with such deployment. (2) A description of collaboration between the National Deployment Office and other components of the Department, other Federal agencies, and State and local transportation security stakeholders. (3) The size of the National Deployment Force, including information on the staffing model of the National Deployment Force and adherence to such model as established by the Administrator. (4) Information on recruitment, appointment, and training activities, including processes utilized to attract, recruit, appoint, and train officers to serve on the National Deployment Force. SEC. 1989. INFORMATION SHARING AND CYBERSECURITY. (a) Federal Security Directors.--Section 44933 is amended by adding at the end the following: ``(c) Information Sharing.--Not later than 1 ***year*** after the date of the enactment of the TSA Modernization Act, the Administrator shall-- ``(1) require each Federal Security Director of an airport to meet at least quarterly with the airport director, airport security coordinator, and law enforcement agencies serving each such airport to discuss incident management protocols, including the resolution of screening anomalies at passenger screening checkpoints; and ``(2) require each Federal Security Director at an airport to inform, consult, and coordinate, as appropriate, with the respective airport security coordinator in a timely manner on security matters impacting airport operations and to establish and maintain operational protocols with such airport operators to ensure coordinated responses to security matters.''. (b) Plan to Improve Information Sharing.-- (1) In general.--Not later than 180 days after the date of enactment of this Act, the Administrator shall develop a plan to improve intelligence information sharing with State and local transportation entities that includes best practices to ensure that the information shared is actionable, useful, and not redundant. (2) Contents.--The plan required under paragraph (1) shall include the following: (A) The incorporation of best practices for information sharing. (B) The identification of areas of overlap and redundancy. (C) An evaluation and incorporation of stakeholder input in the development of such plan. (D) The integration of any recommendations of the Comptroller General of the United States on information sharing. (3) Solicitation.--The Administrator shall solicit on an annual basis input from appropriate stakeholders, including State and local transportation entities, on the quality and quantity of intelligence received by such stakeholders relating to information sharing. (c) Best Practices Sharing.-- (1) In general.--Not later than 180 days after the date of enactment of this Act, the Administrator shall establish a mechanism to share with State and local transportation entities best practices from across the law enforcement spectrum, including Federal, State, local, and tribal entities, that relate to employee training, employee professional development, technology development and deployment, hardening tactics, and passenger and employee awareness ***programs***. (2) Consultation.--The Administrator shall solicit and incorporate stakeholder input-- (A) in developing the mechanism for sharing best practices as required under paragraph (1); and (B) not less frequently than annually on the quality and quantity of information such stakeholders receive through the mechanism established under such paragraph. (d) Cybersecurity.-- (1) In general.--The Administrator, in consultation with the Secretary, shall-- (A) not later than 120 days after the date of enactment of this Act, implement the Framework for Improving Critical Infrastructure Cybersecurity (referred to in this section as the ``Framework'' developed by the National Institute of Standards and Technology, and any update to such Framework under section 2 of the National Institute of Standards and Technology Act (15 U.S.C 272), to manage the agency's cybersecurity risks; and (B) evaluate, on a periodic basis, but not less often than biennially, the use of the Framework under subparagraph (A). (2) Cybersecurity enhancements to aviation security activities.--The Secretary, in consultation with the Secretary of Transportation, shall, upon request, conduct cybersecurity vulnerability assessments for airports and air carriers. (3) TSA trusted traveler and credentialing ***program*** cyber evaluation.-- (A) Evaluation required.--Not later than 120 days after the date of enactment of this Act, the Secretary shall-- (i) evaluate the cybersecurity of TSA trusted traveler and credentialing ***programs*** that contain personal information of specific individuals or information that identifies specific individuals, including the Transportation Worker Identification Credential and PreCheck ***programs***; (ii) identify any cybersecurity risks under the ***programs*** described in clause (i); and (iii) develop remediation plans to address the cybersecurity risks identified under clause (ii). (B) Submission to congress.--Not later than 30 days after the date the evaluation under subparagraph (A) is complete, the Secretary shall submit to the appropriate committees of Congress information relating to such evaluation, including any cybersecurity vulnerabilities identified and remediation plans to address such vulnerabilities. Such submission shall be provided in a classified form. (4) Definitions.--In this subsection, the terms ``cybersecurity risk'' and ``incident'' have the meanings given the terms in section 227 of the Homeland Security Act of 2002 (6 U.S.C 148). SEC. 1990. SECURITY TECHNOLOGIES TIED TO FOREIGN THREAT COUNTRIES. Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the appropriate committees of Congress an assessment of terrorist and other threats to the transportation sector, including surface transportation assets, posed by the use of security technologies, including software and networked technologies, developed or manufactured by firms that are owned or closely linked to the governments of countries that are known to pose a cyber or homeland security threat. Subtitle I--Conforming and Miscellaneous Amendments SEC. 1991. TITLE 49 AMENDMENTS. (a) Deletion of Duties Related to Aviation Security.-- Section 106(g) is amended to read as follows: ``(g) Duties and Powers of Administrator.--The Administrator shall carry out the following: ``(1) Duties and powers of the Secretary of Transportation under subsection (f) of this section related to aviation safety (except those related to transportation, packaging, marking, or description of hazardous material) and stated in the following: ``(A) Section 308(b). ``(B) Subsections (c) and (d) of section 1132. ``(C) Sections 40101(c), 40103(b), 40106(a), 40108, 40109(b), 40113(a), 40113(c), 40113(d), 40113(e), and 40114(a). ``(D) Chapter 445, except sections 44501(b), 44502(a)(2), 44502(a)(3), 44502(a)(4), 44503, 44506, 44509, 44510, 44514, and 44515. ``(E) Chapter 447, except sections 44717, 44718(a), 44718(b), 44719, 44720, 44721(b), 44722, and 44723. ``(F) Chapter 451. ``(G) Chapter 453. ``(H) Section 46104. ``(I) Subsections (d) and (h)(2) of section 46301 and sections 46303(c), 46304 through 46308, 46310, 46311, and 46313 through 46316. [[Page H9029]] ``(J) Chapter 465. ``(K) Sections 47504(b) (related to flight procedures), 47508(a), and 48107. ``(2) Additional duties and powers prescribed by the Secretary of Transportation.''. (b) Transportation Security Oversight Board.--Section 115 is amended-- (1) in subsection (c)(1), by striking ``Under Secretary of Transportation for security'' and inserting ``Administrator of the Transportation Security Administration''; and (2) in subsection (c)(6), by striking ``Under Secretary'' and inserting ``Administrator''. (c) Chapter 401 Amendments.--Chapter 401 is amended-- (1) in section 40109-- (A) in subsection (b), by striking ``, 40119, 44901, 44903, 44906, and 44935-44937''; and (B) in subsection (c), by striking ``sections 44909 and'' and inserting ``sections 44909(a), 44909(b), and''; (2) in section 40113-- (A) in subsection (a)-- (i) by striking ``the Under Secretary of Transportation for Security with respect to security duties and powers designated to be carried out by the Under Secretary or'' and inserting ``the Administrator of the Transportation Security Administration with respect to security duties and powers designated to be carried out by that Administrator or''; (ii) by striking ``carried out by the Administrator'' and inserting ``carried out by that Administrator''; and (iii) by striking ``, Under Secretary, or Administrator,'' and inserting ``, Administrator of the Transportation Security Administration, or Administrator of the Federal Aviation Administration,''; and (B) in subsection (d)-- (i) by striking ``Under Secretary of Transportation for Security or the''; (ii) by striking ``Transportation Security Administration or Federal Aviation Administration, as the case may be,'' and inserting ``Federal Aviation Administration''; and (iii) by striking ``Under Secretary or Administrator, as the case may be,'' and inserting ``Administrator''; (3) by striking section 40119; and (4) in the table of contents, by striking the item relating to section 40119 and inserting the following: ``40119. [Reserved].''. (d) Chapter 449 Amendments.--Chapter 449 is amended-- (1) in section 44901-- (A) in subsection (a)-- (i) by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) by striking ``, United States Code''; (B) in subsection (c), by striking ``but not later than the 60th day following the date of enactment of the Aviation and Transportation Security Act''; (C) in subsection (d)-- (i) in paragraph (1)-- (I) in the matter preceding subparagraph (A), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (II) in subparagraph (A), by striking ``no later than December 31, 2002''; (ii) by striking paragraphs (2) and (3); (iii) by redesignating paragraph (4) as paragraph (2); and (iv) in paragraph (2), as redesignated-- (I) in subparagraph (A), by striking ``Assistant Secretary (Transportation Security Administration)'' and inserting ``Administrator of the Transportation Security Administration''; (II) in subparagraph (B), by striking ``Assistant Secretary'' and inserting ``Administrator of the Transportation Security Administration''; and (III) in subparagraph (D)-- (aa) by striking ``Assistant Secretary'' the first place it appears and inserting ``Administrator of the Transportation Security Administration''; and (bb) by striking ``Assistant Secretary'' the second place it appears and inserting ``Administrator''; (D) in subsection (e)-- (i) in that matter preceding paragraph (1)-- (I) by striking ``but not later than the 60th day following the date of enactment of the Aviation and Transportation Security Act''; and (II) by striking ``Under Secretary'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) in paragraph (4), by striking ``Under Secretary'' and inserting ``Administrator''; (E) in subsection (f), by striking ``after the date of enactment of the Aviation and Transportation Security Act''; (F) in subsection (g)-- (i) in paragraph (1), by striking ``Not later than 3 ***years*** after the date of enactment of the Implementing Recommendations of the 9/11 Commission Act of 2007, the'' and inserting ``The''; (ii) in paragraph (2), by striking ``as follows:'' and all that follows and inserting a period; (iii) by amending paragraph (3) to read as follows: ``(3) Regulations.--The Secretary of Homeland Security shall issue a final rule as a permanent regulation to implement this subsection in accordance with the provisions of chapter 5 of title 5.''; (iv) by striking paragraph (4); and (v) by redesignating paragraph (5) as paragraph (4); (G) in subsection (h)-- (i) in paragraph (1), by striking ``Under Secretary'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) in paragraph (2)-- (I) by striking ``Under Secretary'' the first place it appears and inserting ``Administrator of the Transportation Security Administration''; and (II) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; (H) in subsection (i)-- (i) in the matter preceding paragraph (1), by striking ``Under Secretary'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) in paragraph (2), by striking ``Under Secretary'' and inserting ``Administrator''; (I) in subsection (j)(1)-- (i) in the matter preceding subparagraph (A), by striking ``Before January 1, 2008, the'' and inserting ``The''; and (ii) in subparagraph (A), by striking ``the date of enactment of this subsection'' and inserting ``August 3, 2007''; (J) in subsection (k)-- (i) in paragraph (1), by striking ``Not later than one ***year*** after the date of enactment of this subsection, the'' and inserting ``The''; (ii) in paragraph (2), by striking ``Not later than 6 months after the date of enactment of this subsection, the'' and inserting ``The''; and (iii) in paragraph (3), by striking ``Not later than 180 days after the date of enactment of this subsection, the'' in paragraph (3) and inserting ``The''; and (K) in subsection (l)-- (i) in paragraph (2)-- (I) in the matter preceding subparagraph (A), by striking ``Beginning June 1, 2012, the Assistant Secretary of Homeland Security (Transportation Security Administration)'' and inserting ``The Administrator of the Transportation Security Administration''; and (II) in subparagraph (B), by striking ``Assistant Secretary'' and inserting ``Administrator''; (ii) in paragraph (3)-- (I) in subparagraph (A)-- (aa) by striking ``Assistant Secretary'' the first place it appears and inserting ``Administrator of the Transportation Security Administration''; and (bb) by striking ``Assistant Secretary'' the second place it appears and inserting ``Administrator''; and (II) in subparagraph (B), by striking ``Assistant Secretary'' and inserting ``Administrator of the Transportation Security Administration''; and (iii) in paragraph (4)-- (I) in subparagraph (A)-- (aa) by striking ``60 days after the deadline specified in paragraph (2), and not later than''; (bb) by striking ``Assistant Secretary'' the first place it appears and inserting ``Administrator of the Transportation Security Administration''; and (cc) by striking ``Assistant Secretary'' the second place it appears and inserting ``Administrator''; and (II) in subparagraph (B), by striking ``Assistant Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (2) section 44902 is amended-- (A) in subsection (a), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (B) in subsection (b), by striking ``Under Secretary'' and inserting ``Administrator of the Transportation Security Administration''; (3) section 44903 is amended-- (A) in subsection (a)-- (i) in the heading, by striking ``Definition'' and inserting ``Definitions''; (ii) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively; (iii) in subparagraph (B), as redesignated, by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator''; (iv) in the matter preceding subparagraph (A), as redesignated, by striking ``In this section, `law enforcement personnel' means individuals--'' and inserting ``In this section:''; (v) by inserting before subparagraph (A), the following: ``(2) Law enforcement personnel.--The term `law enforcement personnel' means individuals--''; and (vi) by inserting before paragraph (2), as redesignated, the following: ``(1) Administrator.--The term `Administrator' means the Administrator of the Transportation Security Administration.''; (B) in subsection (d), by striking ``Secretary of Transportation'' and inserting ``Administrator''; (C) in subsection (g), by striking ``Under Secretary's'' each place it appears and inserting ``Administrator's''; (D) in subsection (h)-- (i) in paragraph (3), by striking ``Secretary'' and inserting ``Secretary of Homeland Security''; (ii) in paragraph (4)-- (I) in subparagraph (A), by striking ``, as soon as practicable after the date of enactment of this subsection,''; (II) in subparagraph (C), by striking ``section 44903(c)'' and inserting ``subsection (c)''; and [[Page H9030]] (III) in subparagraph (E), by striking ``, not later than March 31, 2005,''; (iii) in paragraph (5), by striking ``Assistant Secretary of Homeland Security (Transportation Security Administration)'' and inserting ``Administrator''; (iv) in paragraph (6)(A)-- (I) in the matter preceding clause (i), by striking ``Not later than 18 months after the date of enactment of the Implementing Recommendations of the 9/11 Commission Act of 2007, the'' and inserting ``The''; and (II) in clause (i), by striking ``section'' and inserting ``paragraph''; and (v) in paragraph (6)(C), by striking ``Secretary'' and inserting ``Secretary of Homeland Security''; (E) in subsection (i)(3), by striking ``, after the date of enactment of this paragraph,''; (F) in subsection (j)-- (i) by amending paragraph (1) to read as follows: ``(1) In general.--The Administrator shall periodically recommend to airport operators commercially available measures or procedures to prevent access to secure airport areas by unauthorized persons.''; (ii) in paragraph (2)-- (I) in the heading, by striking ``Computer-assisted passenger prescreening system'' and inserting ``Secure flight ***program***''; (II) in subparagraph (A)-- (aa) by striking ``Computer-Assisted Passenger Prescreening System'' and inserting ``Secure Flight ***program***''; (bb) by striking ``Secretary of Transportation'' and inserting ``Administrator''; and (cc) by striking ``system'' each place it appears and inserting ``***program***''; (III) in subparagraph (B)-- (aa) by striking ``Computer-Assisted Passenger Prescreening System'' and inserting ``Secure Flight ***program***''; (bb) by striking ``Secretary of Transportation'' and inserting ``Administrator''; and (cc) by striking ``Secretary'' and inserting ``Administrator''; (IV) in subparagraph (C)-- (aa) in clause (i), by striking ``Not later than January 1, 2005, the Assistant Secretary of Homeland Security (Transportation Security Administration), or the designee of the Assistant Secretary,'' and inserting ``The Administrator''; (bb) in clause (ii), by striking ``Not later than 180 days after completion of testing under clause (i), the'' and inserting ``The''; and (cc) in clause (iv), by striking ``Not later than 180 days after'' and inserting ``After''; (V) in subparagraph (D), by striking ``Assistant Secretary of Homeland Security (Transportation Security Administration)'' and inserting ``Administrator''; (VI) in subparagraph (E)(i), by striking ``Not later than 90 days after the date on which the Assistant Secretary assumes the performance of the advanced passenger prescreening function under subparagraph (C)(ii), the'' and inserting ``The Administrator''; and (VII) by striking ``Assistant Secretary'' each place it appears and inserting ``Administrator''; (G) in subsection (l), by striking ``Under Secretary for Border and Transportation Security of the Department of Homeland Security'' and inserting ``Administrator''; (H) in subsection (m)-- (i) in paragraph (1), by striking ``Assistant Secretary of Homeland Security (Transportation Security Administration)'' and inserting ``Administrator''; and (ii) by striking ``Assistant Secretary'' each place it appears and inserting ``Administrator''; and (I) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; (4) section 44904 is amended-- (A) in subsection (a), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; (B) in subsection (c)-- (i) by striking ``section 114(t)(3)'' and inserting ``section 114(s)(3)''; and (ii) by striking ``section 114(t)'' and inserting ``section 114(s)''; (C) in subsection (d)-- (i) by striking ``Not later than 90 days after the date of the submission of the National Strategy for Transportation Security under section 114(t)(4)(A), the Assistant Secretary of Homeland Security (Transportation Security Administration)'' and inserting ``The Administrator of the Transportation Security Administration''; and (ii) by striking ``section 114(t)(1)'' and inserting ``section 114(s)(1)''; and (D) by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (5) section 44905 is amended-- (A) in subsection (a)-- (i) by striking ``Secretary of Transportation'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) by striking ``Secretary.'' and inserting ``Administrator.''; (B) in subsection (b), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (C) in subsections (c), (d), and (f), by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (6) section 44906 is amended-- (A) by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (B) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; (7) section 44908 is amended-- (A) by striking ``Secretary of Transportation'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (B) in subsection (a), by striking ``safety or''; and (C) in subsection (c), by striking ``The Secretary'' and inserting ``The Administrator''; (8) section 44909 is amended-- (A) in subsection (a)(1), by striking ``Not later than March 16, 1991, the'' and inserting ``The''; and (B) in subsection (c)-- (i) in paragraph (1), by striking ``Not later than 60 days after the date of enactment of the Aviation and Transportation Security Act, each'' and inserting ``Each''; (ii) in paragraphs (2)(F) and (5), by striking ``Under Secretary'' and inserting ``Administrator of the Transportation Security Administration''; and (iii) in paragraph (6)-- (I) in subparagraph (A), by striking ``Not later than 60 days after date of enactment of this paragraph, the'' and inserting ``The''; and (II) in subparagraph (B)(ii)-- (aa) by striking ``the Secretary will'' and inserting ``the Secretary of Homeland Security will''; and (bb) by striking ``the Secretary to'' and inserting ``the Secretary of Homeland Security to''; (9) section 44911 is amended-- (A) in subsection (b), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; (B) in subsection (d), by striking ``request of the Secretary'' and inserting ``request of the Secretary of Homeland Security''; and (C) in subsection (e)-- (i) by striking ``Secretary, and the Under Secretary'' and inserting ``Secretary of Homeland Security, and the Administrator of the Transportation Security Administration''; and (ii) by striking ``intelligence community and the Under Secretary'' and inserting ``intelligence community and the Administrator of the Transportation Security Administration''; (10) section 44912 is amended-- (A) in subsection (a)-- (i) in paragraph (1)-- (I) by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator''; and (II) by striking ``, not later than November 16, 1993,''; and (ii) in paragraph (4)(C), by striking ``Research, Engineering and Development Advisory Committee'' and inserting ``Administrator''; (B) in subsection (c)-- (i) in paragraph (1), by striking ``, as a subcommittee of the Research, Engineering, and Development Advisory Committee,''; and (ii) in paragraph (4), by striking ``Not later than 90 days after the date of the enactment of the Aviation and Transportation Security Act, and every two ***years*** thereafter,'' and inserting ``Biennially,''; (C) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; and (D) by adding at the end the following: ``(d) Security and Research and Development Activities.-- ``(1) In general.--The Administrator shall conduct research (including behavioral research) and development activities appropriate to develop, modify, test, and evaluate a system, procedure, facility, or device to protect passengers and property against acts of criminal violence, aircraft piracy, and terrorism and to ensure security. ``(2) Disclosure.-- ``(A) In general.--Notwithstanding section 552 of title 5, the Administrator shall prescribe regulations prohibiting disclosure of information obtained or developed in ensuring security under this title if the Secretary of Homeland Security decides disclosing the information would-- ``(i) be an unwarranted invasion of personal privacy; ``(ii) reveal a trade secret or privileged or confidential commercial or financial information; or ``(iii) be detrimental to transportation safety. ``(B) Information to congress.--Subparagraph (A) does not authorize information to be withheld from a committee of Congress authorized to have the information. ``(C) Rule of construction.--Nothing in subparagraph (A) shall be construed to authorize the designation of information as sensitive security information (as defined in section 15.5 of title 49, Code of Federal Regulations)-- ``(i) to conceal a violation of law, inefficiency, or administrative error; ``(ii) to prevent embarrassment to a person, organization, or agency; ``(iii) to restrain competition; or ``(iv) to prevent or delay the release of information that does not require protection in the interest of transportation security, including basic scientific research information [[Page H9031]] not clearly related to transportation security. ``(D) Privacy act.--Section 552a of title 5 shall not apply to disclosures that the Administrator of the Transportation Security Administration may make from the systems of records of the Transportation Security Administration to any Federal law enforcement, intelligence, protective service, immigration, or national security official in order to assist the official receiving the information in the performance of official duties. ``(3) ***Transfers*** of duties and powers prohibited.--Except as otherwise provided by law, the Administrator may not ***transfer*** a duty or power under this section to another department, agency, or instrumentality of the United States Government. ``(e) Definition of Administrator.--In this section, the term `Administrator' means the Administrator of the Transportation Security Administration.''; (11) section 44913 is amended-- (A) in subsection (a)-- (i) in paragraph (1), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration (referred to in this section as `the Administrator')''; (ii) by striking paragraph (2); (iii) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively; and (iv) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; and (B) in subsection (b), by striking ``Secretary of Transportation'' and inserting ``Administrator''; (12) section 44914 is amended-- (A) by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; (B) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; and (C) by inserting ``the Department of Transportation,'' before ``air carriers, airport authorities, and others''; (13) section 44915 is amended by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; (14) section 44916 is amended-- (A) in subsection (a), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (B) in subsection (b)-- (i) by striking ``Under Secretary'' the first place it appears and inserting ``Administrator of the Transportation Security Administration''; and (ii) by striking ``Under Secretary'' the second place it appears and inserting ``Administrator''; (15) section 44917 is amended-- (A) in subsection (a)-- (i) in the matter preceding paragraph (1), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) in paragraph (2), by striking ``by the Secretary'' and inserting ``by the Administrator''; (B) in subsection (d)-- (i) in paragraph (1), by striking ``Assistant Secretary for Immigration and Customs Enforcement of the Department of Homeland Security'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) in paragraph (3), by striking ``Assistant Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (16) section 44918 is amended-- (A) in subsection (a)-- (i) in paragraph (2)(E), by striking ``Under Secretary for Border and Transportation Security of the Department of Homeland Security'' and inserting ``Administrator of the Transportation Security Administration''; (ii) in paragraph (4), by striking ``Not later than one ***year*** after the date of enactment of the Vision 100--Century of Aviation Reauthorization Act, the'' and inserting ``The''; and (iii) in paragraph (5), by striking ``the date of enactment of the Vision 100--Century of Aviation Reauthorization Act'' and inserting ``December 12, 2003,''; (B) in subsection (b)-- (i) in paragraph (1), by striking ``Not later than one ***year*** after the date of enactment of the Vision 100--Century of Aviation Reauthorization Act, the'' and inserting ``The''; and (ii) in paragraph (6), by striking ``Federal Air Marshals Service'' and inserting ``Federal Air Marshal Service''; and (C) by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (17) section 44920 is amended-- (A) in subsection (g)(1), by striking ``subsection (a) or section 44919'' and inserting ``subsection (a)''; and (B) by adding at the end the following: ``(i) Definition of Administrator.--In this section, the term `Administrator' means the Administrator of the Transportation Security Administration.''; (18) section 44922 is amended-- (A) in the heading, by striking ``Deputation'' and inserting ``Deputization''; (B) in subsection (a)-- (i) in the heading, by striking ``Deputation'' and inserting ``Deputization''; and (ii) by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; (C) in subsection (e), by striking ``deputation'' and inserting ``deputization''; and (D) by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (19) section 44923 is amended-- (A) in subsection (a), by striking ``Under Secretary for Border and Transportation Security of the Department of Homeland Security'' and inserting ``Administrator of the Transportation Security Administration''; (B) by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (C) in subsection (e)-- (i) by striking paragraph (2); and (ii) by striking ``(1) In general.--''; and (D) by striking subsection (j); (20) section 44924 is amended-- (A) in subsection (a)-- (i) by striking ``Under Secretary for Border and Transportation Security of the Department of Homeland Security'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) by striking ``Administrator under'' and inserting ``Administrator of the Federal Aviation Administration under''; (B) in subsections (b), (c), (d), (e), and (f), by striking ``Administrator'' and inserting ``Administrator of the Federal Aviation Administration''; (C) in subsection (f), by striking ``Not later than 240 days after the date of enactment of this section, the'' and inserting ``The''; and (D) by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (21) section 44925 is amended-- (A) in subsection (b)(1), by striking ``Not later than 90 days after the date of enactment of this section, the Assistant Secretary of Homeland Security (Transportation Security Administration)'' and inserting ``The Administrator of the Transportation Security Administration''; (B) in subsection (b), by striking paragraph (3); and (C) in subsection (d), by striking ``Assistant Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (22) section 44926(b)(3) is amended by striking ``an misidentified passenger'' and inserting ``a misidentified passenger''; (23) section 44927 is amended-- (A) by striking ``Assistant Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (B) in subsection (a), by striking ``Veteran Affairs'' and inserting ``Veterans Affairs''; and (C) in subsection (f)-- (i) in the heading, by striking ``Report'' and inserting ``Reports''; and (ii) by striking ``Not later than 1 ***year*** after the date of enactment of this section, and annually thereafter,'' and inserting ``Each ***year***,''; (24) section 44933 is amended-- (A) in subsection (a)-- (i) by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; (ii) by striking ``Federal Security Manager'' and inserting ``Federal Security Director''; and (iii) by striking ``Managers'' each place it appears and inserting ``Federal Security Directors''; (B) in subsection (b), by striking ``Manager'' and inserting ``Federal Security Director''; and (C) by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (25) section 44934 is amended-- (A) in subsection (a)-- (i) by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; (ii) by striking ``airports. In coordination with the Secretary'' and inserting ``airports. In coordination with the Secretary of State''; (iii) by striking ``The Secretary shall give high priority'' and inserting ``The Secretary of State shall give high priority''; and (iv) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; and (B) in subsection (b)-- (i) in the matter preceding paragraph (1), by striking ``Under Secretary'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) in paragraph (1), by striking ``Under Secretary'' and inserting ``Administrator''; and (C) in subsection (c), by striking ``the Secretary and the chief'' and inserting ``the Secretary of State and the chief''; (26) section 44935 is amended-- (A) in subsection (a), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator''; (B) in subsection (e)-- (i) in paragraph (1), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator''; and (ii) in paragraph (2)(A)-- (I) in the matter preceding clause (i)-- [[Page H9032]] (aa) by striking ``Within 30 days after the date of enactment of the Aviation and Transportation Security Act, the'' and inserting ``The''; and (bb) by inserting ``other'' before ``provision of law''; and (II) in clause (ii), by striking ``section 1102(a)(22)'' and inserting ``section 101(a)(22)''; (C) in subsection (f)(1), by inserting ``other'' before ``provision of law''; (D) in subsection (g)(2), by striking ``Within 60 days after the date of enactment of the Aviation and Transportation Security Act, the'' and inserting ``The''; (E) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; and (F) by adding at the end the following: ``(l) Definition of Administrator.--In this section, the term `Administrator' means the Administrator of the Transportation Security Administration.''; (27) section 44936 is amended-- (A) in subsection (a)-- (i) by striking ``Under Secretary of Transportation for Security'' each place it appears and inserting ``Administrator''; (ii) in paragraph (1)-- (I) in subparagraph (A), by striking ``,,'' and inserting a comma; and (II) by striking subparagraph (C); and (iii) by redesignating subparagraph (D) as subparagraph (C); (B) in subsection (c)(1), by striking ``Under Secretary's'' and inserting ``Administrator's''; (C) by striking ``Under Secretary'' each place it appears and inserting ``Administrator''; and (D) by adding at the end the following: ``(f) Definition of Administrator.--In this section, the term `Administrator' means the Administrator of the Transportation Security Administration.''; (28) section 44937 is amended by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; (29) section 44938 is amended-- (A) in subsection (a)-- (i) by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) by striking ``Secretary of Transportation'' and inserting ``Secretary of Homeland Security''; and (B) by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (30) section 44939(d) is amended by striking ``Not later than 60 days after the date of enactment of this section, the Secretary'' and inserting ``The Secretary of Homeland Security''; (31) section 44940 is amended-- (A) in subsection (a)-- (i) in paragraph (1)-- (I) by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (II) by striking the last two sentences; and (ii) by adding at the end the following: ``(2) Determination of costs.-- ``(A) In general.--The amount of the costs under paragraph (1) shall be determined by the Administrator of the Transportation Security Administration and shall not be subject to judicial review. ``(B) Definition of federal law enforcement personnel.--For purposes of paragraph (1)(A), the term `Federal law enforcement personnel' includes State and local law enforcement officers who are deputized under section 44922.''; (B) in subsections (b), (d), (e), (g), and (h), by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (C) in subsection (d)-- (i) in paragraph (1)-- (I) by striking ``within 60 days of the date of enactment of this Act, or''; and (II) by striking ``thereafter''; and (ii) in paragraph (2), by striking ``subsection (d)'' each place it appears and inserting ``paragraph (1) of this subsection''; (D) in subsection (e)(1), by striking ``Fees payable to under secretary'' in the heading and inserting ``Fees payable to administrator''; and (E) in subsection (i)(4)-- (i) by striking subparagraphs (A) through (D); and (ii) by redesignating subparagraphs (E) through (L) as subparagraphs (A) through (H), respectively; (32) section 44941(a) is amended by inserting ``the Department of Homeland Security,'' after ``Department of Transportation,''; (33) section 44942 is amended-- (A) in subsection (a)-- (i) in paragraph (1)-- (I) in the matter preceding subparagraph (A), by striking ``Within 180 days after the date of enactment of the Aviation and Transportation Security Act, the Under Secretary for Transportation Security may, in consultation with'' and inserting ``The Administrator of the Transportation Security Administration may, in consultation with other relevant Federal agencies and''; and (II) in subparagraph (A), by striking ``, and'' and inserting ``; and''; and (ii) in paragraph (2), by inserting a comma after ``Federal Aviation Administration''; (B) in subsection (b)-- (i) by striking ``(1) Performance plan and report.--''; (ii) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively; (iii) in paragraph (1), as redesignated-- (I) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; (II) in subparagraph (A), as redesignated, by striking ``the Secretary and the Under Secretary for Transportation Security shall agree'' and inserting ``the Secretary of Homeland Security and the Administrator of the Transportation Security Administration shall agree''; and (III) in subparagraph (B), as redesignated, by striking ``the Secretary, the Under Secretary for Transportation Security'' and inserting ``the Secretary of Homeland Security, the Administrator of the Transportation Security Administration,''; and (iv) in paragraph (2), as redesignated, by striking ``Under Secretary for Transportation Security'' and inserting ``Administrator of the Transportation Security Administration''; (34) section 44943 is amended-- (A) in subsection (a), by striking ``Under Secretary for Transportation Security'' and inserting ``Administrator of the Transportation Security Administration''; (B) in subsection (b)-- (i) in paragraph (1)-- (I) by striking ``Secretary and Under Secretary of Transportation for Security'' and inserting ``Secretary of Homeland Security and Administrator of the Transportation Security Administration''; and (II) by striking ``Under Secretary'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) in paragraph (2)-- (I) by striking ``Under Secretary'' the first place it appears and inserting ``Administrator of the Transportation Security Administration''; and (II) by striking ``Under Secretary shall'' each place it appears and inserting ``Administrator shall''; and (C) in subsection (c), by striking ``Aviation Security Act, the Under Secretary for Transportation Security'' and inserting ``Aviation and Transportation Security Act (Public Law 107-71; 115 Stat. 597), the Administrator of the Transportation Security Administration''; (35) section 44944 is amended-- (A) in subsection (a)-- (i) in paragraph (1), by striking ``Under Secretary of Transportation for Transportation Security'' and inserting ``Administrator of the Transportation Security Administration''; and (ii) in paragraph (4), by inserting ``the Administrator of the Federal Aviation Administration,'' after ``consult with''; and (B) by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (36) section 44945(b) is amended by striking ``Assistant Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; and (37) section 44946 is amended-- (A) in subsection (g)-- (i) by striking paragraph (2); (ii) by redesignating paragraph (1) as paragraph (2); and (iii) by inserting before paragraph (2), as redesignated, the following: ``(1) Administrator.--The term `Administrator' means the Administrator of the Transportation Security Administration.''; (B) by striking ``Assistant Secretary'' each place it appears and inserting ``Administrator''; (C) in subsection (b)(4)-- (i) by striking ``the Secretary receives'' and inserting ``the Administrator receives''; and (ii) by striking ``the Secretary shall'' and inserting ``the Administrator shall''; and (D) in subsection (c)(1)(A), by striking ``Not later than 180 days after the date of enactment of the Aviation Security Stakeholder Participation Act of 2014, the'' and inserting ``The''. (e) Chapter 451 Amendments.--Section 45107 is amended-- (1) in subsection (a), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (2) in subsection (b), by striking the second sentence. (f) Chapter 461 Amendments.--Chapter 461 is amended-- (1) in each of sections 46101(a)(1), 46102(a), 46103(a), 46104(a), 46105(a), 46106, 46107(b), and 46110(a) by striking ``Under Secretary of Transportation for Security with respect to security duties and powers designated to be carried out by the Under Secretary'' and inserting ``Administrator of the Transportation Security Administration with respect to security duties and powers designated to be carried out by the Administrator of the Transportation Security Administration''; (2) in each of sections 46101, 46102(c), 46103, 46104, 46105, 46107, and 46110 by striking ``or Administrator'' each place it appears and inserting ``or Administrator of the Federal Aviation Administration''; (3) in each of sections 46101(a)(1), 46102(a) 46103(a), 46104(a), 46105(a), 46106, 46107(b), and 46110(a) by striking ``by the Administrator)'' and inserting ``by the Administrator of the Federal Aviation Administration)''; (4) in each of sections 46101, 46102, 46103, 46104, 46105, 46107, and 46110 by striking ``Under Secretary,'' each place it appears and inserting ``Administrator of the Transportation Security Administration,''; [[Page H9033]] (5) in section 46102-- (A) in subsection (b), by striking ``the Administrator'' each place it appears and inserting ``the Administrator of the Federal Aviation Administration''; (B) in subsection (c), by striking ``and Administrator'' each place it appears and inserting ``and Administrator of the Federal Aviation Administration''; and (C) in subsection (d), by striking ``the Administrator, or an officer or employee of the Administration'' in subsection (d) and inserting ``the Administrator of the Federal Aviation Administration, or an officer or employee of the Federal Aviation Administration''; (6) in section 46104-- (A) by striking ``subpena'' each place it appears and inserting ``subpoena''; and (B) in subsection (b)-- (i) in the heading, by striking ``Subpenas'' and inserting ``Subpoenas''; and (ii) by striking ``the Administrator, or'' and inserting ``the Administrator of the Federal Aviation Administration, or''; (7) in section 46105(c), by striking ``When the Administrator'' and inserting ``When the Administrator of the Federal Aviation Administration''; (8) in section 46109, by inserting ``(or the Administrator of the Transportation Security Administration with respect to security duties and powers designated to be carried out by the Administrator of the Transportation Security Administration or the Administrator of the Federal Aviation Administration with respect to aviation safety duties and powers designated to be carried out by the Administrator)'' after ``Secretary of Transportation''; and (9) in section 46111-- (A) in subsection (a)-- (i) by inserting ``the'' before ``Federal Aviation Administration''; (ii) by striking ``Administrator is'' and inserting ``Administrator of the Federal Aviation Administration is''; and (iii) by striking ``Under Secretary for Border and Transportation Security of the Department of Homeland Security'' and inserting ``Administrator of the Transportation Security Administration''; (B) in subsections (b), (c), (e), and (g), by striking ``Administrator'' each place it appears and inserting ``Administrator of the Federal Aviation Administration''; (C) in subsection (g)(2)(A), by striking ``(18 U.S.C App.)'' and inserting ``(18 U.S.C App.))''; and (D) by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''. (g) Chapter 463 Amendments.--Chapter 463 is amended-- (1) in section 46301-- (A) in subsection (a)(5)-- (i) in subparagraph (A)(i), by striking ``or chapter 451'' and inserting ``chapter 451''; and (ii) in subparagraph (D), by inserting ``of Transportation'' after ``Secretary''; (B) in subsection (d)-- (i) in paragraph (2)-- (I) by striking ``defined by the Secretary'' and inserting ``defined by the Secretary of Transportation''; and (II) by striking ``Administrator shall'' and inserting ``Administrator of the Federal Aviation Administration shall''; (ii) in paragraphs (3), (4), (5), (6), (7), and (8), by striking ``Administrator'' each place it appears and inserting ``Administrator of the Federal Aviation Administration''; and (iii) in paragraph (8), by striking ``Under Secretary'' and inserting ``Administrator of the Transportation Security Administration''; (C) in subsection (e), by inserting ``of Transportation'' after ``Secretary''; (D) in subsection (g), by striking ``Administrator'' and inserting ``Administrator of the Federal Aviation Administration''; and (E) in subsection (h)(2)-- (i) by striking ``Under Secretary of Transportation for Security with respect to security duties and powers designated to be carried out by the Under Secretary'' and inserting ``Administrator of the Transportation Security Administration with respect to security duties and powers designated to be carried out by the Administrator of the Transportation Security Administration''; and (ii) by striking ``or the Administrator with respect to aviation safety duties and powers designated to be carried out by the Administrator'' and inserting ``or the Administrator of the Federal Aviation Administration with respect to aviation safety duties and powers designated to be carried out by the Administrator of the Federal Aviation Administration''; (2) in section 46304(b), by striking ``or the Administrator of the Federal Aviation Administration with respect to aviation safety duties and powers designated to be carried out by the Administrator'' and inserting ``or the Administrator of the Federal Aviation Administration with respect to aviation safety duties and powers designated to be carried out by the Administrator of the Federal Aviation Administration''; (3) in section 46311-- (A) in subsection (a)-- (i) in the matter preceding paragraph (1)-- (I) by striking ``Under Secretary of Transportation for Security with respect to security duties and powers designated to be carried out by the Under Secretary'' and inserting ``Administrator of the Transportation Security Administration with respect to security duties and powers designated to be carried out by the Administrator of the Transportation Security Administration''; (II) by striking ``the Administrator of the Federal Aviation Administration with respect to aviation safety duties and powers designated to be carried out by the Administrator'' and inserting ``or the Administrator of the Federal Aviation Administration with respect to aviation safety duties and powers designated to be carried out by the Administrator of the Federal Aviation Administration''; (III) by striking ``Administrator shall'' and inserting ``Administrator of the Federal Aviation Administration shall''; and (IV) by striking ``Administrator,'' and inserting ``Administrator of the Federal Aviation Administration,''; and (ii) in paragraph (1), by striking ``Administrator'' and inserting ``Administrator of the Federal Aviation Administration''; (B) in subsections (b) and (c), by striking ``Administrator'' each place it appears and inserting ``Administrator of the Federal Aviation Administration''; and (C) by striking ``Under Secretary'' each place it appears and inserting ``Administrator of the Transportation Security Administration''; (4) in section 46313-- (A) by striking ``Under Secretary of Transportation for Security with respect to security duties and powers designated to be carried out by the Under Secretary'' and inserting ``Administrator of the Transportation Security Administration with respect to security duties and powers designated to be carried out by the Administrator of the Transportation Security Administration''; (B) by striking ``or the Administrator of the Federal Aviation Administration with respect to aviation safety duties and powers designated to be carried out by the Administrator'' and inserting ``or the Administrator of the Federal Aviation Administration with respect to aviation safety duties and powers designated to be carried out by the Administrator of the Federal Aviation Administration''; and (C) by striking ``subpena'' and inserting ``subpoena''; and (5) in section 46316(a)-- (A) by striking ``Under Secretary of Transportation for Security with respect to security duties and powers designated to be carried out by the Under Secretary'' and inserting ``Administrator of the Transportation Security Administration with respect to security duties and powers designated to be carried out by the Administrator of the Transportation Security Administration''; and (B) by striking ``or the Administrator of the Federal Aviation Administration with respect to aviation safety duties and powers designated to be carried out by the Administrator'' and inserting ``or the Administrator of the Federal Aviation Administration with respect to aviation safety duties and powers designated to be carried out by the Administrator of the Federal Aviation Administration''. (h) Chapter 465 Amendments.--Chapter 465 is amended-- (1) in section 46505(d)(2), by striking ``Under Secretary of Transportation for Security'' and inserting ``Administrator of the Transportation Security Administration''; and (2) in the table of contents for chapter 465 of subtitle VII, by striking the following: ``46503. Repealed.''. (i) Chapter 483 Repeal.-- (1) In general.--Chapter 483 is repealed. (2) Conforming amendment.--The table of contents for subtitle VII is amended by striking the following: ``483. Aviation security funding...........................48301''..... (j) Authority To Exempt.-- (1) In general.--Subchapter II of chapter 449 is amended by inserting before section 44933 the following: ``Sec. 44931. Authority to exempt ``The Secretary of Homeland Security may grant an exemption from a regulation prescribed in carrying out sections 44901, 44903, 44906, 44909(c), and 44935-44937 of this title when the Secretary decides the exemption is in the public interest. ``Sec. 44932. Administrative ``(a) General Authority.--The Secretary of Homeland Security or the Administrator of the Transportation Security Administration may take action the Secretary or the Administrator considers necessary to carry out this chapter and chapters 461, 463, and 465 of this title, including conducting investigations, prescribing regulations, standards, and procedures, and issuing orders. ``(b) Indemnification.--The Administrator of the Transportation Security Administration may indemnify an officer or employee of the Transportation Security Administration against a claim or judgment arising out of an act that the Administrator decides was committed within the scope of the official duties of the officer or employee.''. (2) Table of contents.--The table of contents of chapter 449 is amended by inserting before the item relating to section 44933 the following: ``44931. Authority to exempt. ``44932. Administrative.''. SEC. 1992. TABLE OF CONTENTS OF CHAPTER 449. The table of contents of chapter 449 is amended-- (1) in the item relating to section 44922, by striking ``Deputation'' and inserting ``Deputization''; and [[Page H9034]] (2) by inserting after section 44941 the following: ``44942. Performance goals and objectives. ``44943. Performance management system.''. SEC. 1993. OTHER LAWS; INTELLIGENCE REFORM AND TERRORISM PREVENTION ACT OF 2004. Section 4016(c) of the Intelligence Reform and Terrorism Prevention Act of 2004 (49 U.S.C 44917 note) is amended-- (1) in paragraph (1), by striking ``Assistant Secretary for Immigration and Customs Enforcement'' and inserting ``Administrator of the Transportation Security Administration''; and (2) in paragraph (2), by striking ``Assistant Secretary for Immigration and Customs Enforcement and the Director of Federal Air Marshal Service of the Department of Homeland Security, in coordination with the Assistant Secretary of Homeland Security (Transportation Security Administration),'' and inserting ``Administrator of the Transportation Security Administration and the Director of Federal Air Marshal Service of the Department of Homeland Security''. SEC. 1994. SAVINGS PROVISIONS. References relating to the Under Secretary of Transportation for Security in statutes, Executive orders, rules, regulations, directives, or delegations of authority that precede the effective date of this Act shall be deemed to refer, as appropriate, to the Administrator of the Transportation Security Administration. The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Pennsylvania (Mr. Shuster) and the gentleman from Oregon (Mr. DeFazio) each will control 20 minutes. The Chair recognizes the gentleman from Pennsylvania. General Leave Mr. SHUSTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous materials on the bill under consideration. The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania? There was no objection. Mr. SHUSTER. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, this will be one of the last Transportation and Infrastructure bills this House will consider this Congress and the last during my chairmanship. I am extremely proud to bring a bill to the floor that has bipartisan and bicameral support today. H.R 302 includes the FAA Reauthorization Act, the Disaster Recovery Reform Act, the National Transportation Safety Board Reauthorization Act, and other priorities from multiple House committees. The FAA Reauthorization Act provides for 5 ***years*** of critical stability for our aviation ***programs*** and infrastructure. This is the first time since 1982 that we will be passing a 5-***year*** bill. Again, as I said, it brings the stability and certainty to the aviation industry that it needs to produce and perform the way it needs to. This bill cuts red tape in the certification process, which means that our manufacturers of avionics and aviation airframes will be able to move forward faster, bringing those products to market faster, quicker, and more efficiently. It encourages American innovation and improves aviation safety, and it provides long-term funding to the Airport Improvement ***Program***. Many Members' small- and medium-sized airports are going to benefit greatly by this. This bill also includes the Disaster Recovery Reform Act. It is the largest FEMA reform package since 2006 post-Katrina law. In particular, DRRA focuses on predisaster mitigation. Building better and building smarter before disasters strike is a wise use of our resources. This will save lives, will save money, and will bend the cost curve by spending a little bit of money up front to make sure these disasters don't have the devastating effects that they possibly could have. My mother used to say that an ounce of prevention is worth a pound of cure. That is what this bill does. I want to thank the members of the Transportation and Infrastructure Committee and other committees who worked on this bill. I especially want to thank Chairmen LoBiondo and Barletta, Ranking Members DeFazio, Larsen, and Titus, and Senators Thune and Nelson for their hard work on this bill. I, finally, want to thank the staff of the Transportation and Infrastructure Committee and the legislative counsel for working tirelessly for months and late nights, often on weekends, to complete this bill. Mr. Speaker, I strongly urge my colleagues to support today's legislation, and I reserve the balance of my time. House of Representatives, Committee on Homeland Security, Washington, DC, September 26, 2018. Hon. Bill Shuster, Chairman, Committee on Transportation and Infrastructure, Washington, DC. Dear Chairman Shuster: I write concerning the House Amendments to the Senate Amendments to H.R.302, the ``FAA Reauthorization Act of 2018''. I appreciate you working with me to include matters in the House Amendments that fall within the Rule X jurisdiction of the Committee on Homeland Security. Several provisions included in the House Amendments will go a long way to better protect Americans and our Homeland. Please place a copy of this letter and your response acknowledging our jurisdictional interest in the House Amendments in the Congressional Record during House Floor consideration of the ``FAA Reauthorization Act of 2018''. I look forward to working with the Committee on Transportation and Infrastructure on additional legislative initiatives this Congress. Sincerely, Michael T. McCaul, Chairman. \_\_\_\_ Committee on Transportation and Infrastructure, House of Representatives, Washington, DC, September 26, 2018. Hon. Michael McCaul, Chairman, Committee on Homeland Security, Washington, DC. Dear Chairman McCaul: Thank you for your letter regarding the House Amendments to the Senate Amendments to H.R.302, the FAA Reauthorization Act of 2018. I acknowledge your committee's jurisdictional interest in several provisions in the House amendment and appreciate your willingness to work with us on said provisions. I will place a copy of your letter and our response in the Congressional Record during House Floor consideration of the FAA Reauthorization Act of 2018. I, too, look forward to working with the Committee on Homeland Security on additional legislative initiatives this Congress. Sincerely, Bill Shuster, Chairman. Mr. DeFAZIO. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I am going to talk quickly because I have got a lot of people who want to talk, and there are a lot of important things in this bill. I want to thank the chairman--he has done an extraordinary job here-- and Chairman LoBiondo, both retiring, and we will miss them. I also want to thank my colleague Mr. Larsen. Now, there are many provisions that are very important. I won't get to all of them here. But flight attendants, thanks to Michael Capuano of Massachusetts, are going to get a 10-hour minimum rest period. They are safety-critical professionals. In the current rules, sometimes they are only getting 4 or 5 hours a night on certain routes. That is not right. That is long overdue. We have to see whether or not we can actually meet the standard of evacuating a plane in 90 seconds as budget carriers and others cram more and more seats in that are narrower and narrower, less and less pitch. Can we still meet those standards? We are going to find out whether we can or not. A provision later in the bill inserted by another of my colleagues, Steve Cohen, will require the FAA, particularly if instructed by this study, to set minimum pitch width and length requirements for passenger seats. The drones--we have 100 reports of drone sightings by pilots in controlled airspace being illegally operated every month. Sooner or later, one of those things is going to take down a jetliner with passengers on board. Until now, Congress has prohibited the FAA from regulating these drones because the model aircraft people think they are going to all be grounded. They are not going to be grounded. The FAA isn't going to go after responsible operators. You are going have to register. You are going to have to show that you understand the rules. But the model aircraft people already do. Many of these toy people, like the one who stopped firefighting in my district in August, are breaking the law; and we are going to know and be able to identify them, find them, fine them, jail them, whatever is necessary to stop these dangerous activities. So that is an incredibly important part of the bill. There are certification reforms. Our manufacturers have been waiting for ***years***. We need to maintain our lead in [[Page H9035]] aerospace. We are finally getting certification reform to make their production of new equipment, modern, state-of-the-art stuff, much easier. We are also going to require the FAA to facilitate and defend their approvals overseas. No more Chinese aviation authority blackmailing our manufacturers into giving them proprietary information so they can sell their product in China. That has got to stop. We are going to make the FAA help our manufacturers over there. We are going to have some passenger rights here. As I already talked about, Steve Cohen with the seat pitch. There are also consumer protections. We are going to have better identification of what is going to happen. They are going to have to post online, with mass cancelations, what they are going to do with people; permanent prohibition of cellphones in flight. It did not, unfortunately, include a provision that Chairman LoBiondo, Drew Ferguson, and I authored to help the airline industry-- or defend the airline industry--from following the cruise line model where all the crews are going to be foreign and not subject to U.S law with flags of convenience. That is something that yet needs to be addressed. It does not allow an increase in the passenger facility charge, which hasn't been updated in about 20 ***years***, and yet airports do not have sufficient bonding capacity to make the improvements we need to make the airports flow more quickly and a better experience for passengers. The airlines should join me in that instead of opposing that. It also has disaster recovery reform in there. We are going to do more investment in predisaster mitigation, which will save massive amounts of money for taxpayers. We are going to require stronger building codes as we rebuild. It also has some important things for the State of Oregon that relate to earthquake early warning and mitigation regarding forest fires. Finally, we are going to take money that is being stolen from passengers. Now we have a big fight over a passenger facility charge, yet the airlines did not raise a stink when the Republican Congress diverted--raised, twice--the passenger security fee and diverted the money to nonpassenger security issues, which is delaying the deployment of new, more efficient equipment by the TSA. We are going to finally end that practice, not soon enough, but perhaps we can amend that later. Mr. Speaker, I reserve the balance of my time. Mr. SHUSTER. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. Frelinghuysen), who is the chairman of the Appropriations Committee. Mr. FRELINGHUYSEN. Mr. Speaker, I thank the gentleman from Pennsylvania for yielding. Mr. Speaker, I rise in support of H.R 302. Hurricane Florence struck North and South Carolina last week, leading to the loss of many lives and incredible hardship for thousands of families. This Chamber's thoughts are with those devastated by the storm, particularly those who lost their homes, their livelihoods, and their loved ones. My thanks to the House Appropriations Committee's chairs, especially their dedicated appropriations staff for their quick action to provide this initial supplemental appropriation of $1.68 billion included in this legislative package. They did the same good job on behalf of the residents of the Carolinas as they did for the victims of Harvey, Irene, and Maria, whose issues and crises we addressed last ***year***. Mr. Speaker, I strongly support the bill in all aspects. Mr. DeFAZIO. Mr. Speaker, I yield 3 minutes to the gentleman from the State of Washington (Mr. Larsen). Mr. LARSEN of Washington. Mr. Speaker, I rise in support of this bipartisan, long-term measure to reauthorize the Federal Aviation Administration. I want to thank Chairman Shuster, Chairman LoBiondo, and Ranking Member DeFazio for all of the work that they have put into this bill for nearly 5 ***years*** now. I am pleased that we have come to a bipartisan and bicameral agreement to raise the bar on aviation safety, improve the experience for the traveling public, better prepare and diversify the aviation workforce, increase the global competitiveness of U.S aerospace manufacturers, and pave the way for advanced drone operations in U.S airspace. Many reforms included in this bill have an immediate impact and benefits in Washington State where I am from. It is a leader in U.S aviation and aerospace. General aviation contributes an estimated $3.6 billion to our economy and supports more than 30,000 jobs a ***year***. Improving the FAA's certification processes for aircraft and other aviation and airspace products allows U.S manufacturers like the smaller contractors and suppliers throughout my district to get newer and safer products to market faster. The bill's certification reforms will better enable U.S aviation manufacturers to compete globally. H.R 302 also recognizes the importance of recruiting, training, and developing the next generation of aviation workforce. The bill creates a task force to develop recommendations on encouraging young people to pursue careers in aviation maintenance, manufacturing, and engineering through apprenticeships, as well as two new grant ***programs*** to support pilot education and recruitment of aviation maintenance workers. In addition, the legislation includes strong consumer protections like establishing minimum seat dimensions, prohibiting airlines from involuntarily bumping passengers who have cleared the gate, and designating nursing rooms for mothers in each terminal. I have advocated, as well, to better address the needs of passengers with disabilities while traveling. This measure makes significant improvements by requiring the FAA to study lavatory access for passengers with disabilities and increases civil penalties for damaging passengers' wheelchairs or mobility aids. Importantly, the agreement also protects the safety of our flight attendants by mandating 10 hours of rest for flight attendants, a requirement that has not been updated in two decades and is long overdue. The bipartisan legislation lays the groundwork for the safe and swift integration of drones into the national airspace, and advanced drone operations like package delivery. If the U.S cannot accommodate the growing drone industry, Congress has been told the innovation and economic benefits would move abroad. This long-term FAA reauthorization ensures these jobs stay in the United States. Further, the bill reauthorizes the TSA. This language is particularly important to me as, less than 2 months ago, an airline employee stole an aircraft and engaged in an unauthorized flight, which could have had devastating impacts in communities in northwest Washington State. To help ensure a similar incident does not happen again, the bill requires the TSA to work with industry to evaluate security gaps and how to make industry improvements. This moment has been a long time in the making. I am proud to have worked with the Transportation and Infrastructure Committee members and the staff on this milestone. I would like to give special thanks to my retiring colleagues, Chairman Bill Shuster and Chairman Frank LoBiondo for their ***years*** of service, dedication, and, most importantly, their friendship. The long-term FAA reauthorization bill is a strong, bipartisan effort that will propel the aviation industry, ensure the safety of the traveling public, and support economic growth. Mr. SHUSTER. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. Smith), who is the chairman of the Science, Space, and Technology Committee. {time} 1415 Mr. SMITH of Texas. Mr. Speaker, I thank Chairman Shuster for yielding, and I congratulate him on successfully advancing a 5-***year*** FAA reauthorization. H.R 302 includes the Science Committee's research and development title, the FLIGHT R&D Act. Title 7 includes our priority that 70 percent of annual FAA research and development funding be for safety research, up from less than 60 percent today. It establishes a new FAA Associate Administrator for Research and Development. [[Page H9036]] And it includes the Geospatial Data Act. Another provision provides for specified aircraft operations of space support vehicles licensed under the U.S space code. Another establishes a DOT Office of Spaceports and a national spaceport policy report. Mr. Speaker, I appreciate the chairman's work on this bill. I strongly support it. Mr. DeFAZIO. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. Hoyer), the Democratic whip. Mr. HOYER. Mr. Speaker, I thank the gentleman for yielding. Mr. Speaker, I rise in strong support of Bill Shuster. I am also supporting the bill. But I want to thank Bill for being a person who is constructive, visionary, and works across the aisle with constructive ideas. He has made a difference in this House. His father made a difference in this House. I thank him for his service. Mr. Speaker, I rise in support of this bill. It includes key changes to the Stafford Act that I have been working on with Mr. McCarthy and Mr. Bishop for many, many months. I have advocated for over the past ***year*** to permit Federal disaster aid funding to be used to not only reconstruct what stood before, but to build to 21st century standards. Importantly, the bill puts an emphasis on pre-disaster mitigation. The emphasis is on actions taken to lessen the impact of future disasters. Last ***year***, natural disasters cost the Nation a record $306 billion, eclipsing the previous record of $265 billion set in 2005. If we fail to do this, if we fail to mitigate, then we will have forsaken the lessons of Hurricanes Katrina, Sandy, Maria, and now Florence, or the devastating wildfires of the West. For every dollar spent in mitigating future disasters, we save between $4 and $8 in avoided future recovery efforts. This just makes sense. Last ***year***, when I traveled with Majority Leader McCarthy to Puerto Rico and to the U.S Virgin Islands with Mr. Bishop, the chairman of the committee, to see the aftermath of Hurricanes Maria and Irma, I saw Americans struggling without power, access to clean water, basic health services, or shelter over their heads. The majority leader and I came away from that visit determined to help these communities. Chairman Bishop joined with us. So I thank the committee. I want to thank Mr. DeFazio, too, who like Mr. Shuster is a constructive, positive Member who wants to make a difference for our country. My constituents thank him, and the country thanks him. I come to support a bill that was fashioned by two people who wanted to make sure that we did positive things in this House. The American people can be proud of our work today. Mr. SHUSTER. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. LoBiondo), the chairman of the Subcommittee on Aviation. Mr. LoBIONDO. Mr. Speaker, this is a day we should all celebrate. It is not that often we have an opportunity to have a bipartisan, bicameral bill that does so much to help America. There are a lot of thank yous to go around. You have heard about the particulars of the bill. I want to thank Bill Shuster, who has been a very good friend and has put his faith and trust in allowing me to chair the Aviation Subcommittee 6 ***years***. I thank Peter DeFazio and Rick Larsen for their help. Rick has been a partner with me on Coast Guard and aviation issues. Also, the staff doesn't get enough thanks for the time and energy and work they put into it. I thank Holly Lyons, Naveen Rao, and Hunter Presti for all they have done over the ***years*** to make this committee move forward. And very special thanks to Geoff Gosselin, who was my legislative director for a number of ***years*** and has been a part of the major committee staff for a long time. This is really important to me. Aviation and the FAA has been a passion for me for all of my ***years*** in Congress. I have the honor of representing the Federal Aviation Administration's crown jewel technical center, which is in my district. The technical center is the heartbeat of aviation and the FAA in America. It is, as I said, the crown jewel for safety and security, and for keeping our Nation safe with the greatest aviation system in the world. But it is not because of the sophisticated laboratories and equipment. Yes, we have all that. It is the thousands of men and women who work there who put their heart, soul, energy, and enthusiasm into the dedication of making sure that our aviation system in the United States of America is the finest and the best. This bill will give the certainty and stability for them to do their job for 5 ***years***. The SPEAKER pro tempore. The time of the gentleman has expired. Mr. SHUSTER. Mr. Speaker, I yield the gentleman an additional 15 seconds. Mr. LoBIONDO. As you heard Chairman Shuster say, this has not happened since 1982. So for the men and women of the tech center, for the heart and soul that you have put into our system, God bless you and thank you for doing the great job that you do. Mr. DeFAZIO. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. Lipinski), a member of the committee. Mr. LIPINSKI. Mr. Speaker, I would like to thank both Chairman Shuster and Ranking Member DeFazio for their work in crafting this compromise bill and for including some of my provisions in the bill. Mr. DeFazio did an excellent job of going over pros and cons in this bill, so let me talk about a few provisions I have in here. One requires the GAO to quantify the cost to passengers of every airline computer failure since 2014, including the one that just occurred last night. I am hopeful this report will spur Congress to take further action to ensure better passenger protections. Other provisions will improve transparency in ticket sales and help develop the aviation workforce's next generation. The bill also has other wins for the traveling public, airline workers, and residents around airports. For example, the bill directs the FAA to be more responsive to community noise issues, including residents who live near airports such as Midway in my district. Finally, this bill will help our aviation system remain the gold standard for safety, including some of those things Mr. DeFazio talked about in regard to drones. I thank Chairman Shuster for his work on this bill, for all his work as chairman of the committee for 6 ***years***, and for everything he has done in Congress. I urge my colleagues to support this bill. Mr. SHUSTER. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. Barletta), the chairman of the Economic Development, Public Buildings, and Emergency Management Subcommittee. Mr. BARLETTA. Mr. Speaker, I rise today in support of H.R 302, which includes my bill, the Disaster Recovery Reform Act. In 2017, 8 percent of the United States population, that is 26.4 million Americans, were affected by at least one disaster. This ***year***, we have already seen tragedy strike in our communities. For example, in July and August, Pennsylvania was devastated by widespread flooding that destroyed homes and businesses and, tragically, cost lives. In Hershey, Pennsylvania, Swatara Creek crested at over 17 feet, the second highest level since the weather service began keeping records. As we speak, the Carolinas continue to recover from Hurricane Florence, which took the lives of more than 40 Americans. It is clear that these reforms are needed now more than ever. I thank Chairman Shuster for his support in getting this bill over the finish line. Mr. Speaker, I include in the Record an op-ed I coauthored with former FEMA Administrator David Paulison. As Millions Recover From Florence, Congress Has a Chance To Enact Disaster Reform (By Rep. Lou Barletta (R-Pa.) and R. David Paulison, 09/25/18) Last fall, the United States was devastated by an unprecedented string of natural disasters: hurricanes Harvey, Irma and Maria. These stain's now account for three of our country's five most expensive hurricanes on record, causing a combined $265 billion in damages. Even worse, the storms tragically took the lives of countless Americans. With painful memories of these disasters still fresh, the Atlantic hurricane season is once again at its peak in 2018. Hurricane [[Page H9037]] Florence made landfall in the Mid-Atlantic as a record- breaking storm, causing destruction like we have never seen in the region. While the communities affected by Florence will undoubtedly demonstrate American resolve and bounce back, they are serving as unfortunate reminders of the need to overhaul and improve our nation's disaster readiness. As we help those impacted by Florence continue to recover, it is more important than ever that we work to ensure that they are fully prepared for when the next disaster strikes. Over the course of our careers in and around emergency management, we have seen the direct impact pre-disaster mitigation can have on protecting local infrastructure, preserving property, and saving lives. Whether dealing with the aftermath of Hurricane Andrew in 1992, Katrina in 2005, or the increasingly costly storms from more recent ***years***, the primary lesson from these events is that there is no substitute for pre-disaster mitigation and resilient infrastructure. It could not be clearer: America needs a better system that saves lives and taxpayer dollars by building smarter and stronger before disaster strikes. These life-saving efforts can also provide massive savings to taxpayers. Expert research has consistently supported this assertion, with one recent study finding that every $1 invested up front in mitigation efforts can save as much as $8 on future costs. With the cost of these storms in the hundreds of billions, the savings pre-disaster mitigation can provide are invaluable. But despite the devastation caused by previous storms and the ongoing havoc of Florence, the United States continues to drag its feet when it comes to disaster preparedness. Many states still do not incentivize the use of certain safety standards, and the federal government wastes billions on reactive post-disaster spending instead of focusing on proactive investment in disaster preparedness. Fortunately, there is already a solution on the table that would provide both much-needed relief for Americans and an investment in a stronger future. The Disaster Recovery Reform Act of 2018 (DRRA), which has passed the House twice and is currently under consideration in the Senate, would go a long way toward accomplishing the goals of investing in pre- disaster mitigation and creating a more resilient America. Importantly, this bill would increase the amount of money available for pre-disaster mitigation following major disasters. By arming communities with the necessary resources to strengthen their infrastructure against hurricanes and other disasters, those affected across the country will be better equipped for the next inevitable disaster. With the DRRA, Congress has an opportunity to enact real disaster reform. Encouragingly, there have been recent signs that our national approach to disaster response, recovery, and mitigation is trending in the right direction. Earlier this ***year***, the House of Representatives included a cost share incentive provision designed to greatly enhance state resiliency in the Bipartisan Budget Reform Act that was signed into law by President Trump. FEMA, in addition to its extraordinary work done regularly in responding to disasters, is taking steps to ensure that this law is implemented effectively and efficiently. The Trump administration has provided strength in its response to those suffering from recent disasters, with Vice President Pence telling a community wracked by Hurricane Harvey that they would work to ``[rebuild] all of Texas bigger and better than ever before.'' However, these actions are only the beginning of the required wholesale shift in our national disaster framework. It is up to Congress to continue this momentum and enact meaningful reforms that will save lives, property and taxpayer dollars. Including the record-breaking 2017 season, disaster spending continues to be an ever-expanding cost category for the United States. With another tumultuous hurricane season underway, it is time for lawmakers to act. Safer, stronger communities mean a safer, stronger country. If members of Congress are serious about serving their constituents, then senators must finish the important work the House started and pass the Disaster Recovery Reform Act now. Mr. DeFAZIO. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee (Mr. Cohen), an esteemed member of the committee. Mr. COHEN. Mr. Speaker, I thank Ranking Member DeFazio and Chairman Shuster for their excellent efforts to work out this compromise on the FAA reauthorization and finding consensus with our Senate counterparts. I am glad to have successfully included four important measures in the final package. Special thanks to Senator Nelson and Ranking Member DeFazio for keeping in many key Democratic priorities that support labor, airports, and consumers; and, most notably, preserve the safety of the flying public. I should comment that the SEAT Act, which I am most proud of, a 3- ***year*** effort that I worked on with Adam Kinzinger, was accepted by voice vote in committee. I thank Mr. Shuster for that. It is a watershed moment for safety for the flying public. We have never before been forced to regulate seat sizes, but the reality is, the safety of the flying public is at risk unless we do. Representative Kinzinger and I worked on this to see to it that we put an end to the shrinking sizes of seats on airplanes through the SEAT Act, or the Safe Egress in Air Travel Act, so it would become law. Americans have become larger. Seats have become smaller. They have become more dangerous. There needs to be a study on the width and the pitch of seats to make sure that they are safe to be evacuated within the approximate 90 seconds they are supposed to be able to evacuate a plane. Flyers Rights and the National Consumers League also supported this. I would like to thank Senators Blumenthal, Markey, Warner, and Whitehouse, and others. I look forward to voting for this bill, and I encourage everybody to vote for it. {time} 1430 Mr. SHUSTER. Mr. Speaker, I yield 1 minute to the gentleman from Missouri (Mr. Graves), chairman of the Highway Subcommittee, a great ally and someone who understands the aviation industry and general aviation like nobody else in Congress. Mr. GRAVES of Missouri. Mr. Speaker, as one of the only professional pilots in Congress, I rise today in strong support of the long-awaited FAA reauthorization bill. I was happy to work closely with the chairman, ranking member, and all of our Senate counterparts to reach the compromise legislation that we have today. We are finally providing our aviation ***programs*** the much-needed, long- term certainty that they desire, and I am excited about a number of policies included in the bill that I advocated for. Just quickly, I secured language to prevent new taxes targeting consumers who rent cars at the airport. My aviation workforce development bill to encourage people to pursue careers in aviation as technicians and mechanics is included. I secured fixes on how the FAA regulates Living History Flight Experience flights. We finally ended the egregious FAA fees on large aviation events, such as Sun 'n Fun and Oshkosh air shows. We extended aircraft registration from 3 to 7 ***years***. We directed the FAA to restore the ``all makes and models'' certificate for experimental aircraft. Building an aircraft in your hangar now will be considered an aeronautical use of that hangar. There are many other things I can't include in my limited amount of time. As we approach key milestones in the ***program*** in 2020 and beyond, my colleagues and I on the committee will remain committed to holding the FAA accountable and ensuring the goals of NextGen are achieved. Mr. Speaker, I could go on, but, obviously, time does not allow. Mr. Speaker, as one of the only professional pilots in Congress, I rise today in strong support of the long awaited FAA Reauthorization bill. I was happy to work closely with the Chairman and Ranking Member, and our Senate counterparts to reach the compromise legislation before us today. We will finally be providing our aviation ***programs*** some much needed long term certainty. I am very excited about a number of policies included in the bill that I advocated for. Just to go over them quickly: I secured language to prevent new taxes targeting consumers who rent cars at the airport; My aviation workforce development bill to encourage people to pursue careers as aviation technicians and mechanics; I secured fixes to how FAA regulates living history flight experience flights; We are finally ending the egregious FAA fees on large aviation events; We extended aircraft registration from 3 ***years*** to 7 ***years***; Directed the FAA to restore the `all makes and models' certificate for experimental aircraft; Building an aircraft in your hangar will now be considered `aeronautical use' of that hangar; And many others that I can't cover in my limited time. As we approach key milestones in the ***program*** in 2020 and beyond, my colleagues and I on the committee remain committed to holding FAA accountable and ensuring the goals of NextGen are achieved. Mr. Speaker, I could go on and on when it comes to all the aviation policy in this bill that excites me. [[Page H9038]] But I'll save some time for my other colleagues. Mr. DeFAZIO. Mr. Speaker, I yield 1 minute to the gentlewoman from Nevada (Ms. Titus), a member of the committee. Ms. TITUS. Mr. Speaker, I am proud to stand with my colleagues on the Transportation and Infrastructure Committee today in support of this bill, which is the result of a lot of hard work over many ***years*** and includes a number of important wins for my constituents in Nevada and for users of our aviation system all around the world. As chair of the House Travel and Tourism Caucus, I am happy to see provisions to improve our airport infrastructure; protect air travelers; and support our pilots, flight attendants, and aviation professionals. In addition, I am glad the bill includes an important extension of the work being done at the Nevada UAS Test Site, which will allow critical research being carried out with NASA and FAA to advance low-altitude air traffic management vital to the success of the commercial drone industry. As ranking member of the Economic Development Subcommittee, I am also pleased to report that the bill includes the Bipartisan Disaster Recovery and Reform Act. These critical reforms will help communities become more resilient and better prepared to deal with the impacts of global climate change. With our neighbors in the Carolinas reeling from the impacts of Hurricane Florence, our fellow citizens in Puerto Rico and the Virgin Islands still rebuilding from last ***year***'s devastating hurricanes, and numerous communities in the West facing wildfires, this can't come soon enough. Mr. SHUSTER. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana (Mr. Graves), who truly is an expert when it comes to emergency management and disaster recovery. Mr. GRAVES of Louisiana. Mr. Speaker, I first want to thank the chairman, the ranking member, and their staff for their perseverance on this legislation. This is really an amazing accomplishment that I think is going to transform how we plan for, how we prepare for, and how we respond to and recover from disasters. Mr. Speaker, we spent more than $1.5 trillion responding to 220 disasters that have cost our Nation more than $1 billion each since 1980. We have this process in the Federal Government where we spend billions after a disaster rather than spending millions on the front- end actually preparing and making our communities more resilient. This bill begins to change that. There are a number of very important lessons learned, commonsense provisions in this legislation. I want to highlight the duplication of benefits, section 1210, of this legislation that reverses this crazy Federal policy whereby it was incentivizing people to wait, to slow down recovery, while costing FEMA more dollars in temporary housing, eliminating this process whereby loans and grants were viewed as being duplicative. Mr. DeFAZIO. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. Price), a key appropriator on these issues. Mr. PRICE of North Carolina. Mr. Speaker, I want to rise in the wake of the devastation of Hurricane Florence to profoundly thank the bipartisan leadership of the Transportation and Infrastructure Committee, of the Appropriations Committee, and of the House for working with North Carolina's Governor and with our bipartisan congressional delegation to include $1.68 billion in Community Development Block Grant Disaster Recovery funding to help communities in North Carolina, South Carolina, and across the country recover from natural disasters declared in ***calendar*** ***year*** 2018. CDBG-DR funding is critical for restoring housing, business, and infrastructure affected by Hurricane Florence. These funds constitute a robust down ***payment***, and I look forward to working with colleagues on both sides of the aisle to complete the job once full estimates are available. Mr. Speaker, I just want to say it is very, very reassuring--it is heartening--to the people of North Carolina and South Carolina to have this commitment from the Congress of the United States as our long process of recovery begins. Mr. SHUSTER. Mr. Speaker, I yield 30 seconds to the gentleman from Illinois (Mr. Rodney Davis), a great friend and one of the hardest working members of the Transportation and Infrastructure Committee. Mr. RODNEY DAVIS of Illinois. Mr. Speaker, this bill includes my bill, the Disaster Declaration Improvement Act, which requires FEMA to place greater consideration on the severe localized impact of damage following a disaster. I have fought for this critical disaster fairness legislation for ***years***, and we finally have an opportunity to get it signed into law. Enacting this language will help level the playing field, help central and southern Illinois receive greater fairness when disaster happens. Thank you, Chairman Shuster and Ranking Member DeFazio, for working to include this provision. I urge adoption of this legislation and this bill. Mr. DeFAZIO. Mr. Speaker, I yield 1 minute to the gentleman from Mississippi (Mr. Thompson), my friend and ranking member of the Homeland Security Committee. Mr. THOMPSON of Mississippi. Mr. Speaker, I appreciate the gentleman from Oregon yielding me the time. Mr. Speaker, I rise in support of H.R 302, a bill to make the Nation's transportation system more secure. Not only does H.R 302 give needed attention to the security of air cargo, airport perimeters, and public areas of airports, as well as mass transit facilities, but for the first time since the 9/11 Act, it directs TSA to put significant focus on bolstering surface transportation security. H.R 302 also does two important things for TSA frontline workers. It directs TSA to sit down with labor representatives to collaborate on long-overdue personnel reforms and authorize the TSA training academy. Mr. Speaker, I am pleased to say that H.R 302 includes every House- passed Democratic TSA bill, as well as language to right a wrong that has resulted in billions of dollars collected from the flying public for security being diverted from TSA security operations. Mr. Speaker, I thank my colleagues for their collaboration and support. Mr. SHUSTER. Mr. Speaker, I yield 30 seconds to the gentleman from North Carolina (Mr. Rouzer), a hardworking member of the Transportation and Infrastructure Committee. Mr. ROUZER. Mr. Speaker, I want to thank the chairman here, the ranking member, and so many others who have worked so hard on this legislation, which, I might add, could not be more timely for the State of North Carolina. I want to thank our leadership team in the House and so many who have worked with me and the North Carolina delegation to include the disaster relief funding specific to Hurricane Florence. This is a critical first step of additional support from this body and Congress as a whole, and I also want to commend my colleagues Senator Burr and Senator Tillis on the other side of the Capitol for all their great work to get us to this point today as well. Mr. DeFAZIO. Mr. Speaker, I yield 1 minute to the gentlewoman from New York (Ms. Velazquez), ranking member on the Small Business Committee. Ms. VELAZQUEZ. Mr. Speaker, I would like to take this opportunity to thank both the chairman and the ranking member for their important work on this legislation. Mr. Speaker, a ***year*** ago, Hurricane Maria made landfall in my hometown of Yabucoa. The storm ravaged the island, and 115-mile-per-hour winds damaged hundreds of thousands of homes. The entire island lost power, and thousands would not regain electricity until 10 months later, the longest blackout in U.S history. Sadly, as this crisis unfolded, the President and the administration repeatedly claimed the Federal response was going well. As evidence, they pointed to an artificially low death toll that for months suggested only 64 people had perished. We know now that the true toll is closer to 3,000 lost lives. We can never again allow an artificially low death toll to disguise how the local and the Federal Government failed American citizens. That is why I am pleased this bill contains my legislation, the COUNT Act, to establish Federal guidelines for disaster death counts. The SPEAKER pro tempore. The time of the gentlewoman has expired. [[Page H9039]] Mr. DeFAZIO. Mr. Speaker, I yield the gentlewoman from New York an additional 30 seconds. Ms. VELAZQUEZ. Death tolls shape public opinion and, in turn, influence how resources are allocated in response. This new bill will make sure Congress and the American people have a clear picture of the severity of future catastrophes. I thank the ranking member and the chairman for working to include my bill as a provision. I encourage my colleagues to vote ``yes.'' Mr. SHUSTER. Mr. Speaker, I yield 30 seconds to the gentleman from Kentucky (Mr. Guthrie). Mr. GUTHRIE. Mr. Speaker, I congratulate the chairman not on just this but his entire chairmanship, for getting big things done. Mr. Speaker, I want to speak on the underlying bill, the Sports Medicine Licensure Clarity Act. Currently, healthcare providers are licensed by their State. If a healthcare provider travels with a team-- professional, college, high school--out of State to take care of the players that they are responsible for, they could be practicing out of the scope of their license since they are out of State. For example, this April, when our Kentucky Wildcats go to Minneapolis for the Final Four, the physicians and healthcare people who travel with them need to be practicing within their licenses. It is clearly within the Commerce Clause for us to clarify this. It is important to do. I encourage the passage of this bill, this provision, and the overall bill. Mr. DeFAZIO. Mr. Speaker, may I inquire as to the remaining time. The SPEAKER pro tempore. The gentleman from Oregon has 3 minutes remaining. The gentleman from Pennsylvania has 9\3/4\ minutes remaining. Mr. DeFAZIO. Mr. Speaker, I reserve the balance of my time. Mr. SHUSTER. Mr. Speaker, I yield 30 seconds to the gentleman from North Carolina (Mr. Holding). Mr. HOLDING. Mr. Speaker, Hurricane Florence devastated North Carolina. Historic levels of rainfall have upended countless families and destroyed crops, with flooding and debris strewn about unlike anything our communities have ever witnessed. The $1.68 billion of disaster relief in this legislation is a much-needed first step in providing relief. I will continue to work with my colleagues on both sides of the aisle to provide for those in need. Mr. SHUSTER. Mr. Speaker, I yield 30 seconds to the gentleman from New York (Mr. Zeldin). Mr. ZELDIN. Mr. Speaker, I thank the chairman for yielding and for supporting my proposal to require the FAA to reassess the North Shore helicopter route and address the noise impact on affected communities, improve altitude enforcement, and consider alternative routes, including an all-water route over the Atlantic Ocean. The FAA will be required to hold a public hearing on the North Shore route in impacted communities and open a public comment period, both of which the FAA has refused to do while renewing the route without consulting the public. Mr. Speaker, I strongly urge a ``yes'' vote. Mr. DeFAZIO. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. Speier). Ms. SPEIER. Mr. Speaker, I have a brief 1 minute to say that San Francisco International Airport is in my district. We are being hounded by noise in the middle of the night at 1, 2, and 3 a.m in the morning. I convened a meeting with the FAA. They joined me at that meeting. They agreed to have a meeting with the airlines, and then the FAA here in Washington decided to renege. This is a message to the FAA: You owe your obligation to all the people of this country, and when a Member of Congress seeks to have you at a meeting, you show up at a meeting. When you don't show up at a meeting, heads are going to roll. Mr. SHUSTER. Mr. Speaker, I am prepared to close. I have no more speakers. I reserve the balance of my time. Mr. DeFAZIO. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I already thanked my colleagues, but I also want to thank some staff, particularly some of the staff on my side of the aisle. The staff on both sides worked hard: Alex Burkett; Rachel Carr; Kathy Dedrick; Janet Erickson; David Napoliello; Luke Strimer; Mike Tien; in Rick Larsen's office, Alexandra Menardy; and special thanks, because they don't get thanked enough around here, to the people who put together legislation that actually works and do yeoman's work behind the scenes, legislative counsel Karen Anderson, Rosemary Gallagher, and Stephen Hagenbuch. Again, this is a good bill. It shows what we can do here when we drop our partisan cloaks and work together for the good of the American people, both the flying public and the businesses that are dependent upon the aviation industry, and, also, the work we did in here on disaster mitigation, things that should have been done earlier, couldn't get done earlier. But in a must-pass bill like this, we were able to come to consensus. This is a good day for the House of Representatives--unfortunately, a somewhat rare day. Mr. Speaker, I yield back the balance of my time. Mr. SHUSTER. Mr. Speaker, I yield myself the balance of my time. I want to thank the leader of the Democrats on the Transportation and Infrastructure Committee for his efforts and his willingness to work with me. Mr. DeFazio has been a great partner over the last 4 ***years***. I want to thank him for that. I also want to thank the chairman of the Subcommittee on Aviation, Mr. LoBiondo, and Ranking Member Larsen, for their hard work and bipartisan efforts on this bill. I also want to thank Chairman Barletta, chairman of the Subcommittee on Economic Development and Emergency Management, and Ranking Member Titus, again, with the DRRA bill, working closely with those folks. Also, we want to mention Garret Graves, who really is a true leader and one of the true experts, not only in Congress but in the United States, when it comes to disaster recovery. I thank him for his efforts. I also want to thank the Democratic staff for their efforts in working with our staff. I know it was a lot of late hours. I thank them so much for those efforts that they put in. To my staff, T&I staff, they did an unbelievable job on a very, very complicated FAA bill, but they also were negotiating the disaster relief bill. There were many long nights. I can't thank them enough for their hard work and their intelligence and, many times, sort of making magic happen when we went through this. So I thank those folks for that effort. Mr. Speaker, I include in the Record a list of all the staff whose great work got us to this point today: Matt Sturges, Chris Vieson, Geoff Gosselin, Fred Miller, Holly Woodruff Lyons, Naveen Rao, Hunter Presti, Cameron Humphrey, Max Rosen, Avery Katz, Johanna Hardy, Pam Williams, Tyler Menzler, Kathy Dedrick, Alex Burkett, David Napoliello, Rachel Carr, Michael Tien, Luke Strimer, Janet Erickson, Nick Rossi. Adrian Arnakis, Mike Reynolds, Simone Perez, Isaiah Wonnenberg, Misseye Brickell, Kim Lipsky, Christopher Day, Mohsin Syed, Tom Chapman, Christopher Mulkins, Alexia Noruk, Michael Lueptow, Barrett Percival, Karen Anderson, Rosemary Gallagher, Stephen Hagenbuch, Jaclyn Keshian, Hannah Matesic, Kathy Loden, Brittany Smith, Collin McCune. I want to mention, call out here today, Aviation staff Holly Woodruff Lyons, Naveen Rao, Hunter Presti, Cameron Humphrey, Hannah Matesic, and Avery Katz for their efforts on this FAA bill, but also Johanna Hardy, Pam Williams, and Tyler Menzler for their efforts on the Disaster Recovery and Relief Act. And on the full committee: Chris Vieson, Geoff Gosselin, Fred Miller, Kathy Loden, Brittany Smith, Jeff Urbanchuk, Justin Harclerode, and Nico Alcalde for their tireless efforts. Also, not on our staff anymore, but I need to do a shout-out for him, is Matt Sturges, who was the staff director. He has gone down to be the Deputy Administrator at the FRA. Much of the legislation that we passed over the ***years*** wouldn't be possible without Matt's leadership and his hard, hard work, and I want to thank him for that. {time} 1445 Finally, I thank the leadership and their staff for working so closely with [[Page H9040]] us to get this long-term FAA bill, this disaster bill passed. I thought this FAA bill would be the legislation that eluded me. In the last 5\1/2\ ***years***, in a bipartisan way, the Transportation and Infrastructure Committee has enacted legislation on every mode of transportation, and, today, we are going to pass a 5-***year*** bill, which I mentioned earlier. It hasn't been done since 1928. But I would be remiss if I didn't point out and show the true competitive nature of the Shuster family. My father, Bud Shuster, the chairman in 2000, passed a 4\1/2\-***year*** bill. So, Dad, if you are watching, I just wanted to make sure that was in the Record. Being chairman has been one of the great honors of my life, and I want to thank my Republican colleagues for putting their trust in me and electing me to be chairman of this committee. Most importantly, I want to thank the people of the Ninth Congressional District for putting their faith in me. I would not be chairman today if they wouldn't have supported me as strongly as they did over the ***years***, and I owe them this chairmanship. I thank them from the bottom of my heart. I thank my family: my brother and three sisters; my two children, Ali and Garrett, for their love, support, and for tolerating me over the ***years***. And, finally, to my mother, who passed away 2 ***years*** ago, we passed a WRDA bill the day she passed away. I can remember the ringing in my ears of her saying, ``Go to work. Do your job.'' And I did just that. And to my father, whom I mentioned earlier, I thank him and my mother for the love, the guidance they have given me and, most importantly, for the life that they gave me. Mr. Speaker, I ask all my colleagues to support H. Res. 1082, and I yield back the balance of my time. Mr. CARTWRIGHT. Mr. Speaker, I rise in strong support of H.R 302, the FAA Reauthorization Act of 2018, as amended. For many ***years***, aviation has been the safest form of transportation in the United States. This is by no means an accident, it is the result of a strong regulatory framework built over time, paired with an ongoing airline system safety culture that is one of the most ambitious in our nation's history. Mr. Speaker, when this bill first came to the House floor as H.R 4, I strongly opposed a provision that would establish a research and development ***program*** in support of single-piloted cargo aircraft assisted with remote piloting and computer piloting, and offered an amendment striking that section. Attempts to roll back safety regulations in this manner are counterproductive and compromise safety. I am pleased to see this provision stricken from the final bill text and urge all members to join me in voting to pass H.R 302, the FAA Reauthorization Act of 2018. Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, as a member of the Transportation & Infrastructure Committee, I'd like to express my support of H.R 302 the Federal Aviation Administration Reauthorization Act of 2018. Maintaining the safety of our national airspace is paramount, and I am pleased that the provision for Single-Piloted Commercial Cargo Aircraft was removed. Additionally, this bill also highlights a strong focus on airline passenger safety and consumer rights by emphasizing provisions such as minimum legroom, seat width and flight attendant rest mandates. Finally, this legislation provides Hurricane Florence recovery funding, which emphasizes the importance of providing timely assistance to areas prone to natural disasters, similar to those in my home state of Texas. Above all, this bill improves the airline passenger experience, provides long-term airport funding, improves disaster recovery, and ultimately strengthens the U.S economy and aviation workforce. Mr. BRAT. Mr. Speaker, I rise today to thank Chairman Shuster and Chairman Thune for the inclusion of the Airport Investment Partnership ***Program*** and the removal of the ``flags of convenience'' language in H.R 302, the FAA Reauthorization Act of 2018. Similar to Brat 150, an amendment I filed to the Rules Committee on H.R 4, this bill will improve the Airport Privatization Pilot ***Program*** by making it permanent, eliminating the numerical limits on airport participation, and providing grants to help with predevelopment planning costs. The new ***program*** will be called the Airport Investment Partnership ***Program***. Airports that are looking to reorganize will soon be able to utilize this ***program*** as a viable option to achieve their goals. It is my hope and belief that through these changes, more airports will have an opportunity to increase profitability, efficiency, and improve the traveler experience. In addition, I am pleased that the final language of H.R 302 does not include so-called airline ``flags of convenience'' restrictions. The original language proposed was anticompetitive and would have threatened U.S Open Skies agreements that have brought consumers more options and better prices. The fact is consumers want more choices, not less. That is why I introduced H.R 5000, the Free to Fly Act. The Free to Fly Act would repeal an outdated regulation from the Great Depression-era which artificially caps foreign ownership in U.S airlines at twenty-five percent. This regulation is among the strictest in the world, increases the cost of capital, and limits consumer choice. The Free to Fly Act would also require any foreign U.S airline subsidiaries to be established and regulated under U.S law, be based in the United States, and only employ American workers. The Free to Fly Act has been endorsed by a wide array of organizations, from conservative groups such as the Club for Growth and FreedomWorks, business interests like the U.S Travel Association, Airports Council International-North America, Travel Tech, and the Business Travel Coalition, taxpayer watchdogs like the National Taxpayers Union and Taxpayers Protection Alliance, and consumer groups such as Travelers United, FlyersRights.org, Air Travel Fairness, and Consumer Action for a Strong Economy. Both the travel industry and consumers recognize a need for such a change and for more competition. I hope Congress will turn to the free market more as a solution for financing our infrastructure needs and improving the travel experience for all Americans, and I applaud Chairman Shuster and Chairman Thune on the inclusion of the Airport Investment Partnership ***Program*** and the removal of the ``flags of convenience'' language in the FAA Reauthorization Act of 2018. The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania (Mr. Shuster) that the House suspend the rules and agree to the resolution, H. Res. 1082. The question was taken. The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it. Mr. SHUSTER. Mr. Speaker, I demand a recorded vote. The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

**Load-Date:** September 28, 2018

**End of Document**



[***A summary of legal legislation and regulations for investors in Algeria***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-73W0-00000-00&context=1516831)

Oxford Business Group: Articles

January 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 3202 words

**Body**

In the face of the constant fall in revenues from the oil and gas exports, the Algerian government has demonstrated a clear determination to substitute the hydrocarbon-dependent economic model with a new model substantially less dependent from the oil and gas revenues.

Over the course of the last two ***years***, the Algerian authorities have made significant efforts to improve the business and investment climate in particular through the adoption of the following recent measures:

· The reform of the legal framework applicable to investments carried out through the adoption of the Law No. 16-09 on the promotion of investment dated August 3, 2016 (the Investment Law) and the publication of its implementing texts in 2017, reflecting the willingness of the Algerian authorities to improve the business climate;

· The softening of the preemption right of the Algerian state, demonstrating the willingness to attract foreign investments in Algeria through the adoption of this advantageous measure to the benefit of foreign investors;

· The setting up of an interbank foreign-exchange market through the creation of currency risk hedging instruments, which will profit Algerian enterprises that have suffered from the depreciation of the Algerian dinar. The adoption of this new measure providing a currency risk heading instrument will undoubtedly protect the Algerian enterprises against the currency risk. PUBLICATION OF TEXTS IMPLEMENTING THE NEW INVESTMENT LAW: In a move to improve the Algerian business climate, the texts implementing Law No. 16-09 on the promotion of investment (the Investment Law) published in August 2016 were adopted on March 5, 2017. The main implementing text is Decree 17-101 specifying the three main aspects of the Investment Law, namely:

· Negative lists: Decree 17-101 lays down the list of activities, goods and services excluded from the advantages provided by the Investment Law (for example, import activities, cement plants, grey cement and so on);

· Eligibility thresholds for the ***transfer*** guarantee: As a reminder, the ***transfer*** guarantee is the right for any foreign investor to ***transfer*** in foreign currency the dividends and other revenues resulting from its investment (subject to certain conditions being met). Article 25 of the Investment Law made the benefit of this ***transfer*** guarantee conditional upon the satisfaction of certain thresholds, which had to be fixed by regulation.

· Article 16 of Decree 17-101 defines the minimum thresholds provided for in Article 25 of the Investment Law for the benefit of the ***transfer*** guarantee calculated in instalments on the basis of the foreign shareholding's share in the total cost of the investment, as follows: 1. 30% when the investment amount is lower than or equal to AD100m ((EURO)829,500); 2. 15% when the investment amount is in excess of AD100m ((EURO)829,500) and is lower than or equal to AD1bn ((EURO)8.3m); and 3. 10% when the investment amount is in excess of AD1bn ((EURO)8.3m). Additionally, in cases with foreign shareholders, their share of financing in the total investment cost is proportional to the share they hold in the company's capital.

**Investment Incentives Regime**

Decree 17-101 specifies the arrangements for implementing the investment incentive regimes, namely:

· The advantages applicable to the extension and rehabilitation of investments;

· The exceptional advantages;

· The other advantages granted depending on the investment's location;

· The advantages for any investment exceeding AD5bn ((EURO)41.5m); and

· The advantages for projects of particular interest to the national economy.

**Overview Of The Other Decrees**

undefined · Decree 17-100 modernises the powers, organisation and operation of the National Agency of Investment Development (Agence Nationale de Développement de l'Investissement, ANDI). It specifies in particular the concept of decentralised one-stop shop.

· Decree 17-102 establishing the registration procedures for investments and the form and effects of the related certificate provides that the registration of an investment is made on the basis of a form furnished by the ANDI equivalent to the registration certificate.

· With the exception of the investments that are equal to or higher than AD5bn ((EURO)41.5m) and of a particular interest for the national economy, the effect of registration is to automatically provide an investment with the advantages under the project's implementation phase without any further formalities, which covers the ordinary advantages and the additional advantages benefiting the privileged and/or job-creating activities.

· Decree 17-103 establishes the amount and conditions with regards to the collection of the fee for processing the investment files; those fees vary depending on the type of investment without exceeding AD200,000 ((EURO)1659).

· Decree 17-104 sets the conditions for monitoring investments and the applicable sanctions in case of non-compliance with the obligations and commitments accepted by the investor in return for the advantages granted.

· In terms of monitoring, the investor shall draw up a progress report of its investment that shall be sent to the ANDI on a ***yearly*** basis. In case of non-compliance with this progress report, the ANDI is entitled to suspend the advantages granted to the investor.

The ANDI then summons the investor so that it may submit the supporting documents for this failure to comply.

The investor must rectify its situation within one month. Otherwise, it incurs the cancellation of its registration certificate and loss of its rights, with a reimbursement of all the advantages received and ***payment*** of penalties set by law.

· Decree 17-105 establishes the terms and conditions for granting the operational advantages to investments creating more than 100 jobs located outside the South, the Highlands and other areas, whose development requires a specific contribution from the state.

**51: 49 Rule**

Since the 2009 Complementary Finance Law (2009 CFL), Algerian foreign investment regulations provide for the limit of foreign ownership at 49% in any investment - so the 51:49 rule implies the creation of joint ventures in which Algerian partners hold the majority stake.

The 2009 financial crisis prompted Algeria to amend regulations overseeing foreign investment by limiting the participating stake for foreign shareholders in Algerian companies to 49%.

**Non-Retroactivity Of The Rule**

While the 51:49 rule was clearly applicable to investments realised after the publication of the 2009 Complementary Finance Law, there were doubts as to its application to investments realised before then.

The 2010 Complementary Finance Law (2010 CFL), as subsequently modified, most notably by the 2012 Finance Law for 2012 (2012 FL) and the Finance Law for 2016 (2016 FL), clearly provides that "any modification of the trade register leads to the prior bringing into compliance of the company with the rules governing capital ownership".

However, the following modifications are not subject to this obligation:

· Modifying the share capital (by increasing or decreasing it) without entailing a change in the proportions of allocation of the share capital as specified above;

· The ***transfer*** or exchange between former and new directors of guaranteed shares provided by Article 619 of the Commercial Code, provided that the value of those shares does not exceed 1% of the company's share capital;

· Either removing an activity or adding a connected activity;

· Modifying an activity further to the modification of the activities' nomenclature;

· Appointing the director or the company's managers; and

· Changing the registered office.

Preemption Right Of The Algerian State: The State Holding Council (Conseil des Participations de l'Etat, CPE) has undertaken certain measures in order to facilitate the ***transfer*** of shares for the benefit of Algerians shareholders through the resolution No. 10/154 dated from October 12, 2017.

As a reminder, Article 30 of the Investment Law provides the principle that any sale of shares by or to foreign investors is subject to the state preemption right. However, the CPE through this resolution immediately implemented devotes a new principle, namely the CPE would not intend to exercise the preemption right in the following cases:

· The ***transfer*** of shares from a foreign shareholder to the benefit of other foreign shareholders provided that such ***transfer*** does not affect the 51:49 rule;

· The ***transfer*** of shares by Algerian resident shareholders owning 100% of an Algerian entity provided that such ***transfer*** will not exceed the maximal limit of 49% of the share capital;

· The ***transfer*** of shares by foreign shareholders to the benefit of Algerian resident shareholders under the companies established before the 2009 CFL.

**Repurchase Rights**

Article 47 of the 2010 CFL introduced the Algerian state's right to repurchase; however, there were a certain number of uncertainties regarding the implementation of such right.

Article 31 of the Investment Law clarified that any sale of 10% or more of shares of a foreign company owning an interest in an Algerian company that enjoyed advantages or benefits at the time of establishment triggers prior information of the CPE.

Non-compliance with this specific obligation or the reasoned objection of the CPE, within one month of receipt of the relevant information, confers on the state a right to repurchase, at most, the interests in the Algerian company held by the sold foreign company.

It should be highlighted that this right to repurchase by the state is limited to the shares of Algerian firms that have benefitted from advantages - which, in the absence of further specifications, may include tax and Customs exemptions, or the granting of a land concession and so forth, by the current investment agency, the ANDI or by the country's former investment agency, the Investment Promotion Agency.

In the absence of specifications regarding its implementation conditions, the Algerian government's right to repurchase should not be applicable as it currently stands, unless reference is made to past practice.

**Local Financing**

The obligation to resort to local financing for investments (excluding the constitution of social capital for companies), which has been relaxed since the enactment of Article 55 of the 2016 FL enables Algerian businesses to resort to outside financing essential to the completion of strategic investment, and is subject to case-by-case approval by the government. In the absence of a regulation implementing such a measure, it cannot be applied as is.

Shareholders' loans granted by the foreign partners of an Algerian company are possible on the condition that no remuneration is paid to the shareholder in this respect, and to the extent that the funds do not remain available to the company for more than three ***years***.

After the three-***year*** period, the balance of the shareholders' loans would have to be capitalised in the share capital of the company.

**Reinvestment**

Article 142 of the Direct Tax Code, as modified by Article 5 of the 2014 Financial Law and Article 2 of the 2016 FL, provides that a company benefitting from exemptions or reductions granted during the exploitation period as a result of the ANDI regime must reinvest at least 30% of their profit in Algeria.

The timeframe corresponding to these exemptions or reductions is within four ***years*** of the end of the fiscal ***year*** during which the favourable regime is applied.

**Representative Offices**

The ministerial order defining the new regime applicable to the representative offices (bureaux de liaison) of foreign companies in Algeria was released in December 2015. There was a significant degree of expectation surrounding this text, which aims to clarify the conditions under which representative offices can open and operate in Algeria.

It confirms the temporary and the non-commercial nature of these representation structures of foreign companies, which are prohibited from performing any economic activities.

The opening of a representative office remains subject to approval from the Ministry of Commerce, which has imposed stricter conditions:

· The ***payment*** of a registration duty of AD1.5m ((EURO)12,400), which was formerly AD100,000 ((EURO)829);

· The increase in the amount of blocked deposit during the existence of the liaison office from $20,000 to $30,000; and

· The opening of a foreign account in Algerian convertible dinars bank account in the name of the liaison office, credited with at least $5000.

Approval is granted for two ***years*** by the Ministry of Commerce and is renewable. The order also specifies that no approval other than that delivered by the Ministry of Commerce can be granted to a representative office.

· Lastly, consulting and Customs declarant companies are expressly excluded from the possibility of creating a representative office.

**Public Procurement Contracts**

The newly established Public Procurement Code (PPC) was instituted by Presidential Decree No. 15-247 on September 16, 2015. According to Article 9 of Decree No. 15-247, "State-owned companies are not subject to the public procurement procedures."

However, state-owned companies are "required to draw up and to obtain the implementation, by their corporate bodies, of public procurement procedures, according to their specificities, complying with the principles of freedom of access to public sector contracts, equality of treatment of applicants and transparency of procedures".

As a result, companies operating in Algeria remain subject to the key principles of public procurement regulations.

Compliance with these principles by state-owned companies will be ensured by the joint external control of all state-owned companies, namely control by statutory auditors, the Court of Accounts and the General Inspectorate of Finance. Within this framework, state-owned companies are free to define their own procurement regulations.

**Competition Law**

The National Competition Council (Conseil National de la Concurrence, CNC) was officially set up in January 2013, and is an administrative authority intended - in accordance with Ordinance No. 03-03 dated July 19, 2003 - to observe, rule and sanction trade practices and the functioning of the Algerian market.

The CNC has elaborated further on its own general doctrine with regards to competition and market matters in the business realm. It seems that the CNC currently cooperates with European countries, namely - the French, Italian and German competition authorities in continuation of a cooperation ***programme*** financed and supported by the European Commission, known as the Support ***Programme*** for the Association Agreement between Algeria and the EU.

This ***programme***, which lasted from January 2011 to December 2012, involved future members of the CNC as the leaders and principal partners, as well as its European partners. In this particular context, the CNC may be inspired by European competition regulations. New draft legislation that relates to the competition is under preparation and evaluation by the government.

**Extension Of Import Licences**

In its ruling No. 1 issued on March 31, 2017, No.2 on April 3, 2017 and No.3 on May 31, 2017, the Ministry of Trade extended the import licensing system to cover industrial, ***agricultural***, electrical and beauty products.

The ministry made the decision having announced earlier that the scope of the licensing system would be generalised to include all products intended for final consumption in Algeria (see statement dating from March 21, 2017).

The extension of the licensing system should be considered within the framework of a two-***year*** ongoing process, resulting in Algeria becoming more restrictive on imports.

As early as 2015, Law No. 15-15 (Law 15-15), which amends and adds to order No. 03-04 of July 19, 2003 (the Order 03-04), set in place a specific import licensing system. Executive decree No. 15-306 of December 6, 2015 sets out the application terms and conditions for merchandise import and export licence regimes.

With the current era of falling oil revenues in mind, this system aims to help safeguard Algeria's exterior financial balance in order to limit the decrease of the country's foreign reserve assets.

**Classification Of Import Licences**

In accordance with the classification of the World Trade Organisation, the above mentioned system distinguishes between two types of import licences that may be imposed on operators. The two licences are described in the section below:

· Automatic licences: they are granted in all cases following the submission of an application and are not administered in such a manner as to have restricting effects on imports or exports. These licences may be maintained as long as the reasons for their implementation still exist.

· Non-automatic licences: these licences are those that do not fall within the automatic licences definition. These licences shall not have trade-restrictive or distorted effects on imports or exports, which add to those caused by the imposition of the restriction. Non-automatic licences are divided in two sub-categories:

· The quota by type of product, expressed as a percentage or absolute value;

· Contingent trade-protective measures, applicable to certain types of product from a specific country.

**The Award Criteria Of Licences**

The applications for non-automatic licences are reviewed by the permanent inter-ministerial committee, which takes into account the expressed needs, the statistics resulting from the exploitation of data obtained and/or issued by the ministerial departments, and the accredited trade and employer's association representatives. Each licence gives right to the allocation of quotas and contingents made in accordance with one of the following conditions:

· When the processing method is based on a chronological order, the allocation of quotas and contingents is made on a first-come-first-served basis.

· When the processing method is based on the allocation of requested amounts in quota, all the registered applications are simultaneously reviewed in order to determine the quantity or portion of the quota or contingent necessary to the granting of import licences.

· When a quota or contingent is reserved for the so-called traditional operators, the traditional flow of trade is taken into account.

· When the processing method is based on a call for expression of interest, the quota or contingent use rights are auctioned. If the allocation conditions "prove to be inadequate", the permanent inter-ministerial committee may resort to any other more appropriate method, which shall be specified in the licence's notice of initiation.

**Measures Regarding The Restriction Of Imports**

The Ministry of Commerce has suspended the banking domiciliation of several industrial and food products, which have been published by the Professional Association of Banking and Financial Establishments.

**Foreign Exchange Interbank Market**

Regulation No. 17-01 dated on July 10, 2017 relating to the foreign exchange interbank market and currency risk hedging instruments was published in the Official Gazette of September 26, 2017 and provides the following measures:

· Keeping of foreign exchange interbank market of the Bank of Algeria; and

· The creation of currency risk hedging instruments.

**Load-Date:** March 12, 2020

**End of Document**



[***Uzbekistan - Q3 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SJ7-CP71-JD33-J4M7-00000-00&context=1516831)

Business Monitor Online

June 12, 2018 Tuesday

Copyright 2018 Business Monitor International Ltd. All Rights Reserved



**Length:** 2276 words

**Highlight:** At least 300 producers have some degree of presence in Uzbekistan's pharmaceutical market. As of July 2015, Uzbekistan's pharmaceutical industry includes 146 local producers (132 manufacturers of medicines, seven manufacturers of diagnostic tools and seven manufacturers of medical supplies) - as reported by Uzbekistan's authorities at the bilateral Swiss-Uzbek business forum. Despite the challenging business environment, foreign firms are present in Uzbekistan's pharmaceutical market. The government has tried to push through localisation; however, domestically manufactured medicines cater to only 32% of total drug demand by volumes. According to data reported in July 2015 by Uzbekistan authorities, out of the 7,214 registered drugs in the country, only 1,446 are produced domestically.

**Body**

At least 300 producers have some degree of presence in Uzbekistan's pharmaceutical market. As of July 2015, Uzbekistan's pharmaceutical industry includes 146 local producers (132 manufacturers of medicines, seven manufacturers of diagnostic tools and seven manufacturers of medical supplies) - as reported by Uzbekistan's authorities at the bilateral Swiss-Uzbek business forum. Despite the challenging business environment, foreign firms are present in Uzbekistan's pharmaceutical market. The government has tried to push through localisation; however, domestically manufactured medicines cater to only 32% of total drug demand by volumes. According to data reported in July 2015 by Uzbekistan authorities, out of the 7,214 registered drugs in the country, only 1,446 are produced domestically.A presidential decree issued in April 2010 limits the validity of licences for pharmaceutical manufacturing to five ***years***, whereas in the past they were indefinite.

Despite the general opacity of the market, we believe there are a large number of dormant or marginal producers and that this re-licensing provision may push some out of the market.Turkish and Indian firms have been leading foreign investors into the country's pharmaceutical industry. Investments are estimated to have risen to around USD317mn in 2015, according to the UN Development ***Programme*** and Uzpharmasanoat. The government's ***Programme*** on Priorities of Industrial Development of Uzbekistan in 2011-2015 aimed to implement 28 new projects worth USD284.2mn, and launch a number of new drugs by the Uzpharmsanoat companies as part of its ***Programme*** for Development of Pharmaceutical Sector.Foreign drugmakers account for the top 10 manufacturers by sales, according to available data from the Association of International Pharmaceutical Manufacturers in Russia and Research Marketing & Business Consulting Company (AIPM-RMBC). Some of the more prominent players include Berlin Chemie/Menarini Pharma, Novartis (including its generic drugs arm Sandoz-Lek), Valenta, Sanofi and Nycomed. Manufacturers from the CIS and Baltic countries account for about 20-25% of the market, while 30-40% of medicines originated in Western Europe, North America or Japan. India is thought to supply between 10 and 15% of imports.Research-Based IndustryLimited expertise, outdated infrastructure and a weak regulatory environment have mitigated the development of research-based pharmaceutical capacity in the country. The government focus on boosting generics production to meet basic pharmaceutical needs and to increase drug export has driven several manufacturing developments in Uzbekistan in recent ***year***, including through joint ventures (JVs) with foreign players. Innovative or patented drugs, which account for around a quarter% of the pharmaceutical market in value terms, are to a large extent supported through imports.As pharmaceutical manufacturing capacity continues to be promoted through several state incentives, including improvements in the regulatory environment and policies aimed at attracting foreign investment and expertise ***transfer***, the process of scaling up through the value chain in drug manufacturing and production standards will continue over the long term.Generic DrugmakersUzbekistan inherited limited and often run-down production facilities from the Soviet era, and foreign companies have dominated the pharmaceutical market since independence. The government has attempted an import-substitution regime aimed at increasing the domestic share of pharmaceutical supply. This ***programme*** aims to increase self-sufficiency in essential medicines, as well as diversify the domestic economy by boosting currently minimal levels of pharmaceutical exports.Current import substitution policy seeks to increase the volume of the market covered by domestic producers from around 20% to 50%, mirroring plans in neighbouring Kazakhstan. The ***programme*** is focused on self-sufficiency in the production of essential drugs, vaccines and blood transfusion and infusion systems. Plans include launching the local production of 100 new medicines.Pharmaceutical products manufactured in Uzbekistan are mainly exported to CIS and Baltic countries, including Armenia, Azerbaijan, Afghanistan, Georgia, Kazakhstan, India, Mongolia, Turkmenistan, China and Russia, among others. However, the domestic industry continues to suffer from an influx of higher-quality, more costly medicines from Western European and Central European manufacturers. This is in addition to cheaper drugs from India and China, and growing competition from CIS peers, mainly Russia, Ukraine and Kazakhstan. Traditionally, another problem for local producers has been a lack of domestic capacity to produce active pharmaceutical ingredients (APIs), which are imported primarily from China. For example, Jurabek Laboratories cites import costs of intravenous fluids as particularly expensive citing the added value of production, and the fact that the cost of travel far exceeds that of drugs themselves. Domestic production is therefore providing new opportunities for both producers and consumers.We assert, however, that poor governance and corruption will continue to plague the sector and keep out larger players. At the same time, enormous pent-up demand will feed ongoing - if patchy - modernisation. The major difficulties in the market are a lack of transparency, an absence of independent media and market research sources, and the suppression of debate regarding the best routes for the development of the sector due to widespread political repression.With fixed capital investment growing by 7.2% y-o-y, we expect the sector to benefit from steady government expenditure on fixed investment and infrastructure projects. The government's commitment to modernising the economy and shifting its dependence away from hydrocarbons will play an important role in driving growth. Uzbekistan's pharmaceutical industry was to implement 39 new investment projects to produce 30 new generic drugs for the prevention and treatment of socially significant and socially dangerous diseases. There is a high demand for such products, which come into the country primarily through import contracts.A number of companies have invested in upgrading their facilities, although an unknown number have closed due to the prohibitive costs of modernisation. Other holders of licences may be dormant and the number of companies will fall further following the introduction of rules limiting the validity of pharmaceutical activity licences to five ***years***. The bulk of production facilities and related research institutes fall under the control of Uzpharmsanoat, which was, however, liquidated in 2017. Its responsibilities were then ***transferred*** to the newly created Agency for Development of the Pharmaceutical Industry. **Leading Domestic Players** The most dominant company in the production sector is Uzpharmsanoat, which has 85 manufacturing, research and other sites and exports to 12 countries, with earnings totalling USD1.18mn. Uzpharmsanoat has received substantial sums in terms of foreign investment since the mid-1990s, as well as one-off tranches from the state. The Agency for Development of the Pharmaceutical Industry has recently taken over the corporation's responsibilities.Domestic producers outside the Uzpharmsanoat holding include Core Pharmsanoat (focusing on oral and intravenous formulations), Turkish-owned Nobelpharmsanoat (parent company Nobel also owns a generic drugs plant in Kazakhstan) and privately held Jurabek Laboratories. UzGerMed Pharm uses German investment for a new plant to produce a variety of generic products in the Tashkent region. In addition, RekomedFarm is producing succinasol, a blood substitute. Nihol Pharmaceuticals manufactures immunobiological compounds. Radix is reportedly producing influenza treatments.

**List Of Companies In Uzpharmsanoat SJSC (As Of October 7 2013)**

| **Research, development and innovation institutes** |  |
| --- | --- |
|  |  |
| Tashkent Research Institute of Vaccines and Serums | Oriental Medicine Research Institute |
| Uzbek Research Institute of Chemistry and Pharmaceutics named after A. Sultanov | Spa Vaccine |
| Manufacturers (medical drugs) |  |
| A.B. Biokom | Nova Pharm |
| Albi-Pharma | Novopharma Plus |
| Amaliy Med Farm | Orom-Biopreparat |
| Codepharm | Plast Pharm Medical |
| Dentafill Plus | Pspe Radiks |
| Galenika | Reka Med Pharm |
| Gufic Avicenna | Remedy |
| Hansang Pharm | Remedy Group |
| Immunomed | Samo |
| Invest Med Pharm Plus | Samsun-Toshkent Pharm Ltd |
| Innekmed Farm | Salubris Vita |
| Jurabek Laboratories | Tashfarma.I. |
| Lafz | Uzgermedpharm |
| Lekinterkaps | Ultra Health Care |
| Merrymed Farm | Ziyo Nur Farm |
| Nika Pharm | OZkimyofarm |
| Nobelpharmsanoat | Laxisam Pharmaceuticals |
| Manufacturers (vaccines, serums and diagnostics) |  |
| Armenia | OjscUzbiopharm |
| Bibinor | Iparbiointer |
| Olam |  |
| Manufacturers (dressing materials) |  |
| Elastikum | Xabibullo Global |
| Manufacturers (supplementary materials) |  |
| Agro Plast Polimer | Tb Farm Plast |
| Flex Pharm | Tubex |
| Galen Med Pharm | Med Standard Glass |
| Makrofarm-Optima | Mohir Bek |
| Nasa | Campalia |
| Rahim Farm Group |  |
| Manufacturers (other product types) |  |
| Agro Bio Kimyo | Ortopediya-Industriya |
| Oil Neft | ***Agricultural*** Company Xorazm Fito Farm |
| Bio Chemical | Vitotex Plus |
| Asia Trade | Xamidobod Imkon |
| Magnum Medikal Servis | Uzgersov |
| Ekoplast Systems | Chori Plast |
| Cultivation, gathering packaging and/or production of medicinal plants |  |
| Dorivor OSimliklar | Biomir |
| Glycyrrhiza Glabra | Pharm Product |
| ***Agricultural*** Company Shovot Bo'yoni | Narkar Servis |
| Zamona Rano | Mediofarm |
| Wholesale trade of pharmaceutical products |  |
| De Alias Pharma | Sharq Darmon |
| Trade House Alias-Sibir | Sofdil-Fayz |
| Astellas Pharma | Tatmedfarm |
| Bravo Pharm | Sid |
| Fazo-Luxe |  |

Source: The 2013 Investment Guide to Pharmaceutical Industry (Uzbekistan), UN Development ***Programme***, Uzpharmsanoat. Pharmaceutical DistributionDrug distribution and supply was well developed under Soviet rule. In 1994, the monopoly drug distributor Farmatsiya was part-privatised, becoming Dori-Darmon, a joint stock pharmaceutical wholesaler. Currently, there are around 200 enterprises engaged in drug storage and wholesale.Dori-Darmon, which is part-owned by pharmacists and partly by the state, posted 2010 sales of UZS285.5bn (USD181mn). It operates through eight joint-stock companies and 10 subsidiaries, also controlling over 210 pharmacies and 540 pharmacy branches throughout the country. Some 180 of its pharmacies produce medicines in various forms on the basis of doctors' prescriptions.Dori-Darmon also acts as the main testing centre for mandatory batch testing of imported medicines. It launched an insurance business, DD General Insurance, in Q211, to build on its strong position. Dori used to be the leading supplier of drugs to hospitals. In recent ***years***, however, it has been losing market share to private distributors, and now accounts for around 50% of all hospital purchases, according to WHO data. Privately held Asklepiy Pharmaceutical Company is increasingly challenging Dori-Darmon's position as the leading distributor of medicines.Apart from Asklepiy, main distributors include Lahisam, which was established in 1994, and Ajanta Pharma (a subsidiary of Surkhan Ajanta Pharma) and Reddy Pharmamed (a subsidiary of Indian generic drugs specialist Dr Reddy's, which also has local production facilities). Nika Pharm Service is another large distributor and is working as the local partner for Singapore's Beacons.The other key supplier of the public sector is privately owned Uzmedtechnika, which previously accounted for only 10% of pharmaceutical supplies to public-sector healthcare institutions. Responsible for the public-sector purchasing of foreign drugs, the firm should benefit from investments in healthcare system modernisation. As its name suggests, it is also responsible for purchasing medical equipment for state-owned healthcare institutions, a major focus for current healthcare spending. The Sanitary-Epidemiological Services are responsible for direct distribution of vaccines to hospitals and clinics.Pharmaceutical Retail SectorUzbekistan has around 3,500 pharmacies, most of which have been privatised. Private distributors mostly supply private pharmacists, polyclinics and private doctors' practices. The vast majority of drugs dispensed in pharmacies now incur out-of-pocket ***payments***, with many prescription products also available over the counter. Purchasing drugs in the private sector is done on the basis of individual negotiations.E-commerce and mail order systems are not available in Uzbekistan, despite some reported government efforts in this direction, mainly due to low purchasing power and very limited internet penetration. Postal distribution of pharmaceuticals is not regulated, and over-the-counter drugs can be advertised directly to consumers, provided the company receives the approval of the Ministry of Health. Mobile pharmacies, complete with essential equipment, operate in some rural areas of Uzbekistan.The government has recently worked on the establishment of public-private pharmacy partnerships, aiming to establish 2,000 outlets in total, which are to provide high-quality medicines at affordable prices. In May 2018, new social pharmacy (Socapteki) regulations came into effect, as the Cabinet Decree No 334, which stipulated a smaller distance between pharmacies and approved the public-private partnership parameters. In rural areas, recommended service radius is 5-10km (originally marked as 10-15km in the draft documents), and in cities, the distance is 2-3km. Those Socapteki outlets are required to stock certain medicines and supply them at prices no higher than a set level, provide certain medicines on a preferential patient basis, and comply with public-private partnership (i.e. between the state and private entrepreneurs) conditions.

**Load-Date:** June 12, 2018

**End of Document**



[***New insurance programmes protect emerging markets against natural disasters***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4Y1-DXYV-7077-00000-00&context=1516831)

Oxford Business Group: Articles

July 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 3549 words

**Body**

While advanced economies generate the vast majority of insurance and reinsurance business, emerging markets are posting higher rates of growth. Complementing this underlying trend is a strong and expanding interest in catastrophic risk, which by nature tends to pertain to emerging markets. This is coming alongside fast-paced, sector-transforming innovation, which could provide a major boost to industries in less-developed economies.

"You have nothing but opportunity: big populations and tonnes of risks," Tom Johansmeyer, assistant vice-president of property claim services at ISO Claims Analytics, a division of Verisk Insurance Solutions, told OBG. "Look at the populations and the potential growth in financial sophistication - it is an easy call to make."

**By the Numbers**

In terms of simple throughput, insurance remains very much centred in North America, Europe and mature Asian markets. With long histories of trading risk, a general acceptance of the relevant products, and massive and increasingly vulnerable asset bases that need protection, developed economies generate steady volumes. According to insurance group Munich Re, in 2016 North America paid 31.1% of global premium, Western Europe paid 28.8% and the more advanced Asian markets, such as Japan, paid 19.8%.

However, growth rates in emerging markets outpace them by far: according to global accountancy EY, life premium in developing markets rose by 7.8% in 2014, while advanced markets grew by 4%. Those rates were 13.2% and 3.4% in 2015, respectively, 20.1% and 2% in 2016 and an estimated 14.9% against 2.1% in 2017. Particularly strong growth was noted in the life segments in Vietnam, Malaysia and Indonesia. Regarding non-life insurance, the growth in emerging markets has been in the range of 5-8.5% since 2012, while growth in developed markets has remained around 2%.

These trends are leading to a relative decline in the share of business in developed insurance markets. Munich Re has estimated that primary premium in North America will fall to 27.8% of the world's total by 2026, Western Europe to 24.5% and mature Asian markets to 17.5%. Meanwhile, emerging Asia's share will jump from 13.3% in 2016 to 21.4%, the MENA region's allocation will rise from 1.3% to 1.8%, and the share held by sub-Saharan Africa will remain at 1.1%. Swiss Re, another international reinsurer, forecasts the global rate of growth in reinsurance at 1% over the three ***years*** to 2019; by comparison, reinsurance in emerging markets is growing at about 10% per ***year***.

**Reinsurance Trends**

The global reinsurance market on the whole is healthy and on a firm footing, with capital reaching $605bn at the end of the second quarter of 2017. However, in the wake of hurricanes Irma, Maria, Harvey and Nate, among other natural disasters, the long period of relatively low claims appears to be coming to an end, inevitably altering the fundamentals of the existing market. In its "Global Insurance Trends Analysis" for the first half of 2017, EY noted this flip in the market, with average event occurrence rising above the mean. According to the report, 2016 was the biggest ***year*** for catastrophe (CAT) claims since 2012, with $54bn in insurance losses reported on $210bn worth of damage, a coverage rate of 26%; in the first half of 2017 this rose to 42%.

Reinsurance returns are already at or below the cost of capital: ratings agency Fitch expected return on equity to fall from 8.5% in 2016 to 2.1% in 2017, but forecast it would increase to 7.1% in 2018. The cost of capital for companies, meanwhile, was projected at 6-7% in 2017. As reinsurance recovers from a turbulent ***year***, emerging markets should help drive the rebound. Although conditions are likely to remain tight, there is considerable optimism as reinsurers and investors in related securities look for opportunities in fast-growing economies in Asia, Africa and the Gulf. Latin America is not to be ignored, however, as Mexican insurance authorities reported strong demand from international markets and healthy pricing in early 2018, despite recent global catastrophes. At present, 236 reinsurers are operating in Mexico, serving 113 insurance companies - more than two reinsurers for every insurer.

**Micro-insurance**

The growth of reinsurance in the developing world is mainly the result of economic expansion and increased awareness, though regulatory changes are playing a role as well. Many local authorities are attempting to raise public knowledge of the benefits of insurance and are calling for better coverage of risk, which is helping to boost policy demand. The rise in cessions is also being driven by innovations devised to address specific conditions, events and capacity constraints in various countries.

Micro-insurance, which has been targeted as one of the UN's Sustainable Development Goals, is one such innovation. In August 2017 an international partnership was forged between the UN and the global insurance industry, which will help boost sector activity. Swiss Re has forecast that the micro-insurance market could cover as many as 4bn people worldwide, and reinsurers will be vital to this expansion. As the market increases in size, added capacity will be needed beyond what domestic businesses can currently provide, and international players will be key in bridging the gap.

To date, however, engagement has been minimal and the two markets are barely connected. While major reinsurance companies are supportive of the offerings of micro-insurance - especially in terms of grants, research and promotion - their exact participation in the risk-***transfer*** part of the equation remains unclear. This is partially a structural issue: the insured amount is usually so low with micro-insurance that reinsurance rarely kicks in on a per policy basis.

**Index Linking**

For the most part, reinsurance companies are involved with the micro-segment indirectly via the index-linked market. These products utilise parametric triggers, deliver large payouts when the relevant criteria are met and offer clear visibility of the basis for any claims, making them well suited for reinsurers.

A number of ***programmes*** are under way to increase reinsurance participation in the index-linked market. For instance, Mongolia's ***Agriculture*** Reinsurance (AgRe), which provides index-based livestock cover, is supported by major international players, including SCOR, Swiss Re and Qatar Re. AgRe was originally formed with the assistance of the World Bank in 2005, becoming a fully fledged corporate entity in 2014. Despite early losses, the ***programme*** has been in positive territory every ***year*** since 2010, according to company data.

In 2015 the International Financial Corporation, part of the World Bank Group, opened the Global Index Insurance Facility (GIIF) with Swiss Re as its technical partner. The GIIF is a donor-funded ***programme*** to support index-linked insurance in developing countries. That same ***year***, French insurer AXA announced it would provide reinsurance capacity for weather-linked products introduced by the World Bank under the GIIF.

**Catastrophe Risk**

One of the main avenues to emerging markets for reinsurers is through CAT coverage. Developing countries are often compelled to turn abroad to cover major disasters, as they have limited domestic capacity due to the size of their economies and local insurance markets. It is also a product line where the modes of participation for international reinsurers are straightforward, with ample opportunity for innovation and product development. The triggers are transparent, the events are well defined and the duration of the cover tends to be short.

Although CAT coverage is needed and utilised everywhere, and most claims are paid in developed markets, the insurance is particularly suited to emerging economies. Because of their locations, populations and lack of infrastructure, these countries tend to be most affected by weather-related and seismic events. Thailand, the Philippines, Mexico, Indonesia, Papua New Guinea and a number of sub-Saharan African nations, for instance, are all highly vulnerable to natural disasters and are good candidates for coverage.

Development of the segment is ongoing, but a number of ***programmes*** are already in place. For example, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which is currently owned and operated by 16 governments from the region, was created in 2007 with international assistance. It is the first and only regional fund to date that pays out claims based on statistical parameters rather than actual losses incurred. Reinsurance is a key component of the coverage, as it allows for the purchase of CAT insurance at lower rates than would usually be available commercially. Payouts from the CCRIF totalled $100m as of late 2017.

Another such entity is the Pacific Catastrophe Risk Insurance Company (PCRIC), which covers the Cook Islands, the Republic of the Marshall Islands, Samoa, Tonga and Vanuatu. The entity was designed to pool risk and tap international reinsurance markets to cover key regional risks, such as tsunamis, earthquakes and cyclones. Established in June 2016 after the completion of a pilot ***programme*** from 2013 to 2015, the PCRIC mobilised $45m worth of coverage for the 2017/18 cyclone season, up from $38m a ***year*** earlier.

To cover the African market, African Risk Capital (ARC) was launched in 2014 as a sovereign CAT fund. It aims to have $1.5bn of coverage available by 2020, although it will likely require significant international support to meet this goal. In this regard, the ARC has reported that the response from the global reinsurance market has been positive so far.

**Innovation**

In addition to traditional reinsurance arrangements, CAT bonds and CAT swaps are becoming a bigger part of the landscape. Under a swap, the exposure is ***transferred*** to investors in return for a ***payment*** - similar to a bond or a reinsurance agreement, but with less structure. These developments allow for the quick identification of risk and deployment of capital, in turn resulting in highly competitive terms. As reinsurance becomes more oriented towards capital markets, some developing economies may be better served.

For instance, Mexico's Fund for Natural Disasters (Fondo de Desastres Naturales, FONDEN) uses an index based on the Richter scale to provide reinsurance to cover costs after the country's earthquake insurance fund is tapped out. In 2017 FONDEN sold a $360m CAT bond, surpassing the $290m that was initially planned.

In the Philippines, a parametric disaster line to cover the 25 most disaster-prone provinces was initiated in 2017. The fund, valued at P1bn ($19.8m), received support from the World Bank, with the risk fully ceded to international reinsurers. In a related development, the World Bank arranged a $206m CAT swap line for the country, which will cover typhoon and earthquake risk.

At a global level, the World Bank has initiated a pandemic CAT ***programme***, issuing a $320m bond and completing $105m worth of swap transactions in 2017. The pandemic emergency financing facility will provide cover for the flu; coronaviruses, such as SARS; filoviruses, including Ebola and Marburg; Crimean-Congo fever; Rift Valley fever; Lassa fever; and others. World Health Organisation data on the number of people affected by an outbreak is used to trigger ***payments***.

The size of the CAT bond market has more than doubled over the past decade. It reached record volumes in 2017, estimated at $12bn, with more than $30bn outstanding. There are signs that alternative financing is outpacing traditional reinsurance, which could have a major impact on developing economies, given the speed and flexibility of market-based solutions.

**Barriers to Risk**

The micro- and index lines have historically faced challenges, and it can be difficult to generate demand for these products. The Manggarai Water Gate micro-insurance ***programme***, for example, was established in 2009 with the help of Munich Re. It paid out a fixed amount when the level at the Manggarai Gate - built to help control floods in Jakarta - breached a predetermined level. However, the demand was not there: only 50 policies were sold, and as a result, the ***programme*** was discontinued in 2010.

In terms of index-linked initiatives, it is not clear whether these securities can be fully self-sustaining, as most rely on multilateral and donor support. In places like China and India, markets are able to fund the risk internally, but in smaller markets, the mismatch between the potential losses and the critical mass on the ground is substantial. Island nations in particular lack the domestic markets to fund the amount of reinsurance required to cover inevitable natural disasters.

Poor performance also threatens the sector, and one major loss can shift sentiment, which can freeze markets and make risk difficult to ***transfer***. For instance, an 8.1-magnitude earthquake in Mexico in August 2017 could have wiped out FONDEN's financing completely. Although the payout ended up being a manageable $150m, it highlighted potential problems.

**Protectionism**

Another challenge for reinsurers in emerging markets is the rise of protectionism. According to AM Best, an insurance ratings agency, the trend towards more open economies has hit a speed bump in recent times, as populist sentiment and isolationism increase around the globe. In insurance markets, these trends have resulted in new efforts to restrict entry, such as local incorporation rules and higher capitalisation levels. Reinsurance is often targeted directly. This can include mandatory cessions to state reinsurers, minimum retention levels and high capital requirements for overseas cessions. The Global Reinsurance Forum has identified 28 countries or regions that have restrictions on reinsurance or are in the process of putting them in place. While a number of developed countries are included - such as the US, Germany and France - mandatory cession and other similar requirements are more common in emerging markets. For instance, Kazakhstan and Russia have been particularly restrictive, with the latter forming the Russian National Reinsurance Company in 2016. "The introduction of local requirements is influencing international reinsurers," Solomon Lartey, CEO of Activa International Insurance in Ghana, told OBG. "The global view of the reinsurer is bittersweet. For the big players facing natural disasters, they are getting squeezed from every angle."

In 2008 Saudi Arabia announced that all foreign insurance companies operating in the country had to become locally incorporated. In addition, foreign ownership was restricted to 30% of the total capital of an insurer, while all risk was required to be placed with local insurers. A report by AM Best concluded that these rules were ineffective, as informal fronting arrangements meant much of the risk was placed internationally anyway. To mitigate this, authorities initiated minimum retention levels, requiring that 30% of premium ceded be kept in the country. The Saudi net retention ratio has been well beyond this in recent ***years***, at 81% in 2015 and 82% in 2016.

Similar requirements have been introduced in sub-Saharan Africa: 15% of life cessions and 10% of non-life cessions in Gabon must go to the Société Commerciale de Réassurance du Gabon; 15% of all reinsurance cessions in Uganda must be made to Uganda National Reinsurance; African Reinsurance Corporation (Africa Re) is entitled to 5% from underwriters in the African Union; and in Nigeria 5% goes to Africa Re and 5% is ceded to the West African Insurance Companies Association Reinsurance Corporation. Furthermore, Nigeria, Ghana and Uganda require that all local capacity be exhausted before placing risk overseas, but due to the small size of domestic markets this threshold is generally reached. Protectionism is increasingly evident in Asian markets as well. So-called voluntary cessions to Malaysia Re will continue at a rate of 2.5% until the end of 2019 at least. In the Philippines, 10% must be ceded to the National Reinsurance Company of the Philippines, while in Sri Lanka 30% must go to National Insurance Trust Fund, up from 10% in 2013. Thailand has required 5% cessions to Thai Re since 2005, though this has not been enforced since the damaging 2011 floods. Vietnam, meanwhile, has required mandatory 10% local cession since 2016.

Notably, Indonesia, via the Indonesian Financial Services Authority (OJK), has established a number of reinsurance rules to encourage more domestic cession. Motor, health, personal accident, credit, life and surety risk must remain in the country, though products for multinational companies underwritten by international insurers are allowed. Each insurer must prepare an insurance support strategy, which sets out a reinsurance and retention plan, while automatic reinsurance agreements must utilise domestic capacity first - going overseas only if the domestic market is unwilling or unable to fill the order, as long as proof of this is provided to the OJK. Furthermore, foreign insurers taking on risk must be rated above "BBB".

Indonesia has also set up a national reinsurer, Indonesia Re. Formally established in 2015, Indonesia Re is an amalgamation of the existing reinsurers: Reasuransi Umum Indonesia, Reasuransi Internasional Indonesia, ASEI Re, Asuransi Kredit Indonesia and Reasuransi Nasional Indonesia. It was created to keep premium in the domestic market and may be recapitalised to achieve this goal. European insurers are worried that the new company could result in a higher rate of mandatory cession. While Indonesia is starting to employ protectionist measures, its economic growth is leading to overexposure in the domestic insurance sector. JLT Re, global provider of reinsurance broking, noted that although premium grew at a 10% rate from 2011 to 2016, the pace is not fast enough to fully cover the rise in exposure, placing underwriters at more risk.

Interestingly, Mexico and most Latin American markets are free of such protectionist measures, with the exception of Argentina, with a 15% mandatory cession.

Forcing up retention rates may be difficult, as insurers in developing countries often do not have the necessary capital to serve all business. A good portion of premium required to remain domestic already ends up overseas; national reinsurers often have no choice but to turn to international markets. "A lot of our local players are more distribution organisations," Mark Lwin, CEO of AIG Philippines Insurance, told OBG. "If you look at retention rates, they are between 1-2% and 6% at most. The gap between the desire to keep premium in the local market and the capacity to do so is significant."

**Structural Risks**

Local conditions can impose specific challenges for insurers and reinsurers alike. On the life side, EY anticipates a tapering of growth in East Asia, as demand shifts from investment-linked products to protection products. In terms of non-life, EY has forecast a pick-up following a period of slower growth stemming from macroeconomic concerns, although the rebound will likely be capped by competitive and regulatory pressures. There are common structural risks in emerging markets, such as limited data and underwriting experience; however, advances in technology should see these areas improve, and some developing economies already have a substantial amount of data available. For example, PNG has 50 ***years*** of cyclone data and Mongolia's livestock census dates to 1918.

Distribution is another issue in emerging markets, as extending coverage to both individuals and corporations can be challenging. Reinsurers becoming more involved at the local level is one potential solution; however, this sort of activity is outside the normal field of operations and responsibility. Globally, the reinsurance market is becoming increasingly concentrated - the top-five players currently control around 90% of the market - but in some cases, local markets are becoming too competitive, which can lead to a mismatch in terms of pricing. In PNG, foreign exchange restrictions have led to reinsurance ***payment*** challenges, while in other markets, the fall in local currencies has led to a decline in the market size in dollar terms, despite strong business.

**Looking Ahead**

The reinsurance sector is changing in both developed and emerging economies all over the world. Although natural disasters have led to a tightening of the market, new technologies and innovation are assisting insurers and reinsurers in reaching historically underpenetrated areas. Alternative solutions are likely to create uncertainties as well as opportunities, but all indications suggest that reinsurance in emerging markets is set to grow in both absolute and relative terms.

Although there are concerns surrounding increased protectionism, the desire to keep more premium within emerging economies is likely to bolster industry development and capacity building. "It is up to global players, but they must stop thinking that African business is too small," Lartey told OBG. "African regulators are talking to each other, fighting to close every loophole. If multinationals don't take action, local players will step in and work to meet business needs. Eventually, global players will have to shift to doing more business in Africa."

**Load-Date:** March 12, 2020

**End of Document**



[***Uzbekistan Pharmaceuticals & Healthcare Competitive Landscape***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TDS-1VP1-JD33-J233-00000-00&context=1516831)

Business Monitor Online

October 5, 2018 Friday

Copyright 2018 Business Monitor International Ltd. All Rights Reserved



**Length:** 2703 words

**Highlight:** At least 300 producers have some degree of presence in Uzbekistan's pharmaceutical market. As of September 2018, the manufacturing of medicines and medical products in the country is carried out by 152 pharmaceutical enterprises. Despite the challenging business environment, foreign firms are present in Uzbekistan's pharmaceutical market. The government has tried to push through localisation; however, domestically manufactured medicines cater to only 25% of total drug demand in value terms.

**Body**

At least 300 producers have some degree of presence in Uzbekistan's pharmaceutical market. As of September 2018, the manufacturing of medicines and medical products in the country is carried out by 152 pharmaceutical enterprises. Despite the challenging business environment, foreign firms are present in Uzbekistan's pharmaceutical market. The government has tried to push through localisation; however, domestically manufactured medicines cater to only 25% of total drug demand in value terms.This compares to 2015, when Uzbekistan's pharmaceutical industry included 146 local producers (132 manufacturers of medicines, seven manufacturers of diagnostic tools and seven manufacturers of medical supplies) - as reported by Uzbekistan's authorities at the bilateral Swiss-Uzbek business forum.The following pharmaceuticals are authorised in Uzbekistan: 6,218 trade names of medicines of foreign manufacture 2,462 trade names of home-produced medicines 1,586 names of medical products, including 228 names of domestic production The volume of consumption of medicines of domestic production by the population and healthcare providers is 57% in volume terms and 25% in value terms.Domestic producers provide 27% of the consumption of medicines on the List of Essential Medicines. The government is promoting further development of domestic drug manufacture and exports. A key reason for the slow growth in exports is the low level of implementation of the good manufacturing practice standard ( *see Regulatory Review*).Local producers manufacture about 2,500 medicinal products that are widely used in the medical practice across Uzbekistan.

Currently, foreign investors are involved in the implementation of nine investment projects worth USD123.9mn. This sum includes USD87.32mn of direct foreign investments. Key investors include China, India, Germany, the UK and Turkey.Uzbekistan registers several free economic zones, including Nukus-Parm, Zomin-Pharm, Kosonsoy-Pharm, Sirdaryo-Pharm, Boysun-Parm, Bustonlik-Pharm, and Parkent-Pharm. They were established to implement projects in the area of medicinal plant cultivation and manufacturing of pharmaceuticals.A total of 30 projects worth UZS1,361.1bn (USD173mn) will be implemented in these free economic zones, and 1,903 new jobs are expected. Major projects in Sirdaryo free economic zone include manufacturing of pharmaceutical glassware launched by Sirdaryo Universal Oyna and manufacturing of medical disposable vials implemented by Pharma Plast Holding.A presidential decree issued in April 2010 limits the validity of licences for pharmaceutical manufacturing to five ***years***, in the past licenses were indefinitely. Despite the general opacity of the market, we believe there are a large number of dormant or marginal producers and that this re-licensing provision may push some out of the market.Turkey- and India-based firms have been leading foreign investors into the country's pharmaceutical industry. Investments are estimated to have risen to around USD317mn in 2015, according to the UN Development ***Programme*** and Uzpharmasanoat. The government's ***Programme*** on Priorities of Industrial Development of Uzbekistan in 2011-2015 aims to implement 28 new projects worth USD284.2mn. The ***programme*** also aims to launch a number of new drugs by the Uzpharmsanoat companies as part of its ***Programme*** for Development of Pharmaceutical Sector.Foreign drugmakers account for the top 10 manufacturers by sales, according to available data from the Association of International Pharmaceutical Manufacturers in Russia and Research Marketing & Business Consulting Company. Some of the more prominent players include Berlin Chemie/Menarini Pharma, Novartis (including its generic drugs arm Sandoz-Lek), Valenta, Sanofi and Nycomed. Manufacturers from the Commonwealth of Independent States (CIS) and Baltic countries account for about 20-25% of the market, while 30-40% of medicines originated in Western Europe, North America and Japan. India is thought to supply between 10% and 15% of imports.Research-Based IndustryLimited expertise, outdated infrastructure and a weak regulatory environment have mitigated the development of research-based pharmaceutical capacity in the country. The government focus on boosting generics production to meet basic pharmaceutical needs and increase drug export has driven several manufacturing developments in Uzbekistan in recent ***year***, including through joint ventures with foreign players. Innovative or patented drugs, which account for around 25% of the pharmaceutical market in value terms, are to a large extent supported through imports.As pharmaceutical manufacturing capacity continues to be promoted through several state incentives, including improvements in the regulatory environment and policies aimed at attracting foreign investment and expertise ***transfer***, the process of scaling up through the value chain in drug manufacturing and production standards will continue over the long term.Generic DrugmakersUzbekistan inherited limited and often run-down production facilities from the Soviet era, and foreign companies have dominated the pharmaceutical market since independence. The government has attempted an import-substitution regime aimed at increasing the domestic share of pharmaceutical supply. This ***programme*** aims to increase self-sufficiency in essential medicines, as well as diversify the domestic economy by boosting currently pharmaceutical exports, which are at minimal levels.Current import substitution policy seeks to increase the volume of the market covered by domestic producers from around 20% to 50%, mirroring plans in neighbouring Kazakhstan. The ***programme*** is focused on self-sufficiency in the production of essential drugs, vaccines, and blood transfusion and infusion systems. Plans include launching the local production of 100 new medicines.Pharmaceutical products manufactured in Uzbekistan are mainly exported to CIS and Baltic countries, including Armenia, Azerbaijan, Afghanistan, Georgia, Kazakhstan, India, Mongolia, Turkmenistan, China and Russia, among others. However, the domestic industry continues to suffer from an influx of higher-quality, more costly medicines from Western European and Central European manufacturers. This is in addition to cheaper drugs from India and China and growing competition from CIS peers, mainly Russia, Ukraine and Kazakhstan. Traditionally, another problem for local producers has been a lack of domestic capacity to produce active pharmaceutical ingredients, which are imported primarily from China. For example, Jurabek Laboratories cites import costs of intravenous fluids as particularly expensive given the added value of production and the fact that the cost of travel far exceeds that of drugs themselves. Domestic production is therefore providing new opportunities for both producers and consumers.We assert, however, that poor governance and corruption will continue to plague the sector and keep out larger players. At the same time, enormous pent-up demand will feed ongoing - if patchy - modernisation. The major difficulties in the market are a lack of transparency, an absence of independent media and market research sources, and the suppression of debate regarding the best routes for the development of the sector due to widespread political repression.With fixed capital investment growing by 7.2% y-o-y, we expect the sector to benefit from steady government expenditure on fixed investment and infrastructure projects. The government's commitment to modernising the economy and shifting its dependence away from hydrocarbons will play an important role in driving growth. Uzbekistan's pharmaceutical industry was to implement 39 new investment projects to produce 30 new generic drugs for the prevention and treatment of socially significant and socially dangerous diseases. There is a high demand for such products, which come into the country primarily through import contracts.A number of companies have invested in upgrading their facilities, although an unknown number have closed due to the prohibitive costs of modernisation. Other holders of licences may be dormant and the number of companies will fall further following the introduction of rules limiting the validity of pharmaceutical activity licences to five ***years***. The bulk of production facilities and related research institutes fall under the control of Uzpharmsanoat, which was, however, liquidated in 2017. Its responsibilities were then ***transferred*** to the newly created Agency for Development of the Pharmaceutical Industry. **Leading Domestic Players** The most dominant company in the production sector is Uzpharmsanoat, which has 85 manufacturing, research and other sites and exports to 12 countries, with earnings totalling USD1.18mn. Uzpharmsanoat has received substantial sums in terms of foreign investment since the mid-1990s, as well as one-off tranches from the state. The Agency for Development of the Pharmaceutical Industry has recently taken over the corporation's responsibilities.Domestic producers outside the Uzpharmsanoat Holding include Core Pharmsanoat (focusing on oral and intravenous formulations), Turkish-owned Nobelpharmsanoat (parent company Nobel also owns a generic drugs plant in Kazakhstan) and privately held Jurabek Laboratories. UzGerMed Pharm uses German investment for a new plant to produce a variety of generic products in the Tashkent region. In addition, RekomedFarm is producing succinasol, a blood substitute. Nihol Pharmaceuticals manufactures immunobiological compounds. Radix is reportedly producing influenza treatments.

**List Of Companies In Uzpharmsanoat SJSC (As Of October 7 2013)**

| **Research, Development And Innovation Institutes** | |
| --- | --- |
|  |  |
| Tashkent Research Institute of Vaccines and Serums | Oriental Medicine Research Institute |
| Uzbek Research Institute of Chemistry and Pharmaceutics named after A. Sultanov | Spa Vaccine |
| Manufacturers (medical drugs) |  |
| A.B. Biokom | Nova Pharm |
| Albi-Pharma | Novopharma Plus |
| Amaliy Med Farm | Orom-Biopreparat |
| Codepharm | Plast Pharm Medical |
| Dentafill Plus | Pspe Radiks |
| Galenika | Reka Med Pharm |
| Gufic Avicenna | Remedy |
| Hansang Pharm | Remedy Group |
| Immunomed | Samo |
| Invest Med Pharm Plus | Samsun-Toshkent Pharm Ltd |
| Innekmed Farm | Salubris Vita |
| Jurabek Laboratories | Tashfarma.I. |
| Lafz | Uzgermedpharm |
| Lekinterkaps | Ultra Health Care |
| Merrymed Farm | Ziyo Nur Farm |
| Nika Pharm | OZkimyofarm |
| Nobelpharmsanoat | Laxisam Pharmaceuticals |
| Manufacturers (vaccines, serums and diagnostics) |  |
| Armenia | OjscUzbiopharm |
| Bibinor | Iparbiointer |
| Olam |  |
| Manufacturers (dressing materials) |  |
| Elastikum | Xabibullo Global |
| Manufacturers (supplementary materials) |  |
| Agro Plast Polimer | Tb Farm Plast |
| Flex Pharm | Tubex |
| Galen Med Pharm | Med Standard Glass |
| Makrofarm-Optima | Mohir Bek |
| Nasa | Campalia |
| Rahim Farm Group |  |
| Manufacturers (other product types) |  |
| Agro Bio Kimyo | Ortopediya-Industriya |
| Oil Neft | ***Agricultural*** Company Xorazm Fito Farm |
| Bio Chemical | Vitotex Plus |
| Asia Trade | Xamidobod Imkon |
| Magnum Medikal Servis | Uzgersov |
| Ekoplast Systems | Chori Plast |
| Cultivation, gathering packaging and/or production of medicinal plants |  |
| Dorivor OSimliklar | Biomir |
| Glycyrrhiza Glabra | Pharm Product |
| ***Agricultural*** Company Shovot Bo'yoni | Narkar Servis |
| Zamona Rano | Mediofarm |
| Wholesale trade of pharmaceutical products |  |
| De Alias Pharma | Sharq Darmon |
| Trade House Alias-Sibir | Sofdil-Fayz |
| Astellas Pharma | Tatmedfarm |
| Bravo Pharm | Sid |
| Fazo-Luxe |  |

Source: The 2013 Investment Guide to Pharmaceutical Industry (Uzbekistan), UN Development ***Programme***, Uzpharmsanoat Pharmaceutical DistributionDrug distribution and supply was well developed under Soviet rule. In 1994, the monopoly drug distributor Farmatsiya was part-privatised, becoming Dori-Darmon, a joint stock pharmaceutical wholesaler. Currently, there are around 200 enterprises engaged in drug storage and wholesale.Dori-Darmon, which is part-owned by pharmacists and partly by the state, posted 2010 sales of UZS285.5bn (USD181mn). It operates through eight joint-stock companies and 10 subsidiaries, also controlling over 210 pharmacies and 540 pharmacy branches throughout the country. Some 180 of its pharmacies produce medicines in various forms on the basis of doctors' prescriptions.Dori-Darmon also acts as the main testing centre for mandatory batch testing of imported medicines. It launched an insurance business, DD General Insurance, in Q211, to build on its strong position. Dori used to be the leading supplier of drugs to hospitals. In recent ***years***, however, it has been losing market share to private distributors, and now accounts for around 50% of all hospital purchases, according to WHO data. Privately held Asklepiy Pharmaceutical Company is increasingly challenging Dori-Darmon's position as the leading distributor of medicines.Apart from Asklepiy, main distributors include Lahisam, which was established in 1994, and Ajanta Pharma (a subsidiary of Surkhan Ajanta Pharma) and Reddy Pharmamed (a subsidiary of India-based generic drugs specialist Dr. Reddy's, which also has local production facilities). Nika Pharm Service is another large distributor and is working as the local partner for Singapore's Beacons.The other key supplier of the public sector is privately owned Uzmedtechnika, which previously accounted for only 10% of pharmaceutical supplies to public-sector healthcare institutions. Responsible for the public-sector purchasing of foreign drugs, the firm should benefit from investments in healthcare system modernisation. As its name suggests, it is also responsible for purchasing medical equipment for state-owned healthcare institutions, a major focus for current healthcare spending. The Sanitary-Epidemiological Services are responsible for direct distribution of vaccines to hospitals and clinics.Pharmaceutical Retail SectorUzbekistan has around 3,500 pharmacies, most of which have been privatised. Private distributors mostly supply private pharmacists, polyclinics and private doctors' practices. The vast majority of drugs dispensed in pharmacies now incur out-of-pocket ***payments***, with many prescription products also available over the counter. Purchasing drugs in the private sector is done on the basis of individual negotiations.E-commerce and mail order systems are not available in Uzbekistan, despite some reported government efforts in this direction, mainly due to low purchasing power and very limited internet penetration. Postal distribution of pharmaceuticals is not regulated, and over-the-counter drugs can be advertised directly to consumers, provided the company receives the approval of the Ministry of Health. Mobile pharmacies, complete with essential equipment, operate in some rural areas of Uzbekistan.The government has recently worked on the establishment of public-private pharmacy partnerships, aiming to establish 2,000 outlets in total, which are to provide high-quality medicines at affordable prices. In May 2018, new social pharmacy (Socapteki) regulations came into effect, as the Cabinet Decree No. 334, which stipulated a smaller distance between pharmacies and approved the public-private partnership parameters. In rural areas, recommended service radius is 5-10km (originally marked as 10-15km in the draft documents), and in cities, the distance is 2-3km. Those Socapteki outlets are required to: stock certain medicines and supply them at prices no higher than a set level, provide certain medicines on a preferential patient basis, and comply with public-private partnership (i.e. between the state and private entrepreneurs) conditions. **Latest Company Developments** In August 2018, Filya Zhebrovskaya, Chairman of the Board of Directors of the Ukrainian pharmaceutical company Farmak, and Alisher Abdualiyev, Uzbek Ambassador to Ukraine, agreed on the construction of a new pharmaceutical plant in Uzbekistan. The new enterprise, which will be based in the pharmaceutical industrial zone in the Tashkent region by attracting direct investments worth USD10mn, will expand the range of medicines that are produced in Uzbekistan, reduce dependence on imported production and create a basis for further expansion of the pharmaceutical cluster.In July 2018, the Ministry of Health of Uzbekistan reached an agreement with Belarusian holding Belfarmprom to produce drugs for the treatment of cancer and products for hemodialysis in Uzbekistan.

**Load-Date:** October 5, 2018

**End of Document**



[***Driving to Scale: Bim’s Journey to Digital Financial Inclusion in Peru***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SPD-YWV1-JDG9-Y3F3-00000-00&context=1516831)

Impact News Service

June 30, 2018 Saturday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 1197 words

**Body**

New York NY: Better Than Cash Alliance has issued the following press release:

Interview with Felipe Vásquez de Velasco, General Manager of Peruvian Digital ***Payments*** (PDP)

LEER ARTÍCULO EN ESPAÑOL

Version en español Felipe Vásquez de Velasco photo

Felipe Vásquez de Velasco, General Manager of Peruvian Digital ***Payments*** (PDP)

Peru launched the first interoperable mobile money platform in the world, with the aim of promoting financial inclusion.

Now, two ***years*** later, Felipe Vásquez de Velasco, General Manager of Peruvian Digital ***Payments*** (PDP), talks about the main achievements and lessons learned. His company, which engages with most of the country’s financial sector players, is responsible for processing transactions with the Billetera Móvil (Bim) electronic wallet. First, what prompted the launch of electronic wallet Bim in Peru?

Peru is one of the countries with the best environments for financial inclusion. However, it still faces important challenges. Only 43 per cent of Peruvians have a deposit account in the financial system. And 31 per cent of the country’s districts, especially those in rural areas, still lack formal financial institutions.

Given this reality, both the government and the private sector are looking for innovative solutions for a quantitative and qualitative leap forward in terms of access and use of financial services.

That’s why, just two ***years*** ago, Bim was established. The mobile wallet, interoperable between its issuers and the three most important mobile telephone networks in the country, was initially offered by nine electronic money issuers. As of today, 25 issuers have joined the platform. What have been the main achievements to date?

Bim has made important advances. In addition to the person-to-person (P2P) ***transfers***, various functionalities have been added, such as purchases, virtual mobile top-ups, supplier ***payment*** and ***payment*** for services. And one of the highlights is the simplified income tax (SIT) ***payment***, a scheme adopted by individuals and micro-enterprises.

Bim has significantly increased the number of cash in/cash out points last ***year***. That is why at the beginning of 2018, Bim already had a network of over 10,000 nation-wide points of service between agents and ATMs of the issuers who are more actively involved in the initiative.

After a slow first ***year***, the number of transactions on the platform grew by 30 times in the second. From 8,000 transactions made in November 2016, they increased to more than 245,000 in June 2017. The catalyst for this increase was the use of Bim for the ***payment*** of mobile top-ups. However, this growth has not yet translated into an increase in the use of Bim for other types of transactions, such as P2P ***payments*** or person-to-business (P2B) ***payments***. We would certainly like to see that, of course. Could P2P transactions drive the increase in the number of transactions and users?

A look at the Peruvian market for internal remittances has allowed us to observe that Bim could become a competitive alternative to person-to-person ***payments***.

On this issue, we are working with the Better Than Cash Alliance. This global partnership works with Peru, which is one of its founding members, to develop an inclusive digital ***payments*** ecosystem in the country. As part of this support, the Alliance has provided us with technical assistance for the development of a strategy and a roadmap with concrete opportunities to increase P2P ***transfers*** through Bim.

Bim offers low rates for P2P transactions compared to the existing formal alternatives. In addition, the service offers the security not provided by the informal modalities currently dominating this market in Peru. In order to enter this market, it was recommended to focus on specific segments of the population that would catalyze mass adoption of Bim. To this end, our company worked with electronic money issuers that use Bim in identifying these segments and in the initial development of three pilot projects. The selected segments were: the beneficiaries of a national university scholarship ***programme***, the micro-entrepreneurs of the most important textile cluster in the country, and the farmers participating in an ***agricultural*** insurance ***programme***. In each of these pilots, users would receive a regular ***payment*** in their wallets, which is expected to stimulate the use of Bim for other transactions.

Although the study focused on P2P transactions, the analysis identified several cross-cutting challenges and made recommendations with respect to the overall P2P strategy. These recommendations were based on the analysis of successful cases for usage of mobile wallets, such as Tigo in Paraguay and M-Pesa in Kenya. What strategies does the study recommend to improve the person-to-person transactions offered by Bim?

First, focus on the specific needs of the user. This would allow, on the one hand, to align the priorities of PDP with that of the participating issuers and, on the other, to send a clear message on the advantages of Bim. It is essential not to lose sight of the needs of Bim’s target audience, that is, those who inspired the implementation of this initiative: the sectors that do not have adequate access to financial services.

Second, improve the user’s experience at the points of service. Research corroborated that the level of the quality of services provided by the agents was not homogeneous, nor were the services offered to the user, since these depend on the corresponding issuer.

Third, there is a need to strengthen the ecosystem and investing resources in it. The experience of mobile wallets, in countries such as Kenya and the Philippines, informs that this business requires patience and a significant investment to generate the ecosystem required to reach scale. This implies that some of the participating issuers renew their initial commitment with Bim and that long-term efforts to ensure the success of this initiative are boosted. Do you think that these recommendations can be useful for financial service providers in other countries? Why?

Certainly. Bim’s operating model has raised the hope that a collaborative and multioperable scheme can overcome the problems that have hampered the adoption of mobile money in other countries and can stimulate financial inclusion. Capturing the market for P2P transactions through Bim could be a big step in this direction.

At the regional level, the lessons drawn from the Bim study and experience would be useful for countries that are implementing regulatory frameworks for e-money issuers such as El Salvador, Honduras, Colombia and Paraguay. Indeed, it would be good to share experiences from electronic money providers who face similar challenges, or those who are about to, as in Argentina.

Globally, we are following with great interest what is happening in India and the Philippines where digital wallets will be key in the disbursement of government ***payments***, and where social ***payments*** will be included. Certainly, this type of ***payment*** represents a major challenge due to geography, the lack of financial infrastructure and public services (i.e energy and telecommunications), as well as the fact that the mobile wallet users are not tech savy.

**Load-Date:** July 2, 2018

**End of Document**



[***Register of Commission documents: Annex to Commission Implementing Decision adopting a Multi-country Action Programme for the year 2018, EUR 196 150 000 Document date: 2018-06-22 COM-AC\_DR(2018)D057363-01 Comitology - Right of scrutiny***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S1P-1D91-JDG9-Y4GV-00000-00&context=1516831)

Impact News Service

July 31, 2018 Tuesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 17622 words

**Body**

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

ANNEX 1 to Commission Implementing Decisionadopting a Multi-country Action ***Programme*** for the ***year*** 2018

* Identification

|  |  |
| --- | --- |
| Beneficiary | Beneficiaries listed in Annex I of the IPA II Regulation (IPA II beneficiaries) |
| CRIS/ABAC Commitmentreferences                 EU Contribution   Budget line | 2018/040-113; MCP 2018- part Directorate-General for Neighbourhood and Enlargement Negotiations 2018/040-822; MCP 2018 - part Directorate-General for Education, Youth, Sport and Culture 2018/040-823; MCP 2018 - part Directorate-General for Mobility and Transport 2018/040-824; MCP 2018 - part Directorate-General for Health and Food Safety SI2.780466; MCP 2018 - part Education, Audiovisual and Culture Executive Agency (EACEA)   EUR 196 150 000   22.020401 ? Multi-country ***programmes***, regional integration and territorial cooperation |
| Management mode/ Entrusted Entity | Direct management by the European Commission Except for: Action No. 13 ? Regional Housing ***Programme*** (RHP) (Sarajevo Process):indirect managementby the Council of Europe Development Bank (CEB) |
| Final date for contracting including the conclusion of delegation agreements | at the latest by 31 December 2019 |
| Final date for operational implementation | at the latest by 31 December 2022 Except for: Action No. 11 ? EU support to the Western Balkans Investment Framework for Technical Assistance for 2018: 31 December 2025 |
| ***Programming*** Unit | Directorate-General for Neighbourhood and Enlargement Negotiations, UnitD.5 - Regional Cooperation and ***Programmes*** |
| Implementing Unit/ EU Delegation | Directorate-General for Neighbourhood and Enlargement Negotiations, Unit D.5 - Regional Cooperation and ***Programmes***, with the following exceptions: Part of Action No. 1: EU support to improving economic governance and competitiveness, Directorate-General for Neighbourhood and Enlargement Negotiations, Unit A.3? Thematic support, Economic governance & IFIs, Public Administration Reform Action No. 2: Western Balkans Youth Window under Erasmus +, co-delegated to EACEA Action No. 3: EU support to improving education and skills capabilities in the Western Balkans and Turkey, cross sub-delegated to Directorate-General for Education, Youth, Sport and Culture Action No. 8: EU support to Public Administration and Public Financial Management Reforms in the Western Balkans, Directorate-General for Neighbourhood and Enlargement Negotiations, Unit A.3? Thematic support, Economic governance & IFIs, Public Administration Reform Action No. 10: EU support to the Transport Community Treaty Secretariat, cross sub-delegated to Directorate-General for Mobility and Transport Action No. 14: EU Regional action on animal disease eradication in the Western Balkans, cross sub-delegated to Directorate-General for Health and Food Safety |

* Description of theAction ***Programme***

* Sectors selected under this Action ***Programme***

1. Rationale for the selectionof thespecific sectors under this ***programme***:

This Instrument for Pre-Accession Assistance (IPA II) Multi-country action ***programme*** is designed to respond to priority needs as identified in the Multi-country Indicative Strategy Paper 2014-2020 (hereinafter referred to as Strategy Paper) adopted on 30 June 2014[1], as last being revised to take account of the latest developments, and in particular,theCommunication from the Commission on 'A credible enlargement perspective for and enhanced EU engagement with the Western Balkans' adopted on 6 February 2018[2]. This strategy aims to generate renewed reform momentum in the Western Balkans and provide significantly enhanced EU engagement to better support their preparations on the European path.For the period 2018-2020, this Strategy Paper has been revised to ensure coherence with the new strategic orientations, in particular as regards the implementation of the six Flagship Initiatives presented in the Communication. The Western Balkans and Turkey face important challenges to meet the political and economic membership criteria and to align with the Union acquis. These challenges are common to all IPA II beneficiaries, although to varying degrees. The IPA II Multi-country ***programme*** also contributes to meeting the targets and expected results identified in the Strategy Papers for each IPA II beneficiary. As pointed out in the Strategy Paper, challenges persist in the area of democracy and rule of law, including the functioning of institutions guaranteeing democracy, empowerment of civil society, the fight against organised crime, safeguarding fundamental rights, such as freedom of expression and the rights of persons belonging to minorities. While solutions supported by IPA II funds need to be adapted to the specific situation of each individual IPA II beneficiary and supported under a bilateralIPA ***programme***, certain problems are best tackled at regional or horizontal level. This is the case where a beneficiary cannot achieve the desired results alone as they require close cooperation and support from other IPA II beneficiaries (for instance for fighting organised crime), or where joint efforts are more cost-effective since they create synergies or economies of scale. A particular focus on the support to the reconciliation process in the Western Balkans will be ensured. Furthermore, the Digital Agenda for the Western Balkans as one of the six Flagship Initiatives will also induce a stronger emphasis on digital action areas in the Multi-country action ***programme*** in order to prepare the region better for the digital transformation. The Strategy Paper sets out as well how IPA II assistance will support reforms and investments in line with the identified key challenges for competitiveness and growth, in complementarity with assistance provided under the bilateralprogrammes. In accordance with the Strategy Paper, assistance will be delivered under the following four headings, each one presenting one dimension of the added value of the horizontal and regional ***programming***:

* Horizontal support to sector policies and reforms;

* Regional structures and networks;

* Regional investment support;

* Territorial cooperation.

 The new orientations of the Communication of the Commission on the Western Balkans, in particular the implementation of the six Flagship Initiatives are also reflected. More focus will be put on the widening of the connectivity agenda to include:- (a) connecting infrastructures in line with flagship initiatives 4 (increasing connectivity) and 5 (a Digital Agenda for the Western Balkans);-  (b) connecting economies and fostering economic governance (including the set-up of the Regional Economic Area), in line with flagship initiative 3 (supporting socio-economic development); and,- (c) connecting people with an stronger focus on Education (doubling Erasmus +) and Youth, in line with flagship initiative 3 and extended support to reconciliation initiatives, in line with flagship 6 (supporting reconciliation and good neighbourly relations).Aditionally, renewed priority will also be put on security and migration issues, stepping up joint operational cooperation on organised crime (including counter-terrorism), border control and migration management, in line with flagship initiative 2 (reinforcing engagement on security and on migration). As per flagship initiative 1 (strengthened support to the rule of law), measures continue to be envisaged.Some of these re-inforcedpriorities are being embedded into this ***programme***. The focus of the 2018multi-country action ***programme*** rests to a large extent on tackling the fundamentals first, e.g rule of law, fundamental rights, public administration reform, as well as on economic development and competitiveness; in addition to the connectivity agenda. It contains 14 regional and horizontal actions grouped under the four headings of the Strategy Paper.Where relevant actions under this multi-country action ***programme*** shall also respect and shall be implemented in line with the EU Charter of Fundamental Rights, Universal Declaration of Human Rights and other beneficiaries' international human rights obligations.           List of actions foreseen under the selected priorities:

|  |  |  |
| --- | --- | --- |
| List of actions | Management  mode | Amount in EUR |
| 01 ? EU support to improving economic governance and competitiveness | Direct | 19 800 000 |
| 02 ? EU support to the Western Balkans Youth Window under Erasmus + | Direct | 3 000 000 |
| 03 - EU support to improving education and skills capabilities in the Western Balkans and Turkey | Direct | 3 500 000 |
| 04 - EU Integration Facility, including EU support for the participation of beneficiaries in EU Agencies | Direct | 12 000 000 |
| 05 - EU/Council of Europe Horizontal Facility for the Western Balkans and Turkey Phase II | Direct | 35 000 000 |
| 06 - EU support for regional reconciliation | Direct | 2 500 000 |
| 07 - EU support for Roma integration 2020- Phase II | Direct | 2 000 000 |
| 08 - EU support to Public Administration and Public Financial Management Reforms in the Western Balkans | Direct | 14 350 000 |
| 09 - EU support to regional cooperation for rural prosperity - ReCaP | Direct | 1 000 000 |
| 10 - EU support to the Transport Community Treaty Secretariat | Direct | 2 000 000 |
| 11 - EU support to the Western Balkans Investment Framework for Technical Assistance for 2018 | Direct | 50 000 000 |
| 12 - EU support to Technical Assistance to Connectivity in the Western Balkans? Connecta | Direct | 10 000 000 |
| 13 - EU support for the Regional Housing ***Programme*** (RHP) (Sarajevo Process) | Indirect | 39 500 000 |
| 14 - EU Regional action on animal disease eradication in the Western Balkans | Direct | 1 500 000 |
| TOTAL |  | 196 150 000 |

***Programmes*** for territorial cooperation and support for civil society development are being decided separately. Also, a financing decision to support investment priorities in infrastructure in the Western Balkans through grants will be taken separately.

* Overview of past and on-going EU, other donors' and/or IPA II beneficiary's actions in the relevant sectors:

When designing this ***programme*** due account has been taken of activities implemented under the bilateral ***programmes***, the guidance provided in EU strategic documents, the lessons learned from the ***programming*** and implementation of previous EU assistance and the findings from consultations with, inter alia, the beneficiaries, International Financial Institutions (IFIs), international organisations, the Regional Cooperation Council (RCC), EU Member States andcivil society organisations.The lessons learned from IPA I demonstrated that progress towards meeting EU membership criteria is best achieved by a mix of measures planned both at regional and IPA II beneficiary level. The IPA interim evaluation and meta- evaluation recommended that the Multi-country ***programmes*** should develop more rigorous selection criteria for the supported actions and focus on areas with clear needs for a regional approach. It also concluded that further efforts are needed to involve regional stakeholders more in ***programming*** and that centraladministrations should be involved in project implementation as a way to improve ownership and coordination. The mid-term evaluation review of IPA II assistance  has particularly emphasised the donor coordination and leverage elements of the support through the Western Balkans Investment Framework(WBIF). Complementarities and synergies of IPA II with the actions  under the other thematic lines/***programmes*** is good but needs to be pursued.Other conclusions concern economies of scale in horizontal ***programmes*** versus efficiency risks, due to sometimes complex set-ups for their implementation under IPA I assistance.Under IPA II, efficiency concerns will be addressed by more effective coordination, focusing on fewer priorities, comprehensive and longer-term planning and, where relevant, a sector approach.

* Description and Implementation of the Actions

The envisaged assistance to the Western Balkans and Turkey is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU[3]. Save differently specified, the essential selection and award criteria for all grants (including direct award): The essential selection criteria are financial and operational capacity of the applicant.The essential award criteria are relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.      Horizontal supportto sector policies and reforms

|  |  |  |  |
| --- | --- | --- | --- |
| Action 1 | EU support to improving economic governance and competitiveness | Direct Management | EUR 19.8 million |

(1) Description of the action, objective, expected results and key performance indicatorsDescription of the action:Since 2014, the EU has developed an EU enhanced approach to economic governance aimed at supporting the transition of IPA II beneficiaries into functioning market economies able to withstand the competitive pressures of the EU Single Market. The action has three main components: support to economic governance, support to competitiveness and support to regional economic integration. These three components will help to enhance competitiveness and innovation of the economies of the Western Balkans and Turkey and to support them in meeting the economic criteria towards the European perspective.Objectives:(1) to support the implementation of reforms identified in the beneficiaries' Economic Reform ***Programmes*** (ERPs), in particular in the monetary policy and financial sectors, and further improving the design of the ERPs; (2) to support the development of a competitive private sector, including through increased research and innovation capacities and stimulate innovation and competitiveness; and (3) to support the implementation of the regional economic area that was decided by the Western Balkans' leaders at the Summit in Trieste in July 2016, in particular by facilitating trade among beneficiaries and supporting the active involvement of the business sector in the implementation of the regional economic area (REA).Expected results: (1) enhanced ability of policy-makers in line ministries to design, prioritise and implement structural reforms; (2) enhanced technical and administrative capacities of central banks to implement EU compliant policies in particular in the areas of banking supervision, financial stability, financial crisis management and monetary policy; (3) improved capacities of the governments for designing and implementing evidence-based competitiveness and small and medium-sized enterprises (SMEs) policies; (4) improved capacities for designing and implementing evidence-based innovation policy and smart specialisation strategy; (5) actual involvement of stakeholders in the design of smart specialisation strategies and the priority-setting for public investments via process of entrepreneurial discovery (EDP); (6) set-up of a functioning regional grant scheme for pre-seed funding to Research and Development Institutions (RDIs) and innovative SMEs and a generated pipeline of innovative products available for investment and commercialisation; (7) strengthened institutional capacity of the Central European Free Trade Agreement (CEFTA) Structures for the implementation of CEFTA, the annual Chairmanship ***programmes*** and the trade pillar of REA; (8) improved CEFTA Trade Statistics System on goods, services and investment; (9) improved capacities of targeted SMEs to respond to markets needs and requirements; and (10) improved capacity of 'Western Balkans Six (WB6)Chamber Investment Forum' members to provide business services to SMEsin selected areas and to represent the interest of the business communities within the framework of REA.Key performance indicators:

* Competitiveness Outlook average scores;

1. Small Business Act scores, measuring SME policy convergence;
2. Evidence and quality (nature and scope) of innovation policies and smart specialisation;
3. Intra-regional trade volumes.

 (2) Assumptions and conditionsThere are no particular conditions that are required for the start of the implementation of the different components under the action, with the exception of the formal launch of trade-related negotiations under the regional action plan for regional economic integration. Failure of launching these negotiations as scheduled in the regional action plan would have an impact on the planned level of activities foreseen in the context of the support to CEFTA for component 3. Otherwise, all implementing agencies have the necessary legal and administrative capacities to carry out the action. However, all of them need to provide the necessary internal resources for the management and administrative back up of the projects. More importantly, given the range of government ministries and agencies to be involved in the action implementation, it will be necessary to secure high-level political support to ensure the necessary commitment in terms of participation of relevant staff in the various activities. Failure to comply with the requirements set above may lead to a recovery of funds under this ***programme*** and/or the re-allocation of future funding.(3) Implementation arrangements for the action: Direct management by the European Commission.Component 1. Support to economic governanceGrant - Direct grant award (Strengthening the Central Bank Capacities in the Western Banks with a view to the integration to the European System of Central Banks):

* Objectives and foreseen results: to improve banking supervision,and macro-economic stability by addressing systemic imbalances, as well as adaptation to international standards, upgrading of ***payment*** systems and upgrading of the compliance with the acquis in central banking statistics. The foreseen resultsare: an improved regulatory convergence and a stepped up preparation for the later integration in the European System of Central Banks (ESCB).

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application of Regulation (EU, Euratom) No. 966/2012[4] of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union  (hereinafter referred to as 'the Rules of Application”), since a particular type of body on account of its technical competence and its high degree of specialisation is required.The direct attribution is based on the exclusive competence of the Deutsche Bundesbank as it is the coordinator of the enlargement cooperation of the ESCB in the area of central banking and supervision.
2. Name of the beneficiary: Deutsche Bundesbank.
3. Indicative amount of the grant: EUR 2 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100%.Full financing of the grant is essential because the technical assistance provided isnot a statuary task of the Deutsche Bundesbankbut contributes instead to a strategic goal of the EU to build the capacity of the central banks of the beneficiaries.
5. Indicative date for signing the grant agreement: Q1 2019.

Grant - Direct grant award (Support to the Economic Reform ***Programmes***):

* Objectives and foreseen results:to improve the design of the ERPs of the Western Balkans and Turkey, and support the implementation of policy recommendations. The foreseen result is: improved fiscal costing of structural reforms through capacity building related activities (incl. trainings), benefitting  line ministries in charge of designing structural reforms.

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The Centre for Excellence in Finance (CEF) is an international organisation based in Ljubljana. The direct attribution is based on its experience and thus expertise in training government officials in how to calculate the budgetary implications of the structural reforms included in the ERPs specifically. During the regional ERP coordination meeting and some other bilateral meetings, the IPA II beneficiaries have expressed specific interest in receiving technical assistance from CEF experts in particular based on their previous experiences. There is indeed no other organisation that has already provided support for costing of structural reforms in the ERPs. CEF experts have in fact developed the methodology for costing of structural reforms in the ERPs outlined in the Guidance Note.
2. Name of the beneficiary:  Centre for Excellence in Finance.
3. Indicative amount of the grant: EUR 2.5 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100%. Full financing of the direct grant to the CEF is necessary as it would not be in the interest of the EU for other co-donors to demand a say in how support to the costing of the ERPs is carried out. The CEF is here providing very specific support to an EU-led exercise: the ERPs.
5. Indicative date for signing the grant agreement: Q1 2019.

Component 2. Support to competitivenessGrant - Direct grant award (Improving economic governance and competitiveness):

* Objectives and foreseen results:The grant has four objectives and linked outcomes: to enhance the competitiveness of the SEE economies through policy assessment, prioritisation of reforms, regional policy dialogue and support to reform implementation; to contribute to enhancing the regulatory framework for SMEs, by supporting and monitoring and implementation of SME policies; to enhance the competitiveness and enterprise performance of the SEE economies through regional policy dialogue, peer learning and support to reform implementation; and to improve reform implementation targeted at increased competitiveness and enterprise performance in the SEE economies.

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The OECD has developed the necessary network of experts in of the relevant IPA II beneficiaries (government officials and civil society) to be able to implement the complex methodology, which indeed requires full involvement by all stakeholders. Moreover, there is a need for the sake of the beneficiaries to keep continuity in the methodology of both analyses/assessments to be able to compare the results over the ***years***.
2. Name of the beneficiary: OECD.
3. Indicative amount of the grant: EUR 6 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100%. The SEE Competitiveness Outlook and the SME Policy Index are importantpublications that feed directly into key European Commission exercises: i) the ERPs through the IPA II beneficiaries' diagnostics contained within them and ii) the European Commission assessment of accession readiness in the enlargement package. Thus, we are asking the OECD for something specific that is not in their core business, but directly serves the European Commission's strategic goals in our work with the IPA II beneficiaries.
5. Indicative date for signing the grant agreement: Q3 2019.

Administrative arrangement with the European Commission's Joint Research Centreon smart specialisation sub-component.An administrative arrangement between the European Commission's Joint Research Centre and the Directorate-General for Neighbourhood and Enlargement Negotiations will be made to reinforce the resources allocated by the IPA II beneficiaries for the design of Smart Specialisation strategies and other related tools that boost competitiveness in IPA II beneficiaries. The amount of the arrangement will be EUR 2 million to be signed in Q1 2019. It is a continuation and a reinforcement of actions already fully supported with the Joint Research Centre resources.Administrative arrangement with the European Commission's Joint Research Centre on the Proof of Concept sub-component.An administrative arrangement between the European Commission's Joint Research Centre and the Directorate-General for Neighbourhood and Enlargement Negotiations. JRC will provide expertise, supervise and coordinate the activities related to Proof of Concept sub-component. The amount of the arrangement will be EUR 0.35 million to be signed in Q1 2019. It is a continuation and a reinforcement of actions already conducted by the Joint Research Centre. Procurement – Proof of Concept Schemea)  the global budgetary envelope reserved for procurement: EUR 1.65millionb)  the indicative number and type of contracts: 1 service contract.c)  indicative time frame for launching the procurement procedure: Q4 2019. Component 3. Support to regional economic integrationGrant - Direct grant award (Support to regional trade integration):

* Objectives and foreseen results: to support regional economic integration in the field of trade, as prioritised by the action plan on the regional economic area and the South East Europe 2020 strategy and reflected in CEFTA chairmanship priorities; and to enhance transparency in CEFTA framework (access to data, statistics, publication of CEFTA related documents, etc.). The results foreseen relate to the strengthening of CEFTA Structures institutional capacity, improving CEFTA Trade Statistics System on goods, services and investment, and a smooth implementation of the trade measures included in the regional economic area Multiannual ActionPlan.

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence, its high degree of specialisation and its administrative power is required. The CEFTA Secretariat is the only regional organisation in charge of supporting the trade negotiations among all CEFTA parties.

1. Name of the beneficiary: CEFTA Secretariat.
2. Indicative amount of the grant: EUR 2.8 million.
3. Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for the grant allocated to CEFTA is 90% of the eligible cost of the grant.
4. Indicative date for signing the grant agreement: Q1 2019.

Grant - Direct grant award (Support to the private sector to benefit from regional economic integration)

* Objectives and foreseen results:to improve the delivery of services from Chambers supporting regional business cooperation, supporting the actions of the 'WB6 Chamber Investment Forum' in public-private dialogue related to establishment of REA, and promoting the benefits of the regional economic integration in the business community. The expected results are increased regional trade and investment.

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required.The Secretariat of the 'WB6 Chamber Investment Forum'is the only one in the region that has access to the vast majority of private sector enterprises through its constitutive organisations (the chambers of commerce of each of the Western Balkans Six members).
2. Name of the beneficiary: Secretariat of the 'WB6 Chamber Investment Forum'.
3. Indicative amount of the grant: EUR 2.5 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for the grant is 90% of the eligible cost of the grant.
5. Indicative date for signing the grant agreement: Q1 2019.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 2 | EU support to the Western Balkans Youth Window under Erasmus + | Direct Management | EUR 3 million |

 (1) Description of the action, objectives, expected results and key performance indicators Description of the action: The action will promote participation of young people and youth workers from the Western Balkans in Erasmus+ non-formal learning projects, reinforcing capacity building in the field of youth and allowing organisations from Western Balkans to act as project coordinators and apply directly for an EU grant under the framework of the Erasmus+ ***programme***. To this end, organisational development and capacity building projects in the field of youth will be implemented with the aim to strengthen youth cooperation between Erasmus+ ***Programme*** countries and the Western Balkans, as well as cross-border cooperation within the Western Balkan region. Objectives:to foster international non-formal learning activities  that support building mutual understanding and employability of young people (including young people with fewer opportunities) from the Western Balkans.Expected results:degree of cooperation between youth organisations from all Western Balkans with organisations from the Erasmus+ ***Programme*** countries as well as the exchange of expertise and know-how between them in the field of youth and non-formal education is strengthened; degree of involvement of young people from Western Balkans in international youth cooperation to acquire socio-economical skills, which could facilitate young people's employability and their integration in society is increased; degree of involvement of Western Balkans youth workers in joint projects with youth organisations from Erasmus+ ***program*** countries is increased; the operational capacity of organisations established in the Western Balkans, notably youth organisations, NGOs and 'National Youth Councils'  with regard to the management of international cooperation projects supported by European Union funds is improved.Key performance indicators:

* Number of young people (sex-disaggregated) in the Western Balkans who participate in non-formal learning activities.

1. Number of youth workers (sex-disaggregated) from Western Balkans participating in joint projects with organisations from Erasmus+ ***programme*** countries.

(2) Assumptions and conditionsEACEA is already responsible for the management of parts of the EU's funding ***programmes*** in the fields of education, culture, audiovisual, sport, youth, citizenship and volunteering. Consequently EACEA has built up relevant institutional framework, structures and knowledge in order to successfully implement this ***Programme***.(3) Implementation arrangements for the action: Direct management by EACEA. Grant – Call for proposals(Western Balkans Youth Window under Erasmus+Key Action 2 (KA2) Capacity Building in the field of Youth): Objectives and foreseen results: See above.

* The essential eligibility criteria:

Actions/activities to be supported will include encouraging cooperation, networking and exchanges of practices in the field of youth, seminars, conferences, workshops, meetings, training courses, study visits and job-shadowing.The aim is to improve the quality and recognition of youth work, non-formal learning and volunteering and to foster the development, testing and launching of schemes and ***programmes*** of non-formal learning mobility.Applicants can be non-profit organisations, associations, NGO's (including European Youth NGOs); 'national Youth Councils' or public bodies at local, regional or central level established in one of the relevant IPA II beneficiaries of the Western Balkans. These criteria are further detailed in the Erasmus+ ***Programme*** Guide. Proposed actions must be transnational and involve a minimum of 3 participating organisations from 3 different beneficiaries of which at least one is from the Western Balkans and one an Erasmus+ ***Programme*** country.

* The essential award criteria are relevance, quality of project design and implementation, quality of the project team and cooperation arrangements, as well as impact and dissemination.

1. Maximum rate of EU co-financing:The maximum grant awarded for an Erasmus+ Western Balkans Youth Window project is EUR 150 000. EU co-financing is based on a combination of Unit costs and portion of eligible costs according to the funding rules specified in the Erasmus+ ***Programme*** Guide for Key Action 2 'Capacity building in the field of youth' type of projects. Activity based costs will be covered up to a maximum of 80% of eligible costs. Several types of costs linked to the involvement of young people with fewer opportunities can be covered up to 100%. The specific financial rules are outlined in the Erasmus+ ***Programme*** Guide.
2. Indicative amount of the call: EUR 3 million.
3. Indicative date for launch of the call for proposals:  applicants have to submit their grant application by Q1 2019 for projects starting between 1 July and 31 December of 2019.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 3 | EU support to improving education and skills capabilities in the Western Balkans and Turkey | Direct Management | EUR 3.5 million |

 (1) Description of the action, objectives, expected results and key performance indicatorsDescription of the action:As candidate countries and potential candidates, the IPA II beneficiaries need to align with the EU acquis. In the area of education and training, this implies cooperation with Member States for convergence on policy reforms and participation in the EU's ***programme*** in the field of education. In addition the IPA II beneficiaries should follow the latest developments in EU standards and strive to meet the targets that the EU Member States have set for themselves in improving education and training. The action comprises two interventions that intend to reduce the gap between the IPA II beneficiaries and the rest of Europe in these fields by: 1) funding the  participation in the Progress in International Reading Literacy Study (PIRLS) international test so that remedial measures can be taken in time to improve the pupils' learning outcomes before they reach secondary level where PISA is applied; and 2)  covering support to the area of Vocational Education and Training (VET).Objectives:(1) participation in PIRLS' testing of 4th graders' reading literacy leads to more evidence-based policy-making and to changes in practices in the educational system; and (2) mobility of VET learners and staff will contribute to the modernisation of VET systems in the Western Balkans and Turkey and reinforce the links between VET and the labour market.Expected results:(1) ministry of education staff and primary and secondary school teachers are trained in PIRLS; (2) ministry of education staff, teacher and directors are more aware of how to measure reading literacy, what contributes to it, via participation and training in this international assessment; (3) information on 4th graders' reading literacy is available and provided according to international standards; comparisons of performance with that of other participants is possible; (4) skills, competences and knowledge of apprentices, students, trainersand staff that participated in the VET mobility scheme have improved; and (5) improved employability of VET learners in the region.Key performance indicators:

* Number of reports per relevant IPA II beneficiary on pupils' performance in PIRLS, including scores and analysis;

1. Extent to which the capacity of Ministry of education staff, school staff (teachers and directors) has been strengthened via their participation to and training on PIRLS;
2. Number of VET mobilities for learnes and staff;
3. Level and types of improvements in the skills, competences and knowledge of apprentices, students, trainers, and staff who participated in the VET mobility scheme;
4. Level of satisfaction with the VET scheme.

 (2) Assumptions and conditionsFor PIRLS, the Ministries, agencies or other relevant institutions need to send a letter to the International Association for the Evaluation of the Educational Achievement (IEA)informing them of their commitment to participate in PIRLS and to complete the necessary registration. The EU needs to be informed of this by IEA before it can ***transfer*** the funds. Failure to comply with the requirements set above may lead to a recovery of funds under this ***programme*** and/or the re-allocation of future funding.(3) Implementation arrangements for the action: Direct management by the European CommissionGrant - Direct grant award (Progress in International Reading Literacy Study (PIRLS)):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(c) of the Rules of Application on account of a de facto situation of monopoly. The IEA is the only organisation which carries out PIRLS assessments since 2001. Therefore its knowledge of the methodology and its mandate, strengths and valuable previous technical expertise on this specific type of activity constitutes an extremely valuable advantage for the implementation of the action.
2. Name of the beneficiary:The International Association for the Evaluation of the Educational Achievement (IEA).
3. Indicative amount of the grant: EUR 1.5 million.
4. Maximum rate of EU co-financing:The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing is essential for the action to be carried out,as this action covers the international costs of participation in PIRLS, while the IPA II beneficiaries themselves bear the costs at beneficiary level in terms of staff and other resources needed to conduct the testing.
5. Indicative date for signing the grant agreement: Q4 2018.

Grant – Call for proposals(VET Mobility Scheme):

* Objectives and foreseen results: See above.

* The essential eligibility criteria:

Eligible applicants:Consortia of VET providers with a minimum of one organisation from the Western Balkans and Turkey, and one organisation from the EU Member States.Actions eligible for financing:Actions aiming at supporting the mobility of VET learners and staff between the Western Balkans and Turkey and the EU Member States.

* The essential selection and award criteria:

The essential selection criteria are financial and operational capacity of the applicant.The essential award criteria are relevance of the proposals to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

* Maximum rate of EU co-financing:The maximum possible rate of EU financing will be 100% of the total cost of the grant. Full financing is essential, as the call will cover activities which have never been delivered before within this regional setup due to the pilot nature of the intervention. This form of cooperation does not exist yet and will come on top of the core activities of the applicants.

* Indicative amount of the call: EUR 2 million.

* Indicative date for launch of the call for proposals: Q3 2018.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 4 | EU Integration Facility, including EU support for the participation of beneficiaries in EU Agencies | Direct Management | EUR 12 million |

 (1) Description of the action, objectives, expected results and key performance indicators Description of the action: The action includes two main components: 1) EU Integration Facility: It contains a number of smaller interventions such as provision of technical assistance, preparatory or follow up actions, which are not yet mature enough to be presented as stand-alone actions, including exploring the removal of landmines. It may also cover relevant networking, visibility, evaluation activities, as well as training. It also foresees support to Transparency International and the Regional Anti-corruption Initiative on obstacles to good governance; and 2) Participation in EU agencies: It is also supporting EU Agencies by allowing them to carry out preparatory measures with the IPA II Beneficiaries and stakeholders in view of their future participation in these EU Agencies upon membership or earlier. The support aims as well at knowledge ***transfer*** and capacity building in the area of expertise of the EU Agencies. Objectives:Component 1): (1) to contribute to progress in the accession process, by supporting flexible, pilot actions addressing urgent and/or unforeseen needs that merit to be addressed rapidly in order to assure continuity in the accession process and herewith related issues; Component 2): (2) to ensure that IPA II beneficiaries are able to participate effectively in the activities of the agencies upon accession, by supporting the approximation to and adoption of the EU acquis in the IPA II beneficiaries in areas such as the rule of law and fundamental rights, the transport sector, competitiveness as well as environment and climate change,  chemicals management and food and medicines safety. Expected results:Component 1) : (1) specific and urgent needs in the region supported; (2) implementation of a number of accession related preparatory and start-up actions ensured; (3) urgent/bridging support for important regional initiatives and organisations ensured; (4) monitoring and evaluation missions/studies carried out; (5) increased visibility of EU support; (6) assessment and track record of 'national integrity system' (NIS); (7) assessment of barriers to good governance in public procurement; (8) anti-corruption governance structure created; Component 2): (9) established and effective networks between EU Agencies and the beneficiaries; (10) knowledge ***transfer*** to and capacity building in the beneficiaries in the respective areas of expertise of the agencies;(11) compliance check with EU legislation on chemicals; (12) increase in the availability of relevant information and data (environment and climate change, drug monitoring, quality of life); (13) enhanced security (transport agencies); and (14) increased participation in society, as well as better protection against transmissible diseases and safer food and medicines. Key performance indicators:

* Number of preparatory and start-up actions implemented;

1. Number of monitoring/evaluation, organisation of workshops and trainings  carried out;
2. Level of integrity of the public service, of corruption levels (e.g; number of complaints, cases processed);
3. Level of progress achieved by the IPA II beneficiaries towards their full preparation for the participation in the work of the EMCDDA;
4. Number of interventions and audience for activities (EU-OSHA);
5. Proportion of mutually agreed EU notifiable communicable diseases reported to ECDC surveillance systems (TESSy, EPIS) as per EU acquis at the level of minimum ECDC requirements for data/information submission (including completeness and timeliness of data);
6. Level of satisfaction on ECDC support for their progressive integration into ECDC;
7. Number of IPA II beneficiaries that have produced a Gender Equality Index at IPA II beneficiary level and have harmonised administrative data collection on forms of gender-based violence;
8. Number of chemical legislations assessed for compliance check, in Montenegro and Serbia; positive contributions to the implementation of the EU chemicals legislation;level of understanding and preparedness ofthe tasks the Member States have under the EU chemicals acquis;
9. Number of food safety domains where IPA II beneficiaries are contributing and submitting harmonised data;
10. Participation rate in Inspection activities (meetings/trainings);
11. Increased quantity and quality of data reporting under the Eionet core data flows and full integration in the European environment — state and outlook2020 report;
12. Availability of  up-to-date information on company policies and practices (ECS) and  working conditions (EWCS) in the relevant IPA II beneficiaries;
13. Increase of Effective Implementation (EI) of  applicable standards and requirements on aviation safety;
14. Fleet performance under Paris MoU on Port State Control (PSC); changes in the relevant legislation at IPA II beneficiary level;
15. Number of legal texts of the IPA II beneficiaries related to safety and interoperability notified to ERA and made transparent to all the other beneficiaries, accompanied by harmonisation action plans where applicable.

 (2) Assumptions and conditionsIn order to ensure an effective and timely implementation of the action, the following conditions should be met: (1) continuous commitment and cooperation of decision-makers in IPA II beneficiaries to provide sufficient resources, to ensure adoption of the required legislation and to support full operation of the established networks, systems and institutional frameworks in respective sectors; and (2) availability of scientific expertise in IPA II beneficiaries.Failure to comply with the requirements set above may lead to a recovery of funds under this ***programme*** and/or the re-allocation of future funding.(3) Implementation arrangements for the action:Direct management by the European CommissionProcurement:

* The global budgetary envelope reserved for procurement: EUR 4.85million

1. The indicative number and type of contracts:7 – 9 service contracts. Contracts to be signed will mostly be specific contracts under framework contracts and other types of contract implementation under the Financial Regulation rules.
2. Indicative time frame for launching the procurement procedures: Q4 2018-Q3 2019.

Grant - Direct grant award (National Integrity System):

* Objective and foreseen results:to improve good governance in the IPA II beneficiaries by decreasing corruption. The foreseen result is: development of assessment and track record of 'national integrity system' (NIS)

1. Justification for the use of an exception to calls for proposals: Article 190 (1) (f)  of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation and its administrative power.Transparency International (TI) has developed a unique and innovative methodology to assess the performance of anti-corruption systems, the so-called 'National Integrity System' (NIS) assessment. The approach combines comprehensive research and active stakeholder engagement. The support will allow TI to conduct/update assessments of the NIS in each of the relevant IPA II beneficiaries, provide guidance on how to strengthen the accountability and transparency of the central systems and develop a methodology for establishing a mechanism to track progress relating to improving anti-corruption efforts.
2. Name of the beneficiary: Transparency International.
3. Indicative amount of the grant: EUR 1 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 90% of the total cost of the grant.
5. Indicative date for signing the grant: Q4 2018.

Grant - Direct grant award (Regional Anti-corruption Initiative):

* Objectives and foreseen results: to strengthen the resilience of the societies and their administrations on corruption and state capture. This will be pursued by: the creation of a governance structure involving all essential partners (institutional, academic, CSOs, international organisations, media, etc.); and the design and launch awareness, advocacy and information and communication campaigns to provide for the necessary public and political support.

1. Justification for the use of an exception to calls for proposals: Article 190 (1) (f) of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation and its administrative power. The Regional Anti-corruption Initiative (RAI) is an intergovernmental regional organisation, which deals solely with anti-corruption issues, covering its nine member states: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Moldova, Montenegro, Romania and Serbia. It is a product of states’ cooperation, institutionalized by signing the Memorandum of Understanding concerning cooperation in fighting corruption through Regional Anti-corruption Initiative (previously known as Stability Pact Anti-Corruption Initiative – SPAI), signed in 2007 and the Protocol amending the MoU, signed in 2013. It is therefore best placed to steer the governance of the anti-corruption process in the Western Balkans. RAI always seeks the active involvement of institutional partners, think tanks, academia and civil society.
2. Name of the beneficiary: Regional Anti-corruption Initiative.
3. Indicative amount of the grant: EUR 1 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 90% of the total cost of the grant.
5. Indicative date for signing the grant: Q4 2018.

Grant - Direct grant award (Preparatory measures for participation of beneficiaries in EU agencies):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required.The EU Agencies carry out preparatory measures with IPA II beneficiaries in view of their future participation in these EU Agencies upon membership. The support aims as well at knowledge ***transfer*** and capacity building in the respective area of expertise of the EU Agencies.The EU agencies have a good track record on implementing the assistance, and liaising and networking with their counterparts in the beneficiaries.
2. The names of the beneficiaries:European Monitoring Centre for Drugs and Drug Addiction (EMCDDA); European Institute for Gender Equality (EIGE); European Maritime Safety Agency (EMSA); European Union Agency for Railways (ERA); European Aviation Safety Agency (EASA); European Centre for Disease Prevention and Control (ECDC); European Chemicals Agency (ECHA); European Food Safety Authority (EFSA); European Medicines Agency (EMA); European Environment Agency (EEA); European Foundation for the Improvement of Living and Working Conditions (Eurofound); and European Agency for Safety and Health at Work (EU-OSHA).
3. Indicative amount of the grants: (in EUR million) EMCDDA: 0.55; EIGE: 0.55; EMSA: 0.30; ERA: 0.20; EASA: 0.60; ECDC: 0.40; ECHA:0.45; EFSA: 0.50; EMA: 0.20; EEA: 0.55; Eurofound: 0.55; EU-OSHA: 0.30
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of each of the grants. Decentralised agencies are independent EU bodies. Most are funded by the EU budget – as well as, in some cases, by the direct receipt of fees or ***payments***. Agencies’ core budget, as a general rule, only covers operations within their mandate – carried out in and/or addressed to the EU Member States. Therefore, as concerns the additional costs regarding support for IPA beneficiaries to prepare for future participation in these bodies, financing in full is required and essential. Being the sole donor for the action additionally offers the European Commission the possibility to better shape the action in line with the evolving policy priorities and thus contributes to its efficiency.
5. Indicative date for signing the grant agreements: Q3 2018 – Q4 2019.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 5 | EU/Council of Europe Horizontal Facility for the Western Balkans and Turkey Phase II | Direct Management | EUR 35million |

 (1) Description of the action, objectives, expected results and key performance indicators Description of the action:The action is part of the framework for cooperation between the European Commission and the Council of Europe (CoE) on the areas of rule of law, democracy and human rights, and media freedom envisaged for the period 2015-2020. The European Commission and the CoE signed a Statement of Intent in April 2014 enabling the two organisations to work together in a more strategic and result-focused manner in the IPA II beneficiaries based on the CoE’s binding international conventions, monitoring bodies and assistance ***programmes***. This is to be achieved through a second phase of the EU/CoE Horizontal Facility for the Western Balkans and Turkey which will provide for another 3 ***year*** funding arrangement permitting the utilisation of technical and legal expertise of the CoE required for the IPA II beneficiaries to advance towards compliance with the European standards and the EU acquis.  Objective:to support tailored reform processes in the following areas:(1)ensuring justice through justice reforms, including prisonsand police, and comprising a dimension of anti-radicalisation;(2)fighting corruption, economic crime and organised crime;(3)  promoting freedom of expression and information, and freedom of the media; and (4)promoting anti-discrimination and protect the rights of vulnerable groups (including the rights of LGBTI and protection of minorities, in particular Roma).Expected results:(1)Strengthened institutional capacities and practice of relevant stakeholder institutions in IPA II beneficiaries to implement CoE recommendations and EU standards in the field of justice, rule of law, antidiscrimination and media freedom; (2) Improved policy / legislative framework in the areas of rule of law, democracy and human rights of relevant stakeholders in the IPA II beneficiaries from the available CoE with the European standards / EU acquis.Key performance indicators:

* Level of implementation of key recommendations and through this increased compliance with CoE standards.

(2) Assumptions and conditionsNo specific conditions need to be in place for the implementation of the action.(3) Implementation arrangements for the action: Direct management by the European CommissionGrant - Direct grant award(EU/Council of Europe Horizontal Facility for Western Balkans and Turkey – Phase II):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals:Article 190(l)(c) of the Rules of Application, having the CoEde facto monopoly to undertake the action. With the distinctive triangle of standard-setting, monitoring and technical assistance the CoE can offer its expertise in a unique way by directly assisting with the implementation of the recommendation using the expertise of the monitoring and expert bodies without jeopardizing the independence of the bodies.
2. The name of the beneficiary: Council of Europe (CoE).
3. Indicative amount of the grant:  EUR 35 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 94.6% of the total cost of the action.
5. Indicative date for signing the grant agreement: Q22019.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 6 | EU support for regionalreconciliation | Direct Management | EUR 2.5 million |

 (1) Description of the action, objectives, expected results and key performance indicators Description of the action:The action aims to contribute to reconciliation by addressing the remants of the past. Activities will focus on prosecution of persons whose deeds fuel hatred, polarization, (feeling of) injustice, alienation, wrong doing, while supporting initiatives that will promote rule of law, good governance, and understanding.It will support the Western Balkans in tackling crimes against humanity including war crimes. This will pursued by creating a specific governance structure involving key players focussing on the justice side and on the reconciliation part working together with their Western Balkans peers, while soliciting the input and support of EU Member States. It is foreseen that the structure will be developed while continuing with the implementation of the support to prosecutors, outreach activities, documentation and information centres, etc.This action will also support the International Commission on Missing Persons (ICMP) Western Balkans ***Programme*** for 2018 and 2019 in assisting governments in the search for and identification of missing persons from the conflicts in the former Yugoslavia. Objective:to tackle, in partnership with the beneficiaries, some of the main arguments for resentment of democratic governance, being: the unsettled past, while using the re-integration of some of the (would be) voices for alienation/uproar to prove the contrary. Expected results: (1) rule of law, inter-ethnic reconciliation processes and regional stability in the Western Balkans improved through effective investigations and prosecution of crimes; (2) relevant partners have a common, shared understanding of active missing persons cases from conflicts in the former Yugoslavia; (3) increased dynamics and capacity for the search and identification of the missing; (4) relevant beneficiaries' authorities in the Western Balkans have enhanced capacity to excavate and examine mortal remains from clandestine graves; (5) beneficiaries' continued access to DNA testing and matching of active missing persons cases is ensured; (6) an effective policy dialogue for central partners to resolve no name (NN) and misidentified cases is established. Key performance indicators:

* Number of implemented monitoring bodies' recommendations and increased level of progress for those not fully implemented.

1. Number of (poor) governance-related prosecutions and judgements, and their speed (and quality of judgments, if possible);
2. Level of shared understanding on the need to tackle the unsettled past;
3. Number/percentage of missing persons from the 90's conflict identified.

 (2) Assumptions and conditionsExperience has made it very clear that the impact of our support requires careful coordination. Duplication of efforts can only be avoided if all implementers and beneficiaries share information. In this context the design of the subsequent projects, as well as the actual implementation needs to be done in close cooperation with the other players, notably the EU Delegations. In addition, this cooperation should also strengthen the involvement and ownership of the authorities and beneficiaries.In the design but even in the implementation of the specific activities the contractors will need to assess this degree of engagement and commitment. The EU Delegations will be asked to provide an opinion on this assessment. As result activities may need to be redirected, cancelled or postponed.The authorities can demonstrate their commitment by providing the necessary resources urging the full cooperation and participation of their organisations and staff.  In addition, the political discourse and deeds should be geared so as to support the objective of the ‘reconciliation’ efforts.  If the climate in these terms worsens than the activities and used language should be reviewed and probably redirected.Failure to comply with the requirements set above may lead to a recovery of funds under this ***programme*** and/or the re-allocation of future funding.(3) Implementation arrangements for the action: Direct management by the European CommissionGrant - Direct grant award (MICT Reconciliation Project – Prosecution and Outreach):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: Article 190 (1) (f) of the Rules of Application for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation and its administrative power. Only the Mechanism for International Criminal Tribunals (MICT) responsible for the war crime judgements, has the technical capacity and knowledge to conduct this assignment, namely to promote transitional justice in the former Yugoslavia, through raising awareness of the ICTY's/MICT's legacy and of their role in the development of the rule of law and enforcement of human rights. MICT – as a UN body - is seen by the other essential players as the best placed organisation to initiate the creation of the governance structure.
2. The name of the beneficiary: Mechanism for International Criminal Tribunals – Office of the Prosecutor (MICT OTP).
3. Indicative amount of the grant:  EUR 1 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 95.2% of the total cost of the grant.
5. Indicative date for signing the grant agreement: Q4 2018.

Grant - Direct grant award (Preparatory action - Identification of missing person - International Commission on Missing Persons):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The ICMP is the only international organization that is exclusively dedicated to this issue, ICMP is actively engaged in developing institutions and civil society capacity, promoting legislation, fostering social and political advocacy, and developing and providing technical expertise to locate and identify the missing. ICMP works with governments, civil society organizations, justice institutions, international organizations and others throughout the world to address the issue of people who have gone missing as a result of armed conflict, human rights abuses, disasters, organized crime and other causes. It works with governments to develop their institutional capacity to address the issue of missing persons efficiently and impartially. ICMP helps governments develop legislation to safeguard the rights of families of the missing, and it works with civil society organizations to empower them to advocate for their rights. ICMP assists the process of justice by ensuring that governments adhere to a rule of law-based approach to investigating disappearances and it provides evidence in criminal trials. ICMP directly assists governments with fieldwork. It has been involved in the excavation of more than 3,000 mass and clandestine gravesites and has spearheaded the application of advanced forensic techniques to locate and recover missing persons. ICMP maintains a unique, specialized Online Inquiry Center (OIC) and Identification Database Management System (iDMS) that manages all data pertaining to its missing persons process. It operates the world’s leading high-throughput DNA human identification facility. To date, more than 19,000 missing persons from around the world have been identified with ICMP’s assistance.
2. The name of the beneficiary: International Commission on Missing Persons.
3. Indicative amount of the grant:  EUR 1.5 million.
4. Maximum rate of EU co-financing:The maximum possible rate of EU financing will be 100% of the total cost of the grant. For EU visibility it is essential that the EU is the sole donor for the action, particularly in the light of the intervention being a preparatory action.
5. Indicative date for signing the grant agreement: Q3 2018.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 7 | EU support to Roma Integration 2020, Phase II | Direct Management | EUR2 million |

(1) Description of the action, objective, expected results and key performance indicatorsDescription of the action: The Roma Integration 2020 project works with the governments, the civil society and international organisations in the Western Balkans and Turkey at central, regional and EU level to enhance their efforts to implement the existing commitments and allocate necessary resources for the integration of Roma as part of the overall EU integration process.At the IPA II beneficiary level, the action enhances the capacities and practices of the governments and civil society in formulating, budgeting and monitoring Roma integration policies. The action supports regional cooperation and exchange on Roma integration and ensures mainstreaming of this issue within the overall regional cooperation agenda, including through donor coordination. The action supports implementation in the enlargement region of relevant policy tools used for Roma integration in the EU Member States. It also contributes to the EU and international processes relevant to Roma integration.Objectives:to contribute to the reduction of the socio-economic gap between the Roma and non-Roma population in the Western Balkans and Turkey by enhancing the efforts of the IPA II beneficiaries to implement the existing commitments and allocate the necessary resources for the integration of Roma as part of the EU integration.Expected results:(1) improved capacities and practices of the governments and the civil society of the Western Balkans and Turkey in formulating, budgeting, implementing and monitoring their Roma integration policies as part of their EU integration efforts; (2) enhanced regional cooperation and exchange of know how among the governments and the civil society of the Western Balkans and Turkey on the issue of integration of Roma; and (3) input of the governments and civil society of the Western Balkans and Turkey to the process of Roma integration at EU and international level in the context of enlargement ensured, including on the post 2020 EU policy on Roma integration.Key performance indicators:

* Quantity and quality of measures for Roma integration formulated within targeted and mainstream policies including those related to EU integration;

1. Quantity and quality of standards and ***programmes*** for integration of Roma adopted at regional level;
2. Quantity and quality of government and civil society reports on the integration of Roma to the EU and other international bodies.

 (2) Assumptions and conditionsPresently the Roma Integration 2020 is envisioned to continue until 2020, to coincide with the term of the 'EU Framework for National Roma Integration Strategies'. The action is implemented from the RCC office in Belgrade, which has been provided by the Government of Serbia through a Memorandum of Understanding signed between the Government of Serbia and RCC. The Memorandum is valid for the duration of the Roma Integration 2020, including its second phase. The team for the implementation of the action is established and shall be in place for the second phase of the action with certain adjustments to enable the implementation of the additional elements of the action. The structures within each participating government, including the 'National Roma Contact Points' and the Inter-Disciplinary Bodies are established and need to be maintained. The 'National Roma Integration Strategies' are in place with period by 2020 and beyond. Corresponding action plans are prepared for 1-3 ***years*** and Seminar operational conclusions are agreed with the European Commission biennially.(3) Implementation arrangements for the action: Direct management by the European CommissionGrant - Direct grant award (Roma Integration 2020 phase 2):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its administrative power is required. The second phase of the Roma Integration 2020 action follows up the first phase and builds on the assessment and requests provided by the participating governments and civil society. The RCC implementing the Roma Integration 2020 has incorporated the action within its existing structure, in particular making available its administrative and managerial capacities, as well as by promoting the issue of integration of Roma throughout the South East Europe (SEE) 2020 Strategy topics.
2. Name of the beneficiary: Regional Cooperation Council (RCC).
3. Indicative amount of the grant:  EUR 2 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU co-financing for this action is 71.43% of the eligible cost of the action.
5. Indicative date for signing the grant agreement: Q1 2019.

Regional structures and networks

|  |  |  |  |
| --- | --- | --- | --- |
| Action 8 | EU support to Public Administration and Public Financial Management Reforms in the Western Balkans | Direct management | EUR 14.35 million |

(1) Description of the action, objective, expected results and key performance indicatorsDescription of the action: Public administration reform is one of the key fundamental pillars of the EU enlargement strategy. The action aims to support the Western Balkans in the establishment of effective, efficient, accountable, transparent, digital, and professional public administrations and public financial management systems able to deliver better services to citizens. The action will have two components. Activities of the Regional School of Public Administration (ResPA) will be supported to ensure that Western Balkans implement key horizontal governance reforms identified in Public Administration Reform (PAR) strategies, notably in the areas of policy development and co-ordination; professionalisation of Public Service and Human Resource Management; accountability; and service delivery. The support to International Monetary Fund (IMF) will contribute to efficient implementation of Public Finance Management (PFM) reform strategies and/or ***programmes***. Both components will contribute to bringing the Western Balkans closer to relevant international and EU public administration and financial management standards and facilitate the accession process.Objectives:(1)  to contribute to more efficient implementation of key horizontal governance and public administration reforms identified in the PAR strategies at IPA II beneficiary level; and (2) to provide targeted capacity development for strengthening public financial reforms, including on the fiscal revenue side, public expenditures and the overall PFM system.Expected results: (1) enhanced  regional cooperation in the area of PAR and EU integration; (2) selected actions in the IPA II beneficiaries' PAR action plans implemented with ReSPA's support; (3)quality management tools promoted to strengthen managerial accountability and support the implementation of the IPA II beneficiaries' PAR strategies; (4) stronger PFM laws and institutions; (5) improved coverage and quality of fiscal reporting; (6) better budget preparation better budget execution and control; (7) strengthened identification, monitoring and management of fiscal risks; and (8) strengthened revenue administration management and governance arrangements.Key performance indicators:

* Score of Government effectiveness.

1. Level of quality of the strategic framework on PAR and PFM.

(2) Assumptions and conditionsAlthough there are risks to be monitored, and where appropriate, mitigated for the duration of the ***programme***, there are no pre-conditions for implementation of the ***programme***. The main conditions required for an effective and timely implementation of the action  will be included in each individual log frame, which will cover specific objective related baseline situation and outcome indicators as well as verifiable indicators and milestones to indicate how the objectives should materialise and be checked.(3)Implementation arrangements for the action: Direct management by the European CommissionGrant - Direct grant award (Support to Public Administration – ReSPA):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals:  Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. ReSPA is the only, genuinely regional institution created by all beneficiaries to deliver training and networking activities in the area of public administration reform in the Western Balkans.
2. Name of the beneficiary:ReSPA.
3. Indicative amount of the grant: EUR 4.35 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing is essential for the action in order to carry out the technical assistance to prepare the beneficiaries to the accession process to the EU in terms of Public Administration and PFM. These are specific objectives of the European Commission and full financing is necessary in order to ensure that all resources allocated will be used for that purpose.
5. Indicative date for signing the grant agreement: Q4 2018.

Grant - Direct grant award (Support to Public Financial Management Reforms in the Western Balkans – IMF):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals: Article 190 (1)(f) of the Rules of Application, since a particular type of body on account of its technical competence and its high degree of specialisation is required. The IMF is the only institution with the necessary resources, knowledge and experience to carry out PFM and Tax Administration specialised technical assistance and training.
2. The name of the beneficiary: IMF.
3. Indicative amount of the grant: EUR 10 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing is essential for the action in order to carry out the technical assistance to prepare the beneficiaries to the accession process to the EU in terms of Public Administration and PFM. These are specific objectives of the European Commission and full financing is necessary in order to ensure that all resources allocated will be used for that purpose.
5. Indicative date for signing the grant agreement: Q4 2018.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 9 | EU support to regional cooperation for rural prosperity - ReCaP | Direct Management | EUR 1 million |

(1) Description of the action, objective, expected results and key performance indicatorsDescription of the action: The action will support the rural livelihoods by promoting sustainable and inclusive socio-economic development at local level by strengthening participatory local governance in the Western Balkans cross-border regions. Most importantly, the focus will be on building local capacities and networking among the border areas, thus contributing to improve the local economies and competitiveness.The action will contribute to balanced socio-economic development and employment in the targeted rural cross-border regions in the Western Balkans, by strengthening regional cross-border networking and encouraging community based initiatives.Objectives: (1) to enhance stakeholder participation in policy-development process of the ***agriculture*** and rural development sectors in line with the Western Balkans alignment to the EU acquis; (2)to increase income generation of the rural businesses in the cross-border areas via promotion of socio-economic and cultural activities; and (3)to improve skills and capacities of rural entrepreneurs and businesses on short value chain clustering within the cross-border areas.Expected results:(1)developed policy recommendations and measures to ***agriculture*** and rural development policy frameworks of the Western Balkans set in line with the EU's common ***agriculture*** policy (CAP) and the Instrument for Pre-Accession Assistance (IPA); (2)         improved capacities of relevant stakeholders and policy makers to have institutionalised dialogue with a view to ensuring sustainable social, economic and environmental development at the local level; (3) improved monitoring and implementation of regional local development strategies; (4) prepared strategic development ***programmes*** for the cross-border regions ‘Drina-Tara’, ‘Drina-Sava’, ‘Prespa’ and ‘Sharra’ for the period 2021 – 2027 in line with future IPA (III) support mechanism; (5) enhanced capacity of local rural stakeholders in promotion and marketing of local products, services and cultural heritage; (6) strengthened capacities of small-scale farmers and businesses on agro-food and tourism value chains and clusters for local development actions; and (7) increased application technical support under cooperation ***programmes*** and assistance schemes for cross-border cooperation. Key performance indicators:

* Number of stakeholders in the ***agriculture*** and rural development sectors have established cooperation and networking grounds on policy creation and implementation;

1. Total estimated direct income generated by rural business contributing from promotion of socio-economic and cultural activities;
2. Number of clusters and short value chains and the focus on finding and pursuing labour market opportunities for local economic development and investments are created.

 (2) Assumptions and conditionsSuccessful implementation is only possible through coordinated, collaborative and comprehensive efforts of all stakeholders working together towards a shared vision of integrated economic development of the cross-border regions. The Stakeholder Groups (SHGs) which are established and operational in each of the targeted cross-border regions include participation of representatives of local public administration, the private sector and civil society sector covering all aspects of the rural societies.(3)Implementation arrangements for the action: Direct management by the European CommissionGrant – Direct grant award (Regional Cooperation for Rural Prosperity – ReCaP):

* Objectives and foreseen results: See above.

1. Justification for the use of an exception to calls for proposals:  Article 190(l)(f) of the Rules of Application, since the Regional Rural Development Standing Working Group in South Eastern Europe (RRD SWG) is a particular type of body with relevant technical competence. The RRD SWG SEE methodology, combined with the existing structures, are perceived by local stakeholders as an adequate response to their needs, in particular because it has access to international institutions and can advise the central administrations with regards to improving the legal framework for local development or taking into account bottom-up expressed needs on the design of top-down strategies.  It can also act as an institutional umbrella to facilitate the implementation of initiatives in selected cross-border regions.
2. Name of the beneficiary:Regional Rural Development Standing Working Group in South Eastern Europe (RRD SWG SEE).
3. Indicative amount of the grant: EUR 1 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. Full financing of the action is essential for the action to be carried out because experience has shown that the level of participation in the respective ***programmes***, in particular those in the area of ***agriculture*** and rural development (IPARD), varies according to the regional and local capacity to prepare projects. In general, the most deprived or marginalised areas are also those with the lowest capacity to generate projects and hence the lowest level of participation in the instruments. Therefore, being SWG an organisation gathering all line Ministers in the Western Balkans and targeting the cross-border areas, it is essential for the achievement of the action's purposes to provide full EU financing.
5. Indicative date for signing the grant agreement: Q1 2019.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 10 | EU support to the Transport Community Treaty Secretariat | Direct Management | EUR 2 million |

(1) Description of the action, objective, expected results and key performance indicatorsDescription of the action:The Transport Community Treaty (TCT) with South East European parties is a key instrument that supports – through the establishment of a Secretariat – the accession process (acquis implementation), the 'Western Balkans Six initiative', as well as the infrastructure (Trans-European Transport Network -TEN-T) implementation in the Western Balkans.The TCT represents for the Western Balkans a 'game changer' and the Secretariat the main tool to support the implementation of the connectivity reforms measures aiming at improving the efficiency of the overall Western Balkans transport system.In accordance with Article 121(2)(d) of the Financial Regulation (FR), the Union may subscribe to bodies of which it is a member in the form of contributions which do not constitute grant with the meaning of the FR. Therefore, the Union may finance the Transport Community on the basis of EU annual contribution to its budget under the double conditionality of the Treaty having entered into force and the Union being a member of the Transport Community. Both of these conditions have been met on 9 October 2017 when the EU and the Western Balkans signed the Treaty establishing the Transport Community.Based on Article 173 of the Rules of Application (RAP), subscriptions shall be paid in accordance with the budgetary decisions and the conditions of ***payment*** established by the body concerned. Therefore, there is no need to justify the retroactive coverage of costs/expenditure incurred before the implementation of the TCT. The European Commission's subscription will cover the agreed budget without further conditions, as long as these costs are budgeted for by the TCT Secretariat.Objectives: (1)to support the achievement of the objectives set out in the 2004 SEETO MoU and TCT through the functioning of a Permanent Secretariat; and (2) to meet partially the 2018 and 2019 EU commitment as member of the Transport Community.Expected results:(1) implementation of the EU acquis in transport; (2) identification and monitoring of infrastructure project priorities; (3) implementation of Connectivity Reforms Measures.Key performance indicators:

* Degree of integration of the transport market of the Contracting Parties on the basis of the relevant acquis.

1. Amount of funding spent during the time frame of the action.
2. Nr of Regulations/Directive properly transposed by the regional partners.
3. % of the legislative acts fully transposed.

(2) Assumptions and conditionsBetween 12 July and 9 October 2017, the European Union and the Western Balkans signed the Treaty establishing the Transport Community. The action will be implemented when the TCT Secretariat obtains legal status. Failure to comply with the requirement of TCT Secretariat obtaining legal statusmay lead to a recovery of funds under this ***programme*** and/or the re-allocation of future funding.(3) Implementation arrangements for the action: Direct management by the European CommissionEU contribution to the budget of the Transport Community for the ***year*** 2019:a)   Objectives and foreseen results: See above.b)   Name of the beneficiary: Permanent Secretariat of the Transport Community Treaty. c)   Indicative amount of the contribution:EUR 2 million.d)   Maximum rate of EU co-financing: 80% of the budget of the Permanent secretariat according to Annex V of the Transport Community Treaty.Regional investment support

|  |  |  |  |
| --- | --- | --- | --- |
| Action 11 | EU support to the Western Balkans Investment Framework for Technical Assistance for 2018 | Direct Management | EUR 50 million |

(1) Description of the action, objective, expected results and key performance indicatorsDescription of the action: The action will provide technical assistance, under the Western Balkans Investment Framework (WBIF), for the successful preparation and implementation of major infrastructure investment projects. It will, in particular, support investment projects identified in the Single Project Pipelines with a regional dimension, which are priorities for the IPA II beneficiaries in the Western Balkans.The action will contribute to bring the Beneficiaries' priority infrastructure investment projects to maturity by preparing all documentation for implementation, making the projects eligible for Financial Institutions' loans and/or further EU financing. The action will also offer technical assistance during the implementation phase, providing support throughout the project cycle.Objective:to support the preparation and implementation of priority infrastructure investment projects, at regional and central levels, in transport, environment, digital, energy and social sectors.Expected results: (1) increased number of quality priority infrastructure investment projects ready for implementation and successfully implemented in transport, environment, energy, digital and social sectors; and (2) enhanced cooperation and coordination between International Financial Institutions, Beneficiaries, bilateral donors and regional organisations.Key performance indicators:

* Number of projects prepared which found financing (signed loans).

1. Number of projects under construction.
2. Number of projects completed and operational.
3. Number of TA grants implemented (completion of all activities foreseen in the terms of reference).

(2) Assumptions and conditionsThe implementation of the action will be subject to the projects presented to and endorsed by the WBIF Steering Committee.Failure to comply with the requirements set above may lead to a recovery of funds under this ***programme*** and/or the re-allocation of future funding.(3)Implementation arrangements for the action: Direct management by the European CommissionGrant – Direct grant award (EU support to the Western Balkans Investment Framework for Technical Assistance for 2018)

* Objectives and foreseen results: See above

1. Justification for the use of an exception to calls for proposals:Article 125 (7) of the Financial Regulation stipulates that grants may be awarded without a call for proposals to the European Investment Bank or the European Investment Fund for actions of technical assistance. In such cases Articles 131(2) to (5) and 132(1) shall not apply.
2. Name of the beneficiary: European Investment Bank (EIB).
3. Indicative amount of the grant: EUR 50 million.
4. Maximum rate of EU co-financing: The maximum possible rate of EU financing will be 100% of the total cost of the action. In accordance with Article 192 of the Financial Regulation, it is essential that the EU fully finances the action.

Technical assistance is instrumental for the development of high standards infrastructure projects which involve, further in the project cycle, loans with International Financial Institutions, contributions at IPA II beneficiary level, occasionally EU investment grants as well as funds from other financiers. Therefore, fully financing technical assistance is a strategic contribution, with a significant co-financing leverage effect in a short to medium-term future. Being the sole donor for the action additionally offers the European Commission the possibility to trigger important policy developments – by conditioning the allocation of grants to certain milestones (e.g the adoption of country-wide sector strategies or the implementation of connectivity reform measures). Finally, implementing the action with a single source of funds contributes to its efficiency. It allows procuring large service contracts rather than individual contracts for each grant, which allows mobilising immediately teams of experts.

* Indicative date for signing the grant agreement: Q4 2018.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 12 | EU support to Technical Assistance to Connectivity in the Western Balkans - Connecta | Direct Management | EUR 10 million |

(1) Description of the action, objective, expected results and key performance indicatorsDescription of the action: Connecta is a continuation of the support to the development of the Trans-European Transport Core Network (TEN-T Core Network) and the Projects of Energy Community Interest (PECIs) and Projects of Mutual Interest (PMIs), i.e extension of the electricity and gas networks in the Western Balkans.Connecta contributes to bringing high priority energy and transport infrastructure projects to maturity. In addition, it also supports the identification and enforcement of connectivity reform measures and technical standards in the transport sector.This technical assistance will be instrumental in improving connectivity within the Western Balkans and between the region and the European Union, a key driver for economic growth and jobs as well as for attracting new investments. Objective:to contribute to enhancing the socio-economic development and competitiveness of the Western Balkan by providing support to the improvement of connectivity within the Western Balkans and between the region and the EU. Expected results: (1) transport and energy priority infrastructure investments projects identified in the work ***programmes*** as key for the connectivity agenda brought to maturity for investment co-financing; and (2) short and medium terms connectivity reform measures implemented in the transport sector.Key performance indicators:

* Number of transport and energy projects which have been brought to maturity by the action and subsequently received EU funds (infrastructure projects but also projects for the implementation of connectivity reform measures in transport).

1. Total amount of IPA funds invested in the projects brought to maturity by the action

 (2) Assumptions and conditionsThe success of the results of the project will depend on: the political commitment of the beneficiaries to the Connectivity agenda, that is their willingness and capacity to implement high priority energy and transport infrastructure projects and technical standards and accompanying reform measures; the local ownership and compliance with the action's outputs; the commitment of financiers to the infrastructure projects throughout the project cycle; the financial sustainability for an efficient operation and maintenance of the infrastructure; and the ability and willingness of the population to pay fair, equitable and affordable tariffs for the access to municipal infrastructure services.(3) Implementation arrangements for the action: Direct management by the European CommissionProcurement:

* the global budgetary envelope reserved for procurement: EUR 10 million.

1. theindicative number and type of contracts:The action will be implemented through a service contract.
2. indicative time frame for launching the procurement procedure: Q3 2018.

|  |  |  |  |
| --- | --- | --- | --- |
| Action 13 | Regional Housing ***Programme*** (RHP) (Sarajevo Process) | Indirect Management | EUR 39.5 million |

(1) Description of the action, objective, expected results and key performance indicatorsDescription of the action: The action reflects a further step towards the delivery of the EU pledge to the Regional Housing ***Programme*** (RHP) made in 2012. It will support a new series of sub-projects in particular in Bosnia and Herzegovina and Serbia, through a contribution to the RHP Fund for housing solution grants. It will also support continued regional dialogue among RHP stakeholders. Embedded in the context of the Sarajevo Process, the RHP aims to make a substantial contribution to the satisfactory resolution of the protracted problem of the remaining refugees and displaced persons in Bosnia and Herzegovina, Croatia, Montenegro and Serbia. As per its original scope, it aims at providing durable housing solutions for about 27,000 households (74,000 individuals). The present contribution is expected to enable the provision of approximately 1500 housing solutions.Objectives:(1) a further batch of housing solutions for vulnerable refugees and displaced persons, primarily in Bosnia and Herzegovina and Serbia is provided; and (2) regional cooperation on housing solutions for vulnerable refugees and displaced persons, and confidence building, continues.Expected results: (1) approximately 900 technically sustainable housing solutions are provided in Serbia and 600 in Bosnia and Herzegovina; (2) effective regional dialogue and participatory steering of the RHP is ensured; and  (3) the RHP Fund is managed effectively.Key performance indicators:

* Number of additional housing solutions provided to vulnerable refugees and displaced persons in Serbia and in Bosnia and Herzegovina.

 (2) Assumptions and conditionsIt is assumed that the international community stays committed to help the region finding appropriate solutions to the protracted problem of the remaining refugees and displaced persons by honouring their pledges to fund the ***programme*** overall.Furthermore, it is assumed that all partner countries stay committed to completing the Sarajevo Process and provide sufficient resources to run a coherent mechanism to steer, supervise and control the implementation of their country housing projects.A further assumption for the fulfilment of the RHP's objective of durable housing solutions is that partner countries ensure the long-term sustainability of the housing solutions, through integration of the end-beneficiaries into the local communities. This aspect is partly but not fully tackled by the action and remains a fundamental factor that will eventually condition its success. (3)Implementation arrangements for the action:(3)(a) Entity entrusted with budget implementation tasksAt the outset of the RHP, the management of the RHP Fund and the Technical Assistance to the partner countries was assigned to the Council of Europe Development Bank (CEB). Over the past 6 ***year*** the CEB has implemented the ***programme*** in a manner which is leading to the achievement of the expected results.The CEB carries out several tasks in relation to the RHP:

* as Secretariat, it facilitates coordination between stakeholders and reports on operational activities

1. as Fund Manager, it manages Donor contributions and reports on financial activities
2. as Finance Institution, it assists Partner Countries in implementing the ***Programme***, including overseeing Technical Assistance.

The RHP was set up in line with an agreed division of labour between the four involved partner countries and their institutions, the fund manager CEB, the key international agencies (UNHCR and OSCE) involved in monitoring the beneficiary selection, and the participating donors. In each country, several institutions are involved such as Ministries, Project implementation units and hundreds of municipalities.International donations are paid into a designated RHP Fund, managed by the CEB. The Fund provides grants to the Partners Country Housing ***Programmes*** (CHPs) for implementation of sub-projects for provision of housing units.In parallel to its support to the RHP Fund, the European Commission has dedicated additional resources to support the effective implementation of the ***programme***, via technical assistance, operating grants to the Project Implementation Units (PIUs), and coverage of various administrative costs related to the ***programme***.The CEB fully complies with the tasks it has been given and continued implementation of the RHP under the current set-up is considered the most effective way to complete the delivery of the EU pledge. This will allow maintaining the standard of delivery, further speed up implementation and effectively address the challenges of this ***programme***. (3)(b) Short description of the tasks entrusted to the entityIt is foreseen to sign one Delegation agreement under indirect management with the CEB, in Q4 2018 making a contribution to the RHP Fund for a total amount of EUR 39 500 000. Within this contribution, a management fee will be deducted to finance activities 2 and 3. This contract will involve the following budget implementation tasks: -Disbursement of investment grants; the CEB will commit and disburse these funds in the form of investment grants to the RHP participant Partner Countries. Each Grant will correspond to and will be financing a specific and well defined Country Housing Subproject. The Grant agreements will be signed between CEB and the Partner Country after the relevant decision by the RHP Assembly of Donors;-Operation of the RHP Secretariat in line with the tasks described in the general conditions of the RHP Fund.- Administration and management of the RHP Fund, in line with the task described in the general conditions of the RHP Fund. Territorial Cooperation

|  |  |  |  |
| --- | --- | --- | --- |
| Action 14 | EU Regional action on animal disease eradication in the Western Balkans | Direct Management | EUR 1.5 million |

(1) Description of the action, objective, expected results and key performance indicatorsDescription of the action: As candidates for EU membership, the Western Balkans are going to form part of the internal market. If the Western Balkans have a different animal health status to the rest of the EU, then they cannot safely trade with other parts of the EU. The overall objective is to contribute to animal disease freedom in the Western Balkans and the improvement of access to the EU's single market of animals and animal products from relevant IPA II beneficiaries. The action would interact and support national disease surveillance, control and eradication ***programmes*** in the Western Balkans, in particular those that are set up to vaccinate against particular diseases. Examples of such animal diseases are for instance rabies, classical swine fever, lumpy skin disease, bluetongue and Brucella melitensis. Control and eradication of transboundary animal diseases at source using a regionally coordinated strategy benefits the EU by substantially reducing the threat to human and animal health, food safety and livestock production and trade.Objective:to improve veterinary services in the relevant IPA II beneficiaries that understand EU legislation and EU import requirements.Expected results: (1) structure and administrative capacity of veterinary services in the relevant IPA II beneficiaries analysed and assessed and possibilities for improvements suggested; (2) regional meetings between veterinary services organised in the Western Balkans on animal disease control; (3) recommendations for an enhanced regional cooperation prepared and discussed with the relevant IPA II beneficiaries; (4) facilitated exchange of data between relevant IPA II beneficiaries set up and harmonisation of  collected data delivered;and (5) strategy for listing relevant IPA II beneficiaries in relevant EU legislation produced and implemented.Key performance indicators:

* Extent to which harmonised and shared information channels are used to enable objectively reporting on implementation of eradication ***programmes***;

1. Number of regional meetings organised and extent to which specific cross-border activities between the Western Balkans and EU Member States takes place;
2. Recommendation for enhanced regional cooperation and strategy for listing relevant IPA II beneficiaries.

 (2) Assumptions and conditionsNo specific conditions need to be in place. The relevant IPA II beneficiaries have veterinary services and bilateral ***programmes*** in place. This action is to help them in capacity building to improve their capabilities, so that by the time of accession they are ready and can deliver according to the EU acquis.(3) Implementation arrangements for the action: Direct management by the European CommissionProcurement:

* the global budgetary envelope reserved for procurement: EUR 1 500 000.

1. theindicative number and type of contracts: One service contract.
2. indicative time frame for launching the procurement procedure: Q3 2018.

     Provision applying to all grants under section 2.2: The maximum possible rate of EU financing may be up to 100% of the total cost of the action in accordance with Article 192 of Financial Regulation if full funding is essential for the action to be carried out. The necessity for full EU funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

* Budget

* Indicative budget table – Multi Country Action ***Programme***

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| CRIS/ABAC Decision number | Management Mode | Entrusted Entity | Max. EU Contribution (EUR) | Indicative Co-financing \*\* (EUR) | Entity providing  co-financing | TOTALS (EUR) | Commission Implementing Unit |  |  |
|  |  |  |  |  |  |  |  |  |  |
|  | Horizontal support |  |  | 77 800 000 | 5 758 888 |  | 83 558 888 |  |  |
| 040-113 | Action 1-EU support to improving economic governance and competitiveness | DM | - | 19 800 000 | 588 888 | CEFTA/WB6 CIF | 20 388 888 | Directorate-General for Neighbourhood and Enlargement Negotiations, A3/D5 (Proof of Concept) |  |
| SI2.780466 | Action 2?EU support to the Western Balkans Youth Window under Erasmus + | DM | - | 3 000 000 | \*\*\*600 000 | grant beneficiaries | 3 600 000 | Co-delegation  to EACEA |  |
| 040-822 | Action 3 - EU support to improving education and skills capabilities in the WB and Turkey | DM | - | 3 500 000 | 0 | - | 3 500 000 | Cross sub-delegation to Directorate-General for Education, Youth, Sport and Culture, C3 |  |
| 040-113 | Action 4 - EU Integration Facility, including EU support for the participation of beneficiaries in EU Agencies | DM | - | 12 000 000 | 220 000 | TI/RAI | 12 220 000 | Directorate-General for Neighbourhood and Enlargement Negotiations, D5 |  |
| 040-113 | Action 5 - EU/Council of Europe Horizontal Facility for the WB  and Turkey Phase II | DM | - | 35 000 000 | 3 500 000 | CoE | 38 500 000 | Directorate-General for Neighbourhood and Enlargement Negotiations, D5 |  |
| 040-113 | Action 6? EU support for regionalreconciliation | DM | - | 2 500 000 | 50 000 | MICT | 2 550 000 | Directorate-General for Neighbourhood and Enlargement Negotiations, D5 |  |
| 040-113 | Action 7 - EU support for Roma integration 2020- Phase II | DM | - | 2 000 000 | 800  000 | RCC | 2 800 000 | Directorate-General for Neighbourhood and Enlargement Negotiations, D5 |  |
|  | Regional structures and networks |  |  | 17 350 000 | 500 000 |  | 17 850 000 |  |  |
| 040-113 | Action 8 - EU support to Public Administration and Public Financial Management Reforms in the Western Balkans | DM | - | 14 350 000 | 0 | - | 14 350 000 | Directorate-General for Neighbourhood and Enlargement Negotiations, A3 |  |
| 040-113 | Action 9 - EU support to regional cooperation for rural prosperity - ReCaP | DM | - | 1 000 000 | 0 | - | 1 000 000 | Directorate-General for Neighbourhood and Enlargement Negotiations, D5 |  |
| 040-823 | Action 10 - EU support to the Transport Community Treaty Secretariat | DM | - | 2 000 000 | 500 000 | Other donors | 2 500 000 | Cross sub-delegation to Directorate-General for Mobility and Transport |  |
|  | Regional investment support |  |  | 99 500 000 | 0 |  | 99 500 000 |  |  |
| 040-113 | Action 11 - EU support to the Western Balkans Investment Framework for Technical Assistance for 2018 | DM | - | 50 000 000 | 0 | - | 50 000 000 | Directorate-General for Neighbourhood and Enlargement Negotiations, D5 |  |
| 040-113 | Action 12 ? EU support to Technical Assistance to Connectivity in the WB ? Connecta | DM | - | 10 000 000 | 0 | - | 10 000 000 | Directorate-General for Neighbourhood and Enlargement Negotiations, D5 |  |
| 040-113 | Action 13- Regional Housing ***Programme*** (RHP) (Sarajevo Process) 4th phase | IM | CEB | 39 500 000 | 0 | - | 39 500 000 | Directorate-General for Neighbourhood and Enlargement Negotiations, D5 |  |
|  | Territorial Cooperation |  |  | 1 500 000 | 0 |  | 1 500 000 |  |  |
| 040-824 | Action 14 - EU Regional action on animal disease eradication in the WB | DM |  | 1 500 000 | 0 |  | 1 500 000 | Cross sub-delegation to Directorate-General for Health and Food Safety |  |
|  | TOTALS |  |  | 196 150 000 | 6 258 888 |  | 202 408 888 |  |  |
|  |  |  |  |  |  |  |  |  |  |
| by CRIS/ABAC Decision | Max. EU Contribution | Indicative Co-financing\*\* | Total |  |  |  |  |  |  |
| 040-113 | 186 150 000 | 5 158 888 | 191 308 888 |  |  |  |  |  |  |
| 040-822 | 3 500 000 | 0 | 3 500 000 |  |  |  |  |  |  |
| 040-823 | 2 000 000 | 500 000 | 2 500 000 |  |  |  |  |  |  |
| 040-824 | 1500 000 | 0 | 1 500000 |  |  |  |  |  |  |
| SI2.780466 | 3 000 000 | 600 000 | 3 600 000 |  |  |  |  |  |  |
| Total ***programme*** | 196 150 000 | 6 258 888 | 202 408 888 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| DM - Direct management;  IM ? Indirect management;     \*\* No co-financing by the IPA II beneficiaries \*\*\* The grant is a combination of unit costs and  portion of eligible costs. The specific financial rules are outlined in the Erasmus+ ***Programme*** Guide |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

* Implementation modalities and General rules for procurement and grant award procedures

direct management:

Part of this ***programme*** shall be implemented by direct management by the European Commission in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part Two Title II Chapter 4 of its Rules of Application.

Under the Financial Regulation, Parts One and Three of the Financial Regulation and its Rules of Applicationshall apply to external actions except as otherwise provided in Part Two,  Title IV.

The European Commission may also use servicesand supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

indirect management:

Part of this ***programme*** shall be implemented by indirect management with entrusted entities other than the IPA II beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

* performance Monitoring arrangements

As part of its performance measurement framework, the European Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The European Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this ***programme***, as well as the Multi- Country Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Co-ordinators (NIPACs) will collect information on the performance of the actions and ***programmes*** (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by DG Neighbourhood and Enlargement Negotiations and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.

 [1]C(2014) 4293, 30.06.2014[2] C(2018) 65, 06.02.2018[3][*https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\_en*](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en)[4]OJ L 362 of 31.12.2012, p. 1.

**Load-Date:** August 1, 2018

**End of Document**



[***FEDERAL REGISTER: 2017 Wildfires and Hurricanes Indemnity Program Pages 33795 - 33809 [FR DOC # 2018-15346]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SV1-ND51-F0YC-N3H9-00000-00&context=1516831)

Impact News Service

July 18, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 16988 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** Farm Service Agency 7 CFR Part 760 RIN 0560-AI39 2017 Wildfires and Hurricanes Indemnity ***Program*** AGENCY: Farm Service Agency, USDA. ACTION: Final rule. ----------------------------------------------------------------------- SUMMARY: The 2017 Wildfires and Hurricanes Indemnity ***Program*** (2017 WHIP) will provide ***payments*** to eligible producers who suffered eligible crop, tree, bush, and vine losses resulting from hurricanes and wildfires that occurred in the 2017 ***calendar*** ***year***, as authorized by the Bipartisan Budget Act of 2018 (BBA). This rule specifies the administrative provisions, eligibility requirements, application procedures, and ***payment*** calculations for 2017 WHIP. DATES: Effective date: July 18, 2018. Comment date: We will consider comments on the Paperwork Reduction Act that we receive by: September 17, 2018. ADDRESSES: We invite you to submit comments on this rule. In your comment, specify RIN 0560-AI39, and include the volume, date, and page number of this issue of the Federal Register.

You may submit comments by either of the following methods:  Federal Rulemaking Portal: Go to [*http://www.regulations.gov*](http://www.regulations.gov) Follow the instructions for submitting comments.      Mail: Director, PECD FSA, U.S Department of ***Agriculture***, 1400 Independence Avenue SW, Stop 0522, Washington, DC 20250-0522.     Comments will be available for viewing online at   [*http://www.regulations.gov*](http://www.regulations.gov) In addition, comments will be available for public inspection at the above address during business hours from 8 a.m to 5 p.m , Monday through Friday, except holidays.

FOR FURTHER INFORMATION CONTACT: Lisa Berry, telephone: (202) 720-7641. Persons with disabilities who require alternative means for communication should contact the USDA Target Center at (202) 720-2600 (voice).

SUPPLEMENTARY INFORMATION:

Background

    BBA (Pub. L. 115-123) provided $2.36 billion, available until December 31, 2019, for disaster assistance for necessary expenses related to crop, tree, bush, and vine losses related to the consequences of Hurricanes Harvey, Irma, Maria, and other hurricanes and wildfires occurring in ***calendar*** ***year*** 2017. Of the $2.36 billion available under BBA, the Secretary directed the Farm Service Agency (FSA), to provide nearly $2 billion in assistance to eligible producers through the 2017 WHIP.\1\ Additionally, approximately $340 million of the available $2.36 billion is being provided to the State of Florida through a block grant to address the consequences of Hurricane Irma including losses to citrus production expected during the 2018, 2019, and 2020 crop ***years***. This final rule only covers disaster assistance for necessary expenses related to crop, tree, bush, and vine losses related to the consequences of Hurricanes Harvey, Irma, Maria, and other hurricanes and wildfires occurring in ***calendar*** ***year*** 2017 and does not discuss the terms and conditions of the block grant to Florida. ---------------------------------------------------------------------------

    \1\ The 2017 WHIP is not related to the USDA ***program*** administered by the Natural Resources Conservation Service named the Wildlife Habitat Incentives ***Program*** (WHIP). ---------------------------------------------------------------------------

    As mandated by BBA, the total amount of ***payments*** received under 2017 WHIP, crop insurance under the Federal Crop Insurance Act (FCIA; 7 U.S.C 1501-1524), and the Noninsured Crop Disaster Assistance ***Program*** (NAP; 7 U.S.C 7333) combined will not exceed 85 percent of the total losses for all 2017 WHIP participants with crop insurance or NAP coverage. Also, as required by BBA, the total amount of ***payments*** received under 2017 WHIP will not exceed 65 percent of the total losses for all participants without crop insurance or NAP coverage. BBA also requires all participants who receive 2017 WHIP ***payments*** to purchase crop insurance or NAP coverage for the next 2 available crop ***years***, regardless of whether they had crop insurance or NAP coverage for 2017. This rule provides the eligibility requirements, application procedures, and ***payment*** calculation provisions for administration of 2017 WHIP.     Due to the variety of crops and the timing of the hurricanes and wildfires, 2017 WHIP covers losses resulting from the 2017 hurricanes and wildfires to crops that were intended for harvest in either the 2017 or 2018 crop ***year***.     For clarity, throughout this final rule, the word producer is used to refer to those persons or legal entities who have suffered losses and can apply for 2017 WHIP; the term participant is used for a producer who applied for 2017 WHIP and has been determined eligible.

Available Funding

    FSA will make an initial ***payment*** of up to 50 percent of an eligible 2017 WHIP participant's calculated 2017 WHIP ***payment***. By issuing initial ***payments***, FSA can quickly provide disaster assistance to those who have suffered severe losses while ensuring that 2017 WHIP ***payments*** do not exceed the available funding and those funds are distributed equitably among eligible producers. If funds remain available after the initial ***payment***, FSA will disburse the remainder of the participant's ***payment***. If eligible losses calculated based upon applications received exceed the amount of funding available, 2017 WHIP ***payments*** will be prorated using a national factor.

Eligibility

    The 2017 WHIP ***payments*** are available to eligible producers who suffered an eligible loss to crops, trees, bushes, and vines or prevented planting due to a qualifying disaster event, which includes wildfires and hurricanes that occurred in the 2017 ***calendar*** ***year***, and conditions related to those wildfires and hurricanes, such as excessive rain, high winds, flooding, mudslides, and heavy smoke. The 2017 WHIP ***payments*** for crop losses cover only production losses; they do not cover quality losses. Eligible crops include those for which crop insurance or NAP coverage is available, excluding crops intended for grazing. A list of crops covered by crop insurance is available through RMA's Actuarial Information Browser at [*https://webapp.rma.usda.gov*](https://webapp.rma.usda.gov)/ apps/ActuarialInformationBrowser2017/

[[Page 33796]]

CropCriteria.aspx; this list is provided for reference and includes all commodities for which crop insurance can be obtained including crops intended for grazing, which are ineligible for 2017 WHIP. NAP coverage is available for the following commercial crops when crop insurance under section 508(b) or additional coverage under sections 508(c) or 508(h) of FCIA (7 U.S.C 1508(b), (c), and (h)) is not available for:      Crops grown for food, excluding livestock and their by- products;      Crops planted and grown for livestock consumption, including but not limited to grain and forage crops;      Crops grown for fiber, excluding trees grown for wood, paper, or pulp products; and      The production of aquacultural species (including ornamental fish), floricultural crops, ornamental nursery plants, Christmas tree crops, turfgrass sod, sweet sorghum, biomass sorghum, industrial crops, seed crops, sea grass, and sea oats.     Grazing and livestock losses are covered by existing ***programs*** that are funded by the Commodity Credit Corporation (CCC) and administered by FSA, such as the Livestock Indemnity ***Program*** (LIP), Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish ***Program*** (ELAP) and the Livestock Forage Disaster ***Program*** (LFP), and therefore are not covered by 2017 WHIP, as such would be a duplication of benefits.     The Tree Assistance ***Program*** (TAP) provides cost-share for replanting and rehabilitation of eligible trees, while 2017 WHIP provides ***payments*** based on the loss of value of the tree, bush, or vine. Therefore, participants who suffered tree, bush, and vine losses may receive both TAP ***payments*** and 2017 WHIP ***payments*** for the same acreage because 2017 WHIP and TAP pay for different losses.     Assistance for Florida citrus tree losses will be provided through a grant ***program*** administered by the State of Florida so tree losses are not eligible for 2017 WHIP. Florida citrus crop losses, however, are eligible for 2017 WHIP. TAP is a cost share ***program*** that provides assistance for replanting trees, bushes, and vines. To the extent that expenses are paid via the block grant ***program***; those expenses will not be eligible for TAP cost-share assistance. TAP is available only for expenses actually incurred by the eligible orchardist or nursery tree grower that are not covered, reimbursed, or paid for by anyone other than the eligible orchardist or nursery tree grower.     Trees, bushes, and vines that were abandoned or not used for or intended for use for commercial production at the time of the loss are ineligible for 2017 WHIP.     The 2017 WHIP for hurricane losses and related conditions, such as excessive rain and flooding, will be available for eligible farms located in counties that received a qualifying Presidential Emergency Disaster Declaration or Secretarial Disaster Designation. A list of counties that received qualifying hurricane declarations and designations is available at [*https://www.fsa.usda.gov/****programs****-and-services/disaster-assistance-****program****/wildfires-and-hurricanes-indemnity-****program****/index*](https://www.fsa.usda.gov/programs-and-services/disaster-assistance-program/wildfires-and-hurricanes-indemnity-program/index). Only producers in primary disaster counties qualify for 2017 WHIP based on the declaration or designation. Producers in counties that did not receive a qualifying hurricane declaration or designation, including those in counties contiguous to counties that received a Presidential declaration or Secretarial designation, may still apply for 2017 WHIP, but they must also provide supporting documentation to establish that the crop was directly affected by a hurricane or a related condition. The 2017 WHIP for losses due to wildfires and conditions related to wildfires, such as mudslides and heavy smoke, will be available in any county where a wildfire occurred, as determined by FSA county committees.

***Payment*** Limitation

    Each person and legal entity who is either a participant or member of a participant will have a single 2017 WHIP ***payment*** limitation even though they may be eligible to receive ***payment*** for more than one crop ***year*** or type of loss (for example, for both crop production and tree losses). Once the ***payment*** limit is reached for any person or legal entity, the person or legal entity is not eligible to receive any additional 2017 WHIP ***payment***. For example, if a person or legal entity reaches the maximum ***payment*** based on losses to a 2017 crop, that person or legal entity will not receive any additional 2017 WHIP ***payment***, even though there may have been losses to a 2018 crop, due to hurricanes or wildfires that occurred in ***calendar*** ***year*** 2017, as well.     The ***payment*** limitation is based on the person's or legal entity's average adjusted gross income (AGI) and factors in the person's or legal entity's average adjusted gross farm income. Farm income includes income from activities related to farming, ranching, or forestry. Specifically, a person or legal entity, other than a joint venture or general partnership, cannot receive 2017 WHIP ***payments***, directly or indirectly, of more than $125,000, unless at least 75 percent of the person or legal entity's average AGI, as defined in Sec.  760.1502, is derived from farming, ranching, or forestry related activities. If at least 75 percent of the person or legal entity's average AGI is derived from farming, ranching, or forestry related activities and the participant provides the required certification and documentation, as discussed below, the person or legal entity, other than a joint venture or general partnership, is eligible to receive 2017 WHIP ***payments***, directly or indirectly, up to $900,000. Average AGI and average adjusted gross farm income are calculated based on the person or legal entity's average income in 2013, 2014, and 2015, which are the relevant ***years*** to calculate AGI for 2017 WHIP.     To receive more than $125,000 in 2017 WHIP ***payments***, applicants must certify that as a person or legal entity they are eligible for the $900,000 ***payment*** limitation (that is, that at least 75 percent of the person's or legal entity's average AGI is derived from farming, ranching, or forestry related activities). That certification must be submitted on form FSA-892, Request for an Exception to the WHIP ***Payment*** Limitation of $125,000, and accompanied by a certification from a certified public accountant or attorney that confirms the person or legal entity's certification. If an applicant requesting the $900,000 ***payment*** limitation is a legal entity, all members of that entity must also complete FSA-892 and provide the required certification according to the direct attribution provisions in Sec.  1400.105, ``Attribution of ***Payments***.'' If a legal entity would be eligible for the $900,000 ***payment*** limitation based on the legal entity's average AGI from farming but a member of that legal entity either does not complete a FSA-892 or is not eligible for the $900,000 ***payment*** limitation, the ***payment*** to the legal entity will be reduced for the applicable limitation that will apply to the share of the 2017 WHIP ***payment*** attributed to that member.

Application Process

    Producers must submit 2017 WHIP applications to their administrative FSA county office by the deadline that will be announced by the FSA Deputy Administrator for Farm ***Programs***. A complete 2017 WHIP application consists of:      FSA-890, Wildfires and Hurricanes Indemnity ***Program*** (WHIP) Application;      FSA-891, Crop Insurance and/or NAP Coverage Agreement;

[[Page 33797]]

     FSA-892, Request for an Exception to the WHIP ***Payment*** Limitation of $125,000, if more than 75 percent of an applicant's average AGI is from farm income and the applicant wants to be eligible to receive 2017 WHIP ***payments*** of more than $125,000, up to the $900,000 ***payment*** limitation; and      FSA-893, 2018 Citrus Actual Production History and Approved Yield Record, Florida Only, for applicants requesting ***payments*** for losses to citrus crops located in Florida.     Persons and legal entities who do not submit FSA-892 and a certification from a CPA or attorney will only be considered for the lower ***payment*** limitation of $125,000. If not already on file with FSA, applicants must also submit AD-1026, Highly Erodible Land Conservation (HELC) and Wetland Conservation Certification; CCC-902, Farm Operating Plan for ***Payment*** Eligibility; and a report of acreage on FSA-578, Report of Acreage, or in another format acceptable to FSA for all acres of each crop for which 2017 WHIP ***payments*** are being requested. Applicants must also submit verifiable or reliable crop records if not already on file for crop insurance or NAP purposes; producers who do not have verifiable or reliable records will have 2017 WHIP ***payments*** determined based on the lower of either the actual loss certified by the producer and determined acceptable by FSA or the county expected yield and county disaster yield, which is the production that a producer would have been expected to make based on the eligible disaster conditions in the county, as determined by the FSA county committee. Yield means unit of production, measured in bushels, pounds, or other unit of measure, per area of consideration, usually measured in acres. In no case will 2017 WHIP ***payments*** be issued or provided for losses that cannot be determined to have occurred to the satisfaction of FSA.

2017 WHIP ***Payments***

    In general, all 2017 WHIP ***payments*** for crop production losses will take into consideration the difference between the expected value of the crop and the actual value of the crop as a result of the wildfire or hurricane damage. The value is determined by FSA using crop insurance or NAP prices. For tree, bush, and vine losses, 2017 WHIP ***payments*** will be based on the loss of value of the trees, bushes, and vines that were destroyed or damaged due to the wildfire or hurricane. Various factors will be considered to determine the ***payments***, as explained below in detail; however, overall, the ***payment*** calculation includes reductions based on any additional ***payments*** that the participant received from crop insurance indemnities, NAP ***payments***, and salvage value. Further, as noted above, 2017 WHIP is prohibited from paying for more than 85 percent of the total losses. Therefore, a 2017 WHIP factor will be applied to reduce the participant's ***payment*** to ensure that total 2017 WHIP ***payments*** are no more than 85 percent of the total losses by all 2017 WHIP participants, as described below.     The specific ***payment*** calculations that will be used for each type of commodity are detailed below. Each of the calculations includes numerous elements to determine the accurate and equitable amount to pay for the various losses. Some of the data will come from the applications while other numbers used in the calculations will be determined by FSA. In general, the calculations are consistent with previous ad hoc disaster assistance ***programs*** administered by FSA.

2017 WHIP Factors

    After the eligible loss is determined and quantified, a 2017 WHIP ***payment*** factor will be applied based on the level of crop insurance coverage or NAP coverage a participant obtained for a crop. The ``coverage level'' is the percentage determined by multiplying the elected yield percentage under a crop insurance policy or NAP coverage by the elected price percentage. Participants who elected higher levels of crop insurance or NAP coverage will receive a higher level of compensation from the combination of the 2017 WHIP ***payment*** amount plus the crop insurance indemnity or NAP ***payment***, as compared to a participant who elected a lower level of crop insurance or NAP coverage. As detailed in the following table, the 2017 WHIP factors will be between 65 percent, for uninsured crops, and 95 percent, for crops for which a producer obtained greater than an 80 percent crop insurance coverage level. Total 2017 WHIP ***payments*** issued to all participants will not exceed 85 percent of their collective losses, as authorized by BBA.

------------------------------------------------------------------------                                                               2017 WHIP                                                                ***payment***                        Coverage level                           factor                                                               (percent) ------------------------------------------------------------------------ No crop insurance or No NAP coverage.......................           65 Catastrophic coverage......................................           70 More than catastrophic coverage but less than 55 percent...         72.5 At least 55 percent but less than 60 percent...............           75 At least 60 percent but less than 65 percent...............         77.5 At least 65 percent but less than 70 percent...............           80 At least 70 percent but less than 75 percent...............           85 At least 75 percent but less than 80 percent...............           90 At least 80 percent........................................           95 ------------------------------------------------------------------------

    More producers obtained coverage at the lower levels than obtained coverage at the higher levels. Therefore, including ***payments*** to individual participants at 90 and 95 percent, total 2017 WHIP ***payments*** will not exceed 85 percent of the value of total losses.

***Payment*** Calculation for Yield-Based Crop Losses

    The 2017 WHIP ***payments*** for yield-based crop losses will be calculated based on all acreage of the crop in a unit. The eligible crop acres will be multiplied by the 2017 WHIP yield, the price for the crop, and the WHIP factor, and reduced by the participant's production multiplied by the price, and that result will be multiplied by the participant's share and reduced by the gross insurance indemnity or NAP ***payment*** and any salvage value. Additional adjustments will be applied to 2017 WHIP ***payment*** calculation based on whether the crop was prevented planted or unharvested to account for expenses that were not incurred.     The 2017 WHIP yield is the approved yield based on the producer's actual production history (APH) for insured and NAP-covered crops, or the county expected yield for uninsured crops without NAP coverage and participants in Puerto Rico. Using county expected yields for producers who did not have crop insurance or NAP coverage allows FSA to quickly provide disaster assistance ***payments*** to affected producers, by not requiring producers and FSA resources to spend additional time on the burden of computing approved yields, and improves integrity by not allowing producers who do not have adequate records an opportunity to provide production records from prior ***years***. FSA recognizes that due to the severity of hurricanes affecting Puerto Rico, flexibility regarding required documentation is necessary in order to provide needed ***payments*** to producers who suffered extreme losses. FSA is using this streamlined determination for

[[Page 33798]]

yields for all 2017 WHIP applicants in Puerto Rico to provide ***payments*** in a timely manner to producers who suffered known severe losses but may be unable to provide required documentation due to the extreme circumstances faced by the ***agricultural*** sector. FSA's decision to determine the extent of eligibility differently in Puerto Rico will have no impact on or be a consideration for losses sustained outside of Puerto Rico.     The participant's production for the crop ***year*** which suffered the loss (2017 or 2018, depending on the specific crop and when it would have been harvested) is based on their verifiable or reliable production records for that crop ***year***. Reliable production records means evidence provided by the participant that is used to substantiate the amount of production reported when verifiable records are not available, including copies of receipts, ledgers of income, income statements of deposit slips, register tapes, invoices for custom harvesting, and records to verify production costs, contemporaneous measurements, truck scale tickets, and contemporaneous diaries that are determined acceptable by the county committee. These records may already be on file if the crop was covered by crop insurance or NAP. If not already on file, or if the participant believes that RMA or NAP records are inaccurate or incomplete, the participant is responsible for providing verifiable or reliable records as specified in Sec.   760.1512 Participants who do not have verifiable or reliable records will have their ***payments*** limited to the lower of either:      The actual loss certified by the producer and determined acceptable by FSA, or      The county disaster yield, as established by the FSA county committee.

***Payment*** Calculation for Value Loss Crops Losses

    Assessing loss for value loss crops, such as ornamental nursery and aquaculture, is significantly different than for yield-based crops. The participant's inventory of a typical value loss crop may fluctuate from week to week, sometimes rapidly, in the course of normal business operations for reasons that may be unrelated to a disaster. As a result, 2017 WHIP ***payments*** for value loss crops will be based on inventory and losses before and after the qualifying disaster event.     The 2017 WHIP ***payments*** for value loss crops will be based on the field market value of the crop before and after the qualifying disaster event. Specifically, ***payments*** for value loss crops will be calculated using the field market value of the crop before the disaster multiplied by the 2017 WHIP factor, reduced by the sum of the field market value after the disaster and the value of losses due to ineligible causes of loss, multiplied by the participant's share, reduced by the gross insurance indemnity or NAP ***payment*** amount and salvage value of the crop.     NAP value loss and tropical crop eligibility provisions in 7 CFR part 1437 apply to 2017 WHIP for value loss and tropical crops. Nursery stock of trees, bushes, and vines is considered a value loss crop rather than a tree, bush, or vine loss for 2017 WHIP ***payment*** calculations.

***Payment*** Calculation for Tree, Bush, and Vine Losses

***Payments*** for trees, bush, and vine losses will be based on federal crop insurance principles and will be determined separately for different growth stages, as determined by the Deputy Administrator of Farm ***Programs***, FSA. Each growth stage will have an associated price and damage factor to determine the value lost when a tree, bush, or vine is damaged and requires rehabilitation but is not completely destroyed.     ***Payments*** will be calculated by multiplying the expected value of the eligible damaged and destroyed trees, bushes, or vines by the 2017 WHIP factor, reduced by the actual value of the trees, bushes, or vines, and multiplied by the producer's share. FSA will subtract the amount of any insurance indemnity received for trees, bushes, and vines covered by an insurance plan and any secondary use or salvage value. The expected value is determined by multiplying the total number of trees, bushes, or vines that were damaged or destroyed by a qualifying disaster event by the price. The actual value is the expected value minus the value of the producer's loss, which is calculated by multiplying the number of trees, bushes, or vines damaged by a qualifying disaster event by the damage factor, added to the number destroyed by a qualifying disaster event, and multiplied by the price.     The county committee will adjust the number of damaged and destroyed trees, bushes, or vines, if it determines that the number of damaged or destroyed trees, bushes, or vines certified by the participant is inaccurate.

Future Crop Insurance or NAP Coverage

    BBA requires all 2017 WHIP ***payment*** recipients to obtain coverage under an FCIA plan (crop insurance) or NAP coverage, as may be applicable and if available, for the next 2 crop ***years***. Because sign-up for crop insurance and NAP coverage has already begun for some 2019 crops and due to potential conflicts or short time periods between 2017 WHIP sign-up dates and crop insurance and NAP application closing dates, FSA is requiring 2017 WHIP participants to obtain crop insurance or NAP for the next 2 available consecutive crop ***years*** after the crop ***year*** for which 2017 WHIP ***payments*** are paid, with the latest ***year*** for finally meeting compliance with this provision being the 2021 crop ***year***. In other words, if the 2 consecutive ***years*** of coverage are not met by 2021 coverage ***year***, the participant is ineligible for ***payments***. Participants must obtain crop insurance or NAP, as may be applicable, at the 60 percent coverage level or higher, if available. If NAP coverage at the 60 percent coverage level is unavailable at the time of the timely filing of an application for coverage, the participant must obtain NAP catastrophic level of coverage (that is, basic 50/55 NAP coverage).     There will be situations where a 2017 WHIP participant, who does not have to meet any adjusted gross income requirement for the 2017 WHIP ***payment*** and for which crop insurance is not available for a specific crop, will have to obtain NAP coverage due to the purchase requirement in BBA. Section 1001D of the Food Security Act of 1985 (1985 Farm Bill) provides that a person or entity with adjusted gross income in amount greater than $900,000 is not eligible to participate in NAP. Accordingly, in order to reconcile this restriction in the 1985 Farm Bill and the BBA requirement to obtain NAP or crop insurance coverage, 2017 WHIP participants may meet the BBAs purchase requirement by purchasing Whole-Farm Revenue Protection crop insurance coverage, if eligible, or they may pay the applicable NAP service fee and premium despite their ineligibility for a NAP ***payment***. In other words, the service fee and premium must be paid even though no NAP ***payment*** will be made because the adjusted gross income of the person or entity exceeds the 1985 Farm Bill limitation.     The crop insurance and NAP requirements are specific to the crop and county (physical location county for insurance and administrative county for NAP) for which 2017 WHIP ***payments***

[[Page 33799]]

are paid. This means that a producer who receives a 2017 WHIP ***payment*** for a crop in a county (physical location county for insurance and administrative county for NAP) is required to purchase crop insurance or NAP coverage for the crop in the county for which the producer was issued a 2017 WHIP ***payment***. Producers who received a 2017 WHIP ***payment*** on a crop in a county and who have the crop or crop acreage in subsequent ***years***, as provided in this rule, and who fail to obtain the 2 ***years*** of crop insurance or NAP coverage must refund all 2017 WHIP ***payments*** for that crop in that county with interest from the date of disbursement. This is a condition of ***payment*** eligibility specified by BBA and is therefore not subject to partial ***payment*** eligibility or other types of equitable relief. Producers who were paid 2017 WHIP on a crop in a county but do not plant that crop in a subsequent ***year*** are not required to purchase crop insurance or NAP coverage for that specific crop and ***year***.

Miscellaneous

    Applicable general eligibility requirements, including recordkeeping requirements and required compliance with HELC and Wetland Conservation provisions, are similar to those for the previous ad hoc crop disaster ***programs*** and current permanent disaster ***programs***. All information provided to FSA for ***program*** eligibility and ***payment*** calculation purposes, including average AGI certifications and production records, is subject to spot check.

Notice and Comment

    In general, the Administrative Procedure Act (5 U.S.C 553) requires that a notice of proposed rulemaking be published in the Federal Register and interested persons be given an opportunity to participate in the rulemaking through submission of written data, views, or arguments with or without opportunity for oral presentation, except that when the rule involves a matter relating to public property, loans, grants, benefits, or contracts section 553 does not apply. This rule involved matters relating to benefits and is therefore being published as a final rule without the prior opportunity for comments.

Effective Date

    The Administrative Procedure Act provides generally that before rules are issued by Government agencies, the rule is required to be published in the Federal Register, and the required publication of a substantive rule is to be not less than 30 days before its effective date. However, as noted above, the Administrative Procedure Act requirements, including the effective date delay, do not apply to rulemaking that involves a matter relating to benefit. Therefore, to provide benefits in a timely fashion, the 2017 WHIP regulations, are effective when published in the Federal Register.

Executive Orders 12866, 13563, 13771 and 13777

    Executive Order 12866, ``Regulatory Planning and Review,'' and Executive Order 13563, ``Improving Regulation and Regulatory Review,'' direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasized the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. Executive Order 13777, ``Enforcing the Regulatory Reform Agenda,'' established a federal policy to alleviate unnecessary regulatory burdens on the American people.     The Office of Management and Budget (OMB) designated this rule as economically significant under Executive Order 12866, ``Regulatory Planning and Review,'' and therefore, OMB has reviewed this rule. The costs and benefits of this rule are summarized below. The full cost benefit analysis is available on regulations.gov     Executive Order 13771, ``Reducing Regulation and Controlling Regulatory Costs,'' requires that, in order to manage the costs required to comply with Federal regulations, that for every new significant or economically significant regulation issued, the new costs must be offset by the elimination of at least two prior regulations. The OMB guidance in M-17-21, dated April 5, 2017, specifies that ``***transfers***'' are not covered by Executive Order 13771 but that changes in resource use that accompany ***transfer*** rules may qualify as costs or cost savings under Executive Order 13771. Although most of this rule's impacts are income ***transfers*** between taxpayers and ***program*** beneficiaries, the associated cost-benefit analysis shows a government administrative cost of approximately $10 million (which is the equivalent of $0.53 million when annualized over a perpetual time horizon at a 7 percent discount rate). Therefore this rule is considered an Executive Order 13771 regulatory action.

Cost Benefit Analysis Summary

    BBA provided up to $2.36 billion for 2017 WHIP. Early estimates suggest that total 2017 WHIP ***payments*** could be lower than the $2.36 billion. However, in addition to producer ***payments***, WHIP funds will be used for a $340 million block grant to Florida that will provide further aid to producers with damaged trees. The federal government is expected to expend around $10 million to manage 2017 WHIP and because of the 2017 WHIP mandate that producers purchase insurance, the government is expected to incur around $100 million in additional subsidy costs. The required policies will cost producers around $60 million. USDA estimates that ***payment*** limitation savings will be at least $50 million.

Regulatory Flexibility Act

    The Regulatory Flexibility Act (5 U.S.C 601-612), as amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA, Pub. L. 104-121), generally requires an agency to prepare a regulatory flexibility analysis of any rule whenever an agency is required by the Administrative Procedure Act or any other law to publish a proposed rule, unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. This rule is not subject to the Regulatory Flexibility Act because FSA is not required by Administrative Procedure Act or any law to publish a proposed rule for this rulemaking.

Environmental Review

    The environmental impacts of this final rule have been considered in a manner consistent with the provisions of the National Environmental Policy Act (NEPA, 42 U.S.C 4321-4347), the regulations of the Council on Environmental Quality (40 CFR parts 1500-1508), and the FSA regulation for compliance with NEPA (7 CFR part 799). The 2017 WHIP is mandated by BBA. The legislative intent for implementing 2017 WHIP is to provide ***payments*** to the producers who suffered eligible crop, tree, bush, and vine losses resulting from 2017 hurricanes and wildfires.     While OMB has designated this rule as ``economically significant'' under Executive Order 12866, ``. . . economic or social effects are not intended by themselves to require preparation of an environmental impact statement'' (40 CFR 1508.14), when not interrelated to natural or physical environmental effects. The limited discretionary aspects of the ***program*** (for example, use

[[Page 33800]]

of grants, and determining AGI and ***payment*** limitations) were designed to be consistent with established FSA disaster ***programs***. As such, the Categorical Exclusions found at 7 CFR part 799.31 apply, specifically 7 CFR 799.31(b)(6)(iv) and (vi) (that is, Sec.  799.31(b)(6)(iv) Individual farm participation in FSA ***programs*** where no ground disturbance or change in land use occurs as a result of the proposed action or participation; and Sec.  799.31(b)(6)(vi) Safety net ***programs*** administered by FSA). No Extraordinary Circumstances (7 CFR 799.33) exist. As such, FSA has determined that the implementation of 2017 WHIP and the participation in 2017 WHIP do not constitute major Federal actions that would significantly affect the quality of the human environment, individually or cumulatively. Therefore, FSA will not prepare an environmental assessment or environmental impact statement for this regulatory action.

Executive Order 12372

    Executive Order 12372, ``Intergovernmental Review of Federal ***Programs***,'' requires consultation with State and local officials that would be directly affect by proposed Federal financial assistance. The objectives of the Executive Order are to foster an intergovernmental partnership and a strengthened Federalism, by relying on State and local processes for State and local government coordination and review of proposed Federal Financial assistance and direct Federal development. For reasons specified in the final rule related notice to 7 CFR part 3015, subpart V (48 FR 29115, June 24, 1983), the ***programs*** and activities within this rule are excluded from the scope of Executive Order 12372 which requires intergovernmental consultation with State and local officials.

Executive Order 12988

    This rule has been reviewed under Executive Order 12988, ``Civil Justice Reform.'' This rule will not preempt State or local laws, regulations, or policies unless they represent an irreconcilable conflict with this rule. The rule will not have retroactive effect. Before any judicial action may be brought regarding the provisions of this rule, the administrative appeal provisions of 7 CFR parts 11 and 780 must be exhausted.

Executive Order 13132

    This rule has been reviewed under Executive Order 13132, ``Federalism.'' The policies contained in this rule do not have any substantial direct effect on States, on the relationship between the Federal government and the States, or on the distribution of power and responsibilities among the various levels of government, except as required by law. Nor does this rule impose substantial direct compliance costs on State and local governments. Therefore, consultation with the States is not required.

Executive Order 13175

    This rule has been reviewed for compliance with Executive Order 13175, ``Consultation and Coordination with Indian Tribal Governments.'' Executive Order 13175 requires Federal agencies to consult and coordinate with tribes on a government-to-government basis on policies that have tribal implications, including regulations, legislative comments proposed legislation, and other policy statements or actions that have substantial direct effects on one or more Indian tribes, on the relationship between the Federal Government and Indian tribes or on the distribution of power and responsibilities between the Federal government and Indian tribes.     FSA has assessed the impact of this rule on Indian tribes and determined that this rule does not, to our knowledge, have tribal implications that required tribal consultation under Executive Order 13175. If a tribe requests consultation, FSA will work with USDA Office of Tribal Relations to ensure meaningful consultation is provided.

The Unfunded Mandates Reform Act of 1995

    Title II of the Unfunded Mandates Reform Act of 1995 (UMRA, Pub. L. 104-4) requires Federal agencies to assess the effects of their regulatory actions on State local, and Tribal governments or the private sector. Agencies generally must prepare a written statement, including a cost benefit analysis, for proposed and final rules with Federal mandates that may result in expenditures of $100 million or more in any 1 ***year*** for State, local, or Tribal governments, in the aggregate, or to the private sector. UMRA generally requires agencies to consider alternatives and adopt the more cost effective or least burdensome alternative that achieves the objectives of the rule. This rule contains no Federal mandates, as defined in Title II of UMRA, for State, local, and Tribal governments or the private sector. Therefore, this rule is not subject to the requirements of sections 202 and 205 of UMRA.

SBREFA

    This rule is a major rule under SBREFA. SBREFA normally requires that an agency delay the effective date of a major rule for 60 days from the date of publication to allow for Congressional review. Section 808 of SBREFA allows an agency to make a major regulation effective immediately if the agency finds there is good cause to do so. The beneficiaries of this rule have suffered extensive damage due to the losses from the hurricanes and wildfires that occurred in 2017. Therefore, FSA finds that it would be contrary to the public interest to delay the effective date of this rule because it would delay implementation of 2017 WHIP as required by BBA. The regulation needs to be effective to provide adequate time for producers to submit applications to request ***payments***. Therefore, this rule is effective on the July 18, 2018.

Federal Assistance ***Programs***

    The title and number of the Federal Domestic Assistance ***Program*** found in the Catalog of Federal Domestic Assistance to which this rule applies is 2017 Wildfires and Hurricanes Indemnity ***Program*** and 10.120

Paperwork Reduction Act

    In accordance with the Paperwork Reduction Act of 1995, the following new information collection request that supports 2017 WHIP and the block grant to Florida was submitted to OMB for emergency approval. OMB approved the 6-month emergency information collection. Since the information collection activities will continue for more than the approved 6 months, in addition, through this rule, FSA is requesting comments from interested individuals and organizations on the information collection activities related to 2017 WHIP and the block grant to Florida as described in this rule. Following the 60-day public comment period for this rule, the information collection request will be submitted to OMB for the 3-***year*** approval to ensure adequate time for the information collection for the duration of 2017 WHIP.     Title: 2017 WHIP and Block Grant to Florida.     OMB Control Number: 0560-New.     Form number(s) for 2017 WHIP: FSA-890, Wildfires and Hurricanes Indemnity ***Program*** (WHIP) Application; FSA-891, Crop Insurance and/or NAP Coverage Agreement; FSA-892, Request for an Exception to the WHIP ***Payment*** Limitation of $125,000, if applicable; and FSA-893, 2018 Citrus Actual

[[Page 33801]]

Production History and Approve Yield Records (Florida only).     Type of Request: New Collection.     Abstract: This information collection is required to support both the regulation in 7 CFR part 760, subpart O, for 2017 WHIP that establishes the requirements or eligible producers who suffered eligible crop, tree, bush, and vine losses resulting from 2017 hurricanes and wildfires as specified in BBA and the block grant to Florida. The information collection is necessary to evaluate the application and other required paperwork for determining the producer's eligibilities and assist in producer's ***payment*** calculations.     For the Grant to Florida, the same citrus growers are likely to apply for both 2017 WHIP and the grant because they will pay for different losses. The grant will pay for the tree replacement and 2017 WHIP will pay for citrus crop losses. FSA expects that Florida will use information provided to FSA by Florida applications as part of their documentation for application for tree replacement ***payments*** from Florida through the grant. Although we do not know what application Florida will use for the tree replacement ***payment*** applications, we estimate that it will take less time to complete than the FSA application.     For the following estimated total annual burden on respondents, the formula used to calculate the total burden hour is the estimated average time per response multiplied by the estimated total annual responses.     Estimate of Respondent Burden: Public reporting burden for this information collection is estimated to average 0.6983 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed and completing and reviewing the collections of information.     Type of Respondents: Producers or farmers.     Estimated Annual Number of Respondents: 44,124.     Estimated Number of Reponses Per Respondent: 1.     Estimated Total Annual Responses: 44,124.     Estimated Average Time per Response: 0.6983 hours.     Estimated Annual Burden on Respondents (WHIP applicants): 28,514.     Estimated Annual Burden on Respondents (Florida Grant): 1,097.     Estimated Total Annual Burden on Respondents: 29,611.     For 2017 WHIP, the per form estimated burden is:

----------------------------------------------------------------------------------------------------------------                                                                                      Number of     Total  burden                    Form name                                Form No.                respondents        hours ---------------------------------------------------------------------------------------------------------------- Wildfires and Hurricanes Indemnity ***Program***      FSA-890.........................          40,831          20,416  Notification. Crop Insurance and/or NAP Coverage............  FSA-891.........................          40,831           3,401 Request for an Exception to the WHIP ***Payment***    FSA-892.........................          16,332           1,360  Limitation of $125,000, WHIP only. 2018 Citrus Actual Production History and       FSA-893.........................           3,293             274  Approve Yield Records (Florida only). Wildfires and Hurricanes Indemnity ***Program***      FSA-890 (continuation)..........          12,250           3,062  Application (Continuation Sheet). ----------------------------------------------------------------------------------------------------------------

    FSA is requesting comments on all aspects of this information collection to help us to:     (1) Evaluate whether the collection of information is necessary for the proper performance of the functions of the FSA, including whether the information will have practical utility;     (2) Evaluate the accuracy of the FSA's estimate of burden including the validity of the methodology and assumptions used;     (3) Enhance the quality, utility and clarity of the information to be collected;     (4) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.     All comments received in response to this notice, including names and addresses when provided, will be a matter of public record. Comments will be summarized and included in the submission for Office of Management and Budget approval.

E-Government Act Compliance

    FSA is committed to complying with the E-Government Act, to promote the use of the internet and other information technologies to provide increased opportunities for citizen access to Government information and services, and for other purposes.

List of Subjects in 7 CFR Part 760

    Dairy products, Indemnity ***payments***, Reporting and recordkeeping requirements.

    For the reasons discussed above, FSA amends 7 CFR part 760 as follows:

PART 760--INDEMNITY ***PAYMENT*** ***PROGRAMS***

0 1. Revise the authority citation to read as follows:

    Authority: 7 U.S.C 4501, 7 U.S.C 1531, 16 U.S.C 3801, note, and 19 U.S.C 2497; Title III, Pub. L. 109-234, 120 Stat. 474; Title IX, Pub. L. 110-28, 121 Stat. 211; Sec. 748, Pub. L. 111-80, 123 Stat. 2131; and Title I, Pub. L. 115-123.

0 2. In part 760, add subpart O to read as follows: Subpart O--2017 Wildfires and Hurricanes Indemnity ***Program*** Sec. 760.1500 Applicability. 760.1501 Administration. 760.1502 Definitions. 760.1503 Eligibility. 760.1504 Miscellaneous provisions. 760.1505 General provisions. 760.1506 Availability of funds and timing of ***payments***. 760.1507 ***Payment*** limitation. 760.1508 Qualifying disaster events. 760.1509 Eligible and ineligible losses. 760.1510 Application for 2017 WHIP ***payment***. 760.1511 Calculating ***payments*** for yield-based crop losses. 760.1512 Production losses; participant responsibility. 760.1513 Determination of production. 760.1514 Eligible acres. 760.1515 Calculating ***payments*** for value loss crops. 760.1516 Calculating ***payments*** for tree, bush, and vine losses. 760.1517 Requirement to purchase crop insurance or NAP coverage.

Subpart O--2017 Wildfires and Hurricanes Indemnity ***Program***

Sec.  760.1500   Applicability.

    This subpart specifies the terms and conditions for the 2017 Wildfires and Hurricanes Indemnity ***Program*** (2017 WHIP). The 2017 WHIP provides disaster assistance for necessary expenses related to crop, tree, bush, and vine losses related to the consequences of wildfires and hurricanes that occurred in ***calendar*** ***year*** 2017.

[[Page 33802]]

Sec.  760.1501   Administration.

    (a) The 2017 WHIP is administered under the general supervision of the Administrator, Farm Service Agency (FSA), and the Deputy Administrator for Farm ***Programs***, FSA. The 2017 WHIP is carried out by FSA State and county committees with instructions issued by the Deputy Administrator.     (b) FSA State and county committees, and representatives and their employees, do not have authority to modify or waive any of the provisions of the regulations in this subpart or instructions issued by the Deputy Administrator.     (c) The FSA State committee will take any action required by the regulations in this subpart that the FSA county committee has not taken. The FSA State committee will also:     (1) Correct, or require an FSA county committee to correct, any action taken by the FSA county committee that is not in accordance with the regulations in this subpart; or     (2) Require an FSA county committee to withhold taking any action that is not in accordance with this subpart.     (d) No delegation to an FSA State or county committee precludes the FSA Administrator, the Deputy Administrator, or a designee, from determining any question arising under 2017 WHIP or from reversing or modifying any determination made by an FSA State or county committee.     (e) The Deputy Administrator has the authority to permit State and county committees to waive or modify a non-statutory deadline specified in this part.     (f) Items of general applicability to ***program*** participants, including, but not limited to, application periods, application deadlines, internal operating guidelines issued to FSA State and county offices, prices, yields, and ***payment*** factors established for 2017 WHIP, are not subject to appeal in accordance with part 780 of this chapter.

Sec.  760.1502  Definitions.

    The following definitions apply to this subpart. The definitions in Sec. Sec.  718.2 and 1400.3 of this title also apply, except where they conflict with the definitions in this section. In the event of conflict, the definitions in this section apply.     2017 WHIP factor means the factor in Sec.  760.1511, determined by the Deputy Administrator, that is based on the crop insurance or NAP coverage level elected by the 2017 WHIP participant for a crop for which a ***payment*** is being requested; or, as applicable, the factor that applies for a crop of a crop ***year*** where the participant had no insurance or NAP coverage.     2017 WHIP yield means, for a unit:     (1) For an insured crop, excluding crops located in Puerto Rico, the approved federal crop insurance APH, for the disaster ***year***;     (2) For a NAP covered crop, excluding crops located in Puerto Rico, the approved yield for the disaster ***year***;     (3) For a crop located in Puerto Rico or an uninsured crop, excluding citrus crops located in Florida, the county expected yield for the disaster ***year***; and     (4) For citrus crops located in Florida, the yield based on documentation submitted according to Sec.  760.1511(c)(3), or if documentation is not submitted, the county expected yield.     Actual production means the total quantity of the crop appraised, harvested, or assigned, as determined by the FSA State or county committee in accordance with instructions issued by the Deputy Administrator.     Administrative county office means the FSA county office designated to make determinations, handle official records, and issue ***payments*** for the farm as specified in accordance part 718 of this title.     Appraised production means the amount of production determined by FSA, or a company reinsured by the Federal Crop Insurance Corporation (FCIC), that was unharvested but was determined to reflect the crop's yield potential at the time of appraisal.     Approved yield means the amount of production per acre, computed as specified in FCIC's Actual Production History (APH) ***Program*** in part 400, subpart G of this title or, for crops not included in part 400, subpart G of this title, the yield used to determine the guarantee. For crops covered under NAP, the approved yield is established according to part 1437 of this title.     Average adjusted gross farm income means the average of the portion of adjusted gross income of the person or legal entity that is attributable to activities related to farming, ranching, or forestry for the 2013, 2014, and 2015 tax ***years***. The 2013, 2014, and 2015 tax ***years*** are the relevant ***years*** to calculate AGI for 2017 WHIP.     Average adjusted gross income means the average of the adjusted gross income as defined under 26 U.S.C 62 or comparable measure of the person or legal entity for the 2013, 2014, and 2015 tax ***years***.     Bush means, a low, branching, woody plant, from which at maturity of the bush, an annual fruit or vegetable crop is produced for commercial market for human consumption, such as a blueberry bush. The definition does not cover nursery stock or plants that produce a bush after the normal crop is harvested.     Buy-up NAP coverage means NAP coverage at a ***payment*** amount that is equal to an indemnity amount calculated for buy-up coverage computed under section 508(c) or (h) of the Federal Crop Insurance Act and equal to the amount that the buy-up coverage yield for the crop exceeds the actual yield for the crop.     Catastrophic coverage has the meaning as defined in Sec.  1437.3 of this title.     Citrus crops and citrus trees include grapefruit, lemon, lime, Mandarin, Murcott, orange (all types), pummelo (pomelo), tangelo, tangerine, tangor.     County disaster yield means the average yield per acre calculated for a county or part of a county for the current ***year*** based on disaster events, and is intended to reflect the amount of production that a participant would have been expected to make based on the eligible disaster conditions in the county or area, as determined by the FSA county committee in accordance with instructions issued by the Deputy Administrator.     County expected yield has the meaning assigned in Sec.  1437.102(b) of this title.     Coverage level means the percentage determined by multiplying the elected yield percentage under a crop insurance policy or NAP coverage by the elected price percentage.     Crop insurance means an insurance policy reinsured by FCIC under the provisions of the Federal Crop Insurance Act, as amended. It does not include private plans of insurance.     Crop insurance indemnity means, for the purpose of this subpart, the ***payment*** to a participant for crop losses covered under crop insurance administered by RMA in accordance with the Federal Crop Insurance Act (7 U.S.C 1501-1524).     Crop ***year*** means:     (1) For insurable crops, trees, bushes, and vines, the crop ***year*** as defined according to the applicable crop insurance policy;     (2) For NAP eligible crops, the crop ***year*** as defined in Sec.   1437.3 of this title;     (3) For uninsurable trees, bushes, and vines, the 2017 crop ***year***.     Damage factor means a percentage of the value lost when a tree, bush, or vine is damaged and requires rehabilitation but is not completely destroyed, as determined by the Deputy Administrator.     Eligible crop means a crop for which coverage was available either from FCIC under part 400 of this title, or through

[[Page 33803]]

NAP under Sec.  1437.4 of this title, that was affected by a qualifying disaster event.     Eligible disaster event means a disaster event that was:     (1) For insured crops, an eligible cause of loss under the applicable crop insurance policy for the crop ***year***;     (2) For NAP covered crops and uninsured crops, an eligible cause of loss as specified in Sec.  1437.10 of this title.     End use means the purpose for which the harvested crop is used, such as grain, hay, or seed.     Expected production means, for an ***agricultural*** unit, the historic yield multiplied by the number of planted or prevented planted acres of the crop for the unit.     FCIC means the Federal Crop Insurance Corporation, a wholly owned Government Corporation of USDA, administered by RMA.     Final planting date means the latest date, established by RMA for insurable crops, by which the crop must initially be planted in order to be insured for the full production guarantee or amount of insurance per acre. For NAP eligible crops, the final planting date is as defined in Sec.  1437.3 of this title.     Growth stage means a classification system for trees, bushes, and vines based on a combination of age and production capability, determined by:     (1) The applicable insurance policy for insurable trees, bushes, and vines; or     (2) The Deputy Administrator for trees, bushes, and vines for which RMA does not offer an insurance policy.     Harvested means:     (1) For insurable crops, harvested as defined according to the applicable crop insurance policy;     (2) For NAP eligible single harvest crops, that a crop has been removed from the field, either by hand or mechanically;     (3) For NAP eligible crops with potential multiple harvests in 1 ***year*** or harvested over multiple ***years***, that the producer has, by hand or mechanically, removed at least one mature crop from the field during the crop ***year***;     (4) For mechanically-harvested NAP eligible crops, that the crop has been removed from the field and placed in a truck or other conveyance, except hay is considered harvested when in the bale, whether removed from the field or not. Grazed land will not be considered harvested for the purpose of determining an unharvested or prevented planting ***payment*** factor.     Insurable crop means an ***agricultural*** crop (excluding livestock) for which the producer on a farm is eligible to obtain a policy or plan of insurance under the Federal Crop Insurance Act (7 U.S.C 1501-1524).     Multi-use crop means a crop intended for more than one end use during the ***calendar*** ***year*** such as grass harvested for seed, hay, and grazing.     Multiple cropping means the planting of two or more different crops on the same acreage for harvest within the same crop ***year***.     Multiple planting means the planting for harvest of the same crop in more than one planting period in a crop ***year*** on different acreage.     NASS means the National ***Agricultural*** Statistics Service.     NAP means the Noninsured Crop Disaster Assistance ***Program*** under section 196 of the Federal ***Agriculture*** Improvement and Reform Act of 1996 (7 U.S.C 7333) and part 1437 of this title.     NAP covered crop means a crop for which the producer on a farm obtained NAP coverage.     NAP eligible crop means an ***agricultural*** crop for which the producer on a farm is eligible to obtain NAP coverage.     NAP service fee means the amount the producer must pay to obtain NAP coverage.     Planted acreage means land in which seed, plants, or trees have been placed, appropriate for the crop and planting method, at a correct depth, into a seedbed that has been properly prepared for the planting method and production practice normal to the USDA plant hardiness zone as determined by the county committee.     Prevented planting means the inability to plant an eligible crop with proper equipment during the planting period as a result of an eligible cause of loss, as determined by FSA.     Price means price per unit of the crop or commodity and will be:     (1) For an insured crop under a crop insurance policy that establishes a price to determine liability, that established price;     (2) For an insured crop under a crop insurance policy that does not establish a price to determine crop insurance liability, the county average price, as determined by FSA;     (3) For a NAP covered crop or uninsured crop, the average market price determined in Sec.  1437.12 of this title; or     (4) For a tree, bush, or vine, the price determined by the Deputy Administrator based on the species of tree, bush, or vine and its growth stage.     Production means quantity of the crop or commodity produced expressed in a specific unit of measure including, but not limited to, bushels or pounds. Production under this subpart includes all harvested production, unharvested appraised production, and assigned production for the total planted acreage of the crop on the unit.     Qualifying disaster event means a hurricane or wildfire or related condition that occurred in the 2017 ***calendar*** ***year***.     Related condition means damaging weather or an adverse natural occurrence that occurred as a direct result of a hurricane or wildfire, as determined by FSA, such as excessive rain, high winds, flooding, mudslides, and heavy smoke, as determined by the Deputy Administrator.     Repeat crop means, with respect to production, a commodity that is planted or prevented from being planted in more than one planting period on the same acreage in the same crop ***year***.     RMA means the Risk Management Agency.     Salvage value means the dollar amount or equivalent for the quantity of the commodity that cannot be marketed or sold in any recognized market for the crop.     Secondary use means the harvesting of a crop for a use other than the intended use.     Secondary use value means the value determined by multiplying the quantity of secondary use times the FSA-established price for that use.     Tree means a tall, woody plant having comparatively great height, and a single trunk from which an annual crop is produced for commercial market for human consumption, such as a maple tree for syrup, or papaya or orchard tree for fruit. It includes immature trees that are intended for commercial purposes. Nursery stock, banana and plantain plants, and trees used for pulp or timber are not considered eligible trees under this subpart.     Tropical crops is defined in Sec.  1437.501 of this title.     Tropical region is defined in Sec.  1437.502 of this title.     Unharvested ***payment*** factor means a percentage established by FSA for a crop and applied in a ***payment*** formula to reduce the ***payment*** for reduced expenses incurred because commercial harvest was not performed.     Uninsured means a crop that was not covered by crop insurance or NAP for the crop ***year*** for which a 2017 WHIP ***payment*** is being requested.     Unit means, unless otherwise determined by the Deputy Administrator, basic unit as defined in part 457 or Sec.  1437.9 of this title, for ornamental nursery production, includes all eligible plant species and sizes.     Unit of measure means:

[[Page 33804]]

    (1) For insurable crops, the FCIC-established unit of measure; and     (2) For NAP eligible crops, the established unit of measure used for the NAP price and yield.     USDA means the U.S Department of ***Agriculture***.     USDA Plant Hardiness Zone means the 11 regions or planting zones as defined by a 10 degree Fahrenheit difference in the average annual minimum temperature.     Value loss crop has the meaning specified in subpart D, of part 1437 of this title.     Vine means a perennial plant grown under normal conditions from which an annual fruit crop is produced for commercial market for human consumption, such as grape, kiwi, or passion fruit, and that has a flexible stem supported by climbing, twining, or creeping along a surface. Nursery stock, perennials that are normally propagated as annuals such as tomato plants, biennials such as strawberry plants, and annuals such as pumpkin, squash, cucumber, watermelon, and other melon plants, are excluded from the term vine in this subpart.     Yield means unit of production, measured in bushels, pounds, or other unit of measure, per area of consideration, usually measured in acres.

Sec.  760.1503   Eligibility.

    (a) Participants will be eligible to receive a 2017 WHIP ***payment*** under this subpart only if they incurred a loss to an eligible crop, tree, bush, or vine due to a qualifying disaster event, as further specified in this subpart.     (b) To be an eligible participant under this subpart a producer who is a person or legal entity must be a:     (1) Citizen of the United States;     (2) Resident alien; for purposes of this subpart, resident alien means ``lawful alien;''     (3) Partnership consisting of citizens of the United States or resident aliens; or     (4) Corporation, limited liability company, or other organizational structure organized under State law.     (c) If any person who would otherwise be eligible to receive a ***payment*** dies before the ***payment*** is received, ***payment*** may be released as specified in Sec.  707.3 of this title. Similarly, if any person or legal entity who would otherwise been eligible to apply for a ***payment*** dies or is dissolved, respectively, before the ***payment*** is applied for, ***payment*** may be released in accordance with this subpart if a timely application is filed by an authorized representative. Proof of authority to sign for the deceased producer or dissolved entity must be provided. If a participant is now a dissolved general partnership or joint venture, all members of the general partnership or joint venture at the time of dissolution or their duly authorized representatives must sign the application for ***payment***. Eligibility of such participant will be determined, as it is for other participants, based upon ownership share and risk in producing the crop.     (d) Growers growing eligible crops under contract for crop owners are not eligible unless the grower is also determined to have an ownership share of the crop. Any verbal or written contract that precludes the grower from having an ownership share renders the grower ineligible for ***payments*** under this subpart.     (e) A person or legal entity is not eligible to receive disaster assistance under this subpart if it is determined by FSA that the person or legal entity:     (1) Adopted any scheme or other device that tends to defeat the purpose of this subpart or any of the regulations applicable to this subpart;     (2) Made any fraudulent representation; or     (3) Misrepresented any fact affecting a ***program*** determination under any or all of the following: This subpart and parts 12, 400, 1400, and 1437 of this title.     (g) A person ineligible for crop insurance or NAP under Sec. Sec.   400.458 or 1437.16 of this title, respectively, for any ***year*** is ineligible for ***payments*** under this subpart for the same ***year***.     (h) The provisions of Sec.  718.11 of this title, providing for ineligibility for ***payments*** for offenses involving controlled substances, apply.     (i) As a condition of eligibility to receive ***payments*** under this subpart, the participant must have been in compliance with the Highly Erodible Land Conservation and Wetland Conservation provisions of part 12 of this title for the applicable crop ***year*** for which the producer is applying for 2017 WHIP benefits, and must not otherwise be precluded from receiving ***payments*** under parts 12, 400, 1400, or 1437 of this title or any law.

Sec.  760.1504   Miscellaneous provisions.

    (a) All persons with a financial interest in the legal entity receiving ***payments*** under this subpart are jointly and severally liable for any refund, including related charges, which is determined to be due to FSA for any reason.     (b) In the event that any application for ***payment*** under this subpart resulted from erroneous information or a miscalculation, the ***payment*** will be recalculated and any excess refunded to FSA with interest to be calculated from the date of the disbursement.     (c) Any ***payment*** to any participant under this subpart will be made without regard to questions of title under State law, and without regard to any claim or lien against the commodity, or proceeds, in favor of the owner or any other creditor except agencies of the U.S Government. The regulations governing offsets and withholdings in part 792 of this chapter apply to ***payments*** made under this subpart.     (d) Any participant entitled to any ***payment*** may assign any ***payment***(s) in accordance with regulations governing the assignment of ***payments*** in part 792 of this chapter.     (e) The regulations in parts 11 and 780 of this title apply to determinations under this subpart.

Sec.  760.1505   General provisions.

    (a) For loss calculations, the participant's unit structure will be:     (1) For an insured crop, the participant's existing unit structure established in accordance with part 457 of this title;     (2) For a crop with NAP coverage, the participant's existing unit structure established in accordance with part 1437 of this title;     (3) For an uninsured crop, the participant's unit structure established in accordance with part 1437 of this title.     (b) FSA county committees will make the necessary adjustments to assign production or reduce the 2017 WHIP yield when the county committee determines:     (1) An acceptable appraisal or record of harvested production does not exist;     (2) The loss is due to an ineligible cause of loss;     (3) The loss is due to practices, soil type, climate, or other environmental factors that cause lower yields than those upon which the historic yield is based;     (4) The participant has a contract providing a guaranteed ***payment*** for all or a portion of the crop; or     (5) The crop was planted beyond the normal planting period for the crop.     (c) Assignment of production or reduction in yield will apply for practices that result in lower yields than those for which the historic yield is based.     (d) Eligibility and ***payments*** for 2017 WHIP will be determined based on a unit's:     (1) Physical location county for insured crops; and     (2) Administrative county for NAP covered crops and uninsured crops.

[[Page 33805]]

    (e) FSA may separate or combine types and varieties as a crop for 2017 WHIP eligibility and ***payment*** purposes when specific credible information as determined by FSA shows the crop of a specific type or variety has a significantly different or similar value, respectively, when compared to other types or varieties, as determined by the Deputy Administrator.     (f) Unless otherwise specified, all the eligibility provisions of part 1437 of this title apply to value loss crops and tropical crops under this subpart.     (g) The quantity or value of a crop will not be reduced for any quality consideration unless a zero value is established based on a total loss of quality.     (h) FSA will use the best data available to calculate a 2017 WHIP ***payment*** at the time 2017 WHIP ***payments*** are calculated. If additional data or information is provided or becomes available after a 2017 WHIP ***payment*** is issued, FSA will recalculate the ***payment*** amount and the producer must return any overpayment amount to FSA. In all cases, 2017 WHIP ***payments*** can only issue based on the ***payment*** formula for losses that affirmatively occurred.

Sec.  760.1506   Availability of funds and timing of ***payments***.

    (a) An initial ***payment*** will be issued for 50 percent of each 2017 WHIP ***payment*** calculated according to this subpart, as determined by the Secretary. The remainder of the calculated 2017 WHIP ***payment*** will be paid to a participant only after the application period has ended and any crop insurance indemnity or NAP ***payment*** the participant is entitled to receive for the crop has been calculated and reported to FSA, and then only if there are funds available for such ***payment*** as discussed in this subpart.     (b) In the event that, within the limits of the funding made available by the Secretary, approval of eligible applications would result in ***payments*** in excess of the amount available, FSA will prorate ***payments*** by a national factor to reduce the ***payments*** to an amount that is less than available funds as determined by the Secretary. FSA will prorate the ***payments*** in such manner as it determines equitable.     (c) Applications and claims that are unpaid or prorated for any reason will not be carried forward for ***payment*** under other funds for later ***years*** or otherwise, but will be considered, as to any unpaid amount, void and nonpayable.

Sec.  760.1507   ***Payment*** limitation.

    (a) For any 2017 WHIP ***payments*** for the 2017 or 2018 crop ***year*** combined, a person or legal entity, other than a joint venture or general partnership, is eligible to receive, directly or indirectly, 2017 WHIP ***payments*** of not more than:     (1) $125,000, if less than 75 percent of the person or legal entity's average adjusted gross income is average adjusted gross farm income; or     (2) $900,000, if not less than 75 percent of the average adjusted gross income of the person or legal entity is average adjusted gross farm income.     (b) For 2017 WHIP eligibility, a person or legal entity's average adjusted gross income and average adjusted gross farm income are determined based on the 2013, 2014, and 2015 tax ***years***.     (c) To be eligible for more than $125,000 in 2017 WHIP ***payments***, a person or legal entity must submit FSA-892 and provide a certification in the manner prescribed by FSA from a certified public accountant or attorney that at least 75 percent of the person or legal entity's average adjusted gross income was average adjusted gross farm income. Persons or legal entities who fail to provide FSA-892 and the required certification may not receive a 2017 WHIP ***payment***, directly or indirectly, of more than $125,000.     (d) The direct attribution provisions in part 1400 of this chapter apply to 2017 WHIP for both ***payment*** limitation as well as in determining average AGI as defined and used in this rule.

Sec.  760.1508   Qualifying disaster events.

    (a) A producer will be eligible for 2017 WHIP ***payments*** for a crop, tree, bush, or vine loss only if the producer suffered a loss to the crop, tree, bush, or vine on the unit due to a qualifying disaster event.     (b) For a loss due to hurricane and conditions related to hurricanes, the crop, tree, bush, or vine loss must have occurred on acreage that was physically located in a county that received a:     (1) Presidential Emergency Disaster Declaration authorizing public assistance for categories C through G or individual assistance due to a hurricane occurring in the 2017 ***calendar*** ***year***; or     (2) Secretarial Disaster Designation for a hurricane occurring in the 2017 ***calendar*** ***year***.     (c) A producer with crop, tree, bush, or vine losses on acreage not located in a physical location county that was eligible under paragraph (b)(1) of this section will be eligible for 2017 WHIP for losses due to hurricane and related conditions only if the producer provides supporting documentation that is acceptable to FSA from which the FSA county committee determines that the loss of the crop, tree, bush, or vine on the unit was reasonably related to a qualifying disaster event as specified in this subpart. Supporting documentation may include furnishing climatological data from a reputable source or other information substantiating the claim of loss due to a qualifying disaster event.     (d) For a loss due to wildfires and conditions related to wildfire in the 2017 ***calendar*** ***year***, all counties where wildfires occurred, as determined by FSA county committees, are eligible for 2017 WHIP; a Presidential Emergency Disaster Declaration or Secretarial Disaster Designation for wildfire is not required. The loss of the crop, tree, bush, or vine must be reasonably related to wildfire and conditions related to wildfire, as specified in this subpart's definition of qualifying disaster event.

Sec.  760.1509   Eligible and ineligible losses.

    (a) Except as provided in paragraphs (b) through (e) of this section, to be eligible for ***payments*** under this subpart the unit must have suffered a loss of the crop, tree, bush, or vine, or prevented planting of a crop, due to a qualifying disaster event.     (b) A loss will not be eligible for 2017 WHIP if any of the following apply:     (1) The cause of loss is determined by FSA to be the result of poor management decisions, poor farming practices, or drifting herbicides;     (2) The cause of loss was due to failure of the participant to re- seed or replant to the same crop in a county where it is customary to re-seed or replant after a loss before the final planting date;     (3) The cause of loss was due to water contained or released by any governmental, public, or private dam or reservoir project if an easement exists on the acreage affected by the containment or release of the water;     (4) The cause of loss was due to conditions or events occurring outside of the applicable growing season for the crop, tree, bush, or vine; or     (5) The cause of loss was due to failure of a power supply or brownout.     (c) The following types of loss, regardless of whether they were the result of an eligible disaster event, are not eligible losses:     (1) Losses to crops intended for grazing;     (2) Losses to crops for which FCIC coverage or NAP coverage is unavailable;     (3) Losses to volunteer crops;     (4) Losses to crops not intended for harvest;     (5) Losses of by-products resulting from processing or harvesting a crop,

[[Page 33806]]

such as, but not limited to, cotton seed, peanut shells, wheat or oat straw, or corn stalks or stovers;     (6) Losses to home gardens; or     (7) Losses of first ***year*** seeding for forage production, or immature fruit crops.     (d) The following losses of ornamental nursery stock are not eligible losses:     (1) Losses caused by the inability to market nursery stock as a result of lack of compliance with State and local commercial ordinances and laws, quarantine, boycott, or refusal of a buyer to accept production;     (2) Losses affecting crops where weeds and other forms of undergrowth in the vicinity of nursery stock have not been controlled; or     (3) Losses caused by the collapse or failure of buildings or structures.     (e) The following losses for honey, as a crop, where the honey production by colonies or bees was diminished, are not eligible losses:     (1) Losses caused by the unavailability of equipment or the collapse or failure of equipment or apparatus used in the honey operation;     (2) Losses caused by improper storage of honey;     (3) Losses caused by bee feeding;     (4) Losses caused by the application of chemicals;     (5) Losses caused by theft;     (6) Losses caused by the movement of bees by or for the participant;     (7) Losses caused by disease or pest infestation of the colonies, unless approved by the Deputy Administrator;     (8) Losses of income from pollinators; or     (9) Losses of equipment or facilities.     (f) Qualifying losses for trees, bushes, and vines will not include losses:     (1) That could have been prevented through reasonable and available measures; and     (2) To trees, bushes, or vines that were abandoned or were not in use or intended for commercial operation at the time of the loss.

Sec.  760.1510   Application for 2017 WHIP ***payment***.

    (a) The 2017 WHIP application must be submitted on a completed form FSA-890, Wildfires and Hurricanes Indemnity ***Program*** Application, to the FSA county office serving as the farm's administrative county office by the close of business on a date that will be announced by the Deputy Administrator.     (b) Once signed by a producer, the application for ***payment*** is considered to contain information and certifications of and pertaining to the producer regardless of who entered the information on the application.     (c) The producer applying for 2017 WHIP ***payment*** certifies the accuracy and truthfulness of the information provided in the application as well as any documentation filed with or in support of the application. All information is subject to verification or spot check by FSA at any time, either before or after ***payment*** is issued. Refusal to allow FSA or any agency of the Department of ***Agriculture*** to verify any information provided will result in the participant's forfeiting eligibility for 2017 WHIP. FSA may at any time, including before, during, or after processing and paying an application, require the producer to submit any additional information necessary to implement or determine any eligibility provision of this subpart. Furnishing required information is voluntary; however, without it FSA is under no obligation to act on the application or approve ***payment***. Providing a false certification will result in ineligibility and can also be punishable by imprisonment, fines, and other penalties.     (d) The application submitted in accordance with paragraph (a) of this section is not considered valid and complete for issuance of ***payment*** under this subpart unless FSA determines all the applicable eligibility provisions have been satisfied and the participant has submitted all of following completed forms and information:     (1) FSA-891, Crop Insurance and/or NAP Coverage Agreement;     (2) Report of all acreage for the crop for the unit for which 2017 WHIP ***payments*** are requested, on FSA-578, Report of Acreage, or in another format acceptable to FSA;     (3) AD-1026, Highly Erodible Land Conservation (HELC) and Wetland Conservation Certification; and     (4) FSA-892, Request for an Exception to the WHIP ***Payment*** Limitation of $125,000, if the applicant is requesting 2017 WHIP ***payments*** in excess of the $125,000 ***payment*** limitation; and     (5) FSA-893, 2018 Citrus Actual Production History and Approved Yield Record, Florida Only, for participants applying for ***payment*** for a citrus crop located in Florida.     (e) Application approval and ***payment*** by FSA does not relieve a participant from having to submit any form required, but not filed, according to paragraph (d) of this section.

Sec.  760.1511  Calculating ***payments*** for yield-based crop losses.

    (a) ***Payments*** made under this subpart to a participant for a loss to yield-based crops, including losses due to prevented planting, are determined for a unit by:     (1) Multiplying the eligible acres by the 2017 WHIP yield in paragraph (c) of this section by the price;     (2) Multiplying the result from paragraph (a)(1) of this section by the applicable 2017 WHIP factor in paragraph (b) of this section;     (3) Multiplying the applicable production in paragraph (d) of this section by the price;     (4) Subtracting the result from paragraph (a)(3) of this section from the result of paragraph (a)(2) of this section;     (5) Multiplying the result from paragraph (a)(4) of this section by the participant's share in paragraph (e) of this section;     (6) Multiplying the result from paragraph (a)(5) of this section by the applicable ***payment*** factor in paragraph (f) of this section;     (7) Subtracting the amount of the gross insurance indemnity or NAP ***payment*** from the result from paragraph (a)(6) of this section; and     (8) Subtracting the secondary use or salvage value of the crop from the result from paragraph (a)(7) of this section.     (b) If the NAP or crop insurance coverage is at the coverage level listed in the first column, then the 2017 WHIP factor is listed in the second column:

------------------------------------------------------------------------                                                               2017 WHIP                        Coverage Level                           factor                                                               (percent) ------------------------------------------------------------------------ (1) No crop insurance or No NAP coverage...................           65 (2) Catastrophic coverage..................................           70 (3) More than catastrophic coverage but less than 55                72.5  percent................................................... (4) At least 55 percent but less than 60 percent...........           75 (5) At least 60 percent but less than 65 percent...........         77.5 (6) At least 65 percent but less than 70 percent...........           80 (7) At least 70 percent but less than 75 percent...........           85 (8) At least 75 percent but less than 80 percent...........           90 (9) At least 80 percent....................................           95 ------------------------------------------------------------------------

    (c) The 2017 WHIP yield is:     (1) The producer's APH for insured crops under a crop insurance policy that has an associated yield and for NAP covered crops, excluding all crops located in Puerto Rico;     (2) The county expected yield for crops located in Puerto Rico and uninsured crops, excluding citrus crops located in Florida; or     (3) For uninsured citrus crops located in Florida:     (i) Determined based on information provided on FSA-893 and supported by

[[Page 33807]]

evidence that meets the requirements of Sec.  760.1513(c), or     (ii) If FSA-893 and supporting documentation are not submitted, the county expected yield.     (d) The production used to calculate a 2017 WHIP ***payment*** will be determined as specified in Sec.  760.1513     (e) The eligible participant's share of a 2017 WHIP ***payment*** is based on the participant's ownership entitlement share of the crop or crop proceeds, or, if no crop was produced, the share of the crop the participant would have received if the crop had been produced. If the participant has no ownership share of the crop, the participant is ineligible for 2017 WHIP.     (f) ***Payment*** factors will be used to calculate ***payments*** for crops produced with significant and variable production and harvesting expenses that are not incurred because the crop acreage was prevented planted, or planted but not harvested, as determined by FSA. The use of ***payment*** factors is based on whether the crop acreage was unharvested or prevented planted, not whether a participant actually incurs or does not incur expenses. ***Payment*** factors are generally applicable to all similarly situated participants and are not established in response to individual participants. Accordingly established ***payment*** factors are not appealable under parts 11 and 780 of this title. A crop that is intended for mechanical harvest, but subsequently grazed and not mechanically harvested, will have an unharvested ***payment*** factor applied.     (g) Production from all end uses of a multi-use crop will be calculated separately and summarized together.

Sec.  760.1512   Production losses; participant responsibility.

    (a) For any record submitted along with the certification of production, the record must be either a verifiable or reliable record that substantiates the certification to the satisfaction of the FSA county committee. If the eligible crop was sold or otherwise disposed of through commercial channels, a record of that disposition must be provided to FSA with the certification.     (1) Acceptable production records include:     (i) RMA or NAP records, if accurate and complete;     (ii) Commercial receipts;     (iii) Settlement sheets;     (iv) Warehouse ledger sheets or load summaries; or     (v) Appraisal information from a loss adjuster acceptable to FSA.     (2) If the eligible crop was farm-stored, sold, fed to livestock, or disposed of by means other than verifiable commercial channels, acceptable records for these purposes include:     (i) Truck scale tickets;     (ii) Appraisal information from a loss adjuster acceptable to FSA;     (iii) Contemporaneous reliable diaries; or     (iv) Other documentary evidence, such as contemporaneous reliable measurements.     (3) Determinations of reliability with respect to this paragraph will take into account, as appropriate, the ability for FSA to review and verify or compare the evidence against the similarity of the evidence or reports or data received by FSA for the crop or similar crops. Other factors deemed relevant may also be taken into account.     (b) If RMA or NAP records are not available, or if the FSA county committee determines the RMA or NAP records as reported by the insured or covered participant appear to be questionable or incomplete, or if the FSA county committee makes inquiry, the participant is responsible for:     (1) Retaining and providing, at time of application and whenever required by FSA, the best available verifiable or reliable or other production records for the crop;     (2) Summarizing all the production evidence;     (3) Accounting for the total amount of unit production for the crop, whether or not records reflect this production;     (4) Providing the information in a manner that can be easily understood by the FSA county committee; and     (5) Providing supporting documentation if the FSA county committee has reason to question the disaster event or that all production has been taken into account.     (c) FSA may verify the production evidence submitted with records on file at the warehouse, gin, or other entity that received or may have received the reported production.     (d) Participants must provide all records for any production of a crop that is grown with an arrangement, agreement, or contract for guaranteed ***payment***.

Sec.  760.1513   Determination of production.

    (a) The harvested production of eligible crop acreage harvested more than once in a crop ***year*** includes the total harvested production from all the harvests in the crop ***year***.     (b) If a crop is appraised and subsequently harvested as the intended use, the actual harvested production must be taken into account to determine ***payments***. FSA will analyze and determine whether a participant's evidence of actual production represents all that could or would have been harvested.     (c) For all crops eligible for loan deficiency ***payments*** or marketing assistance loans (see parts 1421 and 1434 of this title) with an intended use of grain but harvested as silage, ensilage, cabbage, hay, cracked, rolled, or crimped, production will be converted to a whole grain equivalent based on conversion factors as previously established by FSA.     (d) If a participant does not receive compensation based upon the quantity of the commodity delivered to a purchaser, but has an agreement or contract for guaranteed ***payment*** for production, the determination of the production will be the greater of the actual production or the guaranteed ***payment*** converted to production as determined by FSA.     (e) Production that is commingled between crop ***years***, units, ineligible and eligible acres, or different practices before it was a matter of record or combination of record and cannot be separated by using records or other means acceptable to FSA will be prorated to each respective ***year***, unit, type of acreage, or practice, respectively. Commingled production may be attributed to the applicable unit, if the participant made the unit production of a commodity a matter of record before commingling and does any of the following, as applicable:     (1) Provides copies of verifiable documents showing that production of the commodity was purchased, acquired, or otherwise obtained from beyond the unit;     (2) Had the production measured in a manner acceptable to the FSA county committee; or     (3) Had the current ***year***'s production appraised in a manner acceptable to the FSA county committee.     (f) The FSA county committee will assign production for the unit when the FSA county committee determines that:     (1) The participant has failed to provide adequate and acceptable production records;     (2) The loss to the crop is because of a disaster condition not covered by this subpart, or circumstances other than natural disaster, and there has not otherwise been an accounting of this ineligible cause of loss;     (3) The participant carries out a practice, such as multiple cropping, that generally results in lower yields than the established historic yields;     (5) A crop was late-planted;     (6) Unharvested acreage was not timely appraised; or

[[Page 33808]]

    (7) Other appropriate causes exist for such assignment as determined by the Deputy Administrator.     (g) The FSA county committee will establish a county disaster yield that reflects the amount of production producers would have produced considering the eligible disaster events in the county or area for the same crop. The county disaster yield for the county or area will be expressed as either a percent of loss or yield per acre. The county disaster yield will apply when:     (1) Unharvested acreage has not been appraised by FSA or a company reinsured by FCIC; or     (2) Acceptable production records for harvested acres are not available from any source.     (h) In no case will the production amount of any applicant be less than the producer's certified loss.

Sec.  760.1514   Eligible acres.

    (a) Eligible acreage will be calculated using the lesser of the reported or determined acres shown to have been planted or prevented from being planted to a crop.     (b) Initial crop acreage will be the ***payment*** acreage for 2017 WHIP, unless the provisions for subsequent crops in this section are met. Subsequently planted or prevented planted acre acreage is considered acreage for 2017 WHIP only if the provisions of this section are met. All plantings of an annual or biennial crop are considered the same as a planting of an initial crop in tropical regions as defined in part 1437, subpart F, of this title.     (c) In cases where there is double cropped acreage, each crop may be included in the acreage for 2017 WHIP only if the specific crops are approved by the FSA State committee as eligible double cropping practices in accordance with procedures approved by the Deputy Administrator.     (d) Except for insured crops, participants with double cropped acreage not meeting the criteria in paragraph (c) of this section may have such acreage included in the acreage for 2017 WHIP on more than one crop only if the participant submits verifiable records establishing a history of carrying out a successful double cropping practice on the specific crops for which ***payment*** is requested.     (e) Participants having multiple plantings may receive ***payments*** for each planting included only if the planting meets the requirements of part 1437 of this title and all other provisions of this subpart are satisfied.     (f) Losses due to prevented planting are eligible for 2017 WHIP only if the loss was due to a qualifying disaster event. Provisions of parts 718 and 1437 of this title specifying what is considered prevented planting and how it must be documented and reported will apply to 2017 WHIP. Crops located in tropical regions are not eligible for prevented planting.     (g) Subject to the provisions of this subpart, the FSA county committee will:     (1) Use the most accurate data available when determining planted and prevented planted acres; and     (2) Disregard acreage of a crop produced on land that is not eligible for crop insurance or NAP.     (h) If a farm has a crop that has both FSA and RMA acreage for insured crops, eligible acres for 2017 WHIP will be based on the lesser of RMA or FSA acres.

Sec.  760.1515   Calculating ***payments*** for value loss crops.

    (a) ***Payments*** made under this subpart to a participant for a loss on a unit with respect to value loss crops are determined by:     (1) Multiplying the field market value of the crop immediately before the qualifying disaster event by the 2017 WHIP factor specified in Sec.  760.1511(b);     (2) Subtracting the sum of the field market value of the crop immediately after the qualifying disaster event and the value of the crop lost due to ineligible causes of loss from the result from paragraph (a)(1) of this section;     (3) Multiplying the result from paragraph (a)(2) of this section by the participant's share;     (4) Multiplying the result from paragraph (a)(3) of this section by the applicable ***payment*** factor;     (5) Subtracting the gross insurance indemnity or NAP ***payment*** from the result from paragraph (a)(4) of this section; and     (7) Subtracting the secondary use or salvage value of the crop from the result from paragraph (a)(5) of this section.     (b) In the case of an insurable value loss crop for which crop insurance provides for an adjustment in the guarantee, liability, or indemnity, such as in the case of inventory exceeding peak inventory value, the adjustment will be used in determining the 2017 WHIP ***payment*** for the crop.     (c) In the case of a NAP eligible value loss crop for which NAP provides for an adjustment in the level of assistance, such as in the case of unharvested field grown inventory, the adjustment will be used in determining the 2017 WHIP ***payment*** for the crop.

Sec.  760.1516   Calculating ***payments*** for tree, bush, and vine losses.

    (a) ***Payments*** will be calculated separately based on the growth stage of the trees, bushes, or vines, as determined by the Deputy Administrator.     (b) ***Payments*** made under this subpart to a participant for a loss on a unit with respect to tree, bush, and vine losses are determined by:     (1) Multiplying the expected value (see paragraph (c) of this section) of the trees, bushes, or vines immediately before the qualifying disaster event by the 2017 WHIP factor specified in Sec.   760.1511(b);     (2) Subtracting the actual value (see paragraph (d) of this section) of the trees, bushes, or vines immediately after the qualifying disaster event from the result of paragraph (b)(1) of this section;     (3) Multiplying the result of paragraph (b)(2) of this section by the participant's share;     (4) Subtracting the amount of any insurance indemnity received from the result of paragraph (b)(3) of this section; and     (5) Subtracting the value of any secondary use or salvage value from the result of paragraph (b)(4) of this section.     (c) Expected value is determined by multiplying the total number of trees, bushes, or vines that were damaged or destroyed by a qualifying disaster event by the price.     (d) Actual value is determined by:     (1) Multiplying the number of trees, bushes, or vines damaged by a qualifying disaster event by the damage factor;     (2) Adding the result of paragraph (d)(1) of this section and the number of trees, bushes, or vines destroyed by a qualifying disaster event;     (3) Multiplying the result of paragraph (d)(2) of this section by the price; and     (4) Subtracting the result of paragraph (d)(3) of this section from the expected value from paragraph (c) of this section.     (e) The FSA county committee will adjust the number of damaged and destroyed trees, bushes, and vines, if it determines that the number of damaged or destroyed trees, bushes, or vines certified by the participant is inaccurate.     (f) Citrus trees located in Florida are ineligible for ***payment*** under this section.

Sec.  760.1517   Requirement to purchase crop insurance or NAP coverage.

    (a) For the first 2 consecutive crop ***years*** for which crop insurance or NAP coverage is available after the enrollment period for 2017 WHIP ends, but no later than the 2021 crop ***year***, a participant who receives 2017 WHIP ***payments*** for a crop loss in a county must obtain:     (1) For an insurable crop, crop insurance with at least a 60 percent

[[Page 33809]]

coverage level for that crop in that county; or     (2) For a NAP eligible crop:     (i) NAP coverage with a coverage level of 60 percent, if available for the applicable crop ***year***, or NAP catastrophic coverage if NAP coverage is not offered at a 60 percent coverage level for that crop ***year***.     (ii) Participants who exceed the average adjusted gross income limitation for NAP ***payment*** eligibility \1\ for the applicable crop ***year*** may meet the purchase requirement specified in paragraph (a)(2)(i) of this section by purchasing Whole-Farm Revenue Protection crop insurance coverage, if eligible, or paying the NAP service fee and premium even though the participant will not be eligible to receive a NAP ***payment*** due to the average adjusted gross income limit but will be eligible for the WHIP ***payment***. ---------------------------------------------------------------------------

    \1\ See Sec. Sec.  1400.500(a) and 1400.1(a)(4) of this title. ---------------------------------------------------------------------------

    (b) For the first 2 consecutive insurance ***years*** for which crop insurance is available after the enrollment period for 2017 WHIP ends, but no later than the 2021 crop ***year***, any participant who receives 2017 WHIP ***payments*** for a tree, bush, or vine loss must purchase a plan of insurance for the tree, bush, or vine with at least a 60 percent coverage level.     (c) If a producer fails to obtain crop insurance or NAP coverage as required in paragraphs (a) and (b) of this section, the producer must reimburse FSA for the full amount of 2017 WHIP ***payment*** plus interest that the producer received for that crop, tree, bush, or vine loss. A producer will only be considered to have obtained NAP coverage for the purposes of this section if the participant applied and payed the requisite NAP service fee and paid any applicable premium by the applicable deadline and completed all ***program*** requirements, including filing an acreage report as may be required under such coverage agreement.

Richard Fordyce, Administrator, Farm Service Agency. [FR Doc. 2018-15346 Filed 7-16-18; 8:45 am]  BILLING CODE 3410-05-P

**Load-Date:** July 19, 2018

**End of Document**



[***Washington: FURTHER SUPPLEMENTAL APPROPRIATIONS ACT, 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R8R-X2Y1-JDG9-Y02D-00000-00&context=1516831)

Impact News Service

December 27, 2017 Wednesday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 47724 words

**Body**

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

 General Leave Mr. FRELINGHUYSEN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and to include extraneous material on H.R 4667. The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey? There was no objection. Mr. FRELINGHUYSEN.

Mr. Speaker, pursuant to House Resolution 670, I call up the bill (H.R 4667) making further supplemental appropriations for the fiscal ***year*** ending September 30, 2018, for disaster assistance for Hurricanes Harvey, Irma, and Maria, and ***calendar*** ***year*** 2017 wildfires, and for other purposes, and ask for its immediate consideration. The Clerk read the title of the bill. The SPEAKER pro tempore. Pursuant to House Resolution 670, the amendments printed in House Report 115-477 are adopted. The bill, as amended, contains an emergency designation pursuant to section 4(g)(1) of the Statutory Pay-As-You-Go Act of 2010. Accordingly, the Chair must put the question of consideration under section 4(g)(2) of the Statutory Pay-As-You-Go Act of 2010. The question is, Will the House now consider the bill? The question of consideration was decided in the affirmative. The SPEAKER pro tempore. The bill, as amended, is considered read. The text of the bill, as amended, is as follows: H.R 4667 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, DIVISION A--DISASTER ASSISTANCE The following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal ***year*** ending September 30, 2018, and for other purposes, namely: [[Page H10365]] TITLE I DEPARTMENT OF ***AGRICULTURE*** Office of the Secretary For an additional amount for the ``Office of the Secretary'', $2,600,000,000, which shall remain available until September 30, 2019, for necessary expenses related to crops, trees, bushes, vines, and livestock losses resulting from Hurricanes Harvey, Irma, Maria, and other hurricanes and wildfires occurring in ***calendar*** ***year*** 2017 under such terms and conditions as determined by the Secretary: Provided, That the Secretary may provide assistance for such losses in the form of block grants to eligible states and territories: Provided further, That the total amount of ***payments*** received under this heading and applicable policies of crop insurance under the Federal Crop Insurance Act (7 U.S.C 1501 et seq.) or the Noninsured Crop Disaster Assistance ***Program*** (NAP) under section 196 of the Federal ***Agriculture*** Improvement and Reform Act of 1996 (7 U.S.C 7333) shall not exceed 85 percent of the loss as determined by the Secretary: Provided further, That the total amount of ***payments*** received under this heading for producers who did not obtain a policy or plan of insurance for an insurable commodity for the 2017 crop ***year***, or 2018 crop ***year*** in the case of citrus, under the Federal Crop Insurance Act (7 U.S.C 1501 et seq.) for the crop incurring the losses or did not file the required paperwork and pay the service fee by the applicable State filing deadline for a noninsurable commodity for the 2017 crop ***year*** under NAP for the crop incurring the losses shall not exceed 65 percent of the loss as determined by the Secretary: Provided further, That producers receiving ***payments*** under this heading, as determined by the Secretary, shall be required to purchase crop insurance where crop insurance is available for the next two available crop ***years***, and producers receiving ***payments*** under this heading shall be required to purchase coverage under NAP where crop insurance is not available in the next two available crop ***years***, as determined by the Secretary: Provided further, That, not later than 90 days after the end of fiscal ***year*** 2018, the Secretary shall submit a report to the Congress specifying the type, amount, and method of such assistance by state and territory and the status of the amounts obligated and plans for further expenditure and include improvements that can be made to Federal Crop Insurance policies, either administratively or legislatively, to increase participation, particularly among underserved producers, in higher levels of coverage in future ***years*** for crops qualifying for assistance under this heading: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Office of Inspector General For an additional amount for ``Office of Inspector General'', $2,500,000, to remain available until expended, for oversight and audit of ***programs***, grants, and activities funded by this division and administered by the Department of ***Agriculture***: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. ***Agricultural*** Research Service buildings and facilities For an additional amount for ``Buildings and Facilities'', $22,000,000, to remain available until expended, for necessary expenses related to the consequences of Hurricanes Harvey, Irma and Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Farm Service Agency emergency conservation ***program*** For an additional amount for the ``Emergency Conservation ***Program***'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria and of wildfires occurring in ***calendar*** ***year*** 2017, and other natural disasters, $400,000,000, to remain available until expended: Provided, That not less than $300,000,000 of the amount made available in the previous proviso shall be for necessary expenses resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.): Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Natural Resources Conservation Service watershed and flood prevention operations For an additional amount, for ``Watershed and Flood Prevention Operations'', for necessary expenses for the Emergency Watershed Protection ***Program*** related to the consequences of Hurricanes Harvey, Irma, and Maria and of wildfires occurring in ***calendar*** ***year*** 2017, and other natural disasters, $541,000,000, to remain available until expended: Provided, That not less than $400,000,000 of the amount made available in the previous proviso shall be for necessary expenses resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.): Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. RURAL DEVELOPMENT ***PROGRAMS*** Rural Housing Service rural housing insurance fund ***program*** account For an additional amount for costs of direct loans, including costs relating to modification of such loans, as those terms are defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C 661a), $18,672,000 shall be for direct loans for the rehabilitation of section 515 rental housing (42 U.S.C 1485) in locations where owners were not required to carry national flood insurance, to remain available until September 30, 2019: Provided, That such funds shall be for areas impacted by Hurricanes Harvey, Irma, and Maria: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Rural Utilities Service rural water and waste disposal ***program*** account For an additional amount for the ``Rural Water and Waste Disposal ***Program*** Account'', $165,475,000, to remain available until expended, for grants to repair drinking water systems and sewer and solid waste disposal systems impacted by Hurricanes Harvey, Irma, and Maria: Provided, That not to exceed $2,000,000 of the amount appropriated under this heading shall be for technical assistance grants for rural water and waste systems pursuant to section 306(a)(14) of the Consolidated Farm and Rural Development Act: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Food and Nutrition Service commodity assistance ***program*** For an additional amount for ``Commodity Assistance ***Program***'' for the emergency food assistance ***program*** as authorized by section 27(a) of the Food and Nutrition Act of 2008 (7 U.S.C 2036(a)) and section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C 7508(a)(1)), $24,000,000, to remain available until September 30, 2019: Provided, That notwithstanding any other provisions of the Emergency Food Assistance Act of 1983, the Secretary of ***Agriculture*** may allocate additional foods and funds for administrative expenses from resources specifically appropriated, ***transferred***, or reprogrammed to provide resources to Puerto Rico, the United States Virgin Islands, and States affected by wildfires occurring in ***calendar*** ***year*** 2017 or Hurricanes Harvey, Irma, and Maria, as determined by the Secretary, without regard to sections 204 and 214 of such Act (7 U.S.C 7508, 7515): Provided further, That such funds will be designated for States impacted by Hurricanes Harvey, Irma, and Maria, or wildfire and subject to a federal major disaster or emergency declaration: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. DEPARTMENT OF HEALTH AND HUMAN SERVICES Food and Drug Administration buildings and facilities (including ***transfer*** of funds) For an additional amount for ``Buildings and Facilities'', $7,600,000, to remain available until expended, for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria: Provided, That such amount may be ***transferred*** to ``Department of Health and Human Services-- Food and Drug Administration Salaries and Expenses'' for costs related to repair of facilities, for replacement of equipment, and for other increases in facility-related costs: Provided further, That obligations incurred for the purposes provided herein prior to the date of enactment of this Act may be charged to funds appropriated by this paragraph: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. GENERAL PROVISION--THIS TITLE Sec. 101. (a) Section 1501(d)(1) of the ***Agricultural*** Act of 2014 (7 U.S.C 9081(d)(1)) is amended by striking ``not more than $20,000,000'' and inserting ``not more than $40,000,000''. (b) The amount provided by subsection (a) for fiscal ***year*** 2018 is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. TITLE II DEPARTMENT OF COMMERCE Economic Development Administration economic development assistance ***programs*** (including ***transfers*** of funds) Pursuant to section 703 of the Public Works and Economic Development Act (42 U.S.C 3233), for an additional amount for ``Economic Development Assistance ***Programs***'' for necessary expenses related to [[Page H10366]] flood mitigation, disaster relief, long-term recovery, and restoration of infrastructure in areas that received a major disaster designation as a result of Hurricanes Harvey, Irma, and Maria, and the ***calendar*** ***year*** 2017 wildfires, under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.), $600,000,000, to remain available until expended: Provided, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That within the amount appropriated, up to 2 percent of funds may be ***transferred*** to the ``Salaries and Expenses'' account for administration and oversight activities: Provided further, That within the amount appropriated, $1,000,000 shall be ***transferred*** to the ``Office of Inspector General'' account for carrying out investigations and audits related to the funding provided under this heading. National Oceanic And Atmospheric Administration operations, research, and facilities For an additional amount for ``Operations, Research, and Facilities'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $120,904,000, to remain available until September 30, 2019, as follows: (1) $12,904,000 for repair and replacement of observing assets, Federal real property, and equipment; (2) $18,000,000 for marine debris assessment and removal; (3) $40,000,000 for mapping, charting, and geodesy services; and (4) $50,000,000 to improve weather forecasting, hurricane intensity forecasting and flood forecasting and mitigation capabilities, including data assimilation from ocean observing platforms and satellites: Provided, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. procurement, acquisition and construction For an additional amount for ``Procurement, Acquisition and Construction'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $79,232,000, to remain available until September 30, 2020, as follows: (1) $29,232,000 for repair and replacement of Federal real property and observing assets; and (2) $50,000,000 for improvements to operational and research weather supercomputing infrastructure and for improvement of satellite ground services used in hurricane intensity and track prediction: Provided, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. DEPARTMENT OF JUSTICE United States Marshals Service salaries and expenses For an additional amount for ``Salaries and Expenses'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $2,500,000: Provided, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Federal Bureau of Investigation salaries and expenses For an additional amount for ``Salaries and Expenses'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $21,200,000: Provided, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Drug Enforcement Administration salaries and expenses For an additional amount for ``Salaries and Expenses'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $11,500,000: Provided, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Federal Prison System salaries and expenses For an additional amount for ``Salaries and Expenses'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $16,000,000: Provided, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. buildings and facilities For an additional amount for ``Buildings and Facilities'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $34,000,000, to remain available until expended: Provided, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. SCIENCE National Aeronautics and Space Administration construction and environmental compliance and restoration For an additional amount for ``Construction and Environmental Compliance and Restoration'' for repairs at National Aeronautics and Space Administration facilities damaged by hurricanes during 2017, $81,300,000, to remain available until expended: Provided, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. National Science Foundation research and related activities For an additional amount for ``Research and Related Activities'' for necessary expenses to repair National Science Foundation radio observatory facilities damaged by hurricanes that occurred during 2017, $16,300,000, to remain available until expended: Provided, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That the National Science Foundation shall submit a spending plan to the Committees on Appropriations of the House of Representatives and the Senate within 45 days after the date of enactment of this Act. RELATED AGENCIES Legal Services Corporation ***payment*** to the legal services corporation For an additional amount for ``***Payment*** to the Legal Services Corporation'' to carry out the purposes of the Legal Services Corporation Act by providing for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $1,000,000: Provided, That the amount made available under this heading shall be used only to provide the mobile resources, technology, and disaster coordinators necessary to provide storm-related services to the Legal Services Corporation client population and only in the areas significantly affected by Hurricanes Harvey, Irma, and Maria: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That none of the funds appropriated in this division to the Legal Services Corporation shall be expended for any purpose prohibited or limited by, or contrary to any of the provisions of, sections 501, 502, 503, 504, 505, and 506 of Public Law 105-119, and all funds appropriated in this division to the Legal Services Corporation shall be subject to the same terms and conditions set forth in such sections, except that all references in sections 502 and 503 to 1997 and 1998 shall be deemed to refer instead to 2017 and 2018, respectively, and except that sections 501 and 503 of Public Law 104-134 (referenced by Public Law 105-119) shall not apply to the amount made available under this heading: Provided further, That, for the purposes of this division, the Legal Services Corporation shall be considered an agency of the United States Government. TITLE III DEPARTMENT OF DEFENSE DEPARTMENT OF DEFENSE--MILITARY OPERATION AND MAINTENANCE operation and maintenance, army For an additional amount for ``Operation and Maintenance, Army'', $20,110,000, to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. operation and maintenance, navy For an additional amount for ``Operation and Maintenance, Navy'', $267,796,000, to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. operation and maintenance, marine corps For an additional amount for ``Operation and Maintenance, Marine Corps'', $17,920,000, to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. operation and maintenance, air force For an additional amount for ``Operation and Maintenance, Air Force'', $20,916,000, to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. operation and maintenance, defense-wide For an additional amount for ``Operation and Maintenance, Defense-Wide'', $2,650,000, [[Page H10367]] to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. operation and maintenance, army reserve For an additional amount for ``Operation and Maintenance, Army Reserve'', $12,500,000, to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. operation and maintenance, navy reserve For an additional amount for ``Operation and Maintenance, Navy Reserve'', $2,922,000, to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. operation and maintenance, air force reserve For an additional amount for ``Operation and Maintenance, Air Force Reserve'', $5,770,000, to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. operation and maintenance, army national guard For an additional amount for ``Operation and Maintenance, Army National Guard'', $55,471,000, to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. PROCUREMENT other procurement, navy For an additional amount for ``Other Procurement, Navy'' $18,000,000, to remain available until September 30, 2020, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Revolving and Management Funds defense working capital funds For an additional amount for ``Defense Working Capital Funds'' for the Navy Working Capital Fund, $9,486,000, to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Other Department of Defense ***Programs*** defense health ***program*** For an additional amount for operation and maintenance for ``Defense Health ***Program***'', $704,000, to remain available until September 30, 2018, for necessary expenses related to the consequences of Hurricanes Harvey, Irma or Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. TITLE IV CORPS OF ENGINEERS--CIVIL DEPARTMENT OF THE ARMY Corps of Engineers--Civil investigations For an additional amount for ``Investigations'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $75,000,000, to remain available until expended to expedite and complete at full Federal expense studies, including Preconstruction Engineering and Design, for flood and storm damage reduction, including shore protection, in areas that were affected by Hurricanes Harvey, Irma, or Maria: Provided, That the Secretary may use funding provided under this heading to complete ongoing studies, to initiate and complete up to two authorized studies for assessing regional flood and storm risks, and to initiate and complete up to six authorized feasibility studies: Provided further, That the Secretary shall consider giving priority to studies in areas that suffered the most damage from these hurricanes and to studies in areas that have had multiple major disaster declarations in recent ***years***: Provided further, That a report identifying all ongoing studies, authorized studies for assessing regional flood and storm risks in the impacted areas, and authorized feasibility studies eligible for funding under this heading, including identification of whether each study is in a category to be considered for priority, shall be submitted to the Committees on Appropriations of the House of Representatives and the Senate not later than 30 days after the date of enactment of this Act: Provided further, That no allocation shall be made to initiate any new study until the Secretary submits to the Committees on Appropriations of the House of Representatives and the Senate a list of all new studies selected to be initiated using funds provided under this heading: Provided further, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That beginning not later than 60 days after the date of enactment of this Act, the Assistant Secretary of the Army for Civil Works shall provide monthly reports to the Committees on Appropriations of the House of Representatives and the Senate detailing the allocation and obligation of these funds. construction For an additional amount for ``Construction'' for necessary expenses related to the consequences of natural disasters, including Hurricanes Harvey, Irma, and Maria, $10,480,000,000, to remain available until expended to rehabilitate, repair, and construct United States Army Corps of Engineers projects: Provided, That $55,000,000 of the funds provided under this heading shall be used to address emergency situations at Corps of Engineers projects, and to rehabilitate and repair damages to Corps of Engineers projects, caused by natural disasters: Provided further, That $10,425,000,000 of the funds provided under this heading shall be used to expedite construction of projects for flood and storm damage reduction, including shore protection, in areas that were affected by Hurricanes Harvey, Irma, or Maria: Provided further, That the Secretary shall consider giving priority to projects located in areas that suffered the most damage from these hurricanes and to projects located in areas that have had multiple major disaster declarations in recent ***years***: Provided further, That funding utilized for authorized shore protection projects shall restore such projects from the design level of protection to the full project profile at full Federal expense: Provided further, That the completion of ongoing construction projects receiving funds provided under this heading shall be at full Federal expense with respect to such funds: Provided further, That upon approval of the Committees on Appropriations of the House of Representatives and the Senate funds provided under this heading may be used to construct any project studied using funds provided under the heading ``Investigations'' or any project with a completed Chief's Report that has not yet been authorized if the Secretary determines that the project is technically feasible, economically justified, and environmentally acceptable: Provided further, That, using these funds, the non-Federal cash contribution for authorized but unconstructed projects, projects with completed Chief's Reports that have not yet been authorized, or projects that are funded as ongoing studies under the heading ``Investigations'' shall be financed in accordance with the provisions of section 103(k) of Public Law 99-662 over a period of 30 ***years*** from the date of completion of the project or separable element: Provided further, That a report identifying all ongoing construction projects, authorized but unconstructed projects, and projects with completed Chief's Reports that have not yet been authorized, including project cost estimates and identification of whether each project is in a category to be considered for priority, shall be submitted to the Committees on Appropriations of the House of Representatives and the Senate not later than 45 days after the date of enactment of this Act: Provided further, That not more than $500,000,000 of the funds provided to expedite construction shall be available until such report is submitted: Provided further, That for projects funded under this heading, the provisions of section 902 of the Water Resources Development Act of 1986 shall not apply to these funds: Provided further, That up to $50,000,000 of the funds provided to expedite construction shall be used to expedite continuing authorities projects to reduce the risk of flooding and storm damage in areas impacted by Hurricanes Harvey, Irma, or Maria: Provided further, That any projects using funds appropriated under this heading shall be initiated only after non-Federal interests have entered into binding agreements with the Secretary requiring the non- Federal interests to pay 100 percent of the operation, maintenance, repair, replacement, and rehabilitation costs of the project and to hold and save the United States free from damages due to the construction or operation and maintenance of the project, except for damages due to the fault or negligence of the United States or its contractors: Provided further, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That beginning not later than 60 days after the date of enactment of this Act, the Assistant Secretary of the Army for Civil Works shall provide monthly reports to the Committees on Appropriations of the House of Representatives and the Senate detailing the allocation and obligation of these funds. mississippi river and tributaries For an additional amount for ``Miss

issippi River and Tributaries'', $370,000,000, to remain available until expended, for necessary [[Page H10368]] expenses to dredge navigation projects in response to, and repair damages to Corps of Engineers projects caused by, natural disasters: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That beginning not later than 60 days after the date of enactment of this Act, the Assistant Secretary of the Army for Civil Works shall provide monthly reports to the Committees on Appropriations of the House of Representatives and the Senate detailing the allocation and obligation of these funds. operation and maintenance For an additional amount for ``Operation and Maintenance'' for necessary expenses to dredge navigation projects in response to, and repair damages to Corps of Engineers projects caused by, natural disasters, $608,000,000, to remain available until expended, of which such sums as are necessary to cover the Federal share of eligible operation and maintenance costs for coastal harbors and channels, and for inland harbors shall be derived from the Harbor Maintenance Trust Fund: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That beginning not later than 60 days after the date of enactment of this Act, the Assistant Secretary of the Army for Civil Works shall provide monthly reports to the Committees on Appropriations of the House of Representatives and the Senate detailing the allocation and obligation of these funds. flood control and coastal emergencies For an additional amount for ``Flood Control and Coastal Emergencies'', as authorized by section 5 of the Act of August 18, 1941 (33 U.S.C 701n), for necessary expenses to prepare for flood, hurricane and other natural disasters and support emergency operations, repairs, and other activities in response to such disasters, as authorized by law, $537,000,000, to remain available until expended: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That beginning not later than 60 days after the date of enactment of this Act, the Assistant Secretary of the Army for Civil Works shall provide monthly reports to the Committees on Appropriations of the House of Representatives and the Senate detailing the allocation and obligation of these funds. expenses For an additional amount for ``Expenses'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $20,000,000, to remain available until expended to oversee emergency response and recovery activities: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That beginning not later than 60 days after the date of enactment of this Act, the Assistant Secretary of the Army for Civil Works shall provide monthly reports to the Committees on Appropriations of the House of Representatives and the Senate detailing the allocation and obligation of these funds. DEPARTMENT OF ENERGY ENERGY ***PROGRAMS*** Electricity Delivery and Energy Reliability For an additional amount for ``Electricity Delivery and Energy Reliability'', $13,000,000, to remain available until expended, for necessary expenses related to natural disasters, including technical assistance related to electric grids: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Strategic Petroleum Reserve For an additional amount for ``Strategic Petroleum Reserve'', $8,716,000, to remain available until expended, for necessary expenses related to damages caused by natural disasters: Provided, That such amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. GENERAL PROVISION--THIS TITLE Sec. 401. In fiscal ***year*** 2018 and each fiscal ***year*** thereafter, the Chief of Engineers of the U.S Army Corps of Engineers shall transmit to the Congress, after reasonable opportunity for comment, but without change, by the Assistant Secretary of the Army for Civil Works, a monthly report, the first of which shall be transmitted to Congress not later than 2 days after the date of enactment of this Act and monthly thereafter, which includes detailed estimates of damages to each Corps of Engineers project, caused by natural disasters or otherwise. TITLE V General Services Administration federal buildings fund For an additional amount to be deposited in the ``Federal Buildings Fund'', $126,951,000, to remain available until expended, for necessary expenses related to the consequences of Hurricanes Harvey, Maria, and Irma, for repair and alteration of buildings under the custody and control of the Administrator of General Services, and real property management and related activities not otherwise provided for: Provided, That funds may be used to reimburse the ``Federal Buildings Fund'' for obligations incurred for this purpose prior to enactment of this Act: Provided further, That not more than $15,000,000 shall be available for tenant improvements in damaged U.S courthouses: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Small Business Administration disaster loans ***program*** account (including ***transfer*** of funds) For an additional amount for the ``Small Business Administration--Disaster Loans ***Program*** Account'' for the cost of direct loans authorized by section 7(b) of the Small Business Act, $1,652,000,000, to remain available until expended: Provided, That up to $618,000,000 may be ***transferred*** to and merged with ``Salaries and Expenses'' for administrative expenses to carry out the disaster loan ***program*** authorized by section 7(b) of the Small Business Act: Provided further, That none of the funds provided under this heading may be used for indirect administrative expenses: Provided further, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Office of Inspector General For an additional amount for the ``Small Business Administration--Office of Inspector General'', $7,000,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. TITLE VI DEPARTMENT OF HOMELAND SECURITY Office of Inspector General operations and support For an additional amount for ``Operations and Support'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $25,000,000, to remain available until September 30, 2020, for audits and investigations of activities funded by this title: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. U.S Customs and Border Protection operations and support For an additional amount for ``Operations and Support'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $104,494,000, to remain available until September 30, 2019: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That not more than $39,400,000 may be used to carry out U.S Customs and Border Protection activities in fiscal ***year*** 2018 in Puerto Rico and the United States Virgin Islands, in addition to any other amounts available for such purposes. procurement, construction, and improvements For an additional amount for ``Procurement, Construction, and Improvements'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $3,000,000, to remain available until September 30, 2022: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That funds are provided to carry out U.S Customs and Border Protection activities in Puerto Rico and the United States Virgin Islands, in addition to any other amounts available for such purposes. U.S Immigration and Customs Enforcement operations and support For an additional amount for ``Operations and Support'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $30,905,000, to remain available until September 30, 2019: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. procurement, construction, and improvements For an additional amount for ``Procurement, Construction, and Improvements'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $33,052,000, to remain available until September 30, 2022: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Transportation Security Administration operations and support For an additional amount for ``Operations and Support'' for necessary expenses related [[Page H10369]] to the consequences of Hurricanes Harvey, Irma, and Maria, $10,322,000, to remain available until September 30, 2019: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Coast Guard operating expenses For an additional amount for ``Operating Expenses'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $112,136,000, to remain available until September 30, 2019: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. environmental compliance and restoration For an additional amount for ``Environmental Compliance and Restoration'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $4,038,000, to remain available until September 30, 2022: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. acquisition, construction, and improvements For an additional amount for ``Acquisition, Construction, and Improvements'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, Maria, and Matthew, $718,919,000, to remain available until September 30, 2022: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Federal Emergency Management Agency operations and support For an additional amount for ``Operations and Support'' for necessary expenses, $58,800,000, to remain available until September 30, 2019: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. procurement, construction, and improvements For an additional amount for ``Procurement, Construction, and Improvements'' for necessary expenses, $1,200,000, to remain available until September 30, 2020: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. disaster relief fund (including ***transfer*** of funds) For an additional amount for ``Disaster Relief Fund'' for major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.), $27,500,000,000, to remain available until expended: Provided, That the Administrator of the Federal Emergency Management Agency shall publish on the Agency's website not later than 5 days after an award of a public assistance grant under section 406 or 428 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172 or 5189f) that is in excess of $1,000,000, the specifics of each such grant award: Provided further, That for any mission assignment or mission assignment task order to another Federal department or agency regarding a major disaster in excess of $1,000,000, not later than 5 days after the issuance of such mission assignment or mission assignment task order, the Administrator shall publish on the Agency's website the following: the name of the impacted State, the disaster declaration for such State, the assigned agency, the assistance requested, a description of the disaster, the total cost estimate, and the amount obligated: Provided further, That not later than 10 days after the last day of each month until a mission assignment or mission assignment task order described in the preceding proviso is completed and closed out, the Administrator shall update any changes to the total cost estimate and the amount obligated: Provided further, That for a disaster declaration related to Hurricanes Harvey, Irma, or Maria, the Administrator shall submit to the Committees on Appropriations of the House of Representatives and the Senate, not later than 5 days after the first day of each month beginning after the date of enactment of this Act, and shall publish on the Agency's website, not later than 10 days after the first day of each such month, an estimate or actual amount, if available, for the current fiscal ***year*** of the cost of the following categories of spending: public assistance, individual assistance, operations, mitigation, administrative, and any other relevant category (including emergency measures and disaster resources): Provided further, That not later than 10 days after the first day of each month, the Administrator shall publish on the Agency's website the report (referred to as the Disaster Relief Monthly Report) as required by Public Law 114-4. Of the amounts provided under this heading for the Disaster Relief Fund, up to $4,000,000,000 may be ***transferred*** to the Disaster Assistance Direct Loan ***Program*** Account for the cost of direct loans as authorized under section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5184) to be used to assist local governments in providing essential services as a result of Hurricanes Harvey, Irma, or Maria: Provided further, That such amounts may subsidize gross obligations for the principal amount of direct loans not to exceed $4,000,000,000 under section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5184): Provided further, That notwithstanding section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5184), a territory or possession, and instrumentalities and local governments thereof, of the United States shall be deemed to be a local government for purposes of this paragraph: Provided further, That notwithstanding section 417(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5184(b)), the amount of any such loan issued to a territory or possession, and instrumentalities and local governments thereof, may be based on the projected loss of tax and other revenues and on projected cash outlays not previously budgeted for a period not to exceed 180 days from the date of the major disaster, and may exceed $5,000,000: Provided further, That notwithstanding any other provision of law or the constitution of a territory or possession that limits the issuance of debt, a territory or possession, and instrumentalities and local governments thereof, may each receive more than one loan with repayment provisions and other terms specific to the type of lost tax and other revenues and on projected unbudgeted cash outlays for which the loan is provided: Provided further, That notwithstanding section 417(c)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5184(c)(1)), loans to a territory or possession, and instrumentalities and local governments thereof, may be cancelled in whole or in part only at the discretion of the Secretary of Homeland Security in consultation with the Secretary of the Treasury: Provided further, That notwithstanding any other provision of law, the Secretary of Homeland Security, in consultation with the Secretary of the Treasury, shall determine the terms, conditions, eligible uses, and timing and amount of Federal disbursements of loans issued to a territory or possession, and instrumentalities and local governments thereof: Provided further, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974 (2 U.S.C 661a): Provided further, That the Federal Emergency Management Agency may ***transfer*** up to 1.5 percent of the amount under this paragraph to the Disaster Assistance Direct Loan ***Program*** Account for administrative expenses to carry out under this paragraph the direct loan ***program***, as authorized by section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5184): Provided further, That of the amount provided under this paragraph for ***transfer***, up to $150,000,000 may be ***transferred*** to the Disaster Assistance Direct Loan ***Program*** Account for the cost to lend a territory or possession of the United States that portion of assistance for which the territory or possession is responsible under the cost-sharing provisions of the major disaster declaration for Hurricanes Irma or Maria, as authorized under section 319 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5162): Provided further, That of the amount provided under this paragraph for ***transfer***, up to $1,000,000 may be ***transferred*** to the Disaster Assistance Direct Loan ***Program*** Account for administrative expenses to carry out the Advance of Non-Federal Share ***program***, as authorized by section 319 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5162): Provided further, That the amount provided under this heading is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Federal Law Enforcement Training Centers operations and support For an additional amount for ``Operations and Support'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $5,374,000, to remain available until September 30, 2019: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. procurement, construction, and improvements For an additional amount for ``Procurement, Construction, and Improvements'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $5,000,000, to remain available until September 30, 2022: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. GENERAL PROVISIONS--THIS TITLE Sec. 601. The Administrator of the Federal Emergency Management Agency may provide assistance, pursuant to section 428 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et [[Page H10370]] seq.), for critical services as defined in section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act for the duration of the recovery for incidents DR-4336- PR, DR-4339-PR, DR-4340-USVI, and DR-4335-USVI to-- (1) replace or restore the function of a facility or system to industry standards without regard to the pre-disaster condition of the facility or system; and (2) replace or restore components of the facility or system not damaged by the disaster where necessary to fully effectuate the replacement or restoration of disaster-damaged components to restore the function of the facility or system to industry standards. Sec. 602. (a) The Federal share of assistance, including direct Federal assistance, provided under section 407 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5173), with respect to a major disaster declared pursuant to such Act for damages resulting from a wildfire in ***calendar*** ***year*** 2017, shall be 90 percent of the eligible costs under such section. (b) The Federal share provided by subsection (a) shall apply to assistance provided before, on, or after the date of enactment of this Act. TITLE VII DEPARTMENT OF THE INTERIOR Fish and Wildlife Service construction For an additional amount for ``Construction'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $210,629,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. National Park Service historic preservation fund For an additional amount for the ``Historic Preservation Fund'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $17,500,000, to remain available until September 30, 2019, including costs to States necessary to complete compliance activities required by section 306108 of title 54, United States Code (formerly section 106 of the National Historic Preservation Act), and costs needed to administer the ***program***: Provided, That grants shall only be available for areas that have received a major disaster declaration pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.): Provided further, That individual grants shall not be subject to a non-Federal matching requirement: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. construction For an additional amount for ``Construction'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $207,600,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. United States Geological Survey surveys, investigations, and research For an additional amount for ``Surveys, Investigations, and Research'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, and in those areas impacted by a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.) with respect to wildfires in 2017, $42,246,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Departmental Offices Insular Affairs assistance to territories For an additional amount for ``Technical Assistance'' for financial management expenses related to the consequences of Hurricanes Irma and Maria, $3,000,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Office of Inspector General salaries and expenses For an additional amount for ``Salaries and Expenses'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $2,500,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. ENVIRONMENTAL PROTECTION AGENCY Hazardous Substance Superfund For an additional amount for ``Hazardous Substance Superfund'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $6,200,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Leaking Underground Storage Tank Fund For an additional amount for ``Leaking Underground Storage Tank Fund'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $7,000,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. DEPARTMENT OF ***AGRICULTURE*** FOREST SERVICE state and private forestry For an additional amount for ``State and Private Forestry'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $7,500,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. national forest system For an additional amount for ``National Forest System'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, $20,652,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. capital improvement and maintenance For an additional amount for ``Capital Improvement and Maintenance'' for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria, and the 2017 fire season, $91,600,000, to remain available until expended: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. GENERAL PROVISION--THIS TITLE Sec. 701. Agencies receiving funds appropriated by this title shall each provide a monthly report to the Committees on Appropriations of the House of Representatives and the Senate detailing the allocation and obligation of these funds by account, beginning not later than 90 days after enactment of this Act. TITLE VIII DEPARTMENT OF LABOR Employment and Training Administration training and employment services (including ***transfers*** of funds) For an additional amount for ``Training and Employment Services'', $30,000,000, for the dislocated workers assistance national reserve for necessary expenses directly related to the consequences of Hurricanes Harvey, Maria, and Irma or the ***calendar*** ***year*** 2017 wildfires with major disaster or emergency declarations under titles IV or V of the Robert T. Stafford Disaster Relief and Emergency Assistance Act in ***calendar*** ***year*** 2017, which shall remain available until September 30, 2019: Provided, That these sums may be used to replace grant funds previously obligated to the impacted areas: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. job corps For an additional amount for ``Job Corps'' for construction, rehabilitation and acquisition for Job Corps Centers in Puerto Rico, $30,900,000, which shall be available through June 30, 2021: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. DEPARTMENT OF HEALTH AND HUMAN SERVICES Centers for Disease Control and Prevention cdc-wide activities and ***program*** support (including ***transfer*** of funds) For an additional amount for ``CDC-Wide Activities and ***Program*** Support'', $200,000,000, to remain available until expended, for response, recovery, preparation, mitigation, and other expenses directly related to the consequences of Hurricanes Harvey, Irma, or Maria: Provided, That obligations incurred for the purposes provided herein prior to the date of enactment of this Act may be charged to funds appropriated by this paragraph: Provided further, That of the amount provided, not less than $6,000,000 shall be ***transferred*** to the ``Buildings and Facilities'' account for the purposes provided herein: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Office of the Secretary public health and social services emergency fund (including ***transfers*** of funds) For an additional amount for the ``Public Health and Social Services Emergency [[Page H10371]] Fund'', $177,000,000, to remain available until expended, for response, recovery, preparation, mitigation and other expenses directly related to the consequences of Hurricanes Harvey, Irma, or Maria, including activities authorized under section 319(a) of the Public Health Service Act (referred to in this title as the ``PHS Act''): Provided, That $60,000,000 shall be ***transferred*** to ``Health Resources and Services Administration--Primary Health Care'', for expenses related to the consequences of Hurricanes Harvey, Irma, or Maria for disaster response and recovery, for the Health Centers ***Program*** under section 330 of the PHS Act: Provided further, That not less than $50,000,000, of amounts ***transferred*** under the preceding proviso, shall be available for alteration, renovation, construction, equipment, and other capital improvement costs as necessary to meet the needs of areas affected by Hurricanes Harvey, Irma, or Maria: Provided further, That the time limitation in section 330(e)(3) of the PHS Act shall not apply to funds made available under the preceding proviso: Provided further, That not less than $20,000,000 shall be ***transferred*** to ``Substance Abuse and Mental Health Services Administration--Health Surveillance and ***Program*** Support'' for grants, contracts, and cooperative agreements for behavioral health treatment, crisis counseling, and other related helplines, and for other similar ***programs*** to provide support to individuals impacted by Hurricanes Harvey, Irma, or Maria: Provided further, That up to $2,000,000 shall be ***transferred*** to ``Office of the Secretary--Office of Inspector General'' for oversight of activities responding to such hurricanes: Provided further, That obligations incurred for the purposes provided herein prior to the date of enactment of this Act may be charged to funds appropriated under this heading: Provided further, That of the funds appropriated in this paragraph, $15,000,000 shall be ***transferred*** to the ``National Institutes of Health-- Office of the Director'' for the purposes provided in this paragraph: Provided further, That funds ***transferred*** to the National Institutes of Health for the purpose of supporting the repair or rebuilding of non-Federal biomedical or behavioral research facilities damaged as a result of Hurricanes Harvey, Irma, or Maria shall be used to award grants or contracts for such purpose under section 404I of the Public Health Service Act: Provided further, That section 404I(c)(2) of such Act does not apply to the use of funds described in the preceding proviso: Provided further, That funds appropriated in this paragraph shall not be available for costs that are reimbursed by the Federal Emergency Management Agency, under a contract for insurance, or by self-insurance: Provided further, That such additional amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Administration for Children and Families children and families services ***programs*** For an additional amount for ``Children and Families Services ***Programs***'', $650,000,000, to remain available until September 30, 2021, for Head Start ***programs***, for necessary expenses directly related to the consequences of Hurricanes Harvey, Irma, or Maria, including making ***payments*** under the Head Start Act: Provided, That none of the funds appropriated in this paragraph shall be included in the calculation of the ``base grant'' in subsequent fiscal ***years***, as such term is defined in sections 640(a)(7)(A), 641A(h)(1)(B), or 645(d)(3) of the Head Start Act: Provided further, That funds appropriated in this paragraph are not subject to the allocation requirements of section 640(a) of the Head Start Act: Provided further, That funds appropriated in this paragraph shall not be available for costs that are reimbursed by the Federal Emergency Management Agency, under a contract for insurance, or by self-insurance: Provided further, That up to $10,000,000 shall be available for Federal administrative expenses: Provided further, That obligations incurred for the purposes provided herein prior to the date of enactment of this Act may be charged to funds appropriated under this heading: Provided further, That such additional amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. DEPARTMENT OF EDUCATION Hurricane Education Recovery (including ***transfer*** of funds) For an additional amount for ``Hurricane Education Recovery'' for assisting in meeting the educational needs of individuals affected by Hurricanes Harvey, Irma, or Maria, or ***calendar*** ***year*** 2017 wildfires for which the President declared a major disaster or emergency under section 401 or 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170; 42 U.S.C 5191) (referred to herein as a ``covered disaster or emergency''), $2,900,000,000, to remain available through September 30, 2021: Provided, That such additional amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: Provided further, That-- (1) such funds shall be used-- (A) to make awards, which shall be available until expended, to eligible entities for immediate aid to restart school operations, in accordance with paragraph (2); (B) for temporary emergency impact aid for displaced students, in accordance with paragraph (2); (C) for emergency assistance to institutions of higher education and students attending institutions of higher education in an area directly affected by a covered disaster or emergency in accordance with paragraph (3); (D) for ***payments*** to institutions of higher education to help defray the unexpected expenses associated with enrolling displaced students from institutions of higher education directly affected by a covered disaster or emergency, in accordance with paragraph (4); and (E) to provide assistance to local educational agencies serving homeless children and youth in accordance with paragraph (5); (2) immediate aid to restart school operations and temporary emergency impact aid for displaced students described in subparagraphs (A) and (B) of paragraph (1) shall be provided under the statutory terms and conditions that applied to assistance under sections 102 and 107 of title IV of division B of Public Law 109-148, respectively, including the nondiscrimination provisions under section 107(m), except that such sections shall be applied so that-- (A) each reference to a major disaster declared in accordance with section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170) shall be to a major disaster or emergency declared by the President in accordance with section 401 or 501, respectively, of such Act; (B) each reference to Hurricane Katrina or Hurricane Rita shall be a reference to a covered disaster or emergency; (C) each reference to August 22, 2005, when used in relation to a covered disaster or emergency, shall be to the date that is one week prior to the date on which the major disaster or emergency was declared for the area; (D) each reference to the States of Louisiana, Mississippi, Alabama, and Texas shall be to the States or territories affected by a covered disaster or emergency, and each reference to the State educational agencies of Louisiana, Mississippi, Alabama, or Texas shall be a reference to the State educational agencies that serve the states or territories affected by a covered disaster or emergency; (E) each reference to the 2005-2006 school ***year*** shall be to the 2017-2018 school ***year***; (F) the references in section 102(h)(1) of title IV of division B of Public Law 109-148 to the number of non-public elementary schools and secondary schools in the State shall be to the number of students in non-public elementary schools and secondary schools in the State, and the reference in such section to the 2003-2004 school ***year*** shall be to the most recent data set for the 2016-2017 school ***year***; (G) in determining the amount of immediate aid provided to restart school operations as described in section 102(b) of title IV of division B of Public Law 109-148, the Secretary shall consider the number of students enrolled, during the 2016-2017 school ***year***, in elementary schools and secondary schools that were closed as a result of a covered disaster or emergency; (H) in determining the amount of emergency impact aid that a State educational agency is eligible to receive under paragraph (1)(B), the Secretary shall, subject to section 107(d)(1)(B) of such title, provide-- (i) $9,000 for each displaced student who is an English learner, as that term is defined in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C 7801); (ii) $10,000 for each displaced student who is a child with disability (regardless of whether the child is an English learner); and (iii) $8,500 for each displaced student who is not a child with a disability or an English learner; and (I) with respect to the emergency impact aid provided under paragraph (1)(B), the Secretary may modify the State educational agency and local educational agency application timelines in section 107(c) of such title; (3) up to $200,000,000 of the funds made available under this heading shall be for ***programs*** authorized under subpart 3 of part A and part C of title IV and part B of title VII of the Higher Education Act of 1965 (20 U.S.C 1087-51 et seq., 1138 et seq.) for institutions located in an area affected by a covered disaster or emergency, and students enrolled in such institutions, except that-- (A) any requirements relating to matching, Federal share, reservation of funds, or maintenance of effort under such parts that would otherwise be applicable to that assistance shall not apply; (B) such assistance may be used for student financial assistance; (C) such assistance may also be used for faculty and staff salaries, equipment, student supplies and instruments, or any purpose authorized under the Higher Education Act of 1965, by institutions of higher education that are located in areas affected by a covered disaster or emergency; and (D) the Secretary shall prioritize, to the extent possible, students who are homeless or at risk of becoming homeless as a result of displacement, and institutions that have sustained extensive damage, by a covered disaster or emergency; (4) up to $120,000,000 of the funds made available under this heading shall be for ***payments*** to institutions of higher education to help defray the unexpected expenses associated with enrolling displaced students from institutions of higher education at which operations have been disrupted by a covered [[Page H10372]] disaster or emergency, in accordance with criteria established by the Secretary and made publicly available; (5) $25,000,000 of the funds made available under this heading shall be available to provide assistance to local educational agencies serving homeless children and youths displaced by a covered disaster or emergency, consistent with section 723 of the McKinney-Vento Homeless Assistance Act (42 U.S.C 11431-11435) and with section 106 of title IV of division B of Public Law 109-148, except that funds shall be disbursed based on demonstrated need and the number of homeless children and youth enrolled as a result of displacement by a covered disaster or emergency; (6) section 437 of the General Education Provisions Act (20 U.S.C 1232) and section 553 of title 5, United States Code, shall not apply to activities under this heading; (7) $4,000,000 of the funds made available under this heading, to remain available through September 30, 2021, shall be ***transferred*** to the Office of the Inspector General of the Department of Education for oversight of activities supported with funds appropriated under this heading, and up to $3,000,000 of the funds made available under this heading, to remain available through September 30, 2019, shall be for ***program*** administration; (8) up to $35,000,000 of the funds made available under this heading shall be to carry out activities authorized under section 4631(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C 7281(b)); and (9) the Secretary may waive, modify, or provide extensions for certain requirements of the Higher Education Act of 1965 (20 U.S.C 1001 et seq.) for affected individuals, affected students, and affected institutions in covered disaster or emergency areas in the same manner as the Secretary was authorized to waive, modify, or provide extensions for certain requirements of such Act under provisions of subtitle B of title IV of division B of Public Law 109-148 for affected individuals, affected students, and affected institutions in areas affected by Hurricane Katrina and Hurricane Rita, except that the cost associated with any action taken by the Secretary under this paragraph is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. GENERAL PROVISIONS--THIS TITLE (including ***transfers*** of funds) Sec. 801. (a) Notwithstanding section 133(b)(4) of the Workforce Innovation and Opportunity Act, in States, as defined by section 3(56) of such Act, affected by Hurricanes Harvey, Irma, and Maria, a local board, as defined by section 3(33) of such Act, in a local area, as defined by section 3(32) of such Act, affected by such Hurricanes may ***transfer***, if such ***transfer*** is approved by the Governor, up to 100 percent of the funds allocated to the local area for ***Program*** ***Years*** 2016 and 2017 for Youth Workforce Investment activities under paragraphs (2) or (3) of section 128(b) of such Act, for Adult employment and training activities under paragraphs (2)(A) or (3) of section 133(b) of such Act, or for Dislocated Worker employment and training activities under paragraph (2)(B) of section 133(b) of such Act among-- (1) adult employment and training activities; (2) dislocated worker employment and training activities; and (3) youth workforce investment activities. (b) Except for the funds reserved to carry out required statewide activities under sections 127(b) and 134(a)(2) of the Workforce Innovation and Opportunity Act, the Governor of the United States Virgin Islands may authorize the ***transfer*** of up to 100 percent of the remaining funds provided to the United States Virgin Islands for ***Program*** ***Years*** 2016 and 2017 for Youth Workforce Investment activities under section 127(b)(1)(B) of such Act, for Adult employment and training activities under section 132(b)(1)(A) of such Act, or for Dislocated Worker employment and training activities under section 133(b)(2)(A)) of such Act among-- (1) adult employment and training activities; (2) dislocated worker employment and training activities; and (3) youth workforce investment activities. Sec. 802. Funds appropriated by this title may be ***transferred*** to, and merged with, other appropriation accounts under the headings ``Centers for Disease Control and Prevention'' and ``Public Health and Social Services Emergency Fund'' for the purposes specified in this title following consultation with the Office of Management and Budget: Provided, That the Committees on Appropriations in the House of Representatives and the Senate shall be notified 10 days in advance of any such ***transfer***: Provided further, That, upon a determination that all or part of the funds ***transferred*** from an appropriation are not necessary, such amounts may be ***transferred*** back to that appropriation: Provided further, That none of the funds made available by this title may be ***transferred*** pursuant to the authority in section 205 of division H of Public Law 115-31 or section 241(a) of the PHS Act. Sec. 803. (a) As the Secretary of Health and Human Services determines necessary to respond to a critical hiring need for emergency response positions, after providing public notice and without regard to the provisions of sections 3309 through 3319 of title 5, United States Code, the Secretary may appoint candidates directly to the following positions to perform critical work directly relating to the consequences of Hurricanes Harvey, Irma, or Maria: (1) Intermittent disaster-response personnel in the National Disaster Medical System, under section 2812 of the PHS Act (42 U.S.C 300hh-11). (2) Term or temporary appointments at the Centers for Disease Control and Prevention and the Office of the Assistant Secretary for Preparedness and Response. (b) The authority under subsection (a) shall expire 270 days after the date of enactment of this section. Sec. 804. Notwithstanding any other provision of law, the interest ***payment*** of the United States Virgin Islands that was due under section 1202(b)(1) of the Social Security Act on September 29, 2017, shall not be due until September 28, 2018, and no interest shall accrue on such amount through September 28, 2018. Sec. 805. Agencies receiving funds appropriated by this title shall each provide a monthly report to the Committees on Appropriations of the House of Representatives and the Senate detailing the allocation and obligation of these funds by account, beginning not later than 90 days after enactment of this Act. TITLE IX Government Accountability Office salaries and expenses For an additional amount for the Government Accountability Office for ``Salaries and Expenses'', $14,000,000, to remain available until expended, for audits and investigations relating to Hurricanes Harvey, Irma, and Maria and the ***calendar*** ***year*** 2017 wildfires: Provided, That not later than 180 days after the date of enactment of this Act, GAO shall submit to Congress a report describing the United States Virgin Island's economic and disaster recovery plan that defines the priorities, goals, and expected outcomes of the recovery effort based on damage assessments prepared pursuant to Federal law: Provided further, That GAO shall report on the internal control plans that are in place to provide oversight of Federal disaster funds to be used in recovery activities in the United States Virgin Islands, identify any deficiencies in such plans, and provide recommendations to address noted deficiencies: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. TITLE X DEPARTMENT OF DEFENSE MILITARY CONSTRUCTION Military Construction, Navy and Marine Corps For an additional amount for ``Military Construction, Navy and Marine Corps'', $201,636,000, to remain available until September 30, 2022, for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria: Provided, That none of the funds made available to the Navy and Marine Corps for recovery efforts related to Hurricanes Harvey, Irma, and Maria in this division shall be available for obligation until the Committees on Appropriations of the House of Representatives and the Senate receive form 1391 for each specific request: Provided further, That, not later than 60 days after enactment of this Act, the Secretary of the Navy, or his designee, shall submit to the Committees on Appropriations of House of Representatives and the Senate a detailed expenditure plan for funds provided under this heading: Provided further, That such funds may be obligated or expended for planning and design and military construction projects not otherwise authorized by law: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Military Construction, Army National Guard For an additional amount for ``Military Construction, Army National Guard'', $519,345,000, to remain available until September 30, 2022, for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria: Provided, That none of the funds made available to the Army National Guard for recovery efforts related to Hurricanes Harvey, Irma, and Maria in this division shall be available for obligation until the Committees on Appropriations of the House of Representatives and the Senate receive form 1391 for each specific request: Provided further, That, not later than 60 days after enactment of this Act, the Director of the Army National Guard, or his designee, shall submit to the Committees on Appropriations of the House of Representatives and the Senate a detailed expenditure plan for funds provided under this heading: Provided further, That such funds may be obligated or expended for planning and design and military construction projects not otherwise authorized by law: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. DEPARTMENT OF VETERANS AFFAIRS VETERANS HEALTH ADMINISTRATION Medical Services For an additional amount for ``Medical Services'', $11,075,000, to remain available [[Page H10373]] until September 30, 2019, for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Medical Support and Compliance For an additional amount for ``Medical Support and Compliance'', $3,209,000, to remain available until September 30, 2019, for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Medical Facilities For an additional amount for ``Medical Facilities'', $75,108,000, to remain available until September 30, 2022, for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria: Provided, That none of these funds shall be available for obligation until the Secretary of Veterans Affairs submits to the Committees on Appropriations of the House of Representatives and the Senate a detailed expenditure plan for funds provided under this heading: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Departmental Administration Construction, Minor Projects For an additional amount for ``Construction, Minor Projects'', $4,088,000, to remain available until September 30, 2022, for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. GENERAL PROVISION--THIS TITLE Sec. 1001. Notwithstanding section 18236(b) of title 10, United States Code, the Secretary of Defense shall contribute to Puerto Rico 100 percent of the total cost of construction (including the cost of architectural, engineering and design services) for the acquisition, construction, expansion, rehabilitation, or conversion of the Arroyo readiness center under paragraph (5) of section 18233(a) of title 10, United States Code. TITLE XI DEPARTMENT OF TRANSPORTATION Federal Aviation Administration operations (airport and airway trust fund) For an additional amount for ``Operations'', $35,000,000, to be derived from the Airport and Airway Trust Fund and to remain available until expended, for necessary expenses related to the consequences of hurricanes occurring in ***calendar*** ***year*** 2017: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. facilities and equipment (airport and airway trust fund) For an additional amount for ``Facilities and Equipment'', $79,589,000, to be derived from the Airport and Airway Trust Fund and to remain available until expended, for necessary expenses related to the consequences of hurricanes occurring in ***calendar*** ***year*** 2017: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Federal Highway Administration federal-aid highways emergency relief ***program*** For an additional amount for the Emergency Relief ***Program*** as authorized under section 125 of title 23, United States Code, $1,374,000,000, to remain available until expended: Provided, That notwithstanding section 125(d)(4) of title 23, United States Code, no limitation on the total obligations for projects under section 125 of such title shall apply to the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands for fiscal ***year*** 2018 and fiscal ***year*** 2019: Provided further, That notwithstanding section 120(i)(1) of title 23, United States Code, for fiscal ***year*** 2018 and each fiscal ***year*** thereafter, Puerto Rico may use toll credits toward the non-Federal share requirement for emergency relief funds made available under section 125 of such title to respond to damage caused by Hurricanes Irma and Maria: Provided further, That such amounts are designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Federal Transit Administration public transportation emergency relief ***program*** For the ``Public Transportation Emergency Relief ***Program***'' as authorized under section 5324 of title 49, United States Code, $269,000,000 to remain available until expended, for transit systems affected by Hurricanes Harvey, Irma, and Maria with major disaster declarations in 2017: Provided, That not more than three-quarters of one percent of the funds for public transportation emergency relief shall be available for administrative expenses and ongoing ***program*** management oversight as authorized under sections 5334 and 5338(f)(2) of such title and shall be in addition to any other appropriations for such purpose: Provided further, That such amounts are designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Maritime Administration operations and training For an additional amount for ``Operations and Training'', $10,000,000, to remain available until expended, for necessary expenses, including for dredging, related to damage to Maritime Administration facilities resulting from Hurricane Harvey: Provided, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Community Planning and Development community development fund (including ***transfers*** of funds) For an additional amount for ``Community Development Fund'', $26,060,000,000, to remain available until expended, for necessary expenses for activities authorized under title I of the Housing and Community Development Act of 1974 (42 U.S.C 5301 et seq.) related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the most impacted and distressed areas resulting from a major disaster declared in 2017 (except as otherwise provided under this heading) pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.): Provided, That funds shall be awarded directly to the State, unit of general local government, or Indian tribe (as such term is defined in section 102 of the Housing and Community Development Act of 1974) at the discretion of the Secretary: Provided further, That of the amounts made available under this heading, up to $13,560,000,000 shall be allocated to meet unmet needs for grantees that have received or will receive allocations for major disasters declared in 2017, and that such allocations shall include the States and units of local government affected by Hurricane Maria: Provided further, That of the amounts made available under this heading, no less than $12,500,000,000 shall be allocated for mitigation activities to all grantees of funding provided under this heading, the same heading in chapter 9 of title X of division A of Public Law 113-2, section 420 of division L of Public Law 114-113, section 145 of division C of Public Law 114-223, section 192 of division C of Public Law 114-223 (as added by section 101(3) of division A of Public Law 114- 254), section 421 of division K of Public Law 115-31, and the same heading in division B of Public Law 115-56, and that such mitigation activities shall be subject to the same terms and conditions of this heading, as determined by the Secretary: Provided further, That all such grantees shall receive an allocation of funds under the preceding proviso in the same proportion that the amount of funds each grantee received or will receive under the second proviso of this heading or the headings and sections specified in the previous proviso bears to the amount of all funds provided to all grantees specified in the previous proviso: Provided further, That of the amounts made available under the second and third provisos of this heading, the Secretary shall allocate to all such grantees an aggregate amount of not less than 33 percent of each such amount of funds provided under this heading within 60 days after the date of enactment of this Act based on the best available data: Provided further, That the Secretary shall not prohibit the use of funds made available under this heading and the same heading in division B of Public Law 115-56 for non-federal share as authorized by section 105(a)(9) of the Housing and Community Development Act of 1974 (42 U.S.C 5305(a)(9)): Provided further, That of the amounts made available under this heading, grantees may establish grant ***programs*** to assist small businesses to recover from economic losses: Provided further, That as a condition of making any grant, the Secretary shall certify in advance that such grantee has in place proficient financial controls and procurement processes and has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5155), to ensure timely expenditure of funds, to maintain comprehensive websites regarding all disaster recovery activities assisted with these funds, and to detect and prevent waste, fraud, and abuse of funds: Provided further, That the Secretary shall require grantees to maintain on a public website information containing common reporting criteria established by the Department that permits individuals and entities awaiting assistance and the general public to see how all grant funds are used, including copies of all relevant procurement documents, grantee administrative contracts and details of ongoing procurement processes, as determined by the Secretary: Provided further, That prior to the obligation of funds a grantee shall submit a [[Page H10374]] plan to the Secretary for approval detailing the proposed use of all funds, including criteria for eligibility and how the use of these funds will address long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the most impacted and distressed areas: Provided further, That such funds may not be used for activities reimbursable by, or for which funds are made available by, the Federal Emergency Management Agency or the Army Corps of Engineers: Provided further, That funds allocated under this heading shall not be considered relevant to the non-disaster formula allocations made pursuant to section 106 of the Housing and Community Development Act of 1974 (42 U.S.C 5306): Provided further, That a State, unit of general local government, or Indian tribe may use up to 5 percent of its allocation for administrative costs: Provided further, That the sixth proviso under this heading in the Supplemental Appropriations for Disaster Relief Requirements, 2017 (division B of Public Law 115-56) is amended by striking ``State or subdivision thereof'' and inserting ``State, unit of general local government, or Indian tribe (as such term is defined in section 102 of the Housing and Community Development Act of 1974 (42 U.S.C 5302))'': Provided further, That in administering the funds under this heading, the Secretary of Housing and Urban Development may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or the use by the recipient of these funds (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment), if the Secretary finds that good cause exists for the waiver or alternative requirement and such waiver or alternative requirement would not be inconsistent with the overall purpose of title I of the Housing and Community Development Act of 1974: Provided further, That, notwithstanding the preceding proviso, recipients of funds provided under this heading that use such funds to supplement Federal assistance provided under section 402, 403, 404, 406, 407, 408(c)(4), or 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.) may adopt, without review or public comment, any environmental review, approval, or permit performed by a Federal agency, and such adoption shall satisfy the responsibilities of the recipient with respect to such environmental review, approval or permit: Provided further, That, notwithstanding section 104(g)(2) of the Housing and Community Development Act of 1974 (42 U.S.C 5304(g)(2)), the Secretary may, upon receipt of a request for release of funds and certification, immediately approve the release of funds for an activity or project assisted under this heading if the recipient has adopted an environmental review, approval or permit under the preceding proviso or the activity or project is categorically excluded from review under the National Environmental Policy Act of 1969 (42 U.S.C 4321 et seq.): Provided further, That the Secretary shall publish via notice in the Federal Register any waiver, or alternative requirement, to any statute or regulation that the Secretary administers pursuant to title I of the Housing and Community Development Act of 1974 no later than 5 days before the effective date of such waiver or alternative requirement: Provided further, That the eighth proviso under this heading in the Supplemental Appropriations for Disaster Relief Requirements, 2017 (division B of Public Law 115-56) is amended by inserting ``408(c)(4),'' after ``407,'': Provided further, That of the amounts made available under this heading, up to $10,000,000 shall be made available for capacity building and technical assistance, including assistance on contracting and procurement processes, to support States, units of general local government, or Indian tribes (and their subrecipients) that receive allocations pursuant to this heading, received disaster recovery allocations under the same heading in Public Law 115-56, or may receive similar allocations for disaster recovery in future appropriations Acts: Provided further, That of the amounts made available under this heading, up to $10,000,000 shall be ***transferred***, in aggregate, to ``Department of Housing and Urban Development--***Program*** Office Salaries and Expenses--Community Planning and Development'' for necessary costs, including information technology costs, of administering and overseeing the obligation and expenditure of amounts under this heading: Provided further, That the amount specified in the preceding proviso shall be combined with funds appropriated under the same heading and for the same purpose in Public Law 115-56 and the aggregate of such amounts shall be available for any of the purposes specified under this heading or the same heading in Public Law 115-56 without limitation: Provided further, That of the funds made available under this heading, $10,000,000 shall be ***transferred*** to the Office of the Inspector General for necessary costs of overseeing and auditing funds made available under this heading: Provided further, That any funds made available under this heading that remain available, after the other funds under such heading have been allocated for necessary expenses for activities authorized under such heading, shall be used for additional activities, including mitigation, in the most impacted and distressed areas resulting from major disasters declared in 2011 and subsequent ***years***: Provided further, That such remaining funds shall be awarded to grantees of funding provided for disaster relief under this heading, the same heading in chapter 9 of title X of division A of Public Law 113-2, section 420 of division L of Public Law 114-113, section 145 of division C of Public Law 114-223, section 192 of division C of Public Law 114-223 (as added by section 101(3) of division A of Public Law 114-254), section 421 of division K of Public Law 115-31, and the same heading in division B of Public Law 115- 56, subject to the same terms and conditions under this heading and such headings and sections respectively: Provided further, That each such grantee shall receive an allocation from such remaining funds in the same proportion that the amount of funds such grantee received under the second proviso under this heading and under the Acts specified in the previous proviso bears to the amount of all funds provided to all grantees specified in the previous proviso: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. TITLE XII GENERAL PROVISIONS--THIS DIVISION Sec. 1201. Each amount appropriated or made available by this division is in addition to amounts otherwise appropriated for the fiscal ***year*** involved. Sec. 1202. No part of any appropriation contained in this division shall remain available for obligation beyond the current fiscal ***year*** unless expressly so provided herein. Sec. 1203. Unless otherwise provided for by this division, the additional amounts appropriated by this division to appropriations accounts shall be available under the authorities and conditions applicable to such appropriations accounts for fiscal ***year*** 2018. Sec. 1204. The terms and conditions applicable to the funds provided in this division, including those provided by this title, shall also apply to the funds made available in division B of Public Law 115-56 and in division A of Public Law 115-72. Sec. 1205. Each amount designated in this division by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be available only if the President subsequently so designates all such amounts and transmits such designations to the Congress. Sec. 1206. (a) Section 305 of division A of the Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115-72) is amended-- (1) in subsection (a)-- (A) by striking ``(1) Not later than December 31, 2017,'' and inserting ``Not later than March 31, 2018,''; and (B) by striking paragraph (2); and (2) in subsection (b), by striking ``receiving funds under this division'' and inserting ``expending more than $10,000,000 of funds provided by this division and division B of Public Law 115-56 in any one fiscal ***year***''. (b) Section 305 of division A of the Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2017 (Public Law 115-72), as amended by this section, shall apply to funds appropriated by this division as if they had been appropriated by that division. (c) In order to proactively prepare for oversight of future disaster relief funding, not later than one ***year*** after the date of enactment of this Act, the Director of the Office of Management and Budget shall issue standard guidance for Federal agencies to use in designing internal control plans for disaster relief funding. This guidance shall leverage existing internal control review processes and shall include, at a minimum, the following elements: (1) Robust criteria for identifying and documenting incremental risks and mitigating controls related to the funding. (2) Guidance for documenting the linkage between the incremental risks related to disaster funding and efforts to address known internal control risks. Sec. 1207. Any agency or department provided funding in excess of $3,000,000,000 by this division, including the Federal Emergency Management Agency, the Department of Housing and Urban Development, and the Corps of Engineers, is directed to provide a report to the Committee on Appropriations of the House of Representatives regarding its efforts to provide adequate resources and technical assistance for small, low-income communities affected by natural disasters. Sec. 1208. (a) Not later than 180 days after the date of enactment of this Act and in coordination with the Administrator of the Federal Emergency Management Agency, with support and contributions from the Secretary of the Treasury, the Secretary of Energy, and other Federal agencies having responsibilities defined under the National Disaster Recovery Framework, the Governor of the Commonwealth of Puerto Rico shall submit to Congress a report describing the Commonwealth's 12- and 24-month economic and disaster recovery plan that-- (1) defines the priorities, goals, and expected outcomes of the recovery effort for the Commonwealth, based on damage assessments prepared pursuant to Federal law, if applicable, including-- (A) housing; (B) economic issues, including workforce development and industry expansion and cultivation; (C) health and social services; (D) natural and cultural resources; (E) governance and civic institutions; (F) electric power systems and grid restoration; [[Page H10375]] (G) environmental issues, including solid waste facilities; and (H) other infrastructure systems, including repair, restoration, replacement, and improvement of public infrastructure such water and wastewater treatment facilities, communications networks, and transportation infrastructure; (2) is consistent with-- (A) the Commonwealth's fiscal capacity to provide long-term operation and maintenance of rebuilt or replaced assets; (B) alternative procedures and associated programmatic guidance adopted by the Administrator of the Federal Emergency Management Administration pursuant to section 428 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5189f); and (C) actions as may be necessary to mitigate vulnerabilities to future extreme weather events and natural disasters and increase community resilience, including encouraging the adoption and enforcement of the latest published editions of relevant consensus-based codes, specifications, and standards that incorporate the latest hazard-resistant designs and establish minimum acceptable criteria for the design, construction, and maintenance of residential structures and facilities for the purpose of protecting the health, safety, and general welfare of the buildings' users against disasters; (3) promotes transparency and accountability through appropriate public notification, outreach, and hearings; (4) identifies performance metrics for assessing and reporting on the progress toward achieving the Commonwealth's recovery goals, as identified under paragraph (1); (5) is developed in coordination with the Oversight Board established under PROMESA; and (6) is certified by that Oversight Board to be consistent with the purpose set forth in section 101(a) of PROMESA (48 U.S.C 2121(a)). (b) At the end of every 30-day period before the submission of the report described in subsection (a), the Governor of the Commonwealth of Puerto Rico, in coordination with the Administrator of the Federal Emergency Management Agency, shall provide to Congress interim status updates on progress developing such report. (c) At the end of every 180-day period after the submission of the report described in subsection (a), the Governor of the Commonwealth of Puerto Rico, in coordination with the Administrator of the Federal Emergency Management Agency, shall make public a report on progress achieving the goals set forth in such report. (d) During the development, and after the submission, of the report require by in subsection (a), the Oversight Board may provide to Congress reports on the status of coordination with the Governor of Puerto Rico. (e) Amounts made available by this division to a covered territory for response to or recovery from Hurricane Irma or Hurricane Maria in an aggregate amount greater than $10,000,000 may be reviewed by the Oversight Board under the Oversight Board's authority under 204(b)(2) of PROMESA (48 U.S.C 2144(b)(2)). (f) When developing a Fiscal Plan while the recovery plan required under subsection (a) is in development and in effect, the Oversight Board shall use and incorporate, to the greatest extent feasible, damage assessments prepared pursuant to Federal law. (g) For purposes of this section, the terms ``covered territory'' and ``Oversight Board'' have the meaning given those term in section 5 of PROMESA (48 U.S.C 2104). This division may be cited as the ``Further Additional Supplemental Appropriations for Disaster Relief Requirements, 2017''. DIVISION B--DISASTER RECOVERY REFORM ACT Sec. 2001. Applicability. Sec. 2002. State defined. Sec. 2003. Wildfire prevention. Sec. 2004. Additional activities. Sec. 2005. Eligibility for code implementation and enforcement. Sec. 2006. ***Program*** improvements. Sec. 2007. Prioritization of facilities. Sec. 2008. Guidance on evacuation routes. Sec. 2009. Duplication of benefits. Sec. 2010. State administration of assistance for direct temporary housing and permanent housing construction. Sec. 2011. Assistance to individuals and households. Sec. 2012. Multifamily lease and repair assistance. Sec. 2013. Federal disaster assistance nonprofit fairness. Sec. 2014. Management costs. Sec. 2015. Flexibility. Sec. 2016. Additional disaster assistance. Sec. 2017. National veterinary emergency teams. Sec. 2018. Dispute resolution pilot ***program***. Sec. 2019. Emergency relief. Sec. 2020. Unified Federal environmental and historic preservation review. Sec. 2021. Closeout incentives. Sec. 2022. Performance of services. Sec. 2023. Study to streamline and consolidate information collection. Sec. 2024. Agency accountability. Sec. 2025. Audit of contracts. Sec. 2026. Inspector general audit of FEMA contracts for tarps and plastic sheeting. Sec. 2027. Relief organizations. Sec. 2028. Guidance on inundated and submerged roads. Sec. 2029. Authorities. Sec. 2030. Recoupment of certain assistance prohibited. Sec. 2031. Statute of limitations. Sec. 2032. Technical assistance and recommendations. Sec. 2033. Guidance on hazard mitigation assistance. Sec. 2034. Local impact. Sec. 2035. Additional hazard mitigation activities. Sec. 2036. National public infrastructure predisaster hazard mitigation. Sec. 2037. Additional mitigation activities. Sec. 2038. Federal cost-share adjustments for repair, restoration, and replacement of damaged facilities. SEC. 2001. APPLICABILITY. Except as otherwise expressly provided, the amendments in this division to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.) apply to each major disaster and emergency declared by the President on or after August 1, 2017, under such Act. SEC. 2002. STATE DEFINED. In this division, the term ``State'' has the meaning given that term in section 102(4) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122(4)). SEC. 2003. WILDFIRE PREVENTION. (a) Mitigation Assistance.--Section 420 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5187) is amended-- (1) by redesignating subsection (d) as subsection (e); and (2) by inserting after subsection (c) the following: ``(d) Hazard Mitigation Assistance.--Whether or not a major disaster is declared, the President may provide hazard mitigation assistance in accordance with section 404 in any area affected by a fire for which assistance was provided under this section.''. (b) Conforming Amendments.--The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.) is amended-- (1) in section 404(a) (42 U.S.C 5170c(a)) (as amended by section 37(a) of this Act)-- (A) by inserting before the first period ``, or any area affected by a fire for which assistance was provided under section 420''; and (B) in the third sentence by inserting ``or event under section 420'' after ``major disaster'' each place it appears; and (2) in section 322(e)(1) (42 U.S.C 5165(e)(1)), by inserting ``or event under section 420'' after ``major disaster'' each place it appears. (c) Reporting Requirement.--Not later than 1 ***year*** after the date of enactment of this Act and annually thereafter, the Administrator of the Federal Emergency Management Agency shall submit to the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Transportation and Infrastructure of the House of Representatives, and the Appropriations Committees of the Senate and the House of Representatives a report containing a summary of any projects carried out, and any funding provided to those projects, under subsection (d) of section 420 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5187) (as amended by this section). SEC. 2004. ADDITIONAL ACTIVITIES. Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170c) is amended by adding at the end the following: ``(f) Use of Assistance.--Recipients of hazard mitigation assistance provided under this section and section 203 may use the assistance to conduct activities to help reduce the risk of future damage, hardship, loss, or suffering in any area affected by a wildfire or windstorm, including-- ``(1) reseeding ground cover with quick-growing or native species; ``(2) mulching with straw or chipped wood; ``(3) constructing straw, rock, or log dams in small tributaries to prevent flooding; ``(4) placing logs and other erosion barriers to catch sediment on hill slopes; ``(5) installing debris traps to modify road and trail drainage mechanisms; ``(6) modifying or removing culverts to allow drainage to flow freely; ``(7) adding drainage dips and constructing emergency spillways to keep roads and bridges from washing out during floods; ``(8) planting grass to prevent the spread of noxious weeds; ``(9) installing warning signs; ``(10) establishing defensible space measures; ``(11) reducing hazardous fuels; and ``(12) windstorm damage, including replacing or installing electrical transmission or distribution utility pole structures with poles that are resilient to extreme wind and combined ice and wind loadings for the basic wind speeds and ice conditions associated with the relevant location.''. SEC. 2005. ELIGIBILITY FOR CODE IMPLEMENTATION AND ENFORCEMENT. Section 406(a)(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172(a)(2)) is amended-- (1) by striking ``and'' at the end of subparagraph (B); (2) by striking the period at the end of subparagraph (C) and inserting ``; and''; and (3) by adding at the end the following: ``(D) base and overtime wages for extra hires to facilitate the implementation and enforcement of adopted building codes for a [[Page H10376]] period of not more than 180 days after the major disaster is declared.''. SEC. 2006. ***PROGRAM*** IMPROVEMENTS. (a) Hazard Mitigation.--Section 406(c) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172(c)) is amended-- (1) in paragraph (1)(A), by striking ``90 percent of''; and (2) in paragraph (2)(A), by striking ``75 percent of''. (b) Participation.--Section 428(d) of such Act (42 U.S.C 5189f) is amended-- (1) by inserting ``(1) In general.--'' before ``Participation in''; and (2) by adding at the end the following: ``(2) No conditions.--The President may not condition the provision of Federal assistance under this Act on the election by a State, Tribal, or local government, or owner or operator of a private nonprofit facility to participate in the alternative procedures adopted under this section.''. (c) Certification.--Section 428(e)(1) of such Act (42 U.S.C 5189f(e)(1)) is amended-- (1) in subparagraph (E), by striking ``and'' at the end; (2) in subparagraph (F), by striking the period and inserting ``; and''; and (3) by adding at the end the following: ``(G) once certified by a professionally licensed engineer and accepted by the Administrator, the estimates on which grants made pursuant to this section are based shall be presumed to be reasonable and eligible costs, as long as there is no evidence of fraud.''. SEC. 2007. PRIORITIZATION OF FACILITIES. Not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Emergency Management Agency shall provide guidance and training on an annual basis to State, Tribal, and local governments, first responders, and utility companies on-- (1) the need to prioritize assistance to hospitals, nursing homes, and other long-term care facilities to ensure that such health care facilities remain functioning or return to functioning as soon as practicable during power outages caused by natural hazards, including severe weather events; and (2) how hospitals, nursing homes and other long-term care facilities should adequately prepare for power outages during a major disaster or emergency. SEC. 2008. GUIDANCE ON EVACUATION ROUTES. (a) In General.-- (1) Identification.--The Administrator of the Federal Emergency Management Agency, in coordination with the Administrator of the Federal Highway Administration, shall develop and issue guidance for State, local, and Tribal governments regarding the identification of evacuation routes. (2) Guidance.--The Administrator of the Federal Highway Administration, in coordination with the Administrator of the Federal Emergency Management Agency, shall revise existing guidance or issue new guidance as appropriate for State, local, and Tribal governments regarding the design, construction, maintenance, and repair of evacuation routes. (b) Considerations.-- (1) Identification.--In developing the guidance under subsection (a)(1), the Administrator of the Federal Emergency Management Agency shall consider-- (A) whether evacuation routes have resisted impacts and recovered quickly from disasters, regardless of cause; (B) the need to evacuate special needs populations, including-- (i) individuals with a physical or mental disability; (ii) individuals in schools, daycare centers, mobile home parks, prisons, nursing homes and other long-term care facilities, and detention centers; (iii) individuals with limited-English proficiency; (iv) the elderly; and (v) individuals who are tourists, seasonal workers, or homeless; (C) the sharing of information and other public communications with evacuees during evacuations; (D) the sheltering of evacuees, including the care, protection, and sheltering of animals; (E) the return of evacuees to their homes; and (F) such other items the Administrator considers appropriate. (2) Design, construction, maintenance, and repair.--In revising or issuing guidance under (a)(2), the Administrator of the Federal Highway Administration shall consider-- (A) methods that assist evacuation routes to-- (i) withstand likely risks to viability, including flammability and hydrostatic forces; (ii) improve durability, strength (including the ability to withstand tensile stresses and compressive stresses), and sustainability; and (iii) provide for long-term cost savings; (B) the ability of evacuation routes to effectively manage contraflow operations; (C) for evacuation routes on public lands, the viewpoints of the applicable Federal land management agency regarding emergency operations, sustainability, and resource protection; and (D) such other items the Administrator considers appropriate. SEC. 2009. DUPLICATION OF BENEFITS. (a) In General.--Section 312(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5155(b)) is amended by adding at the end the following: ``(4) Waiver of general prohibition.-- ``(A) In general.--The President may waive the general prohibition provided in subsection (a) upon request of a Governor on behalf of the State or on behalf of a person, business concern, or any other entity suffering losses as a result of a major disaster or emergency, if the President finds such waiver is in the public interest and will not result in waste, fraud, or abuse. In making this decision, the President may consider the following: ``(i) The recommendations of the Administrator of the Federal Emergency Management Agency made in consultation with the Federal agency or agencies administering the duplicative ***program***. ``(ii) If a waiver is granted, the assistance to be funded is cost effective. ``(iii) Equity and good conscience. ``(iv) Other matters of public policy considered appropriate by the President. ``(B) Grant or denial of waiver.--A request under subparagraph (A) shall be granted or denied not later than 45 days after submission of such request. ``(C) Prohibition on determination that loan is a duplication.--Notwithstanding subsection (c), in carrying out subparagraph (A), the President may not determine that a loan is a duplication of assistance, provided that all Federal assistance is used toward a loss suffered as a result of the major disaster or emergency.''. (b) Funding of a Federally Authorized Water Resources Development Project.-- (1) Eligible activities.--Notwithstanding section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5155) and its implementing regulations, assistance provided pursuant to section 404 of such Act may be used to fund activities authorized for construction within the scope of a federally authorized water resources development project of the Army Corps of Engineers if such activities are also eligible activities under such section. (2) Federal funding.--All Federal funding provided under section 404 pursuant to this section shall be applied toward the Federal share of such project. (3) Non-federal match.--All non-Federal matching funds required under section 404 pursuant to this section shall be applied toward the non-Federal share of such project. (4) Total federal share.--Funding provided under section 404 pursuant to this section may not exceed the total Federal share for such project. (5) No effect.--Nothing in this section shall-- (A) affect the cost-share requirement of a hazard mitigation measure under section 404; (B) affect the eligibility criteria for a hazard mitigation measure under section 404; (C) affect the cost share requirements of a federally authorized water resources development project; and (D) affect the responsibilities of a non-Federal interest with respect to the project, including those related to the provision of lands, easements, rights-of-way, dredge material disposal areas, and necessary relocations. (c) Applicability.--This section shall apply to each disaster and emergency declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5121 et seq.) after January 1, 2016. SEC. 2010. STATE ADMINISTRATION OF ASSISTANCE FOR DIRECT TEMPORARY HOUSING AND PERMANENT HOUSING CONSTRUCTION. Section 408(f) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(f)) is amended-- (1) in paragraph (1), by striking the paragraph heading and inserting ``State- or tribal-administered assistance and other needs assistance.--''; (2) in paragraph (1)(A)-- (A) by striking ``financial''; and (B) by striking ``subsection (e)'' and inserting ``subsections (c)(1)(B), (c)(4), and (e) if the President and the State or Tribal government comply, as determined by the Administrator, with paragraph (3)''; (3) in paragraph (1)(B)-- (A) by striking ``financial''; and (B) by striking ``subsection (e)'' and inserting ``subsections (c)(1)(B), (c)(4), and (e)''; and (4) by adding at the end the following: ``(3) In general.-- ``(A) Application.--A State or Tribal government desiring to provide assistance under subsection (c)(1)(B), (c)(4), or (e) shall submit to the President an application for a grant to provide financial assistance under the ***program***. ``(B) Criteria.--The President, in consultation and coordination with State, Tribal, and local governments, shall establish criteria for the approval of applications submitted under subparagraph (A). The criteria shall include, at a minimum-- ``(i) the demonstrated ability of the State or Tribal government to manage the ***program*** under this section; ``(ii) there being in effect a plan approved by the President as to how the State or Tribal government will comply with applicable Federal laws and regulations and how the State or Tribal government will provide assistance under its plan; ``(iii) a requirement that the State, Tribal, or local government comply with rules and regulations established pursuant to subsection (j); and [[Page H10377]] ``(iv) a requirement that the President, or the designee of the President, comply with subsection (i). ``(C) Quality assurance.--Before approving an application submitted under this section, the President, or the designee of the President, shall institute adequate policies, procedures, and internal controls to prevent waste, fraud, abuse, and ***program*** mismanagement for this ***program*** and for ***programs*** under subsections (c)(1)(B), (c)(4), and (e). The President shall monitor and conduct quality assurance activities on a State or Tribal government's implementation of ***programs*** under subsections (c)(1)(B), (c)(4), and (e). If, after approving an application of a State or Tribal government submitted under this section, the President determines that the State or Tribal government is not administering the ***program*** established by this section in a manner satisfactory to the President, the President shall withdraw the approval. ``(D) Audits.--The Office of the inspector general shall provide for periodic audits of the ***programs*** administered by States and Tribal governments under this subsection. ``(E) Applicable laws.--All Federal laws applicable to the management, administration, or contracting of the ***programs*** by the Federal Emergency Management Agency under this section shall be applicable to the management, administration, or contracting by a non-Federal entity under this section. ``(F) Report.--Not later than 18 months after the date of enactment of this paragraph, the inspector general of the Department of Homeland Security shall submit a report to the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives on the State or Tribal government's role to provide assistance under this section. The report shall contain an assessment of the effectiveness of the State or Tribal government's role to provide assistance under this section, including-- ``(i) whether the State or Tribal government's role helped to improve the general speed of disaster recovery; ``(ii) whether the State or Tribal government providing assistance under this section had the capacity to administer this section; and ``(iii) recommendations for changes to improve the ***program*** if the State or Tribal government's role to administer the ***programs*** should be continued. ``(G) Prohibition.--The President may not condition the provision of Federal assistance under this Act by a State or Tribal government requesting a grant under this section. ``(H) Miscellaneous.-- ``(i) Notice and comment.--The Administrator may waive notice and comment rulemaking, if the Administrator determines doing so is necessary to expeditiously implement this section, and may carry out this section as a pilot ***program*** until such regulations are promulgated. ``(ii) Final rule.--Not later than 2 ***years*** after the date of enactment of this paragraph, the Administrator shall issue final regulations to implement this subsection as amended by the Disaster Recovery Reform Act. ``(iii) Waiver and expiration.--The authority under clause (i) and any pilot ***program*** implemented pursuant to such clause shall expire 2 ***years*** after the date of enactment of this paragraph or upon issuance of final regulations pursuant to clause (ii), whichever occurs sooner.''. SEC. 2011. ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS. Section 408(h) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(h)) is amended-- (1) in paragraph (1), by inserting ``, excluding financial assistance to rent alternate housing accommodations under subsection (c)(1)(A)(i) and financial assistance to address other needs under subsection (e)'' after ``disaster''; (2) by redesignating paragraph (2) as paragraph (3); (3) by inserting after paragraph (1) the following: ``(2) Other needs assistance.--The maximum financial assistance any individual or household may receive under subsection (e) shall be equivalent to the amount set forth in paragraph (1) with respect to a single major disaster.''; (4) in paragraph (3) (as so redesignated), by striking ``paragraph (1)'' and inserting ``paragraphs (1) and (2)''; and (5) by inserting after paragraph (3) (as so redesignated) the following: ``(4) Exclusion of necessary expenses for individuals with disabilities.-- ``(A) The maximum amount of assistance established under paragraph (1) shall exclude expenses to repair or replace damaged accessibility-related improvements under paragraphs (2), (3), and (4) of subsection (c) for individuals with disabilities. ``(B) The maximum amount of assistance established under paragraph (2) shall exclude expenses to repair or replace accessibility-related personal property under subsection (e)(2) for individuals with disabilities.''. SEC. 2012. MULTIFAMILY LEASE AND REPAIR ASSISTANCE. (a) Lease and Repair of Rental Units for Temporary Housing.--Section 408(c)(1)(B)(ii)(II) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(c)(1)(B)(ii)(II)) is amended to read as follows: ``(II) Improvements or repairs.--Under the terms of any lease agreement for property entered into under this subsection, the value of the improvements or repairs shall be deducted from the value of the lease agreement.''. (b) Rental Properties Impacted.--Section 408(c)(1)(B)(ii)(I)(aa) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(c)(1)(B)(ii)(I)(aa)) is amended to read as follows: ``(aa) enter into lease agreements with owners of multifamily rental property impacted by a major disaster or located in areas covered by a major disaster declaration to house individuals and households eligible for assistance under this section; and''. (c) Inspector General Report.--Not later than 2 ***years*** after the date of the enactment of this Act, the inspector general of the Department of Homeland Security shall assess the use of the authority provided under section 408(c)(1)(B) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174(c)(1)(B)), including the adequacy of any benefit-cost analysis done to justify the use of this alternative, and submit a report on the results of that review to the appropriate committees of Congress. SEC. 2013. FEDERAL DISASTER ASSISTANCE NONPROFIT FAIRNESS. (a) Definition of Private Nonprofit Facility.--Section 102(11)(B) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122(11)(B)) is amended to read as follows: ``(B) Additional facilities.--In addition to the facilities described in subparagraph (A), the term `private nonprofit facility' includes any private nonprofit facility that provides essential services of a governmental nature to the general public (including museums, zoos, performing arts facilities, community arts centers, community centers, houses of worship exempt from taxation under section 501(c) of the Internal Revenue Code of 1986, libraries, homeless shelters, senior citizen centers, rehabilitation facilities, shelter workshops, food banks, broadcasting facilities, and facilities that provide health and safety services of a governmental nature), as defined by the President.''. (b) Repair, Restoration, and Replacement of Damaged Facilities.--Section 406(a)(3) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172(a)(3)) is amended by adding at the end the following: ``(C) Houses of worship.-- ``(i) In general.--A church, synagogue, mosque, temple, or other house of worship, and a private nonprofit facility operated by a religious organization, shall be eligible for contributions under paragraph (1)(B) (subject to paragraph (3)(A)), without regard to the religious character of the facility or the primary religious use of the facility. ``(ii) Limitations.--Notwithstanding clause (i), in spaces dedicated to or primarily used for religious purposes, contributions under paragraph (1)(B) shall only be used to cover costs of purchasing or replacing, without limitation, the building structure, building enclosure components, building envelope, vertical and horizontal circulation, physical plant support spaces, electrical, plumbing, and mechanical systems (including heating, ventilation, air- conditioning, and fire and life safety systems), and related site improvements.''. (c) Applicability.--This section and the amendments made by this section shall apply to the provision of assistance in response to a major disaster or emergency declared on or after October 28, 2012. SEC. 2014. MANAGEMENT COSTS. Section 324 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5165b) is amended-- (1) in subsection (a) by striking ``any administrative expense, and any other expense not directly chargeable to'' and inserting ``direct administrative cost, and any other administrative expense associated with''; and (2) in subsection (b)-- (A) by striking ``Notwithstanding'' and inserting the following: ``(1) In general.--Notwithstanding''; (B) by striking ``establish'' and inserting the following: ``implement''; and (C) by adding at the end the following: ``(2) Specific management costs.--The Administrator shall provide the following percentage rates, in addition to the eligible project costs, to cover direct and indirect costs of administering the following ***programs***: ``(A) Hazard mitigation.--A grantee under section 404 may be reimbursed not more than 15 percent of the total amount of the grant award under such section of which not more than 10 percent may be used by the grantee and 5 percent by the subgrantee for such costs. ``(B) Public assistance.--A grantee under sections 403, 406, 407, and 502 may be reimbursed not more than 12 percent of the total award amount under such sections, of which not more than 7 percent may be used by the grantee and 5 percent by the subgrantee for such costs.''. SEC. 2015. FLEXIBILITY. (a) Definition.--In this section, the term ``covered assistance'' means assistance provided-- (1) under section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174); and [[Page H10378]] (2) in relation to a major disaster or emergency declared by the President under section 401 or 501 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170; 42 U.S.C 5191) on or after October 28, 2012. (b) Waiver Authority.--Notwithstanding section 3716(e) of title 31, United States Code, the Administrator of the Federal Emergency Management Agency-- (1) subject to paragraph (2), may waive a debt owed to the United States related to covered assistance provided to an individual or household if-- (A) the covered assistance was distributed based on an error by the Federal Emergency Management Agency; (B) there was no fault on behalf of the debtor; and (C) the collection of the debt would be against equity and good conscience; and (2) may not waive a debt under paragraph (1) if the debt involves fraud, the presentation of a false claim, or misrepresentation by the debtor or any party having an interest in the claim. (c) Monitoring of Covered Assistance Distributed Based on Error.-- (1) In general.--The inspector general of the Department of Homeland Security shall monitor the distribution of covered assistance to individuals and households to determine the percentage of such assistance distributed based on an error. (2) Removal of waiver authority based on excessive error rate.--If the inspector general determines, with respect to any 12-month period, that the amount of covered assistance distributed based on an error by the Federal Emergency Management Agency exceeds 4 percent of the total amount of covered assistance distributed-- (A) the inspector general shall notify the Administrator and publish the determination in the Federal Register; and (B) with respect to any major disaster or emergency declared by the President under section 401 or section 501, respectively, of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170; 42 U.S.C 5191) after the date on which the determination is published under subparagraph (A), the authority of the Administrator to waive debt under subsection (b) shall no longer be effective. SEC. 2016. ADDITIONAL DISASTER ASSISTANCE. (a) Disaster Mitigation.--Section 209 of the Public Works and Economic Development Act of 1965 (42 U.S.C 3149) is amended by adding at the end the following: ``(e) Disaster Mitigation.--In providing assistance pursuant to subsection (c)(2), if appropriate and as applicable, the Secretary may encourage hazard mitigation in assistance provided pursuant to such subsection.''. (b) Emergency Management Assistance Compact Grants.-- Section 661(d) of the Post-Katrina Emergency Management Reform Act of 2006 (6 U.S.C 761(d)) is amended by striking ``for fiscal ***year*** 2008'' and inserting ``for each of fiscal ***years*** 2018 through 2022''. (c) Emergency Management Performance Grants ***Program***.-- Section 662(f) of the Post-Katrina Emergency Management Reform Act of 2006 (6 U.S.C 762(f)) is amended by striking ``the ***program***'' and all that follows through ``2012'' and inserting ``the ***program***, for each of fiscal ***years*** 2018 through 2022''. (d) Technical Amendment.--Section 403(a)(3) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170b(a)(3)) is amended by striking the second subparagraph (J). SEC. 2017. NATIONAL VETERINARY EMERGENCY TEAMS. (a) In General.--The Administrator of the Federal Emergency Management Agency may establish one or more national veterinary emergency teams at accredited colleges of veterinary medicine. (b) Responsibilities.--A national veterinary emergency team shall-- (1) deploy with a team of the National Urban Search and Rescue Response System to assist with-- (A) veterinary care of canine search teams; (B) locating and treating companion animals, service animals, livestock, and other animals; and (C) surveillance and treatment of zoonotic diseases; (2) recruit, train, and certify veterinary professionals, including veterinary students, in accordance with an established set of plans and standard operating guidelines to carry out the duties associated with planning for and responding to emergencies as described in paragraph (1); (3) assist State, Tribal, and local governments and nonprofit organizations in developing emergency management and evacuation plans that account for the care and rescue of animals and in improving local readiness for providing veterinary medical response during a disaster; and (4) coordinate with the Department of Homeland Security, the Department of Health and Human Services, the Department of ***Agriculture***, State, Tribal, and local governments (including departments of animal and human health), veterinary and health care professionals, and volunteers. SEC. 2018. DISPUTE RESOLUTION PILOT ***PROGRAM***. Section 1105(c) of the Sandy Recovery Improvement Act of 2013 (42 U.S.C 5189a note) is amended by striking ``2015'' and inserting ``2022''. SEC. 2019. EMERGENCY RELIEF. Notwithstanding any other provision of law, for each of fiscal ***years*** 2018 and 2019, obligations for projects undertaken to respond to damages caused by Hurricanes Irma and Maria shall be excluded from any calculation of total obligations for purposes of section 125(d)(4) of title 23, United States Code. SEC. 2020. UNIFIED FEDERAL ENVIRONMENTAL AND HISTORIC PRESERVATION REVIEW. (a) Review and Analysis.--Not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Emergency Management Agency shall review the Unified Federal Environmental and Historic Preservation review process established pursuant to section 429 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5189g), and submit a report to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate that includes the following: (1) An analysis of whether and how the unified process has expedited the interagency review process to ensure compliance with the environmental and historic requirements under Federal law relating to disaster recovery projects. (2) A survey and analysis of categorical exclusions used by other Federal agencies that may be applicable to any activity related to a Presidentially declared major disaster or emergency under such Act. (3) Recommendations on any further actions, including any legislative proposals, needed to expedite and streamline the review process. (b) Regulations.--After completing the review, survey, and analyses under subsection (a), but not later than 2 ***years*** after the date of enactment of this Act, and after providing notice and opportunity for public comment, the Administrator shall issue regulations to implement any regulatory recommendations, including any categorical exclusions identified under subsection (a), to the extent that the categorical exclusions meet the criteria for a categorical exclusion under section 1508.4 of title 40, Code of Federal Regulations, and section II of DHS Instruction Manual 023-01- 001-01. SEC. 2021. CLOSEOUT INCENTIVES. (a) Facilitating Closeout.--Section 705 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5205) is amended by adding at the end the following: ``(d) Facilitating Closeout.-- ``(1) Incentives.--The Administrator may develop incentives and penalties that encourage State, Tribal, or local governments to close out expenditures and activities on a timely basis related to disaster or emergency assistance. ``(2) Agency requirements.--The Agency shall, consistent with applicable regulations and required procedures, meet its responsibilities to improve closeout practices and reduce the time to close disaster ***program*** awards.''. (b) Regulations.--The Administrator shall issue regulations to implement this section. SEC. 2022. PERFORMANCE OF SERVICES. Section 306 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5149) is amended by adding at the end the following: ``(c) The Administrator of the Federal Emergency Management Agency is authorized to appoint temporary personnel, after serving continuously for 3 ***years***, to positions in the Agency in the same manner that competitive service employees with competitive status are considered for ***transfer***, reassignment, or promotion to such positions. An individual appointed under this subsection shall become a career-conditional employee, unless the employee has already completed the service requirements for career tenure.''. SEC. 2023. STUDY TO STREAMLINE AND CONSOLIDATE INFORMATION COLLECTION. Not later than 1 ***year*** after the date of enactment of this Act, the Administrator of the Federal Emergency Management Agency shall-- (1) in coordination with the Small Business Administration, the Department of Housing and Urban Development, and other appropriate agencies, conduct a study and develop a plan, consistent with law, under which the collection of information from disaster assistance applicants and grantees will be modified, streamlined, expedited, efficient, flexible, consolidated, and simplified to be less burdensome, duplicative, and time consuming for applicants and grantees; (2) in coordination with the Small Business Administration, the Department of Housing and Urban Development, and other appropriate agencies, develop a plan for the regular collection and reporting of information on Federal disaster assistance awarded, including the establishment and maintenance of a website for presenting the information to the public; and (3) submit the plans to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate. SEC. 2024. AGENCY ACCOUNTABILITY. Title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act is amended by adding at the end the following: ``SEC. 430. AGENCY ACCOUNTABILITY. ``(a) Public Assistance.--Not later than 5 days after an award of a public assistance grant is made under section 406 that is in excess of $1,000,000, the Administrator shall publish on the Agency's website the specifics of each such grant award, including-- [[Page H10379]] ``(1) identifying the Federal Emergency Management Agency Region; ``(2) the disaster or emergency declaration number; ``(3) the State, county, and applicant name; ``(4) if the applicant is a private nonprofit organization; ``(5) the damage category code; ``(6) the amount of the Federal share obligated; and ``(7) the date of the award. ``(b) Mission Assignments.-- ``(1) In general.--Not later than 5 days after the issuance of a mission assignment or mission assignment task order, the Administrator shall publish on the Agency's website any mission assignment or mission assignment task order to another Federal department or agency regarding a major disaster in excess of $1,000,000, including-- ``(A) the name of the impacted State or Tribe; ``(B) the disaster declaration for such State or Tribe; ``(C) the assigned agency; ``(D) the assistance requested; ``(E) a description of the disaster; ``(F) the total cost estimate; ``(G) the amount obligated; ``(H) the State or Tribal cost share, if applicable; ``(I) the authority under which the mission assignment or mission assignment task order was directed; and ``(J) if applicable, the date a State or Tribe requested the mission assignment. ``(2) Recording changes.--Not later than 10 days after the last day of each month until a mission assignment or mission assignment task order described in paragraph (1) is completed and closed out, the Administrator shall update any changes to the total cost estimate and the amount obligated. ``(c) Disaster Relief Monthly Report.--Not later than 10 days after the first day of each month, the Administrator shall publish on the Agency's website reports, including a specific description of the methodology and the source data used in developing such reports, including-- ``(1) an estimate of the amounts for the fiscal ***year*** covered by the President's most recent budget pursuant to section 1105(a) of title 31, United States Code, including-- ``(A) the unobligated balance of funds to be carried over from the prior fiscal ***year*** to the budget ***year***; ``(B) the unobligated balance of funds to be carried over from the budget ***year*** to the budget ***year*** plus 1; ``(C) the amount of obligations for noncatastrophic events for the budget ***year***; ``(D) the amount of obligations for the budget ***year*** for catastrophic events delineated by event and by State; ``(E) the total amount that has been previously obligated or will be required for catastrophic events delineated by event and by State for all prior ***years***, the current fiscal ***year***, the budget ***year***, and each fiscal ***year*** thereafter; ``(F) the amount of previously obligated funds that will be recovered for the budget ***year***; ``(G) the amount that will be required for obligations for emergencies, as described in section 102(1), major disasters, as described in section 102(2), fire management assistance grants, as described in section 420, surge activities, and disaster readiness and support activities; and ``(H) the amount required for activities not covered under section 251(b)(2)(D)(iii) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C 901(b)(2)(D)(iii)); and ``(2) an estimate or actual amounts, if available, of the following for the current fiscal ***year*** shall be submitted not later than the fifth day of each month, published by the Administrator on the Agency's website not later than the fifth day of each month: ``(A) A summary of the amount of appropriations made available by source, the ***transfers*** executed, the previously allocated funds recovered, and the commitments, allocations, and obligations made. ``(B) A table of disaster relief activity delineated by month, including-- ``(i) the beginning and ending balances; ``(ii) the total obligations to include amounts obligated for fire assistance, emergencies, surge, and disaster support activities; ``(iii) the obligations for catastrophic events delineated by event and by State; and ``(iv) the amount of previously obligated funds that are recovered. ``(C) A summary of allocations, obligations, and expenditures for catastrophic events delineated by event. ``(D) The cost of the following categories of spending: ``(i) Public assistance. ``(ii) Individual assistance. ``(iii) Mitigation. ``(iv) Administrative. ``(v) Operations. ``(vi) Any other relevant category (including emergency measures and disaster resources) delineated by disaster. ``(E) The date on which funds appropriated will be exhausted. ``(d) Contracts.-- ``(1) Information.--Not later than 10 days after the first day of each month, the Administrator shall publish on the Agency's website the specifics of each contract in excess of $1,000,000 that the Agency enters into, including-- ``(A) the name of the party; ``(B) the date the contract was awarded; ``(C) the amount and scope of the contract; ``(D) if the contract was awarded through competitive bidding process; ``(E) if no competitive bidding process was used, the reason why competitive bidding was not used; and ``(F) the authority used to bypass the competitive bidding process. The information shall be delineated by disaster, if applicable, and specify the damage category code, if applicable. ``(2) Report.--Not later than 10 days after the last day of the fiscal ***year***, the Administrator shall provide a report to the appropriate committees of Congress summarizing the following information for the preceding fiscal ***year***: ``(A) The number of contracts awarded without competitive bidding. ``(B) The reasons why a competitive bidding process was not used. ``(C) The total amount of contracts awarded with no competitive bidding. ``(D) The damage category codes, if applicable, for contracts awarded without competitive bidding.''. SEC. 2025. AUDIT OF CONTRACTS. Notwithstanding any other provision of law, the Administrator of the Federal Emergency Management Agency shall not reimburse a State, Tribe, or local government or the owner or operator of a private nonprofit facility for any activities made pursuant to a contract entered into after August 1, 2017, that prohibits the Administrator or the Comptroller General of the United States from auditing or otherwise reviewing all aspects relating to the contract. SEC. 2026. INSPECTOR GENERAL AUDIT OF FEMA CONTRACTS FOR TARPS AND PLASTIC SHEETING. (a) In General.--Not later than 30 days after the date of enactment of this Act, the inspector general of the Department of Homeland Security shall initiate an audit of the contracts awarded by the Federal Emergency Management Agency (in this section referred to as ``FEMA'') for tarps and plastic sheeting for the Commonwealth of Puerto Rico and the United States Virgin Islands in response to Hurricane Irma and Hurricane Maria. (b) Considerations.--In carrying out the audit under subsection (a), the inspector general shall review-- (1) the contracting process used by FEMA to evaluate offerors and award the relevant contracts to contractors; (2) FEMA's assessment of the past performance of the contractors, including any historical information showing that the contractors had supported large-scale delivery quantities in the past; (3) FEMA's assessment of the capacity of the contractors to carry out the relevant contracts, including with respect to inventory, production, and financial capabilities; (4) how FEMA ensured that the contractors met the terms of the relevant contracts; and (5) whether the failure of the contractors to meet the terms of the relevant contracts and FEMA's subsequent cancellation of the relevant contracts affected the provision of tarps and plastic sheeting to the Commonwealth of Puerto Rico and the United States Virgin Islands. (c) Report.--Not later than 270 days after the date of initiation of the audit under subsection (a), the inspector general shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate a report on the results of the audit, including findings and recommendations. SEC. 2027. RELIEF ORGANIZATIONS. Section 309 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5152) is amended-- (1) in subsection (a), by striking ``and other relief or'' and inserting ``long-term recovery groups, domestic hunger relief, and other relief, or''; and (2) in subsection (b), by striking ``and other relief or'' and inserting ``long-term recovery groups, domestic hunger relief, and other relief, or''. SEC. 2028. GUIDANCE ON INUNDATED AND SUBMERGED ROADS. The Administrator of the Federal Emergency Management Agency, in coordination with the Administrator of the Federal Highway Administration, shall develop and issue guidance for State, local, and Tribal governments regarding repair, restoration, and replacement of inundated and submerged roads damaged or destroyed by a major disaster, and for associated expenses incurred by the Government, with respect to roads eligible for assistance under section 406 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172). SEC. 2029. AUTHORITIES. Notwithstanding any other provision of law, the non- federally funded actions of private parties and State, local, or Tribal governments, on State, local, Tribal, and private land, and the effects of those actions, shall not be attributed to the Federal Emergency Management Agency's actions under the National Flood Insurance Act of 1968 (42 U.S.C 4001 et seq.), the Flood Disaster Protection Act of 1973 (42 U.S.C 4002 et seq.), the Biggert-Waters Flood Insurance Reform Act of 2012 (subtitle A of title II of division F of Public Law 112-141; 126 Stat. 916), and the Homeowner Flood Insurance Affordability Act of 2014 (Public Law 113-89; 128 Stat. 1020) for the purposes of section 7 (16 U.S.C 1536) and section 9 (16 U.S.C 1538) of the Endangered Species Act. Actions taken under the [[Page H10380]] National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973, the Biggert-Waters Flood Insurance Reform Act of 2012, and the Homeowner Flood Insurance Affordability Act of 2014, that may influence private actions do not create a Federal nexus for the purpose of applying the requirements of section 7 of the Endangered Species Act of 1973 (16 U.S.C 1536). SEC. 2030. RECOUPMENT OF CERTAIN ASSISTANCE PROHIBITED. (a) In General.--Notwithstanding section 3716(e) of title 31, United States Code, and unless there is evidence of civil or criminal fraud, the Federal Emergency Management Agency may not take any action to recoup covered assistance from the recipient of such assistance if the receipt of such assistance occurred on a date that is more than 3 ***years*** before the date on which the Federal Emergency Management Agency first provides to the recipient written notification of an intent to recoup. (b) Covered Assistance Defined.--In this section, the term ``covered assistance'' means assistance provided-- (1) under section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5174); and (2) in relation to a major disaster or emergency declared by the President under section 401 or 501 of such Act (42 U.S.C 5170; 42 U.S.C 5191) on or after January 1, 2012. SEC. 2031. STATUTE OF LIMITATIONS. (a) In General.--Section 705 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5205) is amended-- (1) in subsection (a)(1)-- (A) by striking ``Except'' and inserting ``Notwithstanding section 3716(e) of title 31, United States Code, and except''; and (B) by striking ``report for the disaster or emergency'' and inserting ``report for project completion as certified by the grantee''; and (2) in subsection (b)-- (A) in paragraph (1) by striking ``report for the disaster or emergency'' and inserting ``report for project completion as certified by the grantee''; and (B) in paragraph (3) by inserting ``for project completion as certified by the grantee'' after ``final expenditure report''. (b) Applicability.-- (1) In general.--With respect to disaster or emergency assistance provided to a State or local government on or after January 1, 2004-- (A) no administrative action may be taken to recover a ***payment*** of such assistance after the date of enactment of this Act if the action is prohibited under section 705(a)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5205(a)(1)), as amended by subsection (a); and (B) any administrative action to recover a ***payment*** of such assistance that is pending on such date of enactment shall be terminated if the action is prohibited under section 705(a)(1) of that Act, as amended by subsection (a). (2) Limitation.--This section, including the amendments made by this section, may not be construed to invalidate or otherwise affect any administration action completed before the date of enactment of this Act. SEC. 2032. TECHNICAL ASSISTANCE AND RECOMMENDATIONS. (a) Technical Assistance.--The Administrator of the Federal Emergency Management Agency shall provide technical assistance to a common interest community that provides essential services of a governmental nature on actions that a common interest community may take in order to be eligible to receive reimbursement from a grantee that receives funds from the Agency for certain activities performed after an event that results in a disaster declaration. (b) Recommendations.--Not later than 90 days after the date of enactment of this Act, the Administrator shall provide to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate a legislative proposal on how to provide eligibility for disaster assistance with respect to common areas of condominiums and housing cooperatives. SEC. 2033. GUIDANCE ON HAZARD MITIGATION ASSISTANCE. (a) In General.--Not later than 180 days after the date of enactment of this Act, the Administrator of the Federal Emergency Management Agency shall issue guidance regarding the acquisition of property for open space as a mitigation measure under section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170c) that includes-- (1) a process by which the State hazard mitigation officer appointed for such an acquisition shall, not later than 60 days after the applicant for assistance enters into an agreement with the Administrator regarding the acquisition, provide written notification to each affected unit of local government for such acquisition that includes-- (A) the location of the acquisition; (B) the State-local assistance agreement for the hazard mitigation grant ***program***; (C) a description of the acquisition; and (D) a copy of the deed restriction; and (2) recommendations for entering into and implementing a memorandum of understanding between units of local government and covered entities that includes provisions to allow an affected unit of local government notified under paragraph (1) to-- (A) use and maintain the open space created by such a project, consistent with section 404 (including related regulations, standards, and guidance) and consistent with all adjoining property, subject to the notification of the adjoining property, so long as the cost of the maintenance is borne by the local government; and (B) maintain the open space pursuant to standards exceeding any local government standards defined in the agreement with the Administrator described under paragraph (1). (b) Definitions.--In this section the following definitions apply: (1) Affected unit of local government.--The term ``affected unit of local government'' means any entity covered by the definition of local government in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5122), that has jurisdiction over the property subject to the acquisition described in subsection (a). (2) Covered entity.--The term ``covered entity'' means-- (A) the grantee or subgrantee receiving assistance for an open space project described in subsection (a); (B) the State in which such project is located; and (C) the applicable Regional Administrator of the Federal Emergency Management Agency. SEC. 2034. LOCAL IMPACT. In making recommendations to the President regarding a major disaster declaration, the Administrator of the Federal Emergency Management Agency shall give greater weight and consideration to severe local impact or recent multiple disasters. Further, the Administrator shall make corresponding adjustments to the Agency's policies and regulations regarding such consideration. Not later than 1 ***year*** after the date of enactment of this section, the Administrator shall report to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate on the changes made to regulations and policies and the number of declarations that have been declared based on the new criteria. SEC. 2035. ADDITIONAL HAZARD MITIGATION ACTIVITIES. Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170c) is further amended by adding at the end the following: ``(g) Use of Assistance.--Recipients of hazard mitigation assistance provided under this section and section 203 may use the assistance to conduct activities to help reduce the risk of future damage, hardship, loss, or suffering in any area affected by earthquake hazards, including-- ``(1) improvements to regional seismic networks in support of building a capability for earthquake early warning; ``(2) improvements to geodetic networks in support of building a capability for earthquake early warning; and ``(3) improvements to seismometers, Global Positioning System receivers, and associated infrastructure in support of building a capability for earthquake early warning.''. SEC. 2036. NATIONAL PUBLIC INFRASTRUCTURE PREDISASTER HAZARD MITIGATION. (a) Predisaster Hazard Mitigation.--Section 203 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5133) is amended-- (1) in subsection (c) by inserting ``Public Infrastructure'' after ``the National''; (2) in subsection (e)(1)(B)-- (A) by striking ``or'' at the end of clause (ii); (B) by striking the period at the end of clause (iii) and inserting ``; or''; and (C) by adding at the end the following: ``(iv) to establish and carry out enforcement activities to implement the latest published editions of relevant consensus-based codes, specifications, and standards that incorporate the latest hazard-resistant designs and establish minimum acceptable criteria for the design, construction, and maintenance of residential structures and facilities that may be eligible for assistance under this Act for the purpose of protecting the health, safety, and general welfare of the buildings' users against disasters.''; (3) in subsection (f)-- (A) in paragraph (1) by inserting ``for mitigation activities that are cost effective'' after ``competitive basis''; and (B) by adding at the end the following: ``(3) Redistribution of unobligated amounts.--The President may-- ``(A) withdraw amounts of financial assistance made available to a State (including amounts made available to local governments of a State) under this subsection that remain unobligated by the end of the third fiscal ***year*** after the fiscal ***year*** for which the amounts were allocated; and ``(B) in the fiscal ***year*** following a fiscal ***year*** in which amounts were withdrawn under subparagraph (A), add the amounts to any other amounts available to be awarded on a competitive basis pursuant to paragraph (1).''; (4) in subsection (g)-- (A) in paragraph (9) by striking ``and'' at the end; (B) by redesignating paragraph (10) as paragraph (12); and (C) by adding after paragraph (9) the following: ``(10) the extent to which the State or local government has facilitated the adoption and enforcement of the latest published editions of relevant consensus-based codes, specifications, and standards that incorporate the [[Page H10381]] latest hazard-resistant designs and establish criteria for the design, construction, and maintenance of residential structures and facilities that may be eligible for assistance under this Act for the purpose of protecting the health, safety, and general welfare of the buildings' users against disasters; ``(11) the extent to which the assistance will fund activities that increase the level of resiliency; and''; (5) by striking subsection (i) and inserting the following: ``(i) National Public Infrastructure Predisaster Mitigation Assistance.-- ``(1) In general.--The President may set aside from the Disaster Relief Fund, with respect to each major disaster, an amount equal to 6 percent of the estimated aggregate amount of the grants to be made pursuant to sections 403, 406, 407, 408, 410, and 416 for the major disaster in order to provide technical and financial assistance under this section. ``(2) Estimated aggregate amount.--Not later than 180 days after each major disaster declaration pursuant to this Act, the estimated aggregate amount of grants for purposes of paragraph (1) shall be determined by the President and such estimated amount need not be reduced, increased, or changed due to variations in estimates. ``(3) No reduction in amounts.--The amount set aside pursuant to paragraph (1) shall not reduce the amounts otherwise made available for sections 403, 404, 406, 407, 408, 410, and 416 under this Act.''; and (6) by striking subsections (j) and (m) and redesignating subsections (k), (l), and (n) as subsections (j), (k), and (l), respectively. (b) Applicability.--The amendments made to section 203 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5133) by paragraphs (3) and (5) of subsection (a) shall apply to funds appropriated after the date of enactment of this Act. SEC. 2037. ADDITIONAL MITIGATION ACTIVITIES. (a) Hazard Mitigation Clarification.--Section 404(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170c(a)) is amended by striking the first sentence and inserting the following: ``The President may contribute up to 75 percent of the cost of hazard mitigation measures which the President has determined are cost effective and which substantially reduce the risk of, or increase resilience to, future damage, hardship, loss, or suffering in any area affected by a major disaster.''. (b) Eligible Cost.--Section 406(e)(1)(A) of such Act (42 U.S.C 5172(e)(1)(A)) is amended-- (1) in the matter preceding clause (i), by inserting after ``section,'' the following: ``for disasters declared on or after August 1, 2017, or a disaster in which a cost estimate has not yet been finalized for a project,''; (2) in clause (i), by striking ``and''; (3) in clause (ii)-- (A) by striking ``codes, specifications, and standards'' and inserting ``the latest published editions of relevant consensus-based codes, specifications, and standards that incorporate the latest hazard-resistant designs and establish minimum acceptable criteria for the design, construction, and maintenance of residential structures and facilities that may be eligible for assistance under this Act for the purposes of protecting the health, safety, and general welfare of a facility's users against disasters''; (B) by striking ``applicable at the time at which the disaster occurred''; and (C) by striking the period at the end and inserting ``; and''; and (4) by adding at the end the following: ``(iii) in a manner that allows the facility to meet the definition of resilient developed pursuant to this subsection.''. (c) Other Eligible Cost.--Section 406(e)(1) of such Act (42 U.S.C 5172(e)(1)) is further amended by inserting at the end the following: ``(C) Contributions.--Contributions for the eligible cost made under this section may be provided on an actual cost basis or on cost-estimation procedures.''. (d) New Rules.--Section 406(e) of such Act (42 U.S.C 5172(e)) is further amended by adding at the end the following: ``(5) New rules.-- ``(A) In general.--Not later than 18 months after the date of enactment of this paragraph, the President, acting through the Administrator of the Federal Emergency Management Agency, shall issue a final rulemaking that defines the terms `resilient' and `resiliency' for purposes of this subsection. ``(B) Interim guidance.--Not later than 60 days after the date of enactment of this paragraph, the Administrator shall issue interim guidance to implement this subsection. Such interim guidance shall expire 18 months after the date of enactment of this paragraph or upon issuance of final regulations pursuant to subparagraph (A), whichever occurs first. ``(C) Guidance.--Not later than 90 days after the date on which the Administrator issues the final rulemaking under this paragraph, the Administrator shall issue any necessary guidance related to the rulemaking. ``(D) Report.--Not later than 2 ***years*** after the date of enactment of this paragraph, the Administrator shall submit to Congress a report summarizing the regulations and guidance issued pursuant to this paragraph.''. (e) Conforming Amendment.--Section 205(d)(2) of the Disaster Mitigation Act of 2000 (Public Law 106-390) is amended by inserting ``(B)'' after ``except that paragraph (1)''. SEC. 2038. FEDERAL COST-SHARE ADJUSTMENTS FOR REPAIR, RESTORATION, AND REPLACEMENT OF DAMAGED FACILITIES. Section 406(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5172(b)) is amended by inserting after paragraph (2) the following: ``(3) Increased federal share.-- ``(A) Incentive measures.--The President may provide incentives to a State or Tribal government to invest in measures that increase readiness for, and resilience from, a major disaster by recognizing such investments through a sliding scale that increases the minimum Federal share to 85 percent. Such measures may include-- ``(i) the adoption of a mitigation plan approved under section 322; ``(ii) investments in disaster relief, insurance, and emergency management ***programs***; ``(iii) encouraging the adoption and enforcement of the latest published editions of relevant consensus-based codes, specifications, and standards that incorporate the latest hazard-resistant designs and establish minimum acceptable criteria for the design, construction, and maintenance of residential structures and facilities that may be eligible for assistance under this Act for the purpose of protecting the health, safety, and general welfare of the buildings' users against disasters; ``(iv) facilitating participation in the community rating system; and ``(v) funding mitigation projects or granting tax incentives for projects that reduce risk. ``(B) Comprehensive guidance.--Not later than 1 ***year*** after the date of enactment of this paragraph, the President, acting through the Administrator, shall issue comprehensive guidance to State and Tribal governments regarding the measures and investments, weighted appropriately based on actuarial assessments of eligible actions, that will be recognized for the purpose of increasing the Federal share under this section. Guidance shall ensure that the agency's review of eligible measures and investments does not unduly delay determining the appropriate Federal cost share. ``(C) Report.--One ***year*** after the issuance of the guidance required by subparagraph (B), the Administrator shall submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate a report regarding the analysis of the Federal cost shares paid under this section. ``(D) Savings clause.--Nothing in this paragraph prevents the President from increasing the Federal cost share above 85 percent.''. DIVISION C--OTHER MATTERS SEC. 3001. TREATMENT OF SEED COTTON. (a) Definition.--Section 1111 of the ***Agricultural*** Act of 2014 (7 U.S.C 9011) is amended by adding at the end the following new paragraph: ``(25) Seed cotton.--The term `seed cotton' means unginned upland cotton that includes both lint and seed.''. (b) Designation as Covered Commodity.--Section 1111(6) of the ***Agricultural*** Act of 2014 (7 U.S.C 9011(6)) is amended by adding at the end the following new sentence: ``Effective beginning with the 2018 crop ***year***, the term includes seed cotton.''. (c) Reference Price.--Section 1111(18) of the ***Agricultural*** Act of 2014 (7 U.S.C 9011(18)) is amended by adding at the end the following new subparagraph: ``(O) For seed cotton, $0.367 per pound.''. (d) ***Payment*** Yield.--Section 1113(d) of the ***Agricultural*** Act of 2014 (7 U.S.C 9013(d)) is amended by adding at the end the following new paragraph: ``(5) ***Payment*** yield for seed cotton.-- ``(A) ***Payment*** yield.--Subject to subparagraph (B), the ***payment*** yield for seed cotton for a farm shall be equal to 2.4 times the ***payment*** yield for upland cotton for the farm established for purposes of subsection (e)(3) of section 1104 of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246; 122 Stat. 1672), as in effect immediately before the repeal of such section by section 1102(a) of the ***Agricultural*** Act of 2014 (Public Law 113-79; 128 Stat. 658). ``(B) Update.--At the sole discretion of the owner of a farm with a yield described in subparagraph (A), the owner of the farm shall have a 1-time opportunity to update the ***payment*** yield for upland cotton for the farm, as provided in subsection (d), for the purpose of calculating the ***payment*** yield for seed cotton under such subparagraph.''. (e) ***Payment*** Acres.--Section 1114(b) of the ***Agricultural*** Act of 2014 (7 U.S.C 9014(b)) is amended by adding at the end the following new paragraph: ``(4) Seed cotton rule.-- ``(A) In general.--Not later than 90 days after the date of the enactment of this paragraph, the Secretary shall require the owner of a farm to allocate all generic base acres on the farm under subparagraph (B) or (C), or both. ``(B) No recent history of covered commodities.--In the case of a farm where no covered commodities (including seed cotton) were planted or were prevented from being planted at any time during the 2009 through 2016 crop ***years***, the owner of such farm shall allocate generic base acres on the farm to unassigned crop base for which no ***payments*** may be made under section 1116 or 1117. [[Page H10382]] ``(C) Recent history of covered commodities.--In the case of a farm not described in subparagraph (B), the owner of such farm shall allocate generic base acres on the farm-- ``(i) subject to subparagraph (D), to seed cotton base acres in an amount equal to the greater of-- ``(I) 80 percent of the generic base acres on the farm; or ``(II) the average seed cotton acres planted or prevented from being planted on the farm during the 2009 through 2012 crop ***years*** (not to exceed the total generic base acres on the farm); or ``(ii) to covered commodities (including seed cotton), by applying subparagraphs (B), (D), (E), and (F) of section 1112(a)(3). ``(D) Treatment of residual generic base acres.--In the case of a farm where generic base acres are allocated under subparagraph (C)(i), the residual generic base acres shall be allocated to unassigned crop base for which no ***payments*** may be made under section 1116 or 1117. ``(E) Effect of failure to allocate.--If the owner of a farm fails to allocate generic base acres on the farm, the owner of the farm shall be deemed to have allocated all generic base acres in accordance with subparagraph (C)(i).''. (f) Recordkeeping Regarding Unassigned Crop Base.--Section 1114 of the ***Agricultural*** Act of 2014 (7 U.S.C 9014) is amended by adding at the end the following new subsection: ``(f) Unassigned Crop Base.--The Secretary shall maintain information on generic base acres on a farm allocated as unassigned crop base pursuant to subsection (b)(4).''. (g) Special Election Period for Price Loss Coverage or ***Agriculture*** Risk Coverage.--Section 1115 of the ***Agricultural*** Act of 2014 (7 U.S.C 9014(b)) is amended-- (1) in subsection (a), by striking ``For'' and inserting ``Except as provided in subsection (g), for''; and (2) by adding at the end the following new subsection: ``(g) Special Election.-- ``(1) Election required.--In the case of acres allocated on a farm to seed cotton, all of the producers on the farm shall be given the opportunity to make a new 1-time election under subsection (a) to reflect the designation of seed cotton as a covered commodity for that crop ***year*** under section 1111(6). ``(2) Effect of failure to make unanimous election.--If all of the producers on a farm fail to make a unanimous election under paragraph (1), the producers on the farm shall be deemed to have elected price loss coverage under section 1116 for all acres allocated on the farm to seed cotton.''. (h) Effective Price.--Section 1116 of the ***Agricultural*** Act of 2014 (7 U.S.C 9016(b)) is amended by adding at the end the following new subsection: ``(h) Effective Price for Seed Cotton.-- ``(1) In general.--The effective price for seed cotton under subsection (b) shall be equal to the marketing ***year*** average price for seed cotton, as calculated under paragraph (2). ``(2) Calculation.--The marketing ***year*** average price for seed cotton for a crop ***year*** shall be equal to the quotient of-- ``(A) a dividend that is equal to the sum of-- ``(i) the product obtained when the upland cotton lint marketing ***year*** average price is multiplied by total United States upland cotton lint production measured in pounds; and ``(ii) the product obtained when the cottonseed marketing ***year*** average price is multiplied by total United States cottonseed production measured in pounds; and ``(B) a divisor that is equal to the sum of-- ``(i) total United States upland cotton lint production measured in pounds; and ``(ii) total United States cottonseed production measured in pounds.''. (i) Deemed Loan Rate for Seed Cotton.--Section 1202 of the ***Agricultural*** Act of 2014 (7 U.S.C 9032) is amended by adding at the end the following new subsection: ``(c) Rule for Seed Cotton.-- ``(1) In general.--For purposes of section 1116(b)(2) and paragraphs (1)(B)(ii) and (2)(A)(ii)(II) of section 1117(b) only, seed cotton shall be deemed to have a loan rate equal to $0.25 per pound. ``(2) Rule of construction.--Nothing in this subsection shall be construed to authorize nonrecourse marketing assistance loans under this part for seed cotton.''. (j) Limitation on Stacked Income Protection Plan for Producers of Upland Cotton.--Section 508B of the ***Agricultural*** Adjustment Act of 1938 (7 U.S.C 1508b) is amended by adding the following new subsection: ``(f) Limitation.--Beginning with the 2018 crop ***year***, in the case of a farm that is enrolled for a crop ***year*** in price loss coverage under section 1116 of the ***Agricultural*** Act of 2014 (7 U.S.C 9016) or ***agriculture*** risk coverage under section 1117 of such Act (7 U.S.C 9017) and the coverage on the farm includes seed cotton, the farm shall not be eligible for a Stacked Income Protection Plan for upland cotton for that crop ***year***.''. (k) Technical Correction.--Section 1114(b)(2) of the ***Agricultural*** Act of 2014 (7 U.S.C 9014(b)(2)) is amended by striking ``paragraphs (1)(B) and (2)(B)'' and inserting ``paragraphs (1) and (2)''. (l) Administration.--The Secretary of ***Agriculture*** shall carry out the amendments made by this section in the manner provided under section 1601 of the ***Agricultural*** Act of 2014 (7 U.S.C 9091). (m) Application.--The amendments made by this section shall apply beginning with the 2018 crop ***year***. SEC. 3002. LIMITATION ON CROP INSURANCE LIVESTOCK-RELATED EXPENDITURES. (a) In General.--Paragraph (10) of section 523(b) of the Federal Crop Insurance Act (7 U.S.C 1523) is repealed. (b) Conforming Amendments.--Section 516 of the Federal Crop Insurance Act (7 U.S.C 1516) is amended in subsections (a)(2)(C) and (b)(1)(D) by striking ``subsections (a)(3)(E)(ii) and (b)(10) of section 523'' and inserting ``subsection (a)(3)(E)(ii) of such section''. SEC. 3003. NATIONAL ACCURACY CLEARINGHOUSE. The Food and Nutrition Act of 2008 (7 U.S.C 2011 et seq.) is amended at the end by adding the following: ``SEC. 30. NATIONAL ACCURACY CLEARINGHOUSE. ``(a) In General.--The Secretary shall establish an interstate database, or system of databases, of supplemental nutrition assistance ***program*** information to be known as the National Accuracy Clearinghouse. ``(b) Purpose.--Any database or system of databases established pursuant to subsection (a) shall be used by States when making eligibility determinations to prevent supplemental nutrition assistance ***program*** participants from receiving duplicative benefits in multiple States. ``(c) Implementation.-- ``(1) Issuance of interim final regulations.--Not later than 18 months after the effective date of this section, the Secretary shall issue interim final regulations to carry out this section that-- ``(A) incorporate best practices and lessons learned from the regional pilot project referenced in section 4032(c) of the ***Agricultural*** Act of 2014 (7 U.S.C 2036c(c)); ``(B) safeguard the security of the data stored in the National Accuracy Clearinghouse and protect the privacy of supplemental nutrition assistance ***program*** participants and applicants; and ``(C) detail the process States will be required to follow for-- ``(i) conducting initial and ongoing matches of participant and applicant data; ``(ii) identifying and acting on all apparent instances of duplicative participation by participants or applicants in multiple States; and ``(iii) complying with such other rules and standards the Secretary determines appropriate to carry out this section. ``(2) Timing.--The initial match and corresponding actions required by paragraph (1)(C) shall occur within 3 ***years*** after the effective date of this section.''. SEC. 3004. PUERTO RICO LOW-INCOME COMMUNITIES TREATED AS QUALIFIED OPPORTUNITY ZONE. (a) In General.--Section 1400Z-1(b) of the Internal Revenue Code of 1986, as added by the Tax Cuts and Jobs Act, is amended by adding at the end the following new paragraph: ``(3) Special rule for puerto rico.--Each population census tract in Puerto Rico that is a low-income community shall be deemed to be certified and designated as a qualified opportunity zone.''. (b) Conforming Amendment.--Section 1400Z-1(d)(1) of such Code is amended by inserting ``and subsection (b)(3)'' after ``paragraph (2)''. (c) Effective Date.--The amendments made by this section shall take effect as if included in the enactment of section 13823 of the Tax Cuts and Jobs Act, and the deemed certification and designation under section 1400Z-1(b)(3) of such Code, as added by this section, shall treated as effective on the date of the enactment of such Act. DIVISION D--BUDGETARY EFFECTS SEC. 4001. BUDGETARY EFFECTS. (a) In General.--The budgetary effects of division B and each succeeding division (other than division E) shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010. (b) Senate PAYGO Scorecards.--The budgetary effects of division B and each succeeding division (other than division E) shall not be entered on any PAYGO scorecard maintained for purposes of section 4106 of H. Con. Res. 71 (115th Congress). (c) Classification of Budgetary Effects.--Notwithstanding Rule 3 of the Budget Scorekeeping Guidelines set forth in the joint explanatory statement of the committee of conference accompanying Conference Report 105-217 and section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985, the budgetary effects of division B and each succeeding division (other than division E) shall not be estimated-- (1) for purposes of section 251 of such Act; and (2) for purposes of paragraph (4)(C) of section 3 of the Statutory Pay-As-You-Go Act of 2010 as being included in an appropriation Act. DIVISION E--TAX RELIEF RELATING TO CERTAIN DISASTERS TITLE I--CALIFORNIA FIRES SEC. 5001. DEFINITIONS. For purposes of this title-- (1) California wildfire disaster zone.--The term ``California wildfire disaster zone'' means that portion of the California wildfire [[Page H10383]] disaster area determined by the President to warrant individual or individual and public assistance from the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of wildfires in California. (2) California wildfire disaster area.--The term ``California wildfire disaster area'' means an area with respect to which during 2017 a major disaster has been declared by the President under section 401 of such Act by reason of wildfires in California. SEC. 5002. SPECIAL DISASTER-RELATED RULES FOR USE OF RETIREMENT FUNDS. (a) Tax-Favored Withdrawals From Retirement Plans.-- (1) In general.--Section 72(t) of the Internal Revenue Code of 1986 shall not apply to any qualified wildfire distribution. (2) Aggregate dollar limitation.-- (A) In general.--For purposes of this subsection, the aggregate amount of distributions received by an individual which may be treated as qualified wildfire distributions for any taxable ***year*** shall not exceed the excess (if any) of-- (i) $100,000, over (ii) the aggregate amounts treated as qualified wildfire distributions received by such individual for all prior taxable ***years***. (B) Treatment of plan distributions.--If a distribution to an individual would (without regard to subparagraph (A)) be a qualified wildfire distribution, a plan shall not be treated as violating any requirement of the Internal Revenue Code of 1986 merely because the plan treats such distribution as a qualified wildfire 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. (C) Controlled group.--For purposes of subparagraph (B), 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. (3) Amount distributed may be repaid.-- (A) In general.--Any individual who receives a qualified wildfire 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. (B) 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 subparagraph (A) with respect to a qualified wildfire 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 wildfire distribution in an eligible rollover distribution (as defined in section 402(c)(4) of such Code) and as having ***transferred*** the amount to the eligible retirement plan in a direct trustee to trustee ***transfer*** within 60 days of the distribution. (C) Treatment of repayments for distributions from iras.-- For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to subparagraph (A) with respect to a qualified wildfire distribution from an individual retirement plan (as defined by section 7701(a)(37) of such Code), then, to the extent of the amount of the contribution, the qualified wildfire 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. (4) Definitions.--For purposes of this subsection-- (A) Qualified wildfire distribution.--Except as provided in paragraph (2), the term ``qualified wildfire distribution'' means any distribution from an eligible retirement plan made on or after October 8, 2017, and before January 1, 2019, to an individual whose principal place of abode on October 8, 2017, is located in the California wildfire disaster area and who has sustained an economic loss by reason of the wildfires to which the declaration of such area relates. (B) 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. (5) Income inclusion spread over 3-***year*** period.-- (A) In general.--In the case of any qualified wildfire distribution, unless the taxpayer elects not to have this paragraph 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***. (B) Special rule.--For purposes of subparagraph (A), rules similar to the rules of subparagraph (E) of section 408A(d)(3) of the Internal Revenue Code of 1986 shall apply. (6) Special rules.-- (A) 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 wildfire distributions shall not be treated as eligible rollover distributions. (B) Qualified wildfire distributions treated as meeting plan distribution requirements.--For purposes the Internal Revenue Code of 1986, a qualified wildfire 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 such Code. (b) Recontributions of Withdrawals for Home Purchases.-- (1) Recontributions.-- (A) In general.--Any individual who received a qualified distribution may, during the period beginning on October 8, 2017, and ending on June 30, 2018, make one or more contributions in an aggregate amount not to exceed the amount of such qualified distribution to an eligible retirement plan (as defined in section 402(c)(8)(B) of the Internal Revenue Code of 1986) 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), or 408(d)(3), of such Code, as the case may be. (B) Treatment of repayments.--Rules similar to the rules of subparagraphs (B) and (C) of subsection (a)(3) shall apply for purposes of this subsection. (2) Qualified distribution.--For purposes of this subsection, the term ``qualified distribution'' means any distribution-- (A) described in section 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(ii) (but only to the extent such distribution relates to financial hardship), 403(b)(11)(B), or 72(t)(2)(F), of the Internal Revenue Code of 1986, (B) received after March 31, 2017, and before January 15, 2018, and (C) which was to be used to purchase or construct a principal residence in the California wildfire disaster area but which was not so purchased or constructed on account of the wildfires to which the declaration of such area relates. (c) Loans From Qualified Plans.-- (1) Increase in limit on loans not treated as distributions.--In the case of any loan from a qualified employer plan (as defined under section 72(p)(4) of the Internal Revenue Code of 1986) to a qualified individual made during the period beginning on the date of the enactment of this Act and ending on December 31, 2018-- (A) clause (i) of section 72(p)(2)(A) of such Code shall be applied by substituting ``$100,000'' for ``$50,000'', and (B) clause (ii) of such section shall be applied by substituting ``the present value of the nonforfeitable accrued benefit of the employee under the plan'' for ``one- half of the present value of the nonforfeitable accrued benefit of the employee under the plan''. (2) Delay of repayment.--In the case of a qualified individual with an outstanding loan on or after October 8, 2017, from a qualified employer plan (as defined in section 72(p)(4) of the Internal Revenue Code of 1986)-- (A) if the due date pursuant to subparagraph (B) or (C) of section 72(p)(2) of such Code for any repayment with respect to such loan occurs during the period beginning on October 8, 2017, and ending on December 31, 2018, such due date shall be delayed for 1 ***year***, (B) any subsequent repayments with respect to any such loan shall be appropriately adjusted to reflect the delay in the due date under paragraph (1) and any interest accruing during such delay, and (C) in determining the 5-***year*** period and the term of a loan under subparagraph (B) or (C) of section 72(p)(2) of such Code, the period described in subparagraph (A) shall be disregarded. (3) Qualified individual.--For purposes of this subsection, the term ``qualified individual'' means any individual whose principal place of abode on October 8, 2017, is located in the California wildfire disaster area and who has sustained an economic loss by reason of wildfires to which the declaration of such area relates. (d) Provisions Relating to Plan Amendments.-- (1) In general.--If this subsection 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 paragraph (2)(B)(i). (2) Amendments to which subsection applies.-- (A) In general.--This subsection 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 issued by the Secretary or the Secretary of Labor 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, 2019, or such later date as the Secretary may prescribe. In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), clause (ii) shall be applied by substituting the date which is 2 ***years*** after the date otherwise applied under clause (ii). (B) Conditions.--This subsection shall not apply to any amendment unless-- (i) during the period-- (I) beginning on the date that this section or the regulation described in subparagraph (A)(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 [[Page H10384]] (II) ending on the date described in subparagraph (A)(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. SEC. 5003. EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY CALIFORNIA WILDFIRES. (a) In General.--For purposes of section 38 of the Internal Revenue Code of 1986, in the case of an eligible employer, the California wildfire employee retention credit shall be treated as a credit listed in subsection (b) of such section. For purposes of this subsection, the California wildfire employee retention credit for any taxable ***year*** is an amount equal to 40 percent of the qualified wages with respect to each eligible employee of such employer for such taxable ***year***. For purposes of the preceding sentence, the amount of qualified wages which may be taken into account with respect to any individual shall not exceed $6,000. (b) Definitions.--For purposes of this section-- (1) Eligible employer.--The term ``eligible employer'' means any employer-- (A) which conducted an active trade or business on October 8, 2017, in the California wildfire disaster zone, and (B) with respect to whom the trade or business described in subparagraph (A) is inoperable on any day after October 8, 2017, and before January 1, 2018, as a result of damage sustained by reason of the wildfires to which such declaration of such area relates. (2) Eligible employee.--The term ``eligible employee'' means with respect to an eligible employer an employee whose principal place of employment on October 8, 2017, with such eligible employer was in the California wildfire disaster zone. (3) Qualified wages.--The term ``qualified wages'' means wages (as defined in section 51(c)(1) of the Internal Revenue Code of 1986, but without regard to section 3306(b)(2)(B) of such Code) paid or incurred by an eligible employer with respect to an eligible employee on any day after October 8, 2017, and before January 1, 2018, which occurs during the period-- (A) beginning on the date on which the trade or business described in paragraph (1) first became inoperable at the principal place of employment of the employee immediately before the wildfires to which the declaration of the California wildfire disaster area relates, and (B) ending on the date on which such trade or business has resumed significant operations at such principal place of employment. Such term shall include wages paid without regard to whether the employee performs no services, performs services at a different place of employment than such principal place of employment, or performs services at such principal place of employment before significant operations have resumed. (c) Certain Rules To Apply.--For purposes of this section, rules similar to the rules of sections 51(i)(1), 52, and 280C(a) of the Internal Revenue Code of 1986, shall apply. (d) Employee Not Taken Into Account More Than Once.--An employee shall not be treated as an eligible employee for purposes of this section for any period with respect to any employer if such employer is allowed a credit under section 51 of the Internal Revenue Code of 1986 with respect to such employee for such period. SEC. 5004. ADDITIONAL DISASTER-RELATED TAX RELIEF PROVISIONS. (a) Temporary Suspension of Limitations on Charitable Contributions.-- (1) In general.--Except as otherwise provided in paragraph (2), subsection (b) of section 170 of the Internal Revenue Code of 1986 shall not apply to qualified contributions and such contributions shall not be taken into account for purposes of applying subsections (b) and (d) of such section to other contributions. (2) Treatment of excess contributions.--For purposes of section 170 of the Internal Revenue Code of 1986-- (A) Individuals.--In the case of an individual-- (i) Limitation.--Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer's contribution base (as defined in subparagraph (G) of section 170(b)(1) of such Code) over the amount of all other charitable contributions allowed under section 170(b)(1) of such Code. (ii) Carryover.--If the aggregate amount of qualified contributions made in the contribution ***year*** (within the meaning of section 170(d)(1) of such Code) exceeds the limitation of clause (i), such excess shall be added to the excess described in the portion of subparagraph (A) of such section which precedes clause (i) thereof for purposes of applying such section. (B) Corporations.--In the case of a corporation-- (i) Limitation.--Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer's taxable income (as determined under paragraph (2) of section 170(b) of such Code) over the amount of all other charitable contributions allowed under such paragraph. (ii) Carryover.--Rules similar to the rules of subparagraph (A)(ii) shall apply for purposes of this subparagraph. (3) Exception to overall limitation on itemized deductions.--So much of any deduction allowed under section 170 of the Internal Revenue Code of 1986 as does not exceed the qualified contributions paid during the taxable ***year*** shall not be treated as an itemized deduction for purposes of section 68 of such Code. (4) Qualified contributions.-- (A) In general.--For purposes of this subsection, the term ``qualified contribution'' means any charitable contribution (as defined in section 170(c) of the Internal Revenue Code of 1986) if-- (i) such contribution-- (I) is paid during the period beginning on October 8, 2017, and ending on December 31, 2017, in cash to an organization described in section 170(b)(1)(A) of such Code, and (II) is made for relief efforts in the California wildfire disaster area, (ii) the taxpayer obtains from such organization contemporaneous written acknowledgment (within the meaning of section 170(f)(8) of such Code) that such contribution was used (or is to be used) for relief efforts described in clause (i)(II), and (iii) the taxpayer has elected the application of this subsection with respect to such contribution. (B) Exception.--Such term shall not include a contribution by a donor if the contribution is-- (i) to an organization described in section 509(a)(3) of the Internal Revenue Code of 1986, or (ii) for the establishment of a new, or maintenance of an existing, donor advised fund (as defined in section 4966(d)(2) of such Code). (C) Application of election to partnerships and s corporations.--In the case of a partnership or S corporation, the election under subparagraph (A)(iii) shall be made separately by each partner or shareholder. (b) Special Rules for Qualified Disaster-Related Personal Casualty Losses.-- (1) In general.--If an individual has a net disaster loss for any taxable ***year***-- (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 subsection, 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 the California wildfire disaster area on or after October 8, 2017, and which are attributable to the wildfires to which the declaration of such area relates. (c) Special Rule for Determining Earned Income.-- (1) In general.--In the case of a qualified individual, if the earned income of the taxpayer for the taxable ***year*** which includes the applicable date is less than the earned income of the taxpayer for the preceding taxable ***year***, the credits allowed under sections 24(d) and 32 of the Internal Revenue Code of 1986 may, at the election of the taxpayer, be determined by substituting-- (A) such earned income for the preceding taxable ***year***, for (B) such earned income for the taxable ***year*** which includes October 8, 2017. (2) Qualified individual.--For purposes of this subsection, the term ``qualified individual'' means any individual whose principal place of abode on October 8, 2017, was located-- (A) in the California wildfire disaster zone, or (B) in the California wildfire disaster area (but outside the California wildfire disaster zone) and such individual was displaced from such principal place of abode by reason of the wildfires to which the declaration of such area relates. (3) Earned income.--For purposes of this subsection, the term ``earned income'' has the meaning given such term under section 32(c) of the Internal Revenue Code of 1986. (4) Special rules.-- (A) Application to joint returns.--For purposes of paragraph (1), in the case of a joint return for a taxable ***year*** which includes October 8, 2017-- (i) such paragraph shall apply if either spouse is a qualified individual, and (ii) the earned income of the taxpayer for the preceding taxable ***year*** shall be the sum of the earned income of each spouse for such preceding taxable ***year***. (B) Uniform application of election.--Any election made under paragraph (1) shall [[Page H10385]] apply with respect to both sections 24(d) and 32, of the Internal Revenue Code of 1986. (C) Errors treated as mathematical error.--For purposes of section 6213 of the Internal Revenue Code of 1986, an incorrect use on a return of earned income pursuant to paragraph (1) shall be treated as a mathematical or clerical error. (D) No effect on determination of gross income, etc.-- Except as otherwise provided in this subsection, the Internal Revenue Code of 1986 shall be applied without regard to any substitution under paragraph (1). TITLE II--TAX RELIEF FOR HURRICANES HARVEY, IRMA, AND MARIA SEC. 5101. TAX RELIEF FOR HURRICANES HARVEY, IRMA, AND MARIA. (a) Modification of Hurricanes Harvey and Irma Disaster Areas.--Subsections (a)(2) and (b)(2) of section 501 of the Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Public Law 115-63; 131 Stat. 1173) are both amended by striking ``September 21, 2017'' and inserting ``October 17, 2017''. (b) Employee Retention Credit.--Subsections (a)(3), (b)(3), and (c)(3) of section 503 of the Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Public Law 115-63; 131 Stat. 1181) are each amended by striking ``sections 51(i)(1) and 52'' and inserting ``sections 51(i)(1), 52, and 280C(a)''. (c) Effective Date.--The amendments made by this section shall take effect as if included in the provisions of title V of the Disaster Tax Relief and Airport and Airway Extension Act of 2017 to which such amendments relate. TITLE III--BUDGETARY EFFECTS SEC. 5201. EMERGENCY DESIGNATION. This division is designated as an emergency requirement pursuant to section 4(g) of the Statutory Pay-As-You-Go Act of 2010 (2 U.S.C 933(g)). SEC. 5202. DESIGNATION IN SENATE. In the Senate, this division is designated as an emergency requirement pursuant to section 403(a) of S. Con. Res. 13 (111th Congress), the concurrent resolution on the budget for fiscal ***year*** 2010. The SPEAKER pro tempore. The bill, as amended, shall be debatable for 1 hour equally divided and controlled by the chair and ranking minority member of the Committee on Appropriations. The gentleman from New Jersey (Mr. Frelinghuysen) and the gentlewoman from New York (Mrs. Lowey) each will control 30 minutes. The Chair recognizes the gentleman from New Jersey. Mr. FRELINGHUYSEN. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I rise today to present H.R 4667, a bill making emergency appropriations for hurricane and wildfire recovery. Parts of our Nation have been devastated by multiple back-to-back hurricanes and wildfires that have caused tremendous loss of life, livelihoods, and property. Hurricanes Harvey, Irma, and Maria are three of the top five most expensive hurricanes in the last 25 ***years***. Combined with the horrific wildfires that continue to rage in California, the toll that these disasters have taken is unprecedented. We must stand by our fellow Americans to get them the help and resources they need to recover. To this end, this legislation provides a total of $81 billion for crucial Federal ***programs*** that support ongoing relief, recovery, and rebuilding. This includes $27.5 billion for FEMA to provide relief and recovery assistance; $26.1 billion for Community Development Block Grants for shelter and housing and infrastructure improvements, and the means to help large and small businesses recover; and $12.1 billion for the Army Corps of Engineers to repair and rebuild infrastructure projects that help protect against future disasters, building in resiliency. The bill also includes $3.8 billion for the Department of ***Agriculture***, which will support critical ***agriculture*** disaster assistance for massive crop and livestock loss. Funding is also included to repair Federal highways and local transit systems, to help children displaced by the storms of Puerto Rico get back to school, and for small business disaster loans, which will allow businesses to reopen their doors as quickly as possible. Our Committee on Appropriations will continue to monitor these recovery efforts to ensure accountability, transparency, and that every dollar is spent wisely. From Florida and Texas, to Puerto Rico and the U.S Virgin Islands, to California, and all areas dealing with major disaster declarations, this Congress is committed to helping you. Congress has already provided $51.75 billion in two separate supplemental bills for these ongoing efforts. With this third tranche of emergency funding, it will bring the total funding for fiscal ***year*** 2018 emergency response to $132 billion. This funding is desperately needed by thousands of American families, individuals, and communities to rebuild their homes and businesses, restore electric power and critical infrastructure, and to protect against further damage. It is the duty of Congress to provide this help to our fellow Americans in their times of need. Mr. Speaker, before I close, I would like to thank everyone who came to leadership and to the Appropriations Committee to make sure that Congress is getting the assistance to those hurricane and wildfire victims that they urgently need. I would also like to thank the clerks and professional staff and the chairs of the 12 Appropriations Subcommittees for their working tirelessly to bring this bill to the floor and, may I say, nearly 30 others this ***year***. It is time to get this emergency aid to those who need it. I urge my colleagues to support this bill and this legislation. Mr. Speaker, I reserve the balance of my time. Mrs. LOWEY. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, this legislation is a failure of both process and substance. When Congress received the paltry and insufficient disaster request from the administration, the House and Senate Appropriations Committees began a bipartisan and bicameral process to develop an emergency assistance package that would come closer to meeting the massive scale of need resulting from hurricanes and wildfires in the summer and fall 2017. I sincerely regret that the majority leadership abandoned that process, choosing, instead, to disregard input from Democrats and even from Senate Republicans, and developed their own partisan supplemental. The results of that decision is a poor product that will not be enacted into law. Despite some robust funding levels, this bill fails to fix a potentially calamitous Medicaid system situation for Puerto Rico and the U.S Virgin Islands. Without help from Congress, these ***programs*** will exhaust available funding within months. This bill also fails to waive unworkable and unjustifiable cost share requirements for FEMA and the Army Corps of Engineers' projects, which could put Federal funding out of reach. These and other serious shortcomings must be fixed before an emergency supplemental is enacted into law. Even if this supplemental passes today, the House majority's decision to exclude both Democrats and Senate Republicans from this process means that it will not be enacted this ***year*** because it cannot pass the Senate. Instead of the partisan product with no chance of advancement, we should be considering a responsible bipartisan emergency supplemental that both the House and the Senate could pass and enact into law. Mr. Speaker, I reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. Culberson), the chairman of the Commerce, Justice, and Science, and Related Agencies Subcommittee. Mr. CULBERSON. Mr. Speaker, I thank Chairman Frelinghuysen and Speaker Ryan for rejecting the Office of Management and Budget's completely inadequate funding request that they sent to Congress. It is the job of the Appropriations Committee and Congress to write these emergency spending bills, and we have done so. I am one of eight subcommittee chairmen who held public hearings at the request of the chairman. I want to thank Chairman Frelinghuysen for listening to all of us to change the legislation to ensure that the State of Texas, Florida, and Puerto Rico are a long way towards being made whole. This is a tremendous step in the right direction. We are grateful for the funding that is contained here. We are also grateful for a lot of the changes that the chairman and the committee have included. For example, we have got $12 billion here for the Army Corps of Engineers' projects that is going to be prioritized [[Page H10386]] and targeted to areas that have suffered repeated floods over the last 2 ***years***, to areas that have been declared disasters by the President. That will help ensure that the people of Texas, in particular, who had 53 inches of rain over an area the size of New Jersey, the people of Texas and southwest Louisiana who suffered from Hurricane Harvey, those projects will receive priority consideration by the Army Corps of Engineers. That is going to help us get that third reservoir built in northwest Harris County. This funding is also sufficient to fully pay for all federally authorized flood control projects in southeast Texas. That means we will have front-loaded funding for a critical project to finish out Brays Bayou, to build it to the 100-***year*** flood protection standard. The Army Corps of Engineers' funding is also going to allow us to dredge the Port of Houston, the Port of Beaumont, and open up those ports to full capacity. Another important change that the chairman included at my request, and I am very pleased it is in there, is that we had a lot of people flooded because the Army Corps of Engineers opened the floodgates necessarily on Addicks and Barker. These folks were flooded by the action of the government in the Neches River Waterway and the Sabine Waterway and on the San Jacinto River. Chairman Frelinghuysen included language that allows the Governor of the State of Texas to ask for a waiver of the prohibition against duplication of benefits. The SPEAKER pro tempore. The time of the gentleman has expired. Mr. FRELINGHUYSEN. Mr. Speaker, I yield an additional 30 seconds to the gentleman from Texas. Mr. CULBERSON. Mr. Speaker, it is important for the people of Texas to know that help is on the way to not only repair the damage caused by the flood, but if they were flooded by the action of the government, there is a provision in this legislation today that will allow the Governor to request that they be compensated, that they can take out an SBA loan at the front and they will pay the government back, and then receive a Community Development Block Grant at the end to help make them whole. Mr. Speaker, we will also be able to rebuild churches and synagogues. That is vitally important because we suffered so much damage in southeast Texas. I am proud to support this legislation, and I look forward to working with the chairman and my colleagues as we go forward, if there is additional funding needed. I am very grateful for the support of Congress. I urge Members to support this vital legislation to help the people of southeast Texas, Florida, and Puerto Rico have a better Christmas. Mrs. LOWEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. Serrano), the ranking member of the Commerce, Justice, Science, and Related Agencies Subcommittee. (Mr. SERRANO asked and was given permission to revise and extend his remarks.) Mr. SERRANO. Mr. Speaker, I thank the gentlewoman for the time. I rise to sadly oppose this disaster supplemental, which does not do enough to help Puerto Rico and the U.S Virgin Islands. This is a bill created by Republicans with little Democratic input. At some point, they decided that rather than working in a bipartisan manner, they wanted to try and address these disasters without taking into account some of the most important Democratic priorities. In particular, it does not address many issues crucial to Puerto Rico's recovery in the wake of Hurricanes Irma and Maria. For instance, it does nothing to address the looming Medicaid cliff, which will devastate health kits access and delivery on the island early next ***year***. It does not waive numerous local cost share requirements, which will make it extremely difficult for the government of Puerto Rico to access large parts of the Federal funding made available here. It does not do enough to help States like New York and New Jersey and others that have generously opened their arms to our fellow citizens displaced by these storms. {time} 1500 It expands the powers of the Puerto Rico Fiscal Oversight Board, giving them authority to approve the recovery plans of Puerto Rico's government. The end result of all of this is further delay in Puerto Rico's recovery. This is not the message that we want to send to 3.4 million American citizens this holiday season. As I look at my notes and as I look at what this debate may become today, it really comes down to one point: we as Americans, we as the United States Congress, we as the U.S Government still have not come to grips with the fact that, yes, we have territories, that, yes, we have colonies. If you ask the American people, ``Are the people of Puerto Rico American citizens?'' you would be shocked before all this information went out on the hurricanes how many would say: ``I don't know. I served with some in the Army, but I don't know if they are citizens.'' Well, I think, more and more, we need to know that the Virgin Islands, Guam, American Samoa, the Northern Marianna Islands, and Puerto Rico are part of the American family. It is not as a long gone member of my party once told me when I said: What are we going to do about Puerto Rico in this bill? He said: Well, we have no money left over. I said: Did you have money left over for the 50 States? He said: Well, they go first. I said: Why do they go first? Why can't the whole family go together? So my plea that I have made for ***years***, I continue to make. There is a bigger issue than the one we are discussing today, and that is the fact that we have territories. We have colonies. They are part of the United States. They should be part of our family. We should treat them as such. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. Carter), the chairman of the Homeland Security Subcommittee on Appropriations. Mr. CARTER of Texas. Mr. Speaker, I thank the gentleman for yielding. I recently flew in a C-130 with a gathering of my colleagues and members of the Senate the length and breadth of Florida, across the Gulf of Mexico, and up and down the Gulf Coast of my home State of Texas and looked at the devastation that, in 1 day, on about a 12-hour flight, we could see all the devastation that took place from these terrible storms. That is why this supplemental is so very important, because this is not about numbers, this is not about anything; it is about people, human beings. We helped people move their ruined furniture out of their houses when we were on that trip. We saw the devastation. We saw the tears and the pain that these people were dealing with. As chairman of the Homeland Security Subcommittee on Appropriations, I am proud to have had a small part in working on this project. Let me explain that the supplement provides $28.6 billion for the Department of Homeland Security; $27.5 billion is for the Disaster Relief Fund to provide for the continued response and recovery efforts for all recent disasters. These funds will provide for the recovery efforts of all disasters that have received a major disaster declaration, to include, Texas, Florida, California, Puerto Rico, and the U.S Virgin Islands. This money is needed to ensure food, water, and temporary shelter is made available to disaster survivors. These funds are used for debris removal efforts, the first step in recovery. These funds will also support the long-term recovery efforts to help rebuild utilities, bridges, roads, and buildings. $4 billion of this can be used for community disaster loans to help communities pay for essential services while they get back on their feet. The SPEAKER pro tempore. The time of the gentleman has expired. Mr. FRELINGHUYSEN. Mr. Speaker, I yield an additional 30 seconds to the gentleman. Mr. CARTER of Texas. Mr. Speaker, I thank the gentleman for yielding. The bill also includes $1.1 billion to address the damages to important Coast Guard, Customs and Border Protection, and Transportation Security Administration facilities. The supplement provides $4.4 billion more than requested, but we looked at [[Page H10387]] each project to ensure that funding was only going to projects that address damages, improve resiliency, and increase disaster responses. Mr. Speaker, I thank Chairman Frelinghuysen for his leadership. He has been right on top of this, and we have got a good product here. Mr. Speaker, I urge a ``yes'' vote on the supplemental. Mrs. LOWEY. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. Crowley), the chair of the Democratic Caucus. Mr. CROWLEY. Mr. Speaker, I thank the gentlewoman from New York for yielding me this time, and I thank her for her work. I thank Mr. Frelinghuysen, as well, for his work and my colleagues on the other side, but I have reservations, strong reservations about this bill. I appreciate the very real needs of those still recovering, our American citizens and friends and family in Florida and Texas, and that concern is genuine. I have always supported aid to other parts of the country, even when some of my colleagues on the other side of the aisle refused to help New York and left New York hanging after Superstorm Sandy. I have never let that get in the way of my wanting to be helpful to my fellow citizens anywhere in this country who are under duress. But I can't, in good conscience, vote for this bill. It leaves some of the hardest hit and most vulnerable Americans, American citizens, without the help that they need. It treats Puerto Rico and the Virgin Islands as second-class citizens--not second-class people, but second- class, literally, citizens--and will stall the efforts there to rebuild. I appreciate Mr. Culberson saying that the people of Puerto Rico and the Virgin Islands are a long way from recovery. I am paraphrasing what he said. I do appreciate those words. I do hope that it is an insight for my Republican colleagues and the leadership on the other side of the aisle that more help will be on the way for the people of Puerto Rico, but simply not enough is being done in this bill to help the men and women of Puerto Rico and the children of Puerto Rico today. Our fellow citizens of Puerto Rico and the Virgin Islands are no less American than those in any of the 50 States. I wonder if anyone would argue that point as to whether they are citizens of the United States or not. I would argue they are no less citizens of the United States than any other individuals in the rest of the 50 States, and they should be treated the same and with the same respect. The people of Puerto Rico and the Virgin Islands suffered direct hits not from one, but from two massive hurricanes, the likes of which we have never seen before, not in our modern history. Maybe you have to go back to Alexander Hamilton and the hurricane that he wrote about back in the 1700s that rocketed him to stardom. Here we are 3 months later. Millions--not hundreds, not thousands, but millions--of our fellow citizens in Puerto Rico and in the Virgin Islands are without power. Far too many still, because they are without power, lack clean drinking water. Thousands are unable to receive adequate healthcare, and earlier this week, the Governor of Puerto Rico ordered a recount of the storm's death toll, which could number, now, into the thousands. If that is not a sign of how neglectful the response has been to this disaster, then I don't know what would be. The SPEAKER pro tempore (Mr. Smith of Nebraska). The time of the gentleman has expired. Mrs. LOWEY. Mr. Speaker, I yield 1 additional minute to the gentleman from New York. Mr. CROWLEY. Mr. Speaker, I thank the gentlewoman for yielding. We must provide the assistance that our territories need. We must fully fund Medicaid as the islands recover. We must eliminate disparities in the law that are holding back that recovery. We must stand up for not the people of the Virgin Islands, not the people of Puerto Rico, but the United States citizens who have fought in our wars, who have defended our freedoms, for the United States citizens of the Virgin Islands and the United States citizens of Puerto Rico. They deserve no less than how any other State is being treated after a disaster like this. They deserve no less. They deserve more than they are getting in this bill. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. Calvert), chairman of the Interior, Environment, and Related Agencies Subcommittee on Appropriations. Mr. CALVERT. Mr. Speaker, I thank Chairman Frelinghuysen for yielding. Mr. Speaker, I rise today in strong support of H.R 4667, which provides $81 billion in Federal disaster assistance to States and territories recently devastated by natural disasters. This is not a small amount of money. First, as chairman of the Interior, Environment, and Related Agencies Subcommittee on Appropriations, I am pleased to include $616.4 million for repairs, cleanup, and recovery at various agencies, including the U.S Fish and Wildlife Service, the Environmental Protection Agency, the National Park Service, and others. As chairman of the California Republican delegation, I have a particular interest in wildfire assistance in this bill. The coordination and collaboration between Republicans and Democrats on this bill to reflect the needs of California shows bipartisanship is alive and well. Mr. Speaker, I would certainly like to thank Congressman Mike Thompson for his tireless efforts in regard to the fires in northern California. Last month, I toured Santa Rosa, California, which was absolutely decimated after a wildfire tore through the area. Forty people lost their lives, and more than 14,000 homes were destroyed or damaged. As a lifelong California resident, I have seen a lot of fires and the resulting devastation, but I have never witnessed anything like I saw in Santa Rosa. The stories of survival and heroics of our first responders truly are incredible. Now, in the aftermath, we must come together to recover and rebuild. This bill is the first step towards recovery and provides $27.5 billion for the Disaster Relief Fund, a $4.5 billion increase from the request, a 90 percent Federal cost share for wildfire disasters; and $541 million for watershed and flood prevention efforts, which will be vital as the rainy season begins in California. California will be eligible for nearly all the various sources of disaster funding in this bill, including for crop losses, Army Corps of Engineers projects, Federal highway damages, small business assistance, displaced employees, and student assistance, among others. With my colleagues, I will continue to monitor the fire situation and respond as needed. The Thomas Fire in Ventura County has burned over 272,000 acres, on track to be the largest wildfire in California history; and, unfortunately, the fire rages on. Mr. Speaker, I especially want to thank Chairman Frelinghuysen and the Appropriations Committee staff for their outreach and responsiveness to the fires in California. We greatly appreciate their assistance and ongoing support. Mr. Speaker, I would be remiss if I didn't thank all my staff and the Interior Subcommittee, but in particular, my chief of staff, Dave Kennett, and on the Interior Subcommittee, Betsy Bina, both of whom went above and beyond to deliver results for California. On a quick note, best wishes for Betsy, who is getting married today. Mr. Speaker, I urge passage of this emergency supplemental funding bill. Mrs. LOWEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas (Ms. Jackson Lee). Ms. JACKSON LEE. Mr. Speaker, I want to thank the gentlewoman from New York; I want to thank the chairman; but I do want to take a moment and particularly thank the gentlewoman from New York for the kindness that she showed the first victims of this horrific hurricane season. I remember coming back to Congress in the immediacy of Hurricane Harvey. Many don't know, but I left my home in a firetruck--not out of desperation, but to go where my constituents were--and spent the rest of the time with 14,000 homeless evacuees in a shelter that had been set up immediately with concern about the city of Houston. We had meetings starting at 6 a.m In the evening, as the waters started moving in different communities and different communities became flooded, we [[Page H10388]] could see evacuees carrying their only belongings--pillows, just a paper bag--flooding into the George R. Brown Convention Center. This is serious for me. I remember seeing elderly persons being evacuated after the Addicks Reservoir, Barker Reservoir was released and family members standing on what was now the shore waiting for those loved ones. I know the family and went to the funerals of the six family members who died in Greens Bayou in my congressional district. I introduced a bill, H.R 3686, which the gentlewoman from New York was quite interested in. It was for $174 billion. If we had that amount now, I would be more than happy to share that with Puerto Rico and the Virgin Islands. We don't have that. And I am extremely disappointed that we have $81 billion, not because of the lack of the hard work of those who worked on the Appropriations Committee, because I know they wanted to do more, but there were other distractions--like a $1.4 trillion tax cut. {time} 1515 The SPEAKER pro tempore. The time of the gentlewoman has expired. Mrs. LOWEY. I yield the gentlewoman from Texas an additional 1 minute. Ms. JACKSON LEE. I want to thank my Texas colleagues. We worked together, and I truly appreciate that and will thank them for it. Today, I indicated that I have constituents who are down testifying in Houston about their devastation, so I want to make this point. First of all, I fought very hard for a $1 billion grant ***program*** for small businesses. I want to tell my constituents it is in, and I want to tell the State of Texas they have to put that in their application that they want to give small businesses grants and not loans. There is $12 billion in CDBG ***programs***. I want to make sure that the State works with us to ensure that the elderly, the people who have no resources, families that have no resources have their homes rebuilt or they have their homes fixed. I want to make sure that the watershed study comes under section title IV, that the Army Corps is listening, that the watershed ***program*** that I have passed in two sessions to study the bayous, as to why Greens Bayou and Buffalo Bayou and White Oak Bayou and Halls Bayou flood, and why people lose their lives. I want that watershed done, and the Army Corps of Engineers, I hope, will listen. There is a lot of work left to be done. We have got to get more money. And I am glad that Puerto Rico and the U.S Virgin Islands are in, but you can count on me, Texas, and count on me, Puerto Rico and the U.S Virgin Islands and Florida. We will fight into the new ***year*** to ensure that we get more funding. But these items have to be considered. We fought hard for them. Mr. Speaker, I rise to speak on H.R 4667, ``Making Further Supplemental Appropriations for Fiscal ***Year*** 2017.'' H.R 4667, provides $81 billion in aid to respond to the damage caused by Hurricanes Irma and Maria, and the wildfires in California. I thank the Speaker and Rules Committee Chairman Sessions for acting favorably upon my request to bring this emergency disaster supplemental to the floor for debate and vote as a stand-alone measure. But the fact remains that the amount of funding provided in the disaster relief package is very disappointing because it is not nearly sufficient to ameliorate the suffering still being experienced by the people of the communities in the areas affected by Hurricanes Harvey, Irma, and Maria. Congress has had more than three months to develop an aid package that it is commensurate to the challenge faced by the affected states and territories in rebuilding their devastated communities. Much of this time has been squandered by the Republican congressional leadership all-consuming focus on ramming through the Republican Tax Scam legislation that gives 83 percent of its benefits to the top 1 percent, raises taxes on working and middle-class families, takes away health insurance from 13 million Americans, explodes the deficit by $1.5 trillion and the national debt by $1.7 trillion, and will be paid for by 5.4 trillion in cuts to vital ***programs*** Americans depend on, including an imminent $25 billion reduction in Medicare funding. Mr. Speaker, on September 6, 2017, ten days after Hurricane Harvey struck and joined by 44 of our colleagues, I introduced H.R 3686, the ``Hurricane Harvey Supplemental Appropriations Act of 2017,'' which provides $174 billion in disaster relief for the areas affected by Hurricane Harvey, the worst superstorm ever to strike the mainland United States. The $174 billion in funding provided by H.R 3686 represents a comprehensive response commensurate to the challenge; specifically my legislation provides relief in the following amounts: 1. Housing and Community Development Fund: $50 billion 2. FEMA Disaster Relief Fund: $35 billion 3. Army Corps of Engineers--Construction: $15 billion 4. Flood Control and Coastal Emergencies: $13 billion 5. Public Transportation Emergency Relief ***Program***: $33 billion 6. Small Business Disaster Loans ***Program***: $2 billion 7. Emergency Conservation Activities: $650 million 8. National Oceanic and Atmospheric Administration: $321 million 9. National Aeronautics and Space Administration: $50 million 10. Legal Services Corporation: $10 million 11. Army National Guard: $10 million 12. Army Corps of Engineers--Civil Investigations: $150 million 13. Coast Guard: $450 million 14. National Park Service Historic Preservation Fund: $800 million 15. EPA Environmental ***Programs*** and Management: $2.5 billion 16. EPA Hazardous Substance Superfund: $7 million 17. Leaking Underground Storage Tank Fund: $15 million 18. State and Tribal Assistance Grants: $600 million 19. Employment and Training Services: $100 million 20. Public Health and Social Services Emergency Fund: $2.5 billion 21. Airport and Airway Trust Fund: $90 million 22. Federal-Aid Highways Emergency Relief ***Program***: $6.5 billion And that is just for Texas and the areas affected by Hurricane Harvey; the damage wrought by Hurricane Irma in Florida, and Hurricane Maria in Puerto Rico and the U.S Virgin Islands was nearly as great in dollar terms and equal in the level of misery and suffering inflicted on the residents. Mr. Speaker, on September 20, 2017, Hurricane Maria made landfall in Puerto Rico, along the southeastern coast, near the small town of Yabucoa. The devastation wrought on that beautiful Caribbean oasis and its 3.5 million inhabitants, our fellow citizens of the United States, is unimaginable, except perhaps to those of us who have lived through and survived similar natural disasters, like Hurricanes Harvey and Katrina. At least 48 people have died as a result of the storm as rescue and recovery operations proceed, a number likely to rise, especially with so many elderly, sick, and very young persons at risk. Much of Puerto Rico's population is still without potable drinking water and large swaths of the population still lack electrical power. Hurricane Maria destroyed 80 percent of Puerto Rico's ***agricultural*** industry, including banana, plantain and coffee crops, which translates into lost income of approximately $780 million. On August 30, 2017, Hurricane Irma struck, inflicting horrific damage on the U.S Virgin Islands of St. Thomas, St. Croix, and St. John, the Caribbean nations of Barbuda, St. Maarten, Cuba, and Anguilla, before making landfall in the Florida Keys. In Florida alone, 6.4 million people told to evacuate to safety, leading to days of jammed highways and frantic searches for gasoline amid one of the nation's largest ever emergency evacuations. At least 124 persons are known to have lost their lives in Hurricane Irma, more than 200,000 Floridians took refuge in shelters, and nearly 6.5 million homes and businesses were without power. Mr. Speaker, we do not yet know the full extent of the damage and devastation suffered by our fellows Americans in Florida, the U.S Virgin Islands, and Puerto Rico in the wake of Hurricanes Irma and Maria. But what we do know is that the costs of recovery and reconstruction will be extensive, best estimates place the cost in the range of $50- $100 billion. This puts in perspective the inadequacy of the amount of disaster relief provided under H.R 4667 and why more, much more, must be done. Mr. Speaker, right now, at this very moment, approximately 300,000 Texans--in Port Arthur, in Port Aransas, in Houston and Harris County-- remain homeless or are living in substandard homes with blue tarp roofs and infected with mold. [[Page H10389]] Today, residents of the Cashmere Gardens community are meeting with local government officials to highlight their plight and those of other residents in the northeastern part of Houston. They are angry and frustrated and anxious, and who can blame them? Mr. Speaker, this is personal to them; and it is personal to me. That is why right now my highest priority is to ensure that funding that has been made available expeditiously gets in the hands of local governments so that relief can be deliver the resources and services so desperately needed. And I will be working with the Texas General Land Office and HUD Secretary Carson to relieve the emergency housing crisis in my congressional district and state. Mr. Speaker, I wish to commend the bipartisan leadership of both chambers, and my colleagues in the Texas congressional delegation for their diligence and commitment in bringing this package to the floor for debate and vote. I thank Chairman Frelinghuysen and Ranking Member Lowey, and Speaker Ryan and Democratic Leader Pelosi, and their Senate counterparts for the work that has been done thus far and for their assistance in the work that lies ahead. I also thank Chairman Frelinghuysen and Ranking Member Lowey, and T- HUD Appropriations Subcommittee Chairman Diaz-Balart, and Energy and Water Appropriations Subcommittee Chair Simpson and Ranking Member Kaptur for including in the legislation before us the following beneficial measures that I requested, including: 1. Authority to establish an implement a $1 billion pilot ***program*** to provides small business disaster recovery grants, modeled on H.R 3930, the ``Hurricane Harvey Small Business Recovery Grants Act,'' legislation I introduced on October 3, 2017 and co-sponsored by 16 of our colleagues. 2. $75 million for the U.S Army Corps of Engineers' Investigations account, which is to be used in areas affected by Hurricanes Harvey, Irma, and Maria, and can be used to finance the $3 million Houston-Area Watershed Assessment Study I have worked to secure and previously approved by the House. 3. The bill also includes helpful legislative language to ensure that in awarding CDBG-Disaster Relief funds to states, the Secretary of HUD should to the maximum extent practicable award grants to units of local government and public housing authorities that have the financial and administrative capacity to manage a grant awarded under the ***program***. Let me describe briefly some of the major provisions contained in the Disaster Relief Supplemental: 1. FEMA Disaster Relief Fund: $27.5 billion to provide critical funding to assist the ongoing federal disaster response. allows up to $4 billion to be provided for Community Disaster Loans (CDLs). 2. Community Development Block Grants Disaster Recovery (CDBG-DR): $26.1 billion for housing and infrastructure needs. $13.56 billion for grants to states, tribes, and territories for unmet housing needs and business losses. 3. $12.5 billion for mitigation efforts to help communities protect against future disasters. 4. This funding can provide for housing elevation, buyouts in the flood plain, water/sewer infrastructure enhancements, public infrastructure hardening (e.g storm proofing public buildings). 5. Federal Highway Administration's Emergency Relief: $1.4 billion to address all current damages to federal highways caused by designated disasters 6. $12.11 billion for the Army Corps of Engineers to repair existing damages by natural disasters and for studies and projects to reduce the risk of future natural disasters, $75 million to expedite studies to help mitigate future disaster damage. 7. 2.9 billion to help displaced students get back to school. funding can be used for both public and private schools 8. $3.8 billion for ***agriculture*** assistance. 9. $1.66 billion for Small Business Administration Disaster Loans to assist small businesses and homeowners repair or replace real estate, personal property, machinery and equipment, and inventory and business assets. Mr. Speaker, there is much more work to be done in my city of Houston, and across the areas affected by the terrible, awesome storm that will be forever known simply as Hurricane Harvey, and by Hurricanes Irma and Maria. That is why I am disappointed that only $81 billion is being provided at this time. That is why it must be emphasized and understood that this can only be understood as a partial response because much more funding will be needed to provide our fellow Americans in Texas, Florida, Louisiana, Puerto Rico, and the U.S Virgin Islands the help and support they need to restore their communities to their previous greatness. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. Diaz-Balart), the chairman of the Transportation, Housing and Urban Development, and Related Agencies Subcommittee. Mr. DIAZ-BALART. Mr. Speaker, let me first thank the chairman of the committee for his spectacular work on this bill. Look, this bill provides much-needed relief and resources to Texas, Florida, the U.S Virgin Islands, California, and Puerto Rico. I have heard a lot in this debate, but let's be very clear. This bill treats Florida, the folks in Florida, Texas, Puerto Rico, the U.S Virgin Islands, and California exactly the same--exactly the same. Significant portions, Mr. Speaker, of my district were hit hard by Hurricane Irma. Communities are still working to get back on their feet, communities like Everglades City, Chokoloskee, Plantation Island, Immokalee, and Montura Ranch. This bill helps meet our Federal obligation to ensure the full, appropriate Federal commitment is there for long-term recovery. Mr. Speaker, for highways, this bill funds repairs for the 2017 storms and clears the backlog of prior ***years***. On the housing side, this bill provides $26.1 billion for Community Development Block Grants. Of that, $13.6 billion is provided to meet all remaining unmet housing, business, and infrastructure needs for those hurricanes, and, yes, that includes the Virgin Islands and Puerto Rico. The remaining $12.5 billion is provided for mitigation grants, again, also to Puerto Rico and the Virgin Islands and Florida and California and Texas. All of those are treated exactly the same. So, again, these grants provide resources to our communities so that they can rebuild. Additionally, I am pleased that $3.8 billion is allocated for the Department of ***Agriculture***. This will go a long way to help those affected, those farmers, like the ag industry and the citrus industry in the State of Florida. So, again, I strongly urge a ``yes'' vote on this important supplemental. I once again want to thank the chairman, Chairman Frelinghuysen, for his leadership, for his courage, for bringing forward a good bill that helps the folks in our country and that treats everybody equally, equitably, and fairly. Mrs. LOWEY. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. Thompson). Mr. THOMPSON of California. Mr. Speaker, this ***year*** has been the worst fire season in California history. The October fires included 21 major fires that were fought by over 11,000 firefighters. They were driven by powerful winds that reached speeds of over 80 miles an hour, and these fires moved, at times, as fast as 200 feet per second. That is 40 football fields in a minute. They burned nearly 300,000 acres. They forced over 100,000 people to evacuate their homes, and they destroyed over 9,000 homes and structures. And, most tragically, 44 people lost their lives. Our communities have been devastated, Mr. Speaker, but they have also come together and supported each other in inspiring ways, and now they begin the very long road to recovery. I am pleased to see this supplemental funding package will deliver much-needed funds for fire recovery. I want to specifically thank Congressmen Calvert, McCarthy, and Pelosi, who came out and saw this devastation and have been working with us to make sure we get the funds that we need. I want to thank the appropriators and the appropriations staff for all their help as well. With the support of the entire California House delegation, the State of California has requested $4.4 billion for fire-related disaster relief. These funds will be vital to helping families rebuild their homes and their lives and to supporting our community as they rebuild critical infrastructure and restore essential services. It is critical that the Federal Government steps up and does its part to support our long-term recovery. This funding package is an important first step in that effort. I have a picture of one of the devastated areas. This is over 3,000 homes in one swath that were just burned to the ground. Folks in California who experienced this terrible disaster need our help. [[Page H10390]] I ask for an ``aye'' vote. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. Shuster), the chairman of the Transportation and Infrastructure Committee. Mr. SHUSTER. Mr. Speaker, I thank the chairman for yielding, and I thank the chairman and the Appropriations Committee for bringing forward this extremely important legislation, which includes important FEMA reforms which were approved unanimously by the Transportation and Infrastructure Committee partially in response to this ***year***'s historic hurricane season. The bipartisan, bicameral Disaster Recovery Reform Act addresses the rising costs of disasters in the United States. It reforms Federal disaster ***programs*** to ensure our communities are more resilient and better prepared for the next hurricane, flood, earthquake, wildfire, or other disaster. It focuses on predisaster planning and mitigation and creates incentives for communities to build better and smarter to speed recovery when disaster does strike. This will save lives, and it will also save money. Putting our focus on mitigation is good government and is fiscally responsible. For every dollar we spend on mitigation, between $4 and $8 is saved in avoided disaster recovery costs later. This is good policy that will benefit every single congressional district across the country. I want to thank many Members who contributed, but especially to my Democratic colleagues who contributed to this effort: Congressmen Johnson, DeFazio, Huffman, Wilson, Maloney, Ruiz, Sinema, Frankel, and Nadler. And again, many, many others contributed to this important reform legislation. Many Americans are still recovering from hurricane damage, and California is in the middle of fighting massive wildfires. This is extremely important legislation. I would urge all my colleagues to support it. Mrs. LOWEY. Mr. Speaker, I reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana (Mr. Graves), the chairman of the Water Resources and Environment Subcommittee of the Committee on Transportation and Infrastructure. Mr. GRAVES of Louisiana. Mr. Speaker, I thank the chairman for working with us on this and for yielding time. I also want to thank the chairman of the Transportation and Infrastructure Committee and the ranking member for all their assistance. Mr. Speaker, this bill doesn't just include money, which, of course, is very, very important. It also includes language and changes that I would consider to be priceless. It includes things like applying lessons learned, reducing disaster response costs, and, importantly, speeding up recovery--things outside Washington called common sense and applying it to how we handle disasters. It pivots from being reactive and spending billions of dollars after disasters to being proactive. You can look back since 1980. We have had well over 200 disasters in this Nation that have cost over $1 billion each. In fact, when you add it all up, we are looking at approximately $1.3 trillion in disaster costs in this Nation. As the chairman of the Transportation and Infrastructure Committee said, this bill includes text from H.R 4460 and H.R 4438 that transforms this process: instead of just coming in and picking up the pieces after a disaster, actually leaning forward and making sure our communities are more resilient, making sure they are prepared for disasters, making sure they are prepared for the future. This bill includes very important provisions to the State of Louisiana that address this duplication of benefits issue, some nonsensical policy that someone came up with that a loan is duplicative of a grant. It eliminates these barriers that prevent us from spending hazard mitigation grant ***programs*** on federally authorized Corps of Engineer projects to prevent flooding and prevent hurricane damage to our communities. It applies common sense. It ensures that deficiencies like the I-12 barrier in Louisiana are addressed. It provides funding to respond to the 2016, 1,000-***year*** flood that we had in the capital region in Louisiana. It provides flexibility for these STEP ***program*** housing ***program***-type concepts that ensure that we are not wasting money that is only ripped out later on, but it truly provides long-term solutions. Finally, Mr. Speaker, it addresses inefficiency in food banks and churches and others, and it makes them eligible. I urge adoption of this bill. Mrs. LOWEY. Mr. Speaker, I continue to reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. Barletta). Mr. BARLETTA. Mr. Speaker, I rise today in support of H.R 4667, which includes provisions of my bill, the Disaster Recovery Reform Act. In 2017, 8 percent of the United States population was affected by at least one disaster. This startling statistic highlights the importance of investing in mitigation infrastructure before tragedy strikes. Studies have repeatedly shown that, for every $1 invested up front, we can save between $4 and $8 in avoided recovery costs. My bill would allow us to realize those savings by transforming how we approach disaster spending. It would provide FEMA with the ***programs***, authorities, and resources to help our communities plan for, mitigate against, respond to, and recover from disasters. Every one of our districts, Republicans and Democrats alike, will be impacted by disaster at some point. In 2011, my own district was devastated by flooding from Hurricane Irene and Tropical Storm Lee. People lost everything, and homes and businesses were completely wiped out. I visited with families and employers affected by this tragedy, and it made me realize that we need to do something to help communities build better and smarter before disaster strikes. My bill, the Disaster Recovery Reform Act, will do just that. It will save lives, lessen damage, and speed up recovery. I thank Chairman Shuster and my colleagues on the Transportation and Infrastructure Committee and the Senate for their work on this bipartisan and bicameral agreement. Again, I urge swift passage of H.R 4667. Mrs. LOWEY. Mr. Speaker, I continue to reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. Rodney Davis). Mr. RODNEY DAVIS of Illinois. Mr. Speaker, my congratulations go out to Chairman Frelinghuysen and to Chairman Shuster for putting these FEMA reforms into law that were long overdue. I thank the gentlemen for their support. I rise in support of H.R 4667, the critical disaster assistance legislation to help those affected by Hurricanes Harvey, Irma, and Maria this ***year***. I have said on the floor of this House numerous times that I believe it is important for Congress to come together when disaster strikes to help those impacted. Helping our fellow Americans after a disaster is the right thing to do. And, don't forget, you never know when a disaster may hit your State. That is why I am thankful to Chairman Frelinghuysen and Chairman Shuster for including language important to my home State of Illinois in this bill. My bill, the Disaster Declaration Improvement Act, requires FEMA to place greater weight and consideration on the severe, localized impact of the damage following a disaster. {time} 1530 I want to thank my colleague, Congresswoman Cheri Bustos, for working with me on this bipartisan bill. FEMA currently takes into account several factors when determining the need for public and individual assistance. However, there is no standard to determine which factor is more important than another, which leads to a highly subjective process, and one that has left rural counties in very populated States, like Illinois, left without help from the Federal Government. It is because one major factor used by FEMA is a State's population. Currently, FEMA multiplies a State's population by $1.39 to use it for the threshold to determine need, meaning, for Illinois to receive assistance, damages would have to be $18 million or more. As you can see by this chart, that is more than or nearly double that of all [[Page H10391]] of our neighboring States. There have been multiple times where a storm hits both Illinois and our neighbors, but Illinois is the only one denied assistance. One of the most recent examples is, 2 ***years*** ago this Christmas, flood damage throughout 16 counties cost $15 million in damages. Missouri, who was also impacted by this same storm, received assistance, but Illinois did not. This is wrong. My constituents pay into the Disaster Relief Fund to help other States. It should be there when they need it. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Mrs. Mimi Walters). Mrs. MIMI WALTERS of California. Mr. Speaker, California is experiencing the worst fire season in its history. Tragically, these fires have taken 46 lives, including one of our brave Cal Fire firefighters, Cory Iverson. California has lost nearly 10,000 homes and structures since the start of the October wildfires. The need for relief and assistance is immediate. Mr. Speaker, I support the swift passage of the Emergency Disaster Aid Package, which includes legislation I introduced, the California Wildfire Disaster Tax Relief Act of 2017. These specific provisions will allow victims to deduct property damages and access retirement funds without penalty, as well as encourage charitable giving. Passage of this bill will help mitigate the burden of these devastating wildfires and allow people to begin rebuilding their lives. Mr. Speaker, California faces a long road to recovery and rebuild from this devastating fire season. I urge my colleagues to aid in that recovery by voting for the Emergency Disaster Aid Package. Mrs. LOWEY. Mr. Speaker, I reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. Smith). Mr. SMITH of New Jersey. Mr. Speaker, I thank my good friend for yielding time to me and for his tremendous bill. It is a great bipartisan piece of legislation. Mr. Speaker, after Superstorm Sandy, I and others saw how leaders and volunteers of churches, synagogues, and other religious centers helped feed, clothe, and shelter tens of thousands of victims, yet they were left out and left behind when it came to repairs of their own facilities. The FEMA policy was and is unfair, unjustified, and discriminatory. Over 4 ***years*** ago, the House came together in the wake of Superstorm Sandy and passed legislation that I authored by 354-72. Surprise, surprise, the Senate never acted, so the policy continues to this day. I want to thank the chairman for including a provision in this bill that will ensure that houses of worship, churches, and synagogues get the kind of help they need on an equal basis with other nonprofits. I also want to thank him for including language that will get rid of this misnamed duplication of benefits clause. Imagine this: men and women who are victimized by Superstorm Sandy or any other storm, they go to FEMA, they are advised to take out an SBA loan, then a little later in the recovery time, they are told that there is a HUD grant available, and they are precluded from getting that grant to even pay off the SBA loan. Mrs. LOWEY. Mr. Speaker, I reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. Rutherford). Mr. RUTHERFORD. Mr. Speaker, I rise today in strong support of this emergency supplemental bill. This emergency funding provides much-needed and, frankly, overdue relief to my district in northeast Florida. In September, Hurricane Irma caused flooding that the city of Jacksonville had not seen in more than 150 ***years***. Downtown was literally under water, power was out for many days, and homes and businesses were shuttered. In our more rural ***agricultural*** communities in Nassau County and St. Johns County, crops were wiped out, hurting our ***agriculture*** community for months, if not ***years*** to come. The city of Jacksonville recently projected that Hurricane Irma will cost the city $85 million. I would be remiss if I did not commend the quick Federal response, the leadership of our Governor, and the planning and coordination of local emergency management officials and first responders, who saved lives and made our community safe and quickly back up and running. But the Federal support in this bill provides the next phase in emergency response that we so desperately need. I would like to thank Chairman Frelinghuysen and his committee and committee staff for their work to get this bill over the line. I urge my colleagues in the strongest way possible to support this bill. Mrs. LOWEY. Mr. Speaker, I reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. McCarthy), the majority leader. Mr. McCARTHY. Mr. Speaker, I thank the gentleman for yielding time to me and for his work. Mr. Speaker, it is only 4 days until Christmas. I look forward to going home and being with my family. I know every single Member in this body looks forward to that, too. I count my blessings that my family is safe and that I have a community and home to head back to. There are people in this country who don't have that. Their homes were destroyed by wind, flood, and fires. Their communities were torn apart by hurricanes and flames. Mr. Speaker, I had the somber privilege of traveling to these places. I went to Texas and spent time with Members from both sides of the aisle, seeing the flooded homes and streets filled with water. We visited NRG Stadium to meet the people forced to evacuate their homes. I stood with Representatives like Sheila Jackson Lee, Al Green, Randy Weber, and Brian Babin. These folks don't often agree on much in politics. But you know what we did that day? We all promised to help the people of Texas. I flew to the Virgin Islands and Puerto Rico with Minority Whip Steny Hoyer, and I would like to thank Delegate Stacey Plaskett and Resident Commissioner Jenniffer Gonzalez-Colon for welcoming us and opening the eyes of the Nation to what was happening. In the Virgin Islands, we visited a hospital. The storm left half of it unusable. No dialysis machines. They had to come to the mainland. Nurses and doctors were working, doing the best they could to help people in the most difficult of circumstances. In Puerto Rico, we were the first congressional delegation to visit the interior after the storm. We were with Members like Jeff Denham, Anthony Brown, and Norma Torres. We met people without power for weeks, low on food, low on medicine. We saw schools and homes destroyed and completely washed away. We then went to Florida to see the other towns hit by Hurricane Irma, places that face storms ***year*** after ***year***. I returned to my home State of California with Congressmen Mike Thompson and Jared Huffman during the worst wildfire season our State has ever seen. We saw the fires rage up north, where it destroyed entire communities. Forty-six people have lost their lives in the fires in California this ***year***. You could see the devastation, block after block. Ash heaps of homes and trees, standing like barren pillars. I met with firefighters down south, still battling what may become the largest wildfire in California's history. As it looks right now, they will still be standing on the front lines of those fires come Christmas day. Every single place I went, Democrats and Republicans stood together. We saw the devastation together. We spoke to the suffering that the people were having together, and together we made a promise that we would return here to Washington and work hand-in-hand to help them as soon as possible. That is why you heard Minority Whip Steny Hoyer, on September 26, say that he would ``work with colleagues on both sides of the aisle to ensure Congress provides all funding necessary to ensure that all Americans affected by these storms can recover and rebuild.'' That is why he said on November 2 that he believes ``we can work together in a bipartisan way to ensure that the affected areas receive the resources they need from Congress.'' [[Page H10392]] That is why I appreciated joining him in an op-ed piece that was in The Washington Post on November 8, where we wrote: ``We are determined to ensure that there is strong bipartisan support for the next supplemental emergency funding package so that affected areas, such as those we visited, have the resources they need.'' Minority Leader Nancy Pelosi spoke similarly. She signed a letter with Members across California saying to President Trump that: We look forward to working with you to ensure that all Americans who have been severely impacted by recent natural disasters across the United States receive the Federal support they need and deserve. She told the Appropriations Committee that: Congress has an urgent responsibility to the California families, whose lives have been upended by disastrous wildfires. I couldn't agree more with these statements. In the past few weeks and months, we did--we worked together. We analyzed the damage. We studied the requests from Governors and legislators. We even made significant reforms to respond to disaster in the most effective and responsible way possible. The legislation today is the result. It provides funding for every single State and territory affected by natural disasters. I remind all my friends from California that this legislation accommodates exactly what our entire delegation requested. In all this work, we did it together in a bipartisan way; the way the American people expect this body to work. Now, I know it is the habit of this town to play politics. Mr. Speaker, I do want to tell my friends on the other side: If they feel like they have to, play politics on tax cuts. Call it whatever you want to call it. Play politics on all the other legislation that comes to this floor. But if I can request one thing: Please don't do it here. Don't play politics on a vote to give aid to the people of Texas; to the people of Puerto Rico; to the people of the Virgin Islands; to the people of Florida, and to the people of California, who are still fighting the fires. Don't play politics on a bill that you are going to hope to maybe stop another. That would be the worst of any politics I have seen played here. Mr. Speaker, I beg my friends on the other side: Please don't do what they did 2 weeks ago when they whipped against the funding bill to shut the government down. If they don't like tax cuts, I understand; vot against them. If they don't want to vote for the funding of the government and they want to shut it down, fine, take that vote. But here and now, right before Christmas, don't vote against aid for Americans who just lost everything. They don't understand the politics in it. Don't vote against aid we promised to deliver. Don't vote against aid we worked so hard together to put on this floor. Washington, D.C , can be far from our homes. We may all be dreaming of being home with our kids, eating Christmas dinner, opening presents, and enjoying time with our family and friends; but what we do here and now has consequences. What we do here and now will either give tens of thousands of people something to hope for this Christmas, or take that hope away. We can deliver that hope if those who stood with me on the flood plains of Texas and on the burnt hills of California keep the promise they made. We can deliver that hope if those who worked with us for so long continue to work with us today. People need our help. Vote to give them the help they need, the help we all promised. The SPEAKER pro tempore. Members are reminded to address their remarks to the Chair. Mrs. LOWEY. Mr. Speaker, I yield 3 minutes to the gentlewoman from the Virgin Islands (Ms. Plaskett). Ms. PLASKETT. Mr. Speaker, I thank the gentlewoman for yielding time to me. Mr. Speaker, at this moment I would like to speak on behalf of the people who I represent, the people of the Virgin Islands. I am thankful that this House has decided that they wanted to work in a bipartisan manner on supplemental aid for the unprecedented disasters that have occurred in the Virgin Islands. I did hear the voice of so many of my colleagues who said that they would be willing to do whatever was necessary to support the people of the Virgin Islands. But right now, as I stand here, people of the Virgin Islands, almost 60 percent of them, still do not have power. {time} 1545 I have no power in my own home, and those of you in Florida, Texas, and in other places would not stand for that. But you expect us to stand for it. We are supposed to muddle through. We are only supposed to have hope this Christmas of what is supposed to come? Mr. Speaker, you can have hope at your Christmas dinner because you have got some lights on. My house I will go empty to, it will be cold, and it will be dark there until my husband and I crank up the generator and get it going for a couple of hours so that maybe we can wash, cook some food, and turn it back off again later in the day. Today, I am urging my colleagues to vote ``no'' on H.R 4667, not because I don't want supplemental support, not because the people of the Virgin Islands don't need it, but because I understand that I have said, when this measure was unveiled, that the funding in this bill is woefully insufficient, and it has not improved since that time. This measure provides only $81 billion to be split between Texas, Florida, Puerto Rico, the Virgin Islands, and other places. If history is any indication, that money is not going to get to the people of the Virgin Islands, because while the California delegation and the Texas delegation can lobby in late hours to get what they need in the bill, I am the only person from the Virgin Islands here to support the people of the Virgin Islands. Not only do I not get invited to those negotiations, I don't even have a vote when the bill that comes to providing for the people that I represent comes on this floor. One of the things that is noticeably absent from this disaster package is funding for Medicaid ***programs***, the same type of funding that was put in, in discussions for Katrina, for the people of Texas and Louisiana. The government of the Virgin Islands cannot shoulder the current burden of the local matching requirements for Medicaid funding which the government of the Virgin Islands has recently submitted to be $64 million and an additional $50 million. The government of the Virgin Islands has respectfully requested that the Medicaid provisions, that the cap be removed, the arbitrary cap be removed for us for a period of time for us to be stabilized and for 100 percent the same way it was for Katrina in other places be given to us. Now, the people of the Virgin Islands and the people of Puerto Rico-- I know it may be news to many people--but we are U.S citizens. We decide to live on an island because that is where we were brought. The SPEAKER pro tempore. The time of the gentlewoman has expired. Mrs. LOWEY. Mr. Speaker, I yield an additional 1 minute to the gentlewoman from the Virgin Islands. Ms. PLASKETT. Because of that, we have been treated disproportionately and unfairly in the ways that some of this funding has come about. In addition, the bill does not include important local cost-share waivers for the Virgin Islands and contains unnecessary limitations on the ability of the Virgin Islands to use Federal assistance to rebuild with more resilience. Furthermore, the Virgin Islands cannot wait for the community development funds provided in this bill. HUD should immediately award community development funds to the Virgin Islands on the damage assessments that have been completed. Those are things that I can get around. Those are real support in a real bill that is really working in a bipartisan way to help all Americans--not just delegations who can get together in the dark of the night and in the cold of the night and make provisions for themselves leaving those of us. I have told my colleagues on this side of the aisle that they are going to pick off Puerto Rico and the Virgin Islands, we are going to be left out. Some of you are going to get what you want, and you are going to vote for [[Page H10393]] this. Once again, the people who have no vote on this floor, the people who have no say in this country, although they are U.S citizens, are going to be left out. Mr. Speaker, I am urging all of my colleagues to vote ``no.'' Mr. FRELINGHUYSEN. Mr. Speaker, I reserve the balance of my time. Mrs. LOWEY. Mr. Speaker, I yield myself 1 minute to close. Mr. Speaker, I would like to reiterate that the bill before us is insufficient to meet the needs of those living in Puerto Rico and the Virgin Islands. Months after hurricanes devastated the islands, hundreds, if not thousands, of Americans have died, and far too many people are living without basic necessities that all Americans should have. I include in the Record a letter from Puerto Rico's Resident Commissioner, Jenniffer Gonzalez-Colon, which requests Medicaid assistance and 100 percent Federal costs for FEMA and Army Corps projects which are not included in the bill. Congress of the United States, House of Representatives, Washington, DC, December 20, 2017. Hon. Thad Cochran, Chairman, Appropriations Committee, U.S Senate, Washington, DC. Hon. Patrick J. Leahy, Ranking Member, Appropriations Committee, U.S Senate, Washington, DC. Hon. Rodney Frelinghuysen, Chairman, Appropriations Committee, House of Representatives, Washington, DC. Hon. Nita M. Lowey, Ranking Member, Appropriations Committee, House of Representatives, Washington, DC. Dear Chairmen Cochran and Frelinghuysen and Ranking Members Leahy and Lowey: I write to draw your attention to several disaster supplemental appropriations matters that are important to Puerto Rico's recovery from the catastrophic damage caused by Hurricanes Irma and Maria. The revisions I propose to the disaster supplemental legislation that Congress is currently considering are necessary for rebuilding the lives of the 3.4 million U.S citizens who live on the island. Regarding any federal funding for Medicaid in Puerto Rico, it is imperative that disaster supplemental legislation provide that for not less than two ***years*** Puerto Rico will receive 100% federal funding (FMAP). This funding is necessary because there is no question about Puerto Rico's looming Medicaid crisis: within the first months of 2018, absent emergency funding, Puerto Rico's Medicaid ***program*** will exhaust its current funds and the island's Medicaid system will collapse, which will bring to a halt Puerto Rico's entire healthcare system. The disaster supplemental legislation must be revised so to statutorily waive for two ***years*** Puerto Rico's state cost share for FEMA Public Assistance. Moreover, the disaster supplemental legislation must be revised so to include a two ***year*** waiver of the cost-sharing requirements for all Army Corps of Engineers projects in Puerto Rico. As you know, the recent hurricanes have destroyed Puerto Rico. The lives of millions of U.S citizens are now in the federal government's hands. I look forward to continuing to work with you to move forward the proposals I have outlined in this letter. Together we can rebuild Puerto Rico better than ever and make the island anew. At this moment, the federal government has an opportunity to demonstrate America's commitment to all its citizens, including those who reside in Puerto Rico. Sincerely, Jenniffer Gonzalez-Colon, Member of Congress, PR-At Large. Mrs. LOWEY. Mr. Speaker, I yield back the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I yield myself the balance of my time. Mr. Speaker, this bill--put together after eight public hearings, input from all Governors, all Members of Congress, and all Delegates, especially those who represent Texas, Florida, Louisiana, Puerto Rico, the Virgin Islands, and California--represents a fair and a compassionate treatment of all hurricane and fire victims. Like the first two emergency supplementals put together by our leadership, our committee, and Congress, we acted within days to help. I ask that we do it again this afternoon without delay. Get this $81 billion disaster package into the hands of the States, the territories, and the communities that continue to suffer. Let me associate myself with the remarks of our majority leader. Let's get the money into those communities that have been suffering. That money is going to the Virgin Islands, it is going to Puerto Rico, and it is going to Florida, Texas, and California. There has been no discrimination at all. This bill has been put together with the cooperation of all the chairs and ranking members, and it deserves to be acted on promptly. People are suffering. Let's get the money out the door to help them as we have done in the past on the first two supplementals. Mr. Speaker, I yield back the balance of my time. Mr. DeFAZIO. Mr. Speaker, I rise in support of Division B of this bill, which has bipartisan, bicameral support of the leadership of the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Homeland Security and Governmental Affairs of the Senate. It includes H.R 4460, the ``Disaster Recovery Reform Act'', and several other Federal Emergency Management Agency (FEMA) bills that passed the House earlier this ***year***. While there are many good provisions in Division B, I will focus my comments on a few provisions that I believe will have the most impact in making the United States a leader in disaster recovery. Under Division B, the Nation will be on the right track to build stronger and more resilient communities and it will encourage better behavior before and after disaster strikes. We know that for every dollar invested in mitigation to make our communities stronger before disaster strikes, the taxpayer saves $3 to $4 in future disaster costs. Section 2036 of this bill furthers the goal of investing in mitigation before disaster strikes by establishing a steady funding stream for FEMA's Predisaster Mitigation (PDM) ***program***. Under Section 2036, the President must provide a specific amount of additional funding from the Disaster Relief Fund for the PDM ***program***. The specific amount of additional funding is equal to six percent of the estimated amount of disaster assistance provided for each major disaster. The President will then distribute these funds in accordance with existing law, with a certain amount provided to each State and the remainder made available through a competitive grant process. Section 2036 uses language similar to language in the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) authorizing FEMA's Hazard Mitigation Grant ***Program*** (HMGP), which is mandatory funding provided post-disaster with each disaster declaration. Although Section 2036 uses the term ``may'', the intent is that FEMA will set aside funds for the PDM ***program***, just as they do for HMGP. We have had several bipartisan conversations with FEMA confirming that FEMA understands the intent of this section and will interpret the ``may set-aside'' language included in section 2036 as mandatory. The mandatory funding for the PDM ***program*** from the Disaster Relief Fund required under this section will provide consistency to a ***program*** with a proven record of saving taxpayers money. In addition, section 2036 authorizes FEMA to withdraw and redistribute funds that remain unobligated three fiscal ***years*** after FEMA awarded the funds to the grantee. The intent of this provision is to provide FEMA with discretionary authority to move funding that is not being used to States and projects that will use it. However, FEMA is not required to withdraw these funds from grantees and shall make these decisions on a case-by-case basis. For instance, a grantee may have commenced work on a project or is actively working on a project but the project is not at the point where funds need to be obligated. In this instance, we would not expect FEMA to withdraw the funds. In addition, while this section will apply to PDM funds awarded prior to enactment of this Division, the intent is to give grantees three fiscal ***years*** from the date of enactment of this Act to obligate these funds. Grantees with existing PDM funds are now on notice that they have three ***years*** to obligate these funds or at least be actively working on projects that will allow those funds to be obligated shortly thereafter. I have noted time and time again how nonsensical it is that the Federal Government pays to rebuild communities after a disaster to inadequate standards only to have those facilities destroyed again by a later disaster, with the Federal Government once again on the hook for the cost of rebuilding. Under this legislation, this nonsense will finally stop. Section 2037 requires communities to rebuild to the latest consensus-based, design standards and in a more resilient manner, thereby ensuring stronger, smarter facilities going forward. The cycle of repeatedly rebuilding and repairing disaster-damaged public infrastructure will end under this measure. Although FEMA must define ``resilient'' and ``resiliency'' pursuant to regulations within two ***years*** of the date of enactment of this Act, FEMA is required to adopt guidance to immediately implement the ``resiliency'' requirements of this legislation. The need for resilient construction has become even more apparent after the 2017 disaster season. FEMA must use this opportunity to invest taxpayer funds wisely while saving lives and reducing injuries. FEMA has the ability to ensure that the United [[Page H10394]] States leads the way in disaster recovery and I urge FEMA to seize this moment. Accordingly, as FEMA works to develop the definition of ``resilient'' and ``resiliency'', the agency needs to ensure that it takes into account the extent to which the improved facilities: reduce deaths and injuries during and after a major disaster; sustain minimal damage allowing the facility to continue to provide the primary function and services of the facility during and after a natural hazard; prepare for and withstand all hazards that could result in a major disaster; and reduce the magnitude or duration of a disruption to the facility's primary function and services to a facility. In addition, any ``resilient'' facility should be constructed: in consideration of current and future environmental conditions based upon the best-available science, changes in demand, and extreme weather events; to reduce potential disruptions to the facility, including by building in operational redundancies, and increasing the ability of the facility to recover more rapidly; using techniques and materials that have the absorptive capacity, adaptive capacity, and recoverability to withstand a potentially disruptive event; to the maximum extent practicable, using durable and sustainable material; and to incorporate, to the maximum extent practicable, natural and nature-based measures and energy efficiency improvements. Currently, FEMA provides HMGP funds when a State receives a disaster declaration, but HMGP funds are not provided when a State receives a Fire Management Assistance Grant to respond to wildfires on non-Federal lands. Unfortunately, wildfires destroy the landscape often causing mudslides and flooding that then result in a disaster declaration. Under Division B, States will receive HMGP funds if they have received Fire Management Assistance Grants to respond to wildfires. With HMGP funds, States will be able to restore landscapes and vegetation destroyed by wildfires and make the land less susceptible to future mudslides and floods. This legislation also clarifies that wildfire- related mitigation activities are eligible under both the PDM and HMGP ***programs***. Together, these provisions will help prevent wildfires and related disasters and I commend our colleague from California (Mr. Ruiz) for his leadership on these issues. Division B also clarifies that earthquake-related activities are eligible for mitigation assistance. The West Coast faces the most risk from multiple and extreme earthquakes, and Oregon is long overdue for an earthquake and tsunami on the Cascadia Subduction Zone. Yet, the United States' earthquake early warning system lags behind those of other nations. Clarifying for grantees that mitigation funds are available for earthquake-related activities will save lives and reduce injuries in a future disaster. Finally, important to the State of Oregon, section 2029 clarifies that for purposes of the National Flood Insurance ***Program*** (NFIP), FEMA is not responsible for privately funded actions taken by private parties on private land. Under actions proposed by the National Marine Fisheries Service, the entire State of Oregon would become a critical habitat, seriously impeding economic development. The proposed requirements, are so onerous, the State of Oregon, which already has strict land use regulations, would have difficulty implementing them, as they violate federal and state property rights. This provision will help ensure that FEMA implements the NFIP in a manner that is consistent from state-to-state and does not become a land use regulatory agency. I support all of these important provisions and urge their adoption. The SPEAKER pro tempore. All time for debate has expired. Pursuant to House Resolution 670, the previous question is ordered on the bill, as amended. The question is on the engrossment and third reading of the bill. The bill was ordered to be engrossed and read a third time, and was read the third time. The SPEAKER pro tempore. Pursuant to clause 10 of rule XX, the yeas and nays are ordered. Pursuant to clause 8 of rule XX, further proceedings are postponed.

**Load-Date:** December 28, 2017

**End of Document**



[***Address of President of Kazakhstan: New possibilities of development in conditions of fourth industrial revolution***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RDD-M5T1-JDVR-020R-00000-00&context=1516831)

Emerging Markets Brokers Reports - Russia

January 9, 2018 Tuesday 12:00 AM EEST

Copyright 2018 SeeNews All Rights Reserved



**Length:** 5814 words

**Byline:** SeeNews

**Body**

The Address of the President of Republic of Kazakhstan Nursultan Nazarbayev to the people of Kazakhstan "New possibilities of development in the conditions of the Fourth Industrial Revolution".

Astana city10 January , 08:13

The Address of President of the Republic of Kazakhstan to the people of Kazakhstan. January 10, 2018.

"New possibilities of development in the conditions of the Fourth Industrial Revolution"

          Dear Kazakhstanis!

Today the world enters the era of the Fourth Industrial Revolution, the era of profound and rapid changes: technological, economic and social.

The new technological structure radically changes the way we work, we execute our civil rights, we raise children.

The need to be prepared for global changes and challenges has prompted us to adopt the "Kazakhstan-2050" Development Strategy.

We set out to enter the list of thirty most developed countries in the world.

The National Plan - 100 specific steps is being implemented, 60 of which have already been fulfilled. The rest are mostly long-term in nature and are implemented systematically.

Last ***year***, the Third modernization of Kazakhstan was launched.

The Industrialization ***Program*** is being successfully implemented.

A comprehensive ***program*** "Digital Kazakhstan" was adopted.

A comprehensive Strategic Plan for the Development of the Republic of Kazakhstan was developed until 2025.

Our long-term goals remain unchanged.

We have all the necessary ***programs***.

This Address determines what we have to do for successful navigation and adaptation in a new world - the world of the Fourth Industrial Revolution.

Dear compatriots!

We created an independent Kazakhstan, which became a brand that inspires trust and respect in the world.

In 2017, our country became a non-permanent member of the UN Security Council.

In January 2018, we chair in it.

We became the first State among the countries of the CIS and Eastern Europe, which the world community chose for the International Specialized Exhibition "EXPO".

A successfully functioning model of a market economy has been built in Kazakhstan.

In 2017 the country, having overcome the negative consequences of the global crisis, returned to the trajectory of confident growth.

At the end of the ***year***, the growth of gross domestic product was 4%, and industrial production - more than 7%.

At the same time, in the total volume of industry, the processing sector exceeded 40%.

The successful development of Kazakhstan allowed the formation of the middle class.

Poverty declined 13-fold, the unemployment rate fell to 4.9%.

At the core of the socio-economic successes of the country are the civil peace, interethnic and interfaith consent, which continue to be our main value.

Nevertheless, we must clearly realize that Kazakhstan's achievements are a reliable base, but not a guarantee of tomorrow's success.

The era of "oil abundance" is almost coming to an end. The country needs a new quality of development.

Global trends show that it should be based primarily on the broad implementation of elements of the Fourth Industrial Revolution.

It carries with it both challenges and opportunities.

I am sure that Kazakhstan has everything necessary to become a leader of the new world.

To do this, you need to concentrate on the following tasks.

THE FIRST TASK. Industrialization shall become the flagship of the introduction of new technologies.

It was its results that became one of the main stabilizing factors in the crisis ***years*** 2014-2015, when oil prices fell sharply.

Therefore, the benchmark for the manufacturing sector with high labor productivity remains.

At the same time, industrialization should become more innovative, taking advantage of the new technological structure 4.0.

It is necessary to develop and test new instruments aimed at modernizing and digitizing our enterprises with a focus on exporting products.

They should primarily stimulate the ***transfer*** of technology.

A pilot project on the digitization of several Kazakhstani industrial enterprises should be implemented, and then this experience should be widely disseminated.

The most important issue is the development of own ecosystem of developers of digital and other innovative solutions.

It should be created within innovation centers, such as the Nazarbayev University, the AIFC and the International Technopark of IT-Startups.

A serious revision of the organization of activity of the "Alatau" Park of Innovative Technologies is required.

The main factors for the success of the innovation ecosystem are the stimulation of the demand for new technologies by the real sector and the functioning of the private venture financing market.

This requires appropriate legislation.

In addition, the development of IT and engineering services is of particular importance.

Digitalization of the economy, apart from dividends, carries the risks of a large-scale release of work force.

It is necessary to work out an agreed policy on the employment of the released labor in advance.

It is necessary to adapt the education, communication and standardization system to the needs of the new industrialization.

In 2018, it is necessary to begin the development of the third five-***year*** industrialization period devoted to the development of the "digital age" industry.

THE SECOND TASK. The further development of resource potential.

The world of the 21st century continues to need natural resources, which in the future will have a special place in the development of the global economy and economy of our country.

However, it is necessary to critically rethink the organization of commodity industries, approaches to the management of natural resources.

It is necessary to actively implement integrated information and technology platforms.

It is important to increase the requirements for energy efficiency of enterprises, as well as the environmental friendliness and efficiency of the energy producers themselves.

The exhibition "EXPO-2017" held in Astana showed how rapidly progress in the sphere of alternative, "clean" energy is moving.

Today, renewable energy sources (RES) account for a quarter of the world's electricity production.

According to forecasts, by 2050 this figure will reach 80%.

We set the goal to increase the share of alternative energy in Kazakhstan to 30% by 2030.

Today, we have 55 renewable energy sources with a total capacity of 336 MW, which in 2017 generated about 1.1 billion kWh of "green" energy.

It is important to stimulate business, to invest in "green" technologies.

Governor's Office of regions need to take measures on the modern utilization and processing of solid domestic waste with a broad involvement of small and medium-sized businesses.

These and other measures will require the updating of legislation, including the Environmental Code.

THE THIRD TASK. "Smart technologies" is an opportunity for a breakthrough in the development of the agro-industrial complex.

The agrarian policy should be aimed at a radical increase in labor productivity and growth in exports of processed ***agricultural*** products.

We have learned how to grow various crops and produce grain.

We are proud of this.

But this is not enough.

It is necessary to ensure the processing of raw materials and enter the world markets with high-quality finished products.

It is important to radically reorient the entire agro-industrial complex to this task.

The development of ***agricultural*** science requires priority attention.

It should deal primarily with the ***transfer*** of new technologies and their adaptation to domestic conditions.

It is necessary to revise the role of agrarian universities.

They should not just issue diplomas, but prepare specialists who will really work in the agro-industrial complex or engage in scientific activities.

These universities need to update training ***programs*** and become centers for the dissemination of the most advanced knowledge and best practices in the agro-industrial complex.

For example, a multiple increase in productivity can be achieved through technologies for predicting the optimum time for sowing and harvesting, "smart irrigation," intelligent mineral fertilization systems, and pest and weed control.

Unmanned technology can significantly reduce the cost of farming, minimizing the human factor.

The introduction of new technologies and business models, increasing the science intensity of the agroindustrial complex intensify the need for cooperative farms.

It is necessary to provide all-round support to ***agricultural*** cooperatives.

The State together with business should find strategic niches in the international markets and promote domestic production.

Intensification of ***agriculture*** should take place with preservation of quality and ecological compatibility of products.

This will create and promote a brand of natural food "Made in Kazakhstan", which should become recognizable in the world.

In addition, it is necessary to stimulate those who use the land with the best return, and take measures to inefficient users.

It is necessary to reorient ineffective subsidies to reduce the cost of bank loans for agribusiness entities.

I charge to increase labor productivity in the agro-industrial complex and export of processed ***agricultural*** products at least 2.5 times within 5 ***years***.

THE FOURTH TASK. To increase the efficiency of the transport and logistics infrastructure.

Today several transcontinental corridors pass through Kazakhstan.

Much has been said about this.

In general, the transit of goods through Kazakhstan in 2017 increased by 17% and amounted to almost 17 million tons.

The task is to bring annual revenues from transit in 2020 to 5 billion dollars.

This will make it possible to return the funds spent by the State on infrastructure in the shortest possible time.

It is necessary to ensure the large-scale introduction of digital technologies, such as blockchain, to track the movement of goods in the online mode and their unhindered transit, as well as to simplify customs operations.

Modern solutions allow to organize interaction of all links of logistics.

The use of "big data" (Big data) will provide high-quality analytics, identify reserves of growth and reduce excess costs.

For these purposes, it is necessary to introduce the Intelligent Transport System.

It will allow to effectively manage transport flows and determine the needs for further development of the infrastructure.

To improve intraregional mobility, it is important to increase funding for repair and reconstruction of the local road network.

The total amount of budget funds allocated annually for this should be brought to 150 billion tenge in the medium term.

It is necessary to ensure active participation in this work of all Governor's Offices of the regions.

THE FIFTH TASK. The introduction of modern technologies in the construction and municipal sector.

As a result of the implemented ***programs***, the volume of housing construction in Kazakhstan exceeded 10 million square meters per ***year***.

The system of housing savings is effective, which made affordable to obtain housing for the general public.

The provision of housing per capita has increased by 30% in the last 10 ***years*** and is now 21.6 square meters.

It is necessary to bring this figure in 2030 to 30 square meters.

In this task, it is important to apply new construction methods, modern materials, fundamentally different approaches to the design of buildings and urban planning.

It is necessary to establish increased requirements for the quality, environmental friendliness and energy efficiency of buildings.

Building and existing houses and infrastructure should be equipped with intelligent management systems.

This will increase the comfort for the population, reduce the consumption of electricity, heat, water, will encourage natural monopolists to increase their efficiency.

It is important to introduce appropriate changes in legislation, including regulating the sphere of natural monopolies.

Governor's Offices need to more actively address issues of modernization of housing and communal infrastructure on the basis of public-private partnership.

To solve the issue of providing rural settlements with high-quality drinking water, the Government needs to provide annually at least 100 billion tenge from all sources for this work.

THE SIXTH TASK. "Reloading" of the financial sector.

It is necessary to complete the cleaning of the bank portfolio from "bad" loans.

At the same time, the owners of banks should bear economic responsibility, recognizing losses.

The withdrawal of funds from banks by shareholders in favor of affiliated companies and individuals must be a serious crime.

The National Bank should not be a spectator of such acts.

Otherwise, why do you need such a state body?

Supervision of the activities of financial institutions by the National Bank should be tough, timely and effective.

The State will continue to guarantee the observance of the interests of ordinary citizens.

It is necessary to accelerate the adoption of the law on bankruptcy of individuals.

In addition, I instruct the National Bank to finally resolve the issue of foreign currency mortgage loans of the population that were provided before January 1, 2016, when the law prohibits their issuance to individuals.

The National Bank and the Government should jointly solve the issue of providing long-term business lending at rates that take into account the real profitability in the sectors of the economy.

It is important to further improve the investment climate and the development of the stock market.

This is one of the main tasks of the International Financial Center "Astana", which began its work.

Using the best international experience, it should become a regional hub, applying English law and modern financial technologies.

The development of the stock market will also be facilitated by the successful withdrawal of shares of National NWF "Samruk-Kazyna" on an IPO.

THE SEVENTH TASK. Human capital - a base of modernization.

New quality of education.

We need to accelerate the creation of our own advanced educational system, embracing citizens of all ages.

The key priority of educational ***programs*** should be the development of the ability to constantly adapt to changes and assimilation of new knowledge.

In the pre-school education by September 1, 2019, it is necessary to introduce single standards for ***programs*** for the early development of children, developing social skills and self-study skills.

In secondary education, the transition to an updated content has begun, which will be completed in 2021.

These are absolutely new ***programs***, textbooks, standards and personnel.

It will be necessary to revise the approaches to training and the development of teachers' qualifications.

At the universities of the country, it is necessary to develop pedagogical departments and faculties.

It is necessary to strengthen the quality of the teaching of mathematical and natural sciences at all levels of education.

This is an important condition for preparing young people for a new technological order.

To increase competition between educational institutions and attract private capital, per capita financing in urban schools will be introduced.

Taking into account that the burden on students is the highest among the CIS countries, and on average by more than a third higher than in the OECD countries, it is necessary to reduce it.

In all regions, on the base of the Palaces of Schoolchildren, it is necessary to create a network of children's technoparks and business incubators with all the necessary infrastructure, including computers, laboratories, 3D printers.

This will help successfully integrate the younger generation into the research and industrial and technological environment.

The future of Kazakhstan people is for free possession of Kazakh, Russian and English languages.

A new methodology for studying the Kazakh language for schools with Russian as the language of instruction has been developed and is being implemented.

If we want the Kazakh language to live in the centuries, it is necessary to modernize it, without making it difficult with redundant terminology.

However, in recent ***years***, 7,000 well-established and generally accepted terms in the world have been translated into the Kazakh language.

Such "innovations" sometimes can be ridiculous.

For example, "Galamtor" ("Internet"), "Koltyrauyn" ("crocodile"), "kui sandyk" ("piano") and there are a lot of such examples.

It is necessary to revise the approaches to the validity of such translations and to bring our language to the international level terminologically.

The transition to the Latin alphabet helps to resolve this issue.

A clear schedule for the transition to the Latin alphabet before 2025 should be established at all levels of education.

Knowledge of the Russian language remains important.

Since 2016, the Russia language has been taught in schools with Kazakh as the language of instruction from the 1st grade.

From 2019, the transition to teaching in English the individual natural science disciplines in the 10th and 11th grades will be started.

As a result, all our graduates will master three languages at the level necessary for life and work in the country and in the global world.

Then a real civil society will emerge.

A person of any ethnic group will be able to choose any kind of work up to the election by the President of the country.

Kazakhstanis will become a single nation.

The content of training should be harmoniously complemented by modern technical support.

It is important to continue work on developing digital educational resources, connecting to broadband Internet and equipping with video equipment of our schools.

It is necessary to update the training ***programs*** in technical and vocational education with the involvement of employers and taking into account international requirements and digital skills.

It is necessary to continue the implementation of the project "Free Vocational Education for Everyone".

The State gives the young man the first profession.

The Government must fulfill this task.

On the Internet, it is necessary to post video lessons and video lectures from the best teachers of secondary schools, colleges and universities.

This will allow all Kazakhstanis, including in remote settlements, to gain access to the best knowledge and competencies.

In higher education, it is necessary to increase the number of graduates trained in information technology, work with artificial intelligence and "large data".

At the same time, it is necessary to develop university science with a priority on research in metallurgy, oil and gas chemistry, agro-industrial complex, bio- and IT-technologies.

It is required to carry out a phased transition to English of applied scientific research.

Universities need to actively implement joint projects with leading foreign universities and research centers, large enterprises and multinationals.

Co-financing from the private sector should become a mandatory requirement for all applied research and development.

We need to build a system policy to support our young scientists with the allocation of quotas within the framework of scientific grants.

It is time for education to be treated as a separate branch of the economy with its investment projects and export potential.

It is necessary to legislatively consolidate the academic freedom of universities, giving them more rights to create educational ***programs***.

It is required to strengthen the retraining of teachers, to attract foreign managers to universities, to open campuses of world universities.

The building of the potential of the nation requires the further development of our culture and ideology.

This is the meaning of "Rukhani zhangyru".

The ideal of our society should be a Kazakhstani person who knows his history, language, culture, at the same time modern, fluent in foreign languages, having advanced and global views.

First class health care and a healthy nation.

With the increase in the life expectancy of the population and the development of medical technologies, the volume of consumption of medical services will grow.

Modern health care should focus more on the prevention of diseases, rather than on expensive hospital treatment.

It is necessary to strengthen the management of public health, promoting a healthy lifestyle.

Particular attention should be paid to protecting and strengthening the reproductive health of young people.

It is necessary to pass from ineffective and costly for the state medical examination to management of the main chronic diseases with the use of remote diagnostics, as well as outpatient treatment.

This experience has been in the world for long.

It is necessary to implement it boldly and actively.

It is necessary to adopt a comprehensive plan to combat cancer, to create a scientific oncological center.

Highly effective early diagnosis and treatment of cancer should be provided on the basis of international best practices.

It is necessary to carry out the same work that we conducted in cardiology, tuberculosis control and obstetrics.

Public health will be gradually ***transferred*** to the system of obligatory social health insurance (OSHI), based on the joint responsibility of the population, the sSate and employers.

The need for its implementation is beyond doubt.

However, more preparatory work is required, which has not been carried out by the Ministry of Health and the Ministry of Labor and Social Protection.

It is necessary to develop a new model of the guaranteed volume of free medical care (GVFMC), defining clear boundaries of state obligations.

Services that are not guaranteed by the State, the population will be able to receive by becoming a member of OSHI or through voluntary medical insurance, as well as co-***payment***.

It is necessary to increase the availability and effectiveness of medical assistance through the integration of information systems, the use of mobile digital applications, the introduction of electronic health passports, the transition to "paperless" hospitals.

It is required to start introducing technologies of genetic analysis, artificial intelligence in medicine, which improve the efficiency of diagnostics and treatment of diseases by an order of magnitude.

An important issue is the availability and quality of training of medical personnel.

Today we have a unique School of Medicine of the Nazarbayev University, in which an integrated university clinic functions.

This experience should be broadcasted to all medical schools.

To implement these and other measures, a new edition of the Code "On the Health of the People and the Healthcare System" shall be developed.

Qualitative employment and an equitable social security system.

It is important to ensure the efficiency of the labor market, to create conditions for everyone to fulfill their potential.

It is necessary to develop modern standards for all major professions.

In these standards, employers and businessmen will clearly state what knowledge, skills and competencies the workers should have.

It is necessary, based on the requirements of professional standards, to develop new or update existing educational ***programs***.

The reserve of economic growth is self-employed and unemployed.

I repeatedly demanded to understand the issue of self-employed.

The Ministry of Labor and Social Protection of Population has shown irresponsibility and superficiality in this matter.

It is necessary to provide more opportunities for involving people in productive employment - starting a business or getting a new profession and getting a job.

The work of NCE "Atameken" on training business deserves to be supported.

It is important to expand the coverage of these categories of the population with the ***Program*** for the Development of Productive Employment and Mass Entrepreneurship, strengthening its instruments.

The process of registering self-employed should be simplified as much as possible, creating conditions under which it would be advantageous to conscientiously fulfill their obligations to the State.

Kazakhstanis should be able to quickly find a new job, including in other localities of the country.

A full-scale introduction of a single electronic labor exchange is required, where all information on vacancies and job-seekers should be consolidated.

Without leaving home, a person will be able to pass vocational guidance tests, learn about training courses, state support measures and find interesting work.

Also, labor books should be translated into electronic format.

The law on electronic labor exchange must be adopted before April 1, 2018.

Social policy will be implemented through the involvement of citizens in a full-fledged economic life.

The pension system is now completely tied to the work record.

The more he works, a larger pension he gets.

In this regard, all Kazakhstani people need to seriously approach the legalization of their labor activities.

The system of social insurance will also strengthen the relationship between the length of service and the size of ***payments***.

Since 2018, we have moved to a new order of providing targeted social assistance to low-income segments of the population.

Increased the threshold of its provision from 40 to 50% of the subsistence minimum.

For able-bodied needy citizens, cash assistance will be available provided they participate in employment promotion measures.

For disabled citizens, state support measures will be strengthened.

Dear people of Kazakhstan!

All the social obligations of the State will be fulfilled in full.

I want to remind you that in 2016-2017, pensions and benefits were increased three times.

The base pension has grown by a total of 29%, solidarity - by 32%, childbirth allowances - by 37%, and by disability and loss of the bread-winner - by 43% each.

Wages of health workers increased to 28%, education - up to 29%, social protection - up to 40%, civil servants "B" - 30%, scholarships - 25%.

The time of crisis. And not many countries in the world have also been able to increase social spending.

Expenditures of the republican budget for the social sphere in 2018 were increased by 12% and exceeded 4.1 trillion tenge.

The increase in social ***payments***, including pensions, will increase the incomes of more than 3 million Kazakhstanis.

Since January 1, 2018, solidarity pensions have increased by 8%.

The increase in benefits for disabled people, families who lost their bread-winner, raising disabled children, amounted to 16%.

From July 1, 2018, the base pension will increase by an average of 1.8 times, depending on the length of service.

In addition, I instruct, from July 1, 2018, to additionally introduce state interests for parents caring for adults of the 1st group from childhood.

Such benefits in the amount of not less than one subsistence level will be received by about 14 thousand families on a month basis

For these purposes up to 3 billion tenge will be required in 2018.

To increase the prestige of the profession of a teacher, I instruct, from January 1, 2018, the official salary of teachers who pass to the updated contents of the teaching material, to increase by 30%.

Updated content is modern curricula that meet international standards and have been adapted in the Nazarbayev Intellectual Schools.

They give our children the necessary functional literacy and critical thinking.

In addition, I order to introduce in 2018 a new scale of categories for teachers, taking into account the level of qualifications with the increase in gaps between categories.

Categories should be appropriated through the national qualification test, as it is done all over the world.

This will stimulate teachers to continual improvement.

As a result, depending on the confirmed qualification in general, the salaries of teachers will grow from 30 to 50%.

To do this, in the current ***year*** it is necessary to allocate an additional 67 billion tenge.

THE EIGHTH TASK. Effective state governance.

It is necessary to continue the work to reduce costs for entrepreneurs and the population in the state administration.

In this regard, it is important to accelerate the adoption of a law aimed at further deregulating the business.

It is necessary to provide digitalization of the processes of obtaining state support by the business with its rendering on the principle of "one window".

Integration of information systems of state bodies will allow to pass from rendering separate state services to complex ones on the principle of "one application".

Also, it is necessary to continue work on improving the quality of services provided by natural monopoly entities.

It is important to establish reasonable tariffs for them and energy producers taking into account investment ***programs***.

Strong action is required to improve the business climate, especially at the regional level.

The Government should prepare a new package of systemic measures to support business, withdrawing it out of the shadows.

It should accelerate the implementation of the privatization plan, expanding it by reducing the number of subordinate organizations of state bodies.

Those subordinate organizations that are really needed should, if possible, be consolidated to reduce administrative costs.

The released means should be directed to the introduction of a new system of ***payment*** for state employees on the basis of a factor scale.

It will reduce disproportions in the salaries of civil servants from the regions and the center, and will also take into account the nature of the work and its effectiveness.

I instruct the Government together with the Civil Service Agency to implement in 2018 pilot projects in central and local state bodies to implement this system.

It is necessary to more fully reveal the potential of the effectiveness of public service in the regions through increasing their economic independence and responsibility.

In general, the focus of regional policy should be shifted from equalizing expenditures to stimulating the growth of regions' revenues.

In particular, one of the most promising sources for any region is the development of inbound and inland tourism, which today creates every tenth job in the world.

The Government, in turn, shall take a package of measures, including simplifying visa procedures, developing infrastructure and removing barriers in the tourism industry.

Within the framework of fiscal decentralization, it is necessary to solve the issue of ***transferring*** corporate income tax to the regional budgets from small and medium-sized businesses.

Since January 1, 2018 in the cities of regional significance, villages and rural districts with a population of more than 2 thousand people, the legislation provides for the introduction of an independent budget and municipal ownership of local government.

Since 2020, these norms will operate in all settlements.

7 types of tax and other non-tax revenues were ***transferred*** to the budget of the village, as well as 19 directions of expenditures.

This will involve the population in solving local issues.

In addition, state bodies should use modern digital technologies to take into account remarks and suggestions of citizens in real time and prompt response.

Introducing new technologies, the State and companies should ensure reliable protection of their information systems and devices.

Today, the notion of cybersecurity includes protecting not just information, but also access to the management of production and infrastructure facilities.

These and other measures should be reflected in the National Security Strategy of Kazakhstan.

THE NINTH TASK. Struggle against corruption and the rule of law.

A preventive fight against corruption will continue.

A lot of work is being done.

Over the past three ***years***, more than 2,500 people, including top officials and state-owned company executives, have been convicted of corruption.

During this period, about 17 billion tenge of the damage caused by them was reimbursed.

The digitization of processes in state bodies, including their interaction with the public and business is important.

In particular, citizens should see how their appeals are handled, and receive timely and qualitative answers.

Institutional reforms of judicial and law enforcement systems are being carried out.

Legislation has been introduced to provide for strengthening the protection of the rights of citizens in criminal proceedings, reducing its repressiveness.

The rights of lawyers have been expanded, as well as judicial control at the pre-trial stage.

The powers and areas of responsibility of law enforcement bodies are delineated.

The work on strengthening the guarantees of the constitutional rights of citizens, ensuring the rule of law, humanizing law enforcement must continue.

In the sphere of protection of public order and security, it is necessary to actively introduce intelligent video surveillance and recognition systems on the streets and in places of mass stay of citizens, control over traffic.

THE TENTH TASK. "Smart cities" for "smart nation".

2018 is the ***year*** of the 20th anniversary of our capital - Astana.

Its formation and becoming one of the most important centers of Eurasia development is the subject of our common pride.

Modern technologies provide effective solutions to the problems of a fast-growing metropolis.

It is necessary to implement the management of the urban environment in a comprehensive manner on the basis of the "Smart City" concept and the development of the competences of people moving to the city.

The world came to the understanding that it is cities that compete for investors.

They choose not a country, but a city in which it is comfortable to live and work.

Therefore, based on the experience of Astana, it is necessary to form a "reference" standard of "Smart City" and start spreading best practices and exchange of experience between the cities of Kazakhstan.

"Smart cities" will be the locomotives of regional development, the spread of innovations and the improvement of the quality of life throughout the country.

Here are 10 tasks. They are understandable and clear.

Dear people of Kazakhstan!

Owing to political stability and public consensus, we began to modernize the economy, politics and conscience.

The impetus to the new stage of technological and infrastructural development is given.

Constitutional reform has established a more precise balance of power branches.

We have deployed the process of updating the national conscience.

In fact, these three basic directions are the systemic triad of Kazakhstani modernization.

To meet the new time, we have to unite in a single nation - a nation on the verge of a historic ascent in the conditions of the Fourth Industrial Revolution.

[*www.strategy2050.kz*](http://www.strategy2050.kz).

\* \* \* \* \*

The information contained herein is provided on an "AS IS" basis and to the maximum extent permitted by applicable law. AII Data Processing does not endorse in any way, the views, opinions or recommendations expressed above. The use of the information is subject to the terms and conditions as published by the original source, which you have to read and accept in full prior to the execution of any actions taken in reliance on information contained herein.

**Load-Date:** January 14, 2018

**End of Document**



[***Register of Commission documents:COMMITTEE MEETING FOR AGRICULTURAL FUNDS - agenda Document date: 2018-04-27 COM-AC\_DI(2018)A056488-01 Comitology - Documents for information***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SBC-S331-JDG9-Y2XT-00000-00&context=1516831)

Impact News Service

May 15, 2018 Tuesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 1069 words

**Body**

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

Ares(2018)2416991

COMMITTEE MEETING FOR ***AGRICULTURAL*** FUNDS

Brussels, rue de la Loi 130

Meeting room 11A

onWednesday 16.5.2018from 9.30 to 13.00

AGENDA(1)

|  |  |
| --- | --- |
|  | EUROPEAN COMMISSION DIRECTORATE-GENERAL FOR ***AGRICULTURE*** AND RURAL DEVELOPMENT   Directorate I. Legal, institutional and procedural matters I.4 Adoption procedures, committees, expert groups and civil dialogue groups |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | ITEMS CONCERNING DIRECTORATE R | DOCUMENTS |  |  |  |
| 1. | Information on Rural Development ***programmes***. | Ares(2018)?and annexes-EN(2) |  |  |  |
| 2. | Opinion on a Commission Implementing Regulation fixing the adjustment rate for direct ***payments*** pursuant to Regulation (EU) No 1306/2013 of the European Parliament and of the Council in respect of the ***calendar*** ***year*** 2018. | Ares(2018)? -EN(2))-FR-DE(4)(draft Regulation) |  |  |  |
| 3. | Information on the consumption of EAGF-appropriations. | Ares(2018)?-EN(2) Ares(2018)? and Ares(2018)?-EN(3) |  |  |  |
|  | point. As the meeting of the ***Agricultural*** Funds Committee has to be scheduled in May 2018 on an early date, the AFC Committee will be consulted in May 2018 by written procedure on the EAGF monthly ***payments*** related to 2018/04 period. | No document. |  |  |  |
| 4. | Miscellaneous |  |  |  |  |
| 4.1 | Presentation of documents |  |  |  |  |
| a) | Revision 00 of the Detailed EAGF Budget Nomenclature for the 2019 financial ***year***. | Ares(2018)? -EN(2) |  |  |  |
| 4.2 | Distribution of documents |  |  |  |  |
| a) | Information on major decisions and developments affecting ***agricultural*** markets. | Ares(2018)?-EN(2) |  |  |  |
| b) | Revision 06 of the FY 2018 Detailed EAGF Budget Nomenclature. | Ares(2018)?-EN(2) |  |  |  |
| c) | Public Storage Flash Report 1/10/2017 - 31/03/2018. | Ares(2018)?-EN(2) |  |  |  |
| d) | Summary table of Financial Ceilings ? Budget exercice 2018-  REV7. | Ares(2018)?-EN(2) |  |  |  |
| e) | Outcome of the consultation by written procedure of the Committee on the ***Agricultural*** Funds launched in March 2018 ? EAGF Monthly ***payment*** decision | Ares(2018)1569027-EN(2) |  |  |  |
| f) | Outcome of the consultation by written procedure of the Committee on the ***Agricultural*** Funds launched in April 2018 ? EAGF Monthly ***payment*** decision | Ares(2018)2177078-EN(2) |  |  |  |
|  |  |  |  |  |  |
|  | ITEM CONCERNING DIRECTORATE B | DOCUMENTS |  |  |  |
| 5. | CAP communication actions 2017: grants to third parties and direct actions by the Commission. | Ares(2018)?-EN(2) |  |  |  |
|  |  |  |  |  |  |
|  | ITEM CONCERNING DIRECTORATE C | DOCUMENTS |  |  |  |
| 6. | Presentation of the Evaluations and studies of the Directorate-General for ***Agriculture*** and Rural Development of the European Union. | PPT Presentation. |  |  |  |
|  | ITEM CONCERNING DIRECTORATE D | DOCUMENTS |  |  |  |
| 7. | Transparency: state of play. | Ares(2018)1833750-REV6- EN(2) |  |  |  |
|  |  |  |  |  |  |
|  | ITEMS CONCERNING DIRECTORATE H | DOCUMENTS |  |  |  |
| 8. | Opinion on the draft Commission Implementing Decision of XXX excluding from European Union financing certain expenditure incurred by the Member States under the European ***Agricultural*** Guarantee Fund (EAGF) and under the European ***Agricultural*** Fund for Rural Development (EAFRD) [ad hoc decision n° 57]. | Ares(2018)?(draft Decision) (2)         Ares(2018)?-ANN1(2) (total corrections)     Ares(2018)?-ANN2(2)-EN (full Summary Report)        Ares(2018)?-ANN3(2) (mixed Summary Report) |  |  |  |
| 9. | Opinion on a Commission Implementing Decision on the clearance of the accounts of the paying agencies of Member States concerning expenditure financed by the European ***Agricultural*** Guarantee Fund (EAGF) for financial ***year*** 2017. | Ares(2018)? -00 (draft Decision), Ares(2018)? -01 (Annex I, II and III), Ares(2018)? -02 (summary report), Ares(2018)? -03 (detailed calculation table)- EN (2);(other languages)(4). |  |  |  |
| 10. | Opinion on a Commission Implementing Decision on the clearance of the accounts of the paying agencies of Member States concerning expenditure financed by the European ***Agricultural*** Fund for Rural Development (EAFRD) for financial ***year*** 2017. | Ares(2018)? -00 (draft Decision), Ares(2018)? -01 (Annex I, II and III), Ares(2018)? -02 (summary report), Ares(2018)? -03 (detailed calculation table)- EN (2);(other languages)(4). |  |  |  |
| 11. | Miscellaneous |  |  |  |  |
| 11.1 | Presentation of documents |  |  |  |  |
| a) | Presentation of draft guidelines laying down the form and content of the accounting information to be submitted to the Commission for the purpose of the clearance of the accounts of the EAGF and EAFRD as well as for monitoring and forecasting purposes, and exchange of views on the above draft. | Ares(2018)? - (explanatory note), Ares(2018)? (GL + Ann1)-EN(2); |  |  |  |
| b) | Guidelines on control data and control statistics Claim ***Year*** 2017 - clarification in respect of the ***transfer*** medium (SFC). | Ares(2018).. -EN(2) |  |  |  |
| 11.2 | Distribution of documents |  |  |  |  |
| a) | Indicative figures on the distribution by class of recipients of the direct aids paid to producers during the 2017 financial ***year***. | Ares(2018)? -EN, FR, DE(2)  (communication to the ***Agricultural*** Funds Committee) |  |  |  |
| b) | ***Programme*** of missions by Directorate H (audit of ***agricultural*** expenditure). | Ares(2018).. -EN(2) |  |  |  |
| c) | Final reports of the Conciliation Body for cases 18/RO/815, 18/FR/818 and 18/UK/816. | Documents Ares(2018)2084975, Ares(2018)2109442 and Ares(2018)2111723-EN(2) |  |  |  |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

(1)   Available on CircaBC by2May 2018 at the latest (final date for e-mailing the documents for the above meeting to the delegations in accordance with Regulation of the European Parliament and of the Council laying down the rules and general principles concerning mechanisms for control by Member States of the Commission’s exercise of implementing powers).

(2)    Available on CircaBC between 2 and 8May2018.

(3)   Available on CircaBC on or after 8May 2018, but, for practical reasons, non available at the meeting.

(4)   Available after the meeting.

NB:

* This agenda may be amended between now and the meeting. Delegates are therefore requested to consult the version of the agenda provided at the meeting.

1. In accordance with letter No 12660 of 16 May 2000 (distributed at the 560th meeting, held on 22 May 2000) from the Chairman of the EAGGF Committee to the Committee's correspondents and its spokesperson, which also applies to the ***Agricultural*** Funds Committee, documents previously available at meetings and those published on CircaBC on or before 8.5.2018 will not be available in hard copy at the meeting.

* ATTENDANCE LIST

Delegates are reminded not to leave the meeting without first having filled in and signed the attendance list.

Please send us your AOB questions in due time before the meeting (e-mail: [*AGRI-AFC@ec.europa.eu*](mailto:AGRI-AFC@ec.europa.eu) ).

**Load-Date:** May 16, 2018

**End of Document**



[***Washington: THREATS TO SNAP PROGRAM (House of Representatives - May 09, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S9B-DPJ1-JDG9-Y3CC-00000-00&context=1516831)

Impact News Service

May 10, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 8577 words

**Body**

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

 The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2017, the gentleman from Maryland (Mr. Raskin) is recognized for 60 minutes as the designee of the minority leader. Mr. RASKIN. Mr. Speaker, I am delighted to be leading this Special Order hour on the SNAP ***program*** and the current threats against it in the farm bill. SNAP, of course, is America's most important antihunger ***program***, serving more than 42 million Americans and delivering improved economic, health, and nutrition outcomes for millions of our families, reducing poverty and food insecurity. To kick us off tonight, I yield to the gentlewoman from the great State of Washington, Pramila Jayapal, my distinguished colleague.

Ms. JAYAPAL. Mr. Speaker, I thank the gentleman for his continued leadership on these Special Order hours, and also for his leadership in the Progressive Caucus, and on the Judiciary Committee. I am here to talk about SNAP because I am sort of dumbfounded that we are where we are. I serve as the vice ranking member on the Budget Committee, and I saw firsthand how a Republican tax scam, the tax cut, was pushed through in favor of the top 1 percent and the largest corporations, creating a ***transfer*** of wealth from the middle class and working people to the wealthiest; creating what will be a $1 trillion deficit according to the Congressional Budget Office next ***year***; and then coming back and saying somehow we don't have enough money to feed our kids. That, to me, is really not just ludicrous, but it is outrageous, and I am deeply saddened by it because the ***program*** that we are talking about is the Supplemental Nutrition Assistance ***Program***--that is what SNAP stands for--and it feeds 42 million American families across the country. This is a target of our colleagues on the Republican side, using the farm bill to take this crucial ***program*** away from Americans who need it the most. The bill would strip critical food assistance from unemployed and employed workers by shortening the time limits to be eligible for SNAP for millions of people. My home State of Washington in 2016 received $1.1 billion in SNAP funding, and there and across the country, as I said, 42 million families benefit from this critical ***program***. These are workers and families who face low wages, unreliable schedules, underemployment, and unstable incomes. They all rely on SNAP to buy groceries and put food on the table. So we are talking about stripping food assistance from families and individuals with children under 6 if they can't consistently work 20 hours a week. And it would strip food assistance for a whole ***year*** if that requirement isn't met. Cutting SNAP is not magically going to reduce the deficit, a deficit that was dramatically increased by our Republican colleagues when they passed the tax scam, and so this is just an attempt to take resources from the most vulnerable and to leave these 40 million families stranded on the side of the road. The American Dream isn't just about individuals lifting themselves up by their own bootstraps. It is the idea that we are all better off when we are all [[Page H3870]] better off; that we need to lift up every person, and make sure every person has bootstraps to be lifted up by. Today, my office received a call from Dave in my district who works at our University District Food Bank, and he called just imploring Congress not to allow this to happen. Our community food banks in red and blue districts across the country will not be able to keep up with the need if we gut SNAP. Yesterday, I met with Aaron from Food Lifeline, who knows from experience that for every one meal provided by a food bank in our community, SNAP provides 12. Yesterday, I spoke at a rally and we had a constituent of mine--a woman named Tina--who came out from Washington State. She is a single mom. She has got a 9-***year***-old kid, and she was just begging and pleading for us to please keep this ***program***. The reality is that SNAP is one of the most cost-effective public assistance ***programs***. It quickly and directly gets food assistance to those who need it. So why would we wage a war on that ***program*** or a war on poor people by cutting these essential benefits? Mr. Speaker, I know that Mr. Raskin shares my deep commitment to make sure that we provide these essential benefits for families across the country, and I believe that there are colleagues on the other side who will share this commitment once they understand what this is doing to poor folks in their districts who just need a hand up; kids who need food on the table--fruits, vegetables, healthy foods--so that they can grow and nourish their bodies and their souls, and help contribute to our economy. And that is what SNAP does. So I urge all of my colleagues on the Republican side to join us Democrats in fighting for our kids and fighting for nutrition, and fighting for this critical ***program***. Mr. RASKIN. Mr. Speaker, I thank Congresswoman Jayapal for her terrific leadership on the SNAP ***program*** and for defending the ability of all of our families to not send their kids to bed at night hungry. That is really what this is all about. People on the SNAP ***program*** receive an average of only $1.40 per meal, and in order to get assistance, of course, they have got to complete a detailed application process with meticulous documentation of their name, their legal status in the country, their identity, their income, their address, and so on. Ninety percent of participants are in households with children under the age of 18, or with elderly people, or with individuals with disabilities. Mr. Speaker, I am going to yield next to our distinguished colleague from Minnesota (Mr. Ellison). Mr. ELLISON. Mr. Speaker, I thank the gentleman for yielding. Mr. Speaker, I have just a few observations. The Supplemental Nutrition Assistance ***Program*** is a good ***program***. It is the number one food assistance ***program*** our country has. And it has gotten families through tough times, for sure. The truth is, most people who use SNAP aren't on it very long. They find themselves in a rough patch. They use SNAP. They get off. ***Programs*** that impose artificial timelines and kick people off or deny them or have work requirements, ignore the fact that people do not get on SNAP to stay on SNAP unless they are too young, too old, or too sick to work. Generally, people are trying to get jobs. The irony of this is that from a Republican standpoint, it seems like they are happy to give really, really rich people money without any expectations. And, yet, if a low-income person needs some help, money from the government, now all of a sudden we have got to put all kind of restrictions and all kind of waits on it. Why does help and assistance from the government not ruin rich peoples' worth ethic, but it seems in the Republican mind to ruin the work ethic of working people and low-income people? It is totally ironic. It must be premised on the myth that somehow species of humanity are different from one another, and they are just not. People are the same. I want to just point out as well, that if you really want to do something meaningful, why don't we pass legislation that would stop fast-food companies from conspiring with each other to restrict wages? There are two bills that got introduced. One is an antipoaching law that means that the employers can't come together and agree that they are not going to hire each other's workers if they leave looking for better pay, and the other one is a provision that would ban this process of noncompete clauses for people who work in fast-food. These two bills together conspired to restrict the pay of working people. They keep wages down. What if we did real antitrust legislation and stopped huge companies from dominating the entire market, creating a single buyer, a monopsony, which then has the power to hold people down? I just got through talking to some employees at Toys-R-Us. Their company was bought by some private equity firms. A lot of debt was piled on to them. The bonuses were given out to the top management. They took off on their golden parachutes. The company goes through bankruptcy, and now it is closing 800 stores and laying off 30,000 people. The bottom line is: SNAP helps people in tough economic times. If they are able-bodied, I am sure they want to work. They don't need these punitive kicks to go to work. They just need an opportunity to get back up on their feet. These ***programs*** are insulting, demeaning, unnecessary, and they shouldn't exist. If we really want to give working people an opportunity, let's increase the minimum wage to $15 an hour. Let's support the Employee Free Choice Act which can give them a voice on the job so they can negotiate with their employers for better wages. It seems like Republicans don't want to do anything to meaningfully change the lives of working people, but, work requirements, drug tests, all this sort service moralistic stuff, it doesn't work. It is a waste of money and there are way better ways to do what you say you are trying to do. Mr. RASKIN. Mr. Speaker, I thank the gentleman from Minnesota (Mr. Ellison) very much. He makes an excellent point which is, more than two-thirds of SNAP participants are in families with children, and in the majority of those, you have at least one working adult in the house. {time} 1700 So despite efforts to portray this as some kind of welfare, we are talking about millions of Americans who are working but still can't afford to feed their families. That is what the SNAP ***program*** is about. It is about helping working families meet the basic nutritional standards of our people. We are the richest society in the history of the world, and we can certainly support working families, through the SNAP ***program***, to benefit from the great bounty that is the ***agricultural*** output of the United States of America, which is the breadbasket of the world. Mr. Speaker, I yield now to our colleague from California, Nanette Barragan. I thank Ms. Barragan very much for joining us. Ms. BARRAGAN. Mr. Speaker, I thank the gentleman from Maryland for yielding. When we talk about SNAP, I often think about my own childhood. When I was a kid, I remember my parents needing some assistance. We would get a bag of groceries that had block yellow cheese in it; it had things we could use to make some food. It was temporary. It was to get us through a tough time. SNAP is our Nation's cornerstone antihunger ***program***, providing millions of American households with access to food assistance. Children living in these households are also eligible to receive free school meals, ensuring that they are not worried about going hungry when they should be free to focus on their academics. In California alone, 4.1 million people rely upon SNAP, with 74 percent of participants being part of families with children and half of participants already being part of working families. In my district, California's 44th Congressional District that covers areas like Compton, Watts, and San Pedro, 17 percent of households depend upon SNAP to assist them in feeding their families. SNAP not only provides families in need with vital nutritional assistance; it also helps to stimulate local economies. For every dollar invested in SNAP, nearly $2 are generated in economic activity. [[Page H3871]] That is why the current efforts to ``reform'' SNAP are so misguided. These include the recent Harvest Box proposal, which would reduce or eliminate a SNAP recipient's access to nutritious products like fresh produce and meats, taking away their right to choose how best to fulfill their family's specific nutritional needs. Additionally, the recently unveiled farm bill expands work requirements for SNAP. This would make it harder for our most vulnerable to access food assistance, knocking them back down when we should be offering them a hand up. I am proud to support SNAP, and I will continue fighting with my colleagues to ensure that no American has to struggle to put food on their table. Mr. RASKIN. Mr. Speaker, I thank Ms. Barragan very much for her leadership in defending the SNAP ***program***. She talked about California. I just want to add to her point, a point about my home State in Maryland, where the SNAP ***program*** reaches 684,000 residents of my State, which is more than 1 in 10 people who live in the State. Nationally, of course, it is 42 million people who participate in the SNAP ***program***, which is 13 percent of the total population. And that is not a stagnant, permanent pool of Americans; that is a transient group because people move in and move out according to their economic circumstances. The SNAP ***program*** is a reflection of our investment in ourselves as a people and our determination that here, in the wealthiest country on Earth, nobody should be sending their kids to bed at night hungry. Mr. Speaker, I am delighted to yield to our distinguished colleague from New Jersey, Bonnie Watson Coleman. Mrs. WATSON COLEMAN. I want to thank my colleague from Maryland for yielding to me so I might speak on an issue that is very important to all of us. I want to speak on behalf of the 43 million people who are SNAP recipients, many of whom are working each and every day. I want to talk about the fact that those are individuals whom we consider working poor. Mr. Raskin mentioned that SNAP was a reflection of something. SNAP is a reflection of the fact that we have so many jobs that don't pay adequate wages. SNAP is a reflection of the raw deal that our citizens are getting under an administration that would choose to give trillions of dollars worth of money to those people who are already rich, asking nothing in return for that horrible tax scam, and, at the same time, asking those at the lowest income spectrum in the entire United States of America to work so that they can be supplemented with meals that are $1.40 a meal. That is hypocrisy. That is disgusting. We should not even be having a discussion about whether or not we should be eliminating, reducing, or changing a SNAP benefit. We should make sure that there is adequacy for every child and every family to not go hungry in this country; and, at the same time, we should be looking at giving our citizens who have had a really raw deal over these last couple of ***years*** a better deal, a better deal with better wages that we would like to proffer so that individuals wouldn't have to work and get supplemental food assistance as well. Better jobs. Better skills. Better opportunities. I am going to close very shortly on this. I was at a hearing today on the issue of SNAP and what we were planning to do with SNAP and what were the recommendations for the SNAP ***program***. And I heard from my colleagues on the other side of the aisle some very disgusting insinuations or accusations about people who were on SNAP who were perhaps sitting on their porch drinking a cup of coffee or whatever. And the assumption was that that person was sitting on his duff as opposed to out there working, and he was a recipient of SNAP. You know nothing about that person's situation. But that person probably was a member of the minority class. And we talk about getting a job. Well, I said to those people who came and testified today at our hearing: You have come here with some Pollyanna idea that this country is a country of equality. Well, it may have been working towards equality, but we are experiencing a period right now where we have the greatest sense of inequality we have had in decades, in hundreds of ***years***. We are underemployed. We are unemployed. The people who are working every day for wages to bring home are the ones who are paying for every tax break that is given to the 1 percent in this country. You can give millions and millions of dollars in the State of New Jersey even to the wealthiest 1 percent and ask nothing in return. If you are an individual, you are asked nothing in return. If you are a corporation, you are not even asked to create a job, a training opportunity, or to increase wages. Do not talk to me about those people who are on SNAP and what they should be doing. Talk to me about what America should be doing for all of its people, because we are all members of the human race. Some of us just weren't born rich. Some of us just don't have the opportunity to go around with a silver spoon in our mouth. This Congress should be ashamed of itself for not taking care of the needs of those who simply need government to recognize that it represents everybody, not just the very wealthy. I thank Mr. Raskin for the opportunity. Mr. RASKIN. Mr. Speaker, I thank Mrs. Coleman for her comments. She has made some very important points, and I wonder if I would pursue a couple with her before she goes, perhaps have a moment for colloquy. The first is the point she was making about the growing economic inequality in the country. That is something that has been on the minds of Americans, at the very least, since the Occupy movement took place after the 2008 mortgage meltdown crisis, which cost 11 million Americans their jobs, 12 million Americans their homes, and created an economic dislocation panic across the country, which thankfully President Obama and his administration moved to address, unleashing 60 straight months of economic growth and expansion in the country. Today we have an administration which vowed to drain the swamp when it came to Washington. It seems like they have moved into the swamp and they are just draining the treasury instead: $1.5 trillion added to our budget deficit from the tax scam giveaway, which you referenced. I wonder if she would reflect for a moment on the relationship between a vision of government, which is that it is a money-making operation for a handful of people, and growing inequality and poverty among other parts of the population. Mrs. WATSON COLEMAN. Mr. Speaker, I thank Mr. Raskin for raising that issue. I think that that is one of the most prominent issues that people of this country need to understand. Government has a significant role. That role is to protect the opportunities, rights, and privileges of all people, to create the level playing field. What we have experienced in this administration, in this Republican-controlled Congress, is that we care not. We prioritize the value of human beings based upon how much money they are worth or how much money they can get. So we are taking resources that should not be taken out of our treasury; we are then giving them in heaps and piles to the very, very wealthy; and then we are talking about deficits that are being created and how we need to make up those deficits. And how do we look to do that? Well, we look to do things like reduce the benefits of Medicaid, mess with Social Security, take away SNAP from people who need supplemental nutritional assistance. We talk about this America not being one America anymore. This is an America of the haves and the have-nots. Never have we seen this tremendous diversity or disparity between the very, very, very wealthy and those who are struggling. And those who are struggling get this. My colleagues think of poor people as lazy people who are not doing what they can do. We are poor people in this country--hungry, homeless people--because of our policies, because of our budget, which is the greatest reflection of our priorities and our values. Our values are askew right now, and we need to make sure that we are looking after that responsibility for which we were elected. Mr. RASKIN. Mr. Speaker, let me ask Mrs. Coleman one final question before she goes. She made a point before which I thought was profound, [[Page H3872]] which is that millions and millions of people on the SNAP ***program*** are working, but they are not making enough money to support their family in a dignified way, in a way that lives up to even the most minimal expectations for health and nutrition. That is what the SNAP ***program*** is all about. In a way, you could view the SNAP ***program*** as a subsidy to the employers of these people because we are taking care of them because their salaries don't. Now, I could understand someone saying: Let's get rid of the SNAP ***program*** and make those employers pay a real living wage to these people, or let's make them pay a full living wage and give them all healthcare. But that is not the proposal that we are getting from our friends from across the aisle. They want to reduce the SNAP ***program*** at the same time that they don't want to increase the minimum wage and give people benefits. I wonder if she could just explain what the theory is about how these people are going to survive. Mrs. WATSON COLEMAN. Mr. Speaker, I think that it isn't so much a theory of survival as it is the possibility of not surviving at all. I think that we are finding ourselves in a situation right now where those who have less have the rawest deal they have had in a very long time. And I am proud to associate myself with my Democratic colleagues in this caucus who want a better deal for those people. We want wages that you can live off of, that you don't have to rely upon assistance from anyone in order to be able to put food on your table, put a roof over your head or heat in your home. We want to make sure that everybody has an opportunity to learn and to have a good job. So we want to see investment in jobs, in training, in apprenticeships, in opportunities to do better. We could do better with an infrastructure ***program*** that not only makes sense because we have a crumbling infrastructure on so many levels, but it also generates jobs. Generates jobs, which generates good incomes. Good incomes generate a desire to purchase. Desire to purchase helps to build our small businesses. We are looking in the wrong places, and we need to look at where we can grow our economy. Our economy doesn't grow when we just simply continue to enrich the rich to be richer and richer and richest and to put that money overseas somewhere or anyplace that they want to put it but not to invest it in this country, in this economy. We need a better chance for everyone. We need a better deal for all of our citizens. Mr. RASKIN. Mr. Speaker, I thank Mrs. Coleman for her strong voice and for participating in tonight's Special Order hour. Mr. Speaker, I am delighted to yield to our distinguished colleague from Connecticut, Rosa DeLauro, who has been one of Congress' leading champions for the security of America's working people and for building an American middle class that includes everybody. I am thrilled that Ms. DeLauro could join us, and I yield to her now. Ms. DeLAURO. Mr. Speaker, I want to thank Congressman Raskin and my other colleagues here this evening as we talk about what is going on in the lives of families in our country today. I rise to defend the Food Stamp ***program*** and to denounce the severe and immoral--I view them as immoral--cuts by the majority's farm bill. {time} 1715 You know, everyone knows that millions of people are struggling in this country. The biggest economic problem we have is that people are in jobs that just don't pay them enough money; they can't pay the high cost of healthcare; they can't afford to put food on the table; they don't take vacations; they don't take retirement; they are barely making it. And with regard to hunger, it is truly remarkable. Over 15 million children, nearly one in four in our country, live in the heavy shadow of what is going on in working families today. In my district, the Third District of Connecticut--Connecticut is the State that is statistically the richest in the Nation, and that is because of Fairfield County and a whole variety of other issues. But one in seven people in my district don't know where their next meal is coming from. People want to talk about that, they put a nice term around it, ``food insecure.'' That is not food insecurity. It is hunger--hunger in the United States of America. So, you know, the social safety net ***programs*** are vital tools for reducing poverty and hunger, and the food stamp ***program*** is one of the most powerful ***programs*** we have for ending hunger in the United States. Last ***year***, our Nation's largest nutrition safety net, food stamps, prevented 42.2 million people from going hungry. That includes 20 million children, 4.8 million low-income seniors, and 1.5 million low- income military veterans. Men and women who go to fight, sacrifice their families, and, in a number of instances, their lives, their families can't make it, and they are on food stamps. And what the farm bill would do was jettison those military families. The country needs to know about this. The food stamp ***program*** works. It is for those who need it the most. It has been successful in alleviating hunger and supporting our economy. In 2014, the ***program*** lifted 4.7 million people out of poverty, including 2.1 million children, and it has lifted more than 1.3 million children out of deep poverty. And the benefits go well beyond childhood ***years***, as my colleague knows. We know that there is an 18 percentage point increase in the likelihood of completing high school with disadvantaged households who have had access to the SNAP ***program***, evidence of significant improvements in health and economic self- sufficiency among women. It is efficient. More than half of the benefits go to households in the deepest poverty. Over 70 percent of all the benefits go to households with children. But, you know, it would appear that our Republican colleagues appear to be more interested in reducing SNAP than in reducing hunger. We talked--a few minutes ago, you were talking about the tax bill--$2 trillion tax cut--83 percent of those tax cuts to the richest, wealthiest Americans and corporations. My gosh, I will bet those folks are eating well every day. I bet they have three squares or more, when we have families who are barely able to put food on the table. Let me just give you a couple of notes about who is benefiting from the farm bill and the several loopholes. The farm bill eliminates means testing. Now, we all know that the food stamp ***program***, they are means tested, asset tested. They can't be over a certain amount of money in income. They can't have more than a certain amount of dollars in assets. This farm bill allows millionaires and billionaires to get subsidies. It eliminates the means test for some of these folks. You have, under current law, family members, like siblings and adult children, are eligible for subsidies, but--and that is regardless of whether or not they live or work on the farm. What the House bill does, they make cousins, nieces, and nephews eligible for the subsidies as well. It doesn't limit subsidies to one person per farm. Quite frankly, as the President proposed, it doesn't require work. It doesn't create work requirements for farm subsidy recipients. And, you know, a number of these folks, they don't till the soil, they don't work the land, they live in Manhattan, and they still get a subsidy. They don't have to work the land for that. And what we are talking about, food stamp recipients do work, for the most part. And what the farm bill has done is it has said, as well, that funding in the bill only works out to be $30 per person per month for job training. What kind of job training is that? So that the bill, which requires working, underfunds job training in order for people to be able to go to work. One other statistic. The bill increases price guarantees by up to 15 percent. It fails to reduce crop insurance premium subsidies from 62 percent to 48 percent, as, quite frankly, the President proposed. It extends insurance company subsidies. It provides $1.5 billion in annual subsidies to crop insurance agencies, to insurance companies, most of whom are foreign based. The country needs to know this. And at the same time, they want to deny food to the children in this country. It is unspeakable, the direction that they are going in. It does not reflect the values of this great Nation. So, you know, if we are serious about reforming in the farm bill, they would [[Page H3873]] have included limits on ***agricultural*** subsidies. And, by the way, the crop insurance ***program***, there are no eligibility caps, no ***payment*** limits. You know, it is all bets are off. I want to end with thanking my colleague for doing this. I am going to continue, as I know he is. I am going to continue, and I know he is going to continue to stand up against what are unconscionable attacks on America's poor working families. You know, I urge my colleagues on both sides of the aisle: Stand up. Stand with us. Let's ensure that Congress does not endanger families and children by decimating our hunger ***programs***. We need to strengthen the SNAP ***program***. We need not be sabotaging it. I thank the gentleman for organizing this Special Order tonight. We need to be speaking here morning, noon, and night about what this administration, what this Republican majority Congress is doing to low- income families. The food stamp ***program*** is seniors, the disabled, and children. Mr. RASKIN. Mr. Speaker, I thank Ms. DeLauro, and I would ask if she would be willing to stick around just for a little colloquy. Ms. DeLAURO. Mr. Speaker, I will. Mr. RASKIN. Mr. Speaker, Ms. DeLauro made some really striking points, and I wanted to explore them a little bit more. The tax bill, as we know, created a windfall bonanza of hundreds of billions of dollars for the wealthiest corporations and the wealthiest people in the country. Eighty-six percent of the benefit from the tax cut went to 1 percent of the people. The interesting thing to me was that because it went overwhelmingly to investors, and one-third of the investment in our companies is held by foreigners, a third of the benefit of this tax cut just left the country. It went to foreign investors in Saudi Arabia or China or Mexico or wherever it might be. Now, does it make sense for us to confer this extraordinary bonanza on the wealthiest people in the country and wealthy people abroad, and then turn around and start cutting the major antihunger assistance ***program*** we have got, the SNAP ***program***? I mean, what is the morality of that? What is the logic of that? Mr. Speaker, I yield to the gentlewoman from Connecticut. Ms. DeLAURO. Mr. Speaker, there is no morality. That is it. It is immoral, and we have an obligation and a responsibility. And it is not just a social responsibility. This is a moral responsibility to make sure that in the land of abundance and an abundance of food, that we are going to look at jettisoning millions of low-income families and creating for them a situation where they cannot access food for themselves or their families, I ask the question: Who are we? It is immoral the direction that they are going in. And with the farm bill--if you wanted to just look at the farm bill-- you talked about the tax bill, and we know what direction that went in and who are the beneficiaries there. But again, this farm safety net is filled with loopholes. The top 3 percent of farms, or about 60,000 farms in the United States receive roughly 40 percent of all farm subsidies. Many farms receive more than $1 million in subsidies annually. They don't pass any income test. They pass no asset test. The largesse is overwhelming. And the share of subsidies, the largest farms claimed, has increased from 11 percent in 1991 to 34 percent in 2015. You know, they are consistent. Watch what they do in the tax bill. Watch what they do in the farm bill and who benefits. Who has benefited from the tax--the tax scam, which is rigged for the rich? And now we have a farm bill, which is rigged for the rich. Mr. RASKIN. Mr. Speaker, I would say to Ms. DeLauro that that came out of the ***Agriculture*** Committee, as I understand it, on a party line vote. Ms. DeLAURO. Mr. Speaker, he got that right. Mr. RASKIN. Mr. Speaker, this used to be bipartisan. It used to be a bipartisan commitment, and now, suddenly, it fell apart with no participation from Democrats. It comes flying out with the idea of targeting the SNAP ***program***. What is going on here? Mr. Speaker, I yield to the gentlewoman from Connecticut. Ms. DeLAURO. Mr. Speaker, Congressman Raskin makes such a good point. Let me just tell you. I looked very, very hard at this issue over the number of ***years*** that I have served here. I served on the ***Agriculture***, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Subcommittee. I chaired that committee for awhile, so I have spent more than 25 ***years*** focused in. And the issue of hunger in the United States has become a passion for me, and I tell you why. I published a book not that long ago called, ``The Least Among Us: Waging the Battle for the Vulnerable.'' And when I did the research for this book, this is what I found: that the social safety net ***program*** and the food stamp ***program*** was crafted by Democrats and Republicans. George McGovern, Bob Dole, they took a commission across the country. Mr. RASKIN. Mr. Speaker, they are both from farm States. Ms. DeLAURO. Mr. Speaker, that is right. And they said there is a serious problem of hunger in the United States. They came back to Washington, and Democratic Members and Republican Members came together to say that this challenge--we have to address this crisis of hunger in the United States, and therein lies the genesis of nutrition ***programs*** crafted by men and women who came here who understood what their job was and they understood what the power of this institution is. Unfortunately, we do not have those giants in this body on both sides of the aisle--the people who have left--and I am so proud of our Democrats who have stood together on this farm bill and said: No. This is wrong. We are not going to be complicit in leaving millions of people hungry in the United States. Robert Kennedy took a commission across this country and went and found children and babies who were hungry and came back, and, again, on a bipartisan basis, helped to craft the ***programs*** that we have today. These were men and women who understand and understood why they were elected to the United States House of Representatives and the United States Senate. {time} 1730 Unfortunately, so many of our colleagues on the other side of the aisle have either forgotten their purpose here or never understood their purpose here. Mr. RASKIN. Mr. Speaker, I want to follow up on something Ms. DeLauro said, which I think is very important. She pointed out that it was Senator Robert Dole, a Republican from Kansas; and Senator George McGovern, a Democrat from South Dakota, who came together and said: We have this extraordinary ***agricultural*** bounty and surplus in America. We could be feeding the entire world. Certainly we could be feeding the people of America. Most people are able to afford it, but not everybody, and not at every point in their life. We should make sure that, in the wealthiest society that has ever existed, everybody has the opportunity to eat three meals a day for $1.40 Ms. DeLauro said that we don't have the giants that we had then. I don't know if that is true. I consider the gentlewoman from Connecticut (Ms. DeLauro) a giant. But I think what has changed is the public philosophy that is governing in Washington. I think there is a public philosophy that survives in town, which says that government is a moneymaking opportunity for the President and a handful of people: the President's friends and the people who surround the President. People are actually making money coming into government. Whereas, the traditional ideal--the one I think Ms. DeLauro invoked with Senators Dole and McGovern and the new deal and Franklin Roosevelt--was government is an instrument of the common good to benefit everybody to advance the general will. What has happened to our concept of government in America? Ms. DeLAURO. Mr. Speaker, I tracked in my research the Food Stamp ***program*** and child tax credits, bipartisan; equal pay for equal work, bipartisan; Social Security, Medicare, and Medicaid, when the votes came, they were done in a bipartisan way, the votes were bipartisan. [[Page H3874]] Now we seem to have lost that sense that the challenges are there for us to take on, on both sides of the aisle, to put aside differences for that common good. That is what we need to get back to. That what we are not about is humiliating people and demeaning people so that we think that that will make them go out and try to work to do a better thing, to tell them that there is no hope for them when they look to Washington and to government. Mr. Speaker, that is a slap in the face to the ***years*** and the work that so many on both sides of the aisle did in Congress, and that is what we have to get back to. That is what should be entrusted to us, as we look at each of these areas that people face in our country. People want jobs. We define ourselves by our jobs. We get our self- confidence from our jobs. People want to work. Your family looks up to you when you have a job. And, when you don't, you are embarrassed to tell your kids: I don't have a job. These great people who served said: We need to come together to work on these issues. For me, that is what I want us to get back to. That is what I try to work at, as you do, every single day. To have people understand that, in times of difficulty, we are accountable to one another, and we have a responsibility. We are not a society that said it is every man or woman for himself or herself, particularly in challenging times. That is what our social safety net is all about. It reflects the great values of this country. I believe we can get back there. I believe that we can. We were there before, and we are going to get back there again. Mr. Speaker, I thank Mr. Raskin for what he is doing here tonight. Mr. RASKIN. Mr. Speaker, I thank the gentlewoman from Connecticut (Ms. DeLauro) for her leadership, for her vision, and for her writing. It is incisive and useful for us all. Mr. Speaker, I yield to the gentlewoman from North Carolina (Ms. Adams). Ms. ADAMS. Mr. Speaker, I thank Congressman Raskin for putting this Special Order hour together. I thank him for his commitment and for his concern. I join all of my colleagues in opposing what is being proposed in terms of this farm bill. Three weeks ago, my Republican colleagues on the House ***Agriculture*** Committee sat silently while Chairman Conaway introduced a partisan farm bill. Then they allowed him to preach about the many reasons why he feels that SNAP should be transformed from a feeding ***program*** to a work ***program***, uninterrupted. Then they voted for this flawed bill that takes food off of the tables of veterans, seniors, and children. Now they want to pass it through the House and push it forward with their agenda to starve our Nation's most vulnerable. My Republican colleagues ought to be ashamed of this because Proverbs 22:9 says: ``The generous will themselves be blessed, for they share their food with the poor.'' I have said it once, and I will say it again: I don't believe that the Lord is pleased with what we are considering in this bill. In my home county of Mecklenburg, North Carolina, more than 162,000 people are considered food insecure. Worse, 50,000 of those are children. In my community, more than 55,000 families depend on SNAP to help put food on their tables. No one should wonder where their next meal will come from. But, sadly, this is a reality for many, many people. Last ***year***, North Carolina Republicans introduced a bill on the State level that would have a similar impact to this partisan farm bill. Analysis of that bill shows that roughly 130,000 North Carolinians will lose their SNAP benefits if this bill passes, including 50,000 children. Nationwide, the impact of this bill would even be worse: kicking 2 million people out of the ***program*** and causing an estimated 265,000 children to lose free or reduced lunch at school. So, no work, no eat? If we are lawmakers and we aren't protecting our Nation's children, then I don't think we deserve to be here. Republicans continue to push the idea that we need entitlement reform just to appease the Speaker. Well, I understand the Speaker has announced his retirement, and I would like for us to just retire the idea that this so-called reform is just numbers on a page because it is not. Real people depend on SNAP ***programs*** and, without it, they will go hungry. No one can expect to work if they are hungry. No child can expect to learn if the child is hungry. More than $8 in $10 in nutrition assistance go to households that include a child, a senior, or a person with a disability. Additionally, many working Americans depend on SNAP to make ends meet in expensive cities where earning the minimum wage doesn't pay all of the bills. People work two and three jobs a day at minimum wage, leave work, and go to a food bank to eat. Additionally, many American families depend on SNAP. Working hard is not enough if you don't make enough. Instead of punishing working Americans, let's address the cause of the issue, and let's raise the minimum wage to a living wage. Mr. Speaker, I join my Democratic colleagues in urging Chairman Conaway to scrap this flawed bill and return it to the drawing board. We can, and we should, craft a bipartisan farm bill that benefits all communities. Mr. RASKIN. Mr. Speaker, I thank Ms. Adams so much for her insightful remarks. Before Ms. Adams leaves, I would like to ask her a question. Working in Washington and coming here several days a week, as Members of Congress do, we are often treated to the spectacle of lifestyles of the rich and famous and political corruption. We see Scott Pruitt, the EPA chief, spending hundreds of thousands of dollars on first-class air travel with a security detail of a dozen people, something nobody has ever seen before for an EPA chief. He built, I think it was, a $40,000 soundproof booth in his office in order to make secret phone calls. Last night, we saw on TV, or pick up the paper this morning to read about, millions of dollars flowing into an up-till-now secret bank account that Michael Cohen had. Part of it was used as a slush fund to pay off a porn star, who had a relationship, allegedly, with President Trump. But then hundreds of thousands of dollars flowing in from one of the oligarchs in Russia with U.S corporations involved. There is a lot of money in this town. The power elite seems to have a lot of money, and gave hundreds of billions of dollars back to the wealthiest corporations and people in the country in the most recent tax legislation. Yet they get through with that, and then they turn and they want to pound the SNAP ***program***, which is used to give a modicum of dignity and security to the poorest people in the country so that they can feed their families. What is going on here? How is it possible that we can see one kind of America operating in the Halls of power with the wealthiest people in the country, and another for the working people of the country who are trying to get by? Ms. ADAMS. Mr. Speaker, Mr. Raskin is so absolutely right. I think that is why people have generally lost faith in their government. I mentioned a Scripture from the Bible, but there are 3,000 references--more than 3,000--that speak to how we should treat the poor. We are, I think, being derelict in terms of our duties. Yes, there seems to be a lot of corruption going on. We are not placing our priorities on the people. We are putting profits over people. That is so unfortunate because we were elected to serve everyone, including the poor. The poor will be with us always. We have a responsibility to reach out and to give a helping hand, a help up. We are not talking about people who some folks think are lazy and they are not working. They are working, and they are the caregivers of the children. Children live in poverty because their parents do. We must ensure that we can help those adults who help our children. We want our children to go to school and we want them to do well. Children will not do well if their stomach growls because they are hungry. Mr. Speaker, I think Mr. Raskin is right. We have two worlds here: the haves and the have-nots. It is time to give something to those who have not. Mr. RASKIN. Mr. Speaker, three-quarters of SNAP benefits go to families: households with children in them. That should be what people think of when they think of the SNAP ***program***. [[Page H3875]] We heard a lot today in the Oversight and Government Reform Committee hearing that was referenced earlier, basically about lazy people sitting around. I tried to alter the image a little bit. I said: You can have lazy people who get a paycheck in public housing and they spend all day watching TV, tweeting, and filing for bankruptcy. You have lazy people in the middle class. You have rich lazy people and you have poor lazy people. Ms. ADAMS. Mr. Speaker, there are probably some lazy folks in here, too. Mr. RASKIN. Mr. Speaker, we are not going to be able to eliminate laziness, but maybe we can take care of hunger in America so that kids don't go to sleep without food. Mr. Speaker, I want to thank Ms. Adams for her leadership and her strong voice on these issues. It is very impressive to see how hard she has been fighting. Ms. ADAMS. Mr. Speaker, I thank Mr. Raskin for those comments. One of the reasons that I wanted to serve on the ***Agriculture*** Committee was because of the issues that are impacted not only in my district but throughout this Nation. Having so many people who are food insecure gave us an opportunity, I think, to do good in this farm bill. It is my understanding that we have never had a bill that was not bipartisan, and I think we need to think about that. The citizens of this country are looking to us to do what is right because it is the right thing to do. Mr. RASKIN. Mr. Speaker, in my district, I have urban, suburban, and rural. I have urban places like Rockville, Maryland; I have suburban places like Bethesda and Silver Spring; I have rural places in Frederick County like Middletown and Carroll County. I have sort of the full gamut of America in my district, and there is poverty in all of them. There are people struggling in all of them, just like there are people who have become very prosperous in all of them. But our job, I think, as Representatives in Congress, is to keep the country unified and see what that beautiful, magical phrase in the beginning of the Constitution ``We the people'' means. For us to stand together in all of our magnificent diversity of ways of life and different kinds of communities that we have across the country, what is it that binds us together? I think the goodness of the American people is that we are invested in the success of everybody, not just this or that group, not just our business buddies, not just our partners, not just people in our political party, but we are invested in the success of everyone, and that is our job. Ms. ADAMS. Mr. Speaker, Mr. Raskin is exactly right. Hunger is not a partisan issue. {time} 1745 Mr. RASKIN. Mr. Speaker, I thank Ms. Adams for participating. Mr. Speaker, I yield to the gentlewoman from Texas (Ms. Jackson Lee), my distinguished colleague. Ms. JACKSON LEE. Mr. Speaker, I am delighted, if I might say, to be with Professor Raskin today, and I would like to use that terminology, or Congressman Raskin, but it means that he gets into both the theory, the practice, and the passion of an idea. That is what teachers do. They try to instruct their students to look at the holistic concept of a theory. Mr. Speaker, the loss of food stamps is not a theory, but it has passion in the loss of such. It has a broad landscape of impact. It certainly has a theory of which I don't adhere to, and that is that Americans who have asked for a hand up are the ones deserving of the brunt of an enormous tax cut that has created an enormous deficit that was not asked for by the top 1 percent, who are getting the major aspect, or major benefit, of this tax cut. As a member of the Budget Committee, we took pains, the Democrats, to parse through the ultimate negative impact of the $1.4 trillion-plus tax cut. During the Obama administration, we discussed a corporate rate reduction. Many of us would have considered that on the idea of job creation, coming from the early thirties, if you will, down to about the mid-twenties. We did more than--when I say ``we,'' this bill did 21, unasked for by any corporate entity, which added, again, insult to injury as it relates to those families, disabled, and seniors, children who are dependent upon these ***programs***. We have many Americans who are dependent upon means-tested ***programs***, 70 percent. The supplemental nutrition ***program***, unlike the 21 percent corporate rate reduction for taxes, is $1.40 per person. One of our colleagues in the other body, Senator Booker, as we all know who are familiar with him, and I think maybe we should join in that effort, spend that much per meal, all of the Members of the House of Representatives, because what we are dealing with today is the farm bill. The farm bill takes to shutting down the SNAP ***program*** and to cutting it drastically, and to ignore and underfund important ***programs*** because we find ourselves in a predicament of the deficit, the tax cut, and what choices do we make. The decision to limit SNAP is not limited to red States or blue States. Eighty-five of the top 100 counties of individuals receiving SNAP benefits are rural communities, and many of them are, in fact, Republican represented. The disastrous changes to SNAP would jeopardize the food security of 42 million people, including 30 million children, 4.8 million low- income seniors, and 1.5 million low-income military veterans. So in conclusion, I came to the floor today to ask the question: Why in the farm bill? There is something about having a little seniority in this House. I can remember that of all the bills in this Nation that came out of this House and Senate--and I might say, joyfully, because I have been supported by the Farm Bureau. I come from a State of ranchers and farmers. We used to take pride in having that nexus between farmers and the SNAP ***program*** and the continuity of such. So here we are. We have breached it. We have blown it up for no reason other than to pocket the money for the tax cut. Mr. Speaker, I thank the gentleman for bringing us together. I ask my colleagues to vote against the farm bill, because that would be standing up for maybe a better pathway of that bipartisan farm bill that we have had over the decades to make a difference in the lives of all Americans. Mr. RASKIN. Mr. Speaker, I thank Ms. Jackson Lee for her really profound and important remarks tonight. Mr. Speaker, I would close out our session here by just making an observation about the importance of this SNAP question. It is important legislatively because our friends across the aisle have broken from a bipartisan tradition going back a very long time now in the passage of the farm bill just to make it a partisan power grab and a push over everybody else in the body, but it also goes to the question: What kind of government are we going to have? Will this be government for the few or will it be a government for everyone? Mr. Speaker, I yield back the balance of my time.

**Load-Date:** May 11, 2018

**End of Document**



[***Register of Commission documents: communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions Commission Work Programme 2018 An agenda for a more united, stronger and more democratic Europe Document date: 2017-10-26 COM\_COM(2017)0650(ANN04) COM documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R65-4NS1-F0YC-N1DM-00000-00&context=1516831)

Impact News Service

December 13, 2017 Wednesday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 1261 words

**Body**

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

EN EN EUROPEAN COMMISSION Strasbourg, 24.10.2017 COM(2017) 650 final ANNEX 4 ANNEX to the COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS Commission Work ***Programme*** 2018 An agenda for a more united, stronger and more democratic Europe 2 Annex IV: Withdrawals1 No COM/ Inter-institutional reference Title Reasons for withdrawal ***Agriculture*** and rural development 1. COM/2017/0150 final 2017/068/COD Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL fixing the adjustment rate provided for in Regulation (EU) No 1306/2013 for direct ***payments*** in respect of the ***calendar*** ***year*** 2017 Obsolete: the matter was dealt with in Commission Implementing Regulation (EU) 2017/1236 of 7 July 2017. Economic & Financial Affairs, Taxation & Customs 2. COM/2011/737 final 2011/333/CNS Proposal for a COUNCIL REGULATION on the methods and procedure for making available the own resource based on the value added tax The Commission will present new proposals on own resources in the comprehensive proposal for the future multi-annual financial ***programming*** beyond 2020. Thus this proposal will become obsolete as it will be replaced by new proposals in that context. 3. COM/2014/43 final 2014/0020/COD Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on structural measures improving the resilience of EU credit institutions No foreseeable agreement.

The file has not progressed since 2015..In addition, the main financial stability rationale of the proposal has in the meantime been addressed by other regulatory measures in the banking sector and most notably the entry into force of the Banking Union's supervisory and resolution arms. 1 This list includes pending legislative proposals, which the Commission intends to withdraw within six months (by April 2018) 3 No COM/ Inter-institutional reference Title Reasons for withdrawal Foreign Affairs & Security Policy 4. COM/2003/695 final CNS 2003/0268 Proposal for a COUNCIL DECISION on the conclusion of a Political Dialogue and Cooperation Agreement between the European Community and its Member States, of the one part, and the Andean Community and its member countries, the Republics of Bolivia, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela, of the other part Obsolete: no longer in force as replaced by Joint proposal JOIN/2016/04 final of 3 February 2016. 5. COM/2014/360 final 2014/0182/NLE Proposal for a COUNCIL DECISION on the Union position with the Cooperation Council established by the European Union –Georgia Partnership and Cooperation Agreement between the European Community and its Member States, of the one part, and Georgia, of the other part with regard to the adoption of a Recommendation on the implementation of the EU-Georgia Association Agenda Obsolete: the Association Agenda was adopted by the FAC on 23 June 2014 (Georgia ST 10978/14) and OJ L 261 of 30.8.2014 6. COM/2014/359 final 2014/0181/NLE Proposal for a COUNCIL DECISION on the Union’s position in the Cooperation Council established by the Partnership and Cooperation Agreement between the European Community and its Member States on the one hand and the Republic of Moldova on the other, with regard to adopting a Recommendation on implementing the EU-Moldova Association Agenda Obsolete: the Association Agenda was adopted by the FAC on 23 June 2014 (Moldova ST 9621/14 (I/A item note)). 7. JOIN/2013/014 final 2013/0149/NLE Joint Proposal for a COUNCIL DECISION on the Union position within the Association Council established by the Euro-Mediterranean agreement establishing an Association between the European Community and its Member States, of the one part, and the Republic of Lebanon, of the other part with regard to the adoption of a Recommendation on the implementation of the second EU-Lebanon ENP Action Plan DECISION No 1/2016 OF THE EU-LEBANON ASSOCIATION COUNCIL of 11 November 2016 agreeing on EU-Lebanon Partnership Priorities explicitly states that rather than renewing the ENP Action Plan, the parties adopt the Partnership Priorities and Compact. The Joint Proposal JOIN(2013)014 is therefore obsolete. 4 No COM/ Inter-institutional reference Title Reasons for withdrawal Internal Market, Industry, Entrepreneurship and SMEs 8. COM/2012/164 final 2012/82/COD Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL simplifying the ***transfer*** of motor vehicles registered in another Member State within the Single Market No foreseeable agreement. The file has not progressed since 2012. The Commission will reassess the issue, including by launching work to update the impact assessment. International Cooperation & Development 9. COM/2011/0861 final 2011/0420/NLE Proposal for a COUNCIL DECISION on EU accession to the International Cotton Advisory Committee (ICAC) Obsolete: a Council Decision was adopted on 18 May 2017 based on an updated Commission proposal (COM/2016/0712 final - 2016/0349 (NLE)). Justice, Consumers & Gender Equality 10. COM/2014/0212 final 2014/0120/COD Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on single-member private limited liability companies Possible withdrawal was mentioned in the written replies to questions of the PANA Committee. The Commission will table new proposals on company law in Q4 2017 and this proposal will be subsequently withdrawn. Maritime Affairs & Fisheries 11. COM/2011/0760 final 2011/0345/COD Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Council Regulation (EC) No 1300/2008 of 18 December 2008 establishing a multi-annual plan for the stock of herring distributed to the west of Scotland and the fisheries Will become obsolete with the proposed repeal (see Annex V) of the Council Regulation (EC) No 1300/2008 of 18 December 2008 establishing a multi-annual plan for the stock of herring distributed to the west of Scotland. 12. COM/2013/09 final 2013/0007/COD Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Council Regulation (EC) No 1224/2009 establishing a Community control system for ensuring compliance with the rules of the Common Fisheries Policy The Commission intends to present a new proposal on the substantial revision of the Fisheries Control System, foreseen for Q2/ 2018. 5 No COM/ Inter-institutional reference Title Reasons for withdrawal Migration, Home Affairs & Citizenship 13. COM/2014/163 final 2014/0095/COD Proposal for a Regulation of the European Parliament and of the Council establishing a touring visa and amending the Convention implementing the Schengen Agreement and Regulations (EC) No 562/2006 and (EC) No 767/2008 Proposal to be withdrawn in the context of the proposal for a revised Visa Code foreseen for Q1/2018. 14. COM/2014/164 final 2014/0094/COD Proposal for a Regulation of the European Parliament and of the Council on the Union Code on Visas (Visa Code) Proposal to be withdrawn in the context of the proposal for a revised Visa Code foreseen for Q1/2018. Transport 15. COM/2013/409 final 2013/0187/COD Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EC) No 216/2008 in the field of aerodromes, air traffic management and air navigation services The substance was subsumed into the new proposal establishing EASA (COM(2015) 613 final) now in the inter-interinstitutional process. Thus this proposal will become obsolete.

**Load-Date:** December 16, 2017

**End of Document**



[***Khabarovsk Territory media highlights 5-11 Nov 18***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TR7-BKS1-DYRV-31DT-00000-00&context=1516831)

BBC Monitoring Former Soviet Union - Political

Supplied by BBC Worldwide Monitoring

November 14, 2018 Wednesday

Copyright 2018 British Broadcasting Corporation All Rights Reserved



**Length:** 1910 words

**Body**

By BBC Monitoring

The following are highlights from Khabarovsk's state-owned GTRK Dalnevostochnaya TV and municipal Gubernia TV news, as well as AmurMedia, Amurpress and Khabarovsky Krai Segodnya news agencies for the period 5-11 November 2018:

Political

President Vladimir Putin has signed a decree ***transferring*** the Republic of Buryatia and Transbaikal Territory from the Siberian Federal District to the Far Eastern Federal District. State ***programmes*** aimed at the socioeconomic development of the Far Eastern regions, particularly on allocating land plots free of charge (the Far Eastern hectare project) and on establishing advance development territories (TOR), will now be applied to the new two regions.

Economist Olga Valiyeva is critical of the decision. She stressed huge costs that the regions' joining would entail and voiced concern about the inclusion of the territory around the Baikal Lake in the Far Eastern hectare project. "There is a serious risk that under the project, areas in national parks and nature reserves will be allotted," she noted.

Pundit Ildus Yarulin suggested that the regions' merger was a "step towards creating a united economic zone with a special status" in Russia's Far East and this mega-district will "be focused on cooperation with Asia-Pacific countries, namely China". He thinks that the developments have "seriously strengthened" presidential envoy Yuri Trutnev's position. He will no longer act as a "supervisor of how presidential initiatives are implemented", but turns into a "vice regent", a "governor general", who controls economic issues and financial flows. (GTRK Dalnevostochnaya TV "Vesti Khabarovsk" news, Khabarovsk, 1045 gmt 6 Nov 18; Gubernia TV "Novosti" news, Khabarovsk, 0900 gmt 6 Nov 18; AmurMedia news agency, Khabarovsk, 0705 gmt 6 Nov 18 and 0230 gmt 9 Nov 18)

The regional branch of the Communist Party of the Russian Federation (CPRF) held a rally at the central Ploshchad Lenina square on 7 November to mark the anniversary of the October Revolution, GTRK Dalnevostochnaya TV reported on the same day. Demonstrators laid flowers to the Lenin monument and gathered in front of the monument waving red flags. Speakers addressed those present on the venue with traditional speeches about the importance of the October Revolution in Russian and world history, the report said. At the end of the rally, a resolution demanding reshuffles in the Russian leadership was passed.

After the rally, Communists marched along the main Ulitsa Muravyova-Amurskogo street towards Komsomolskaya Ploshchad square. The bulk of demonstrators were elderly people. Few youngsters were present. One of them noted that the time of the rally was chosen wrong for young people to attend it because they were studying. About 200 people took part in the event. (GTRK Dalnevostochnaya TV "Vesti Khabarovsk" news, Khabarovsk, 1045 gmt 7 Nov 18; Khabarovsky Krai Segodnya news agency, Khabarovsk, 7 Nov 18)

Governor Sergei Furgal has appointed Igor Averin first deputy head of the regional government in charge of economic affairs, Amurpress news agency reported on 7 November. Averin is a man from former governor Viktor Ishayev's team. Ishayev held the post of the presidential envoy to the Far Eastern Federal District in 2011 and Averin was his aide. In 2012-13, Ishayev combined the posts of the envoy and the Far East development minister and Averin acted as deputy Far East development minister then. After Ishayev resigned, Averin quitted his post too. It remains unknown what Averin did in 2013-18, the report noted. (Amurpress news agency, Khabarovsk, 0309 gmt 7 Nov 18)

Dmitry Volkov, former deputy head of the regional government for Komsomolsk-on-Amur's comprehensive development, has been appointed Russian deputy construction minister, Amurpress news agency reported on 7 November. Experts say that the appointment is not random. The Kremlin pegged Volkov as a candidate for the 9 September gubernatorial election in the region, but then acting governor Vyacheslav Shport outcompeted him in a staff fight, they say. The Kremlin "thinks several moves ahead now" and wants to "test the promising manager in the government machine", they note. (Amurpress news agency, Khabarovsk, 0001 gmt 7 Nov 18)

Governor Sergei Furgal has demanded that an audit be held in the healthcare sector following a complaint about a decline in salaries received from medical specialists, Gubernia TV reported on 7 November. People were outraged by healthcare minister Alexander Vitko's remarks made at a working meeting in Komsomolsk-on-Amur. "Doctors earn well if they do their best, and only lazy ones do not make money, believe me," he said. (Gubernia TV "Novosti" news, Khabarovsk, 0900 gmt 7 Nov 18)

United Russia deputies in the regional legislative assembly have drafted a bill obligating the governor to endorse appointments to key government posts with them, AmurMedia news agency reported on 9 November. The document also enables the legislative assembly to express distrust in government members whose appointments it endorsed, the report added. (AmurMedia news agency, Khabarovsk, 0715 gmt 9 Nov 18)

United Russia's regional branch has held an annual conference, Amurpress news agency reported on 10 November. Party members summed up the results of the party's performance in 2018 and set tasks for 2019. The regional legislative assembly, the Komsomolsk-on-Amur mayor as well as municipal deputies and heads will be elected in the region in 2019. The party set the task to win the legislative assembly election and maintain a majority in local municipalities.

The party's political council was reshuffled at the meeting. Six people, including former first deputy head of the regional government for domestic policy Viktor Martsenko and deputy governor Sergei Schetnev, were excluded from it. The council got six new members, among them Khabarovsk District head Denis Udod, who, as report stated, is "actively gaining political weight", and housing utilities minister Dary Tyurin. (Amurpress news agency, Khabarovsk, 0409 gmt 10 Nov 18)

Economic

Governor Sergei Furgal has paid a visit to South Korea, Amurpress news agency reported on 6 November. He attended the first Russian-Korean interregional cooperation forum and a summit of the Russian-Korean regional governments, visited a number of industrial enterprises and held talks with potential investors.

There is a number of promising investment projects in the region. They relate to LNG production, timber processing, housing construction and ***agriculture***. Furgal invited Korean businessmen to invest in the following projects: to build a second stage of a coal terminal in Vanino, to construct a grain and liquefied hydrocarbons transshipment terminal in Sovetskaya Gavan and build a glassware-producing plant in Komsomolsk-on-Amur. (Amurpress news agency, Khabarovsk, 0334 gmt 6 Nov 18; AmurMedia news agency, Khabarovsk, 0130 gmt 9 Nov 18)

People have started renouncing free plots of land received under the Far Eastern hectare state ***programme***, GTRK Dalnevostochnaya TV reported on 8 November. The main reason is a lack of necessary infrastructure at the plots, the report noted. People have "bit off more than they can chew", but specialists say that they are hasty, as free land plots are given only once, the report said.

The regional authorities have suggested amending the law on the Far Eastern hectare in such a way that hectare owners are permitted to renounce a plot of land once, but preserve the right on a free land plot. (GTRK Dalnevostochnaya TV "Vesti Khabarovsk" news, Khabarovsk, 1045 gmt 8 Nov 18)

Migration

Over 5,000 people left the region in January-September, GTRK Dalnevostochnaya TV reported on 8 November, citing Khabarovskstat statistics service. Over 80 per cent of them moved to other Russian regions, primarily Moscow, St Petersburg as well as Leningrad, Moscow and Kaliningrad regions. Over 4,100 people arrived in the region from the CIS countries. At the same time over 4,200 people from the CIS left the region.

The regional authorities have drafted a set of proposals for a Russian migration concept, which are aimed to facilitate people's moving to the region. Among them are to reduce the time of granting Russian citizenship to three months, increase lump-sum ***payments*** and introduce housing certificates to allow people receive subsidies to buy or rent housing or pay housing utilities bills. (GTRK Dalnevostochnaya TV "Vesti Khabarovsk" news, Khabarovsk, 1045 gmt 8 Nov 18)

The regional legislative assembly's committee for social protection and healthcare discussed the implementation of the state ***programme*** to assist the voluntary resettlement of compatriots living abroad, Amurpress news agency reported on 9 November. A total of 5,351 arrived in the region. They are 3,326 ***programme*** participants and 2,025 their family members. Over 3,000 people arrived in the region as labour migrants and decided to take part in the ***programme*** on the region's territory.

Most compatriots chose Khabarovsk as a place of residence. Komsomolsk-on-Amur as well as Khabarovsk and Verkhnebureinsky districts are next popular. The bulk of re-settlers came from Tajikistan, Kazakhstan, Ukraine, Armenia and Uzbekistan. Most re-settlers (76.6 per cent) are of working age. A total of 2,783 ***programme*** participants have higher education and 543 people have basic and complete secondary education. Eighty per cent of re-settlers got employed in such sectors as construction, wholesale and retail trade, personal services as well as education and healthcare. Some 190 people got registered as individual entrepreneurs.

Marina Dovgy, head of the migration department at the Interior Ministry's regional directorate, noted that newcomers tend to have very little knowledge of Russia, which "complicates their social adjustment and integration in society". Committee head Irina Shtepa suggested obligating ***programme*** participants to confirm their knowledge of Russian. Regional deputies will draft corresponding proposals and submit them to the federal authorities. (Amurpress news agency, Khabarovsk, 0524 gmt 9 Nov 18; Khabarovsky Krai Segodnya news agency, Khabarovsk, 9 Nov 18)

Health

An outbreak of community-acquired pneumonia cases has been registered in the region, GTRK Volgograd TV reported on 8 November. Over 400 cases of community-acquired pneumonia were recorded in a period from 29 October to 4 November. Overall, the morbidity is 15 per cent up against 2017. Khabarovsk is the leader in the morbidity. Several pneumonia cases were registered in Komsomolsk-on-Amur, Nikolayevsk-on-Amur and the region's Amur District. Most patients are adults, not children, the report noted. (GTRK Dalnevostochnaya TV "Vesti Khabarovsk" news, Khabarovsk, 1045 gmt 8 Nov 18)

Narcotics

The Khabarovsk garrison military court has sentenced a contract serviceman from special task troops to six ***years*** in a strict regime colony and fined him R25,000 (some 368 dollars at the current exchange rate) for illegal drug possession and sale, Khabarovsky Krai Segodnya news agency reported on 10 November.

One of his clients contacted the police and offered his assistance in detaining the drug pusher. He met the serviceman and bought a drug dose under police control. Law enforcers detained the drug trafficker. They seized several drug packages during searches at his car. The man pleaded guilty. (Khabarovsky Krai Segodnya news agency, Khabarovsk, 10 Nov 18)

Source: BBC Monitoring 11 Nov 18

**Load-Date:** November 14, 2018

**End of Document**



[***Register of Commission documents: Document date: 2018-01-10 BUDG\_PR(2018)616543 Draft reports Open the document in a new window Open the document in a new window DRAFT REPORT on the next MFF: Preparing the Parliament’s position on the MFF post-2020 Document date: 2018-01-10 BUDG\_PR(2018)615478 Draft reports***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RG9-YJK1-F0YC-N0NP-00000-00&context=1516831)

Impact News Service

January 22, 2018 Monday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 9918 words

**Body**

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

PR\1142266EN.docx PE615.478v01-00 EN United in diversity EN European Parliament 2014-2019 Committee on Budgets 2017/2052(INI) 10.1.2018 DRAFT REPORT on the next MFF: Preparing the Parliament’s position on the MFF post-2020 (2017/2052(INI)) Committee on Budgets Rapporteur: Jan Olbrycht, Isabelle Thomas PE615.478v01-00 2/21 PR\1142266EN.docx EN PR\_INI CONTENTS Page MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION ............................................ 3 PR\1142266EN.docx 3/21 PE615.478v01-00 EN MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION on the next MFF: Preparing the Parliament’s position on the MFF post-2020 (2017/2052(INI)) The European Parliament, – having regard to Articles 311, 312 and 323 of the Treaty on the Functioning of the European Union (TFEU), – having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the ***years*** 2014-20201 and its subsequent amendment by Council Regulation (EU, Euratom) No 2017/1123 of 20 June 20172, – having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management3, – having regard to its resolution of 6 July 2016 on ‘Preparation of the post-electoral revision of the MFF 2014-2020: Parliament’s input ahead of the Commission’s proposal’4, – having regard to the Commission’s Reflection Paper on the Future of EU Finances of 28 June 2017 (COM(2017)0358), – having regard to its resolution of 24 October 2017 on the Reflection Paper on the Future of EU Finances5, – having regard to the report of the Committee on Budgets and the opinions of the Committee on Foreign Affairs, the Committee on Development, the Committee on Budgetary Control, the Committee on the Environment, Public Health and Food Safety, the Committee on Industry, Research and Energy, the Committee on Transport and Tourism, the Committee on Regional Development, the Committee on ***Agriculture*** and Rural Development, the Committee on Fisheries, the Committee on Culture and Education, the Committee on Civil Liberties, Justice and Home Affairs, the Committee on Constitutional Affairs and the Committee on Women’s Rights and Gender Equality (A8-0000/2018), A. whereas the current multiannual financial framework (MFF) was agreed in 2013 and entailed, for the first time, a reduction in real terms of both commitment and ***payment*** appropriations compared to the previous financial ***programming*** period in spite of growing EU competences and ambitions as set out in the Lisbon Treaty and the Europe 2020 strategy respectively; whereas it also involved a significant gap between the level of commitment and ***payment*** appropriations, which contributed to a backlog in unpaid 1 OJ L 347, 20.12.2013, p. 884. 2 OJ L 163, 24.6.2017, p. 1. 3 OJ C 373, 20.12.2013, p. 1. 4 Texts adopted, P8\_TA(2016)0309. 5 Texts adopted, P8\_TA(2017)0401. PE615.478v01-00 4/21 PR\1142266EN.docx EN bills in the two first ***years*** of the MFF; whereas the late adoption of the MFF and the related legal bases contributed to implementation delays, the repercussions of which are still felt today and which might lead to an accumulation of ***payment*** claims at the end of the current MFF, spilling over into the next period; whereas, at Parliament’s insistence, new provisions were included in the MFF in order to use its global ceilings to the fullest possible extent and to provide for flexibility mechanisms; B. whereas the MFF 2014-2020 quickly proved its inadequacy in meeting actual needs and political ambitions, as, from the outset, it was called upon to address a series of crises and new challenges in the areas of investment, migration and refugees, youth employment, security, ***agriculture*** and the environment, which had not been anticipated at the time of its adoption; whereas, as a result, the current MFF had already been pushed to its limits after only two ***years*** of implementation as available margins had been exhausted, flexibility provisions and special instruments had been mobilised to a substantial extent, existing policies and ***programmes*** had been put under pressure or even reduced, and some off-budget mechanisms had been created as a way of compensating for the insufficient level of the EU budget; C. whereas those shortcomings had already become evident at the time of the mid-term review and revision of the MFF launched at the end of 2016, and ought to have merited immediate actions, as demonstrated by Parliament in its resolution of 6 July 2016; whereas the agreed mid-term revision succeeded in broadening the potential of the existing flexibility provisions to a moderate extent, but fell short of revising the MFF ceilings; D. whereas the Commission will present its package of proposals on the post-2020 MFF, including future own resources, in May 2018, which is expected to be followed shortly afterwards by draft legislative proposals for the financial ***programmes*** and instruments; 1. Adopts the present resolution in order to outline Parliament’s position on the post-2020 MFF, with particular attention to its expected priorities, size, structure, duration, flexibility and other horizontal principles, and to point out the specific budgetary orientations for the respective EU policies covered by the next financial framework; expects the Commission to present the legislative proposal for the next MFF together with a new draft interinstitutional agreement that takes into account Parliament’s positions and suggestions; stresses that this resolution also provides a basis for Parliament’s engagement in the procedure leading to the adoption of the next MFF; 2. Adopts, in parallel, a separate resolution to set out its position on the reform of the EU’s own resources system in line with the recommendations of the High Level Group on Own Resources; calls on the Commission to take due account of Parliament’s position in preparing the legislative proposals on the EU’s own resources, which should be ambitious in scope and presented together with the MFF proposals; stresses that both the expenditure and the revenue side of the next MFF will be treated as a single package in the upcoming negotiations, and that no agreement will be reached on the MFF without corresponding headway being made on own resources; I. Priorities and challenges of the next MFF PR\1142266EN.docx 5/21 PE615.478v01-00 EN 3. Welcomes the discussion about the next MFF as an opportunity to prepare the ground for a stronger Europe through one of its most tangible instruments, the Union budget; believes that the next MFF should be embedded in a broader strategy and narrative for the future of Europe; 4. Is convinced that the next MFF should build on the Union’s well-established policies and priorities, which aim at promoting peace, democracy and human rights, at boosting welfare, long-term and sustainable economic growth, high-quality jobs, sustainable development and innovation, and at fostering economic, social and territorial cohesion as well as solidarity between Member States and citizens; considers that these pillars are prerequisites for a properly functioning single market and Economic and Monetary Union as well as for reinforcing Europe’s position in the world; trusts that they are more relevant than ever for Europe’s future endeavours; 5. Believes that the next MFF should enable the Union to provide solutions and emerge strengthened from the crises of the decade: the economic and financial downturn, the phenomenon of migration and refugees, climate change and natural disasters, terrorism and instability, to name but a few; underlines that these global, cross-border challenges with domestic implications reveal the interdependency of our economies and societies, and point to the need for joint actions; 6. Stresses that the next MFF provides an opportunity for the Union to demonstrate that it stands together and is able to address political developments such as Brexit, the rise of nationalist movements and changes in global leadership; underlines that divisions and self-centredness are not an answer to global issues and to citizens’ concerns; considers that the Brexit negotiations, in particular, show that the benefits of being a Union member greatly outweigh the cost of contributing to its budget; 7. Calls, therefore, for continuous support for existing policies, in particular the long-standing EU policies enshrined in the Treaties, namely the common ***agricultural*** and fisheries policies, and the cohesion policy; rejects any attempt to renationalise these policies, as this would neither reduce the financial burden on taxpayers and consumers, nor achieve better results, but would instead hamper growth and the functioning of the single market while widening the disparities between territories and economic sectors; intends to secure the same level of funding for the EU-27 for these policies in the next ***programming*** period while further improving their added value and simplifying the procedures associated with them; 8. Believes that Europe should offer prospects to the younger generation as well as to the future-oriented undertakings that make the EU more successful in the global arena; is determined to substantially scale up two of its flagship ***programmes***, namely the Research Framework ***Programme*** and Erasmus+, which cannot satisfy the very high demand involving top quality applications with their current means; calls also for progress to be made in the fight against youth unemployment and in support for small and medium-sized enterprises by equipping the successor ***programmes*** of the Youth Employment Initiative and the ***programme*** for the Competitiveness of Enterprises and Small and medium-sized enterprises (COSME) with greater financial means; 9. Calls on the Union to assume its role in two emerging policy areas with internal and external dimensions, which have appeared in the course of the current MFF: on the one PE615.478v01-00 6/21 PR\1142266EN.docx EN hand, by developing a comprehensive asylum, migration and integration policy and addressing the root causes of migration and displacement in third countries and on the other hand, by providing security to European citizens and promoting stability abroad, notably by pooling research efforts and capabilities in the area of defence; 10. Highlights that the future framework is expected to integrate two new types of financial support featuring prominently on the Union’s economic agenda, namely the continuation of the investment support schemes, such as the European Fund for Strategic Investment, and the development of a fiscal capacity for the euro area and of financial stabilisation functions, possibly through the proposed European Monetary Fund; 11. Reaffirms the principle that additional political priorities should be coupled with additional financial means, whether they emerge at the time of adoption of a new MFF or in the course of its implementation, and underlines that the financing of new needs should not undermine existing policies and ***programmes***; expects, furthermore, that sufficient flexibility provisions will be put in place in order to accommodate unforeseen circumstances that may arise in the course of the MFF; 12. Believes that a stronger and a more ambitious Europe can only be achieved if it is provided with reinforced financial means; calls, in the light of the above-mentioned challenges and priorities, and taking into account the UK’s withdrawal from the Union, for a significant increase of the Union’s budget; estimates the required MFF expenditure ceilings at 1.3 % of the GNI of the EU-27, notwithstanding the range of instruments to be counted over and above the ceilings; 13. Is convinced that, unless the Council agrees to significantly increase the level of its national contributions to the EU budget, the introduction of new EU own resources remains the only option for adequately financing the next MFF; II.

Horizontal issues Principles of the EU budget and budget sincerity 14. Recalls the budgetary principles of unity, budgetary accuracy, annuality, equilibrium, universality, specification, sound financial management and transparency, which need to be respected when establishing and implementing the Union budget; 15. Reiterates its long-standing position that the Union’s political ambition must be matched with adequate financial resources and recalls that Article 311 TFEU states that the Union shall provide itself with the means necessary to attain its objectives and carry out its policies; 16. Points out, in this context, that the full implementation of political decisions and initiatives taken by the European Council is possible only if the necessary funding is ensured, and underlines that any other approach undermines the sincerity of the Union budget; 17. Believes that, by translating the political priorities of the EU into concrete investments, the multiannual financial framework constitutes an excellent instrument for the long- PR\1142266EN.docx 7/21 PE615.478v01-00 EN term planning of the European project and for ensuring a certain stable level of public investment in the Member States; recalls, furthermore, that the EU budget is predominantly an investment budget that serves as an additional and complementary source of funding for actions undertaken at national, regional and local levels; Duration 18. Is of the opinion that the decision on the duration of the MFF should strike the right balance between two seemingly conflicting requirements: on the one hand, the need for several EU policies – especially those under shared management, such as ***agriculture*** and cohesion – to operate on the basis of the stability and predictability of a commitment of at least seven ***years***, and, on the other hand, the need for democratic legitimacy and accountability that results from the synchronisation of each financial framework with the five-***year*** political cycle of the European Parliament and the European Commission; 19. Stresses that it is a political imperative for each newly elected Parliament to be able to substantially influence the MFF during its electoral cycle, both in terms of amounts and political priorities; stresses that the European Parliament elections provide the opportunity for EU citizens to express directly their position on the budgetary priorities of the Union that should be reflected in a post-electoral adjustment of the financial framework; believes, therefore, that during each political cycle, the Commission should propose and both Parliament and Council should decide either on the establishment of the subsequent MFF or on a mandatory mid-term revision of the ongoing MFF; 20. Underlines, therefore, the need for the MFF’s duration to move progressively towards a 5+5 period with a mandatory mid-term revision; calls on the Commission to elaborate a clear proposal setting out the methods of the practical implementation of a 5+5 financial framework; 21. Acknowledges, however, that the timing of the next European Parliament elections in spring 2019, given that the current MFF runs until December 2020, does not allow for a 5+5 solution to be implemented immediately, as no satisfactory alignment of the different cycles would be achieved; takes the view, therefore, that the next MFF should be set for a period of seven ***years*** (2021-2027), including a mandatory revision, by way of a transitional solution to be applied for one last time; Mid-term revision 22. Is convinced of the necessity to maintain a legally binding and compulsory MFF mid-term review and revision, enshrined in the new MFF Regulation; recalls that the 2016 mid-term revision was the historic first occasion on which an actual revision of the MFF Regulation took place and that was assessed positively by both Council and Parliament, notably in terms of reinforcing the MFF flexibility provisions; 23. Considers that, for the 2021-2027 MFF, the mid-term revision should be proposed and decided in due time to allow for the next Parliament and Commission to adjust the financial framework accordingly; underlines that any revision of the MFF should ensure the involvement of Parliament and safeguard its prerogatives as an equal arm of the budgetary authority; underlines, moreover, that any real revision also entails the PE615.478v01-00 8/21 PR\1142266EN.docx EN revision of the MFF ceilings, should their inadequacy be established for the rest of the period; Flexibility 24. Underlines that, during the current MFF, the budgetary authority approved a substantial mobilisation of the flexibility mechanisms and special instruments included in the MFF Regulation, in order to secure the additional appropriations needed to respond to serious crises or finance new political priorities; 25. Considers, therefore, that the flexibility provisions under the current MFF have worked well and have provided solutions in relation to the significant financing needed in particular to confront the challenges of migration and refugees and to address the investment gap; recalls that Parliament was the originator of several of these provisions which it strongly defended during the previous MFF negotiations; 26. Believes that a further reinforcement of these provisions is still necessary in order to better cope with new challenges, unforeseen events and the evolving political priorities that arise during the implementation of a long-term plan, such as the MFF; calls for enhanced flexibility for the next MFF, which should allow for the largest possible use of the global MFF ceilings for commitments and ***payments***; Flexibility mechanisms in the MFF 27. Considers that the ceilings of the next MFF should be set at a level that allows not only the financing of EU policies, but also the provision of sufficient margins in commitments for each heading; 28. Is convinced that all unallocated margins should be carried over without restrictions to future financial ***years*** and mobilised by the budgetary authority, for any purpose deemed necessary, in the annual budgetary procedure; calls, therefore, for the Global Margin for Commitments to be maintained, but without any restrictions in scope and time; 29. Recalls that the Global Margin for Commitments can only mobilise the unallocated margins up to ***year*** N-1, once they have been confirmed through the technical adjustment preceding the presentation of the Draft Budget; considers, however, that it is essential to explore ways of also mobilising the unallocated margins of ***year*** N, in order to still allow for the financing of additional needs that may occur during that ***year***; 30. Strongly believes that the commitments authorised by the budgetary authority should be used for their original purpose and that every effort should be made to ensure that this is the case across all policy fields; calls, in particular, on the Commission to continue to actively work in this direction; is convinced, nevertheless, that if decommitments actually occur, as a result of the total or partial non-implementation of the actions for which they had been earmarked, they should be made available again in the EU budget and be mobilised by the budgetary authority in the framework of the annual budgetary procedure; considers that the decommitments should feed directly into the Global Margin for Commitments, instead of any particular special instrument or reserve; 31. Recalls that decommitments stem from commitments that have already been authorised PR\1142266EN.docx 9/21 PE615.478v01-00 EN by the budgetary authority and should normally have led to corresponding ***payments***, if the action they were meant to finance had been carried out as planned; stresses, therefore, that the recycling of decommitments in the EU budget is duly justified, but should not be a way to circumvent the relevant decommitment rules that are enshrined in the sectoral regulations; 32. Points to the need to ensure a full carry-over of ***payment*** margins through the Global Margin for ***Payments*** across the whole MFF; opposes any limitations or ceilings applied to the level of margins that can be ***transferred***, as is the case in the current MFF, and recalls that these margins can only be mobilised if and to the extent that the budgetary authority decides to do so; stresses that the Global Margin for ***Payments*** can be instrumental in confronting any new ***payment*** crisis that might occur; MFF special instruments 33. Approves the overall architecture of the MFF special instruments, notably the Flexibility Instrument, the Emergency Aid Reserve, the EU Solidarity Fund, the European Globalisation Adjustment Fund (EGF), and points to their extensive mobilisation under the current MFF; calls for improvements to be made to their financial envelopes and operating provisions; 34. Calls, in particular, for a substantial increase in the financial envelope of the Flexibility Instrument of up to an annual allocation of at least EUR 2 billion; recalls that the Flexibility Instrument is not linked to any specific policy field and can thus be mobilised for any purpose that is deemed necessary; considers, therefore, that this instrument can be mobilised to cover any new financial needs as they occur during the MFF; 35. Points to the role of the Emergency Aid Reserve in providing a rapid response to specific aid requirements for third countries for unforeseen events, and stresses its particular importance in the current context; calls for a substantial increase in its financial envelope of up to an annual allocation of EUR 1 billion; 36. Notes, in particular, the significant mobilisation of the EU Solidarity Fund to provide assistance in a number of serious natural disasters with substantial budgetary consequences; stresses also the positive impact that this instrument has on public opinion; proposes the reinforcement of its financial envelope to an annual allocation of EUR 1 billion; 37. Considers that the use of the EGF, providing EU solidarity and support to workers losing their jobs as a result of major structural changes in world trade patterns arising from globalisation or as a result of the global economic and financial crisis, has not lived up to expectations and needs to be improved; points out, inter alia, that the procedures for implementing support from the EGF are too time-consuming and cumbersome; believes that a revised EGF should be endowed with at least an identical annual allocation under the new MFF; 38. Notes that different rules currently apply in relation to the time span for the carrying over of unspent appropriations for each MFF special instrument; considers that these should be harmonised, so as to enable a single N+1 rule to apply to all of these PE615.478v01-00 10/21 PR\1142266EN.docx EN instruments; 39. Proposes the establishment of a special reserve for the MFF special instruments built on the unspent appropriations that lapse from each instrument; considers that this reserve should operate without any limitations in time; requests that this reserve be mobilised in favour of any MFF special instrument that is called to finance needs beyond its financial capacity, following a decision by the budgetary authority; 40. Considers that the Contingency Margin should be maintained as an instrument of last resort; stresses that this is a special instrument that can also be mobilised for ***payment*** appropriations only, and that its mobilisation was instrumental in responding to the 2014 ***payment*** crisis; calls, therefore, for an upward adjustment of its maximum annual allocation to 0.05 % of EU GNI; considers, however, that no compulsory offsetting for it being mobilised should apply; 41. Underlines that the MFF special instruments should be counted over and above the MFF ceilings both for commitment and ***payment*** appropriations; considers that the issue of budgeting the ***payments*** of these instruments was settled in an unequivocal manner during the 2014-2020 MFF mid-term revision, putting an end to the long-standing conflict of interpretation with the Council; advocates the introduction of a clear provision in the MFF Regulation, stating that ***payments*** resulting from the mobilisation in commitments of MFF special instruments should be counted over and above the annual MFF ***payment*** ceilings; Revenue – special reserve 42. Reiterates its long-standing position that any revenue resulting from fines imposed on companies for breaching EU competition law or linked to late ***payments*** of national contributions to the EU budget should constitute an extra item of revenue for the EU budget without a corresponding decrease of the GNI contributions; 43. Calls, to this end, for a special reserve to be established on the revenue side of the EU budget, which will be progressively filled up by all types of unforeseen other revenue; considers that this reserve should be deployed in order to cover additional ***payment*** needs, especially those linked to the mobilisation of the Global Margin for Commitments or the MFF special instruments; Efficient and effective use of EU resources 44. Agrees that the search for European added value should be one of the main principles guiding the EU institutions when deciding about the type of spending in the next MFF; points out, however, the existence of multiple interpretations of the concept and calls for a clear definition of the criteria thereof that should take territorial specificities into account; 45. Notes the reference to the notion of European added value presented in several Commission documents; reiterates the list of parameters identified by Parliament in its resolution1 in this context; recalls that the EU’s resources should be used to finance 1 Texts adopted, P8\_TA(2017)0401. PR\1142266EN.docx 11/21 PE615.478v01-00 EN European public goods as well as to act as a catalyst in providing incentives for Member States at all administrative levels to take action in order to fulfil Treaty objectives and to attain common EU goals which would not be realised otherwise; agrees that the EU budget should be used to finance actions that can benefit the EU as a whole, which cannot be ensured efficiently by any single Member State alone and that can offer better value for money compared to actions taken solely at national, regional or local level; 46. Considers that better spending, i.e the efficient use of every single euro of the EU budget, can be achieved not only by directing EU resources towards actions with the highest European added value and the greatest increase in the performance of the EU’s policies and ***programmes***, but also by achieving greater synergies between the EU budget and the national budgets, and by ensuring the tangible improvement of the spending architecture; 47. Calls for a genuine simplification of the EU budgetary system in the next MFF; underlines, in particular, the need to reduce overlaps between instruments that serve similar types of actions, for example in the areas of innovation, SMEs or transport, and the necessity of eliminating the competition which exists between different forms and sources of funding, in order to ensure maximum complementarity and to provide for a coherent financial framework; 48. Underlines that the ‘health check’ of EU spending cannot provide for a reduction in the level of EU ambition or a sectoralisation of EU policies and ***programmes***, nor should it lead to a replacement of grants by financial instruments with a view to generating some savings, as the great majority of actions supported by the EU budget are not suitable to be funded by the latter; 49. Calls for a far-reaching harmonisation of the rules with the aim of creating a single rulebook for all EU budgetary instruments; encourages the Commission to tackle the issue of the combination of various sources of funding by providing clear guidelines in this respect; 50. Advocates also a real simplification of sectoral implementation rules for beneficiaries and a reduction of administrative burdens; Unity, budgetary accuracy and transparency 51. Recalls that the principle of unity, whereby all items of revenue and expenditure of the Union shall be shown in the budget, is both a Treaty requirement and a basic democratic precondition if the budget is to be transparent, legitimate and accountable; regrets that this principle has increasingly gone unobserved, from the historical legacy of the European Development Fund, through the setting up of the European Stability Mechanism, to the recent inflation of off-budget mechanisms in the form of innovative financial instruments and external trust funds or facilities; 52. Questions the justification and added value of establishing instruments outside the Union budget; considers that decisions to set up or maintain such instruments are in reality driven by attempts to conceal the real financial needs and to bypass the constraints of the MFF and own resources ceilings; deplores that they often also result in bypassing Parliament in its triple responsibility as legislative, budgetary and control PE615.478v01-00 12/21 PR\1142266EN.docx EN authority; 53. Reiterates, therefore, its long-standing position that the European Development Fund, alongside other instruments outside the MFF, should be integrated into the Union budget; underlines, however, that their respective financial envelopes should be added on top of the agreed MFF ceilings so that the budgetisation of these instruments has no detrimental impact either on their financing, or on other EU policies and ***programmes***; welcomes, in principle, the proposal to incorporate the European Stability Mechanism in the Union’s finances in the form of a European Monetary Fund, without prejudice to its future design; 54. Considers also that, when a certain share of off-budget operations is deemed necessary to achieve certain specific objectives, for example through the use of financial instruments or trust funds, these should be kept at a limited level, be fully transparent, and backed by strong decision-making and accountability provisions; 55. Believes that, under the next MFF, the Union budget should display with greater accuracy the extent of assigned revenues and their impact on actual expenditure, in particular those stemming from third countries’ contributions; underlines that this is even more relevant in view of the UK’s wish to participate in some Union budgetary ***programmes*** of the new MFF post-2020 as a non-Member State, as expressed in the context of the negotiations on its withdrawal from the Union; Level of ***payments*** 56. Recalls the build-up of a backlog of unpaid bills at the end of the previous MFF that spilled over into the current one, reaching an unprecedented peak of EUR 24.7 billion at the end of 2014, mostly in the field of cohesion policy, due to the late take-off of the previous ***programmes***, under-budgeting and insufficient ***payment*** ceilings; regrets that the focus on the absorption of this backlog linked to the 2007-2013 period resulted in deliberate efforts to delay the start of some of the 2014-2020 ***programmes*** and has contributed to the opposite trend of under-execution in the 2016 and 2017 budgets; asks the Commission and the Member States to come up with concrete measures to accelerate the implementation of the 2014-2020 ***programmes***, and warns against a repetition of the ***payment*** crisis in the transition between two MFFs; 57. Notes the preliminary outcome of the negotiations on the financial settlement in the context of the UK’s withdrawal from the Union, enacting UK full participation in the financing and the implementation of the 2014-2020 ***programmes*** with all the relevant financial consequences; 58. Calls for the future ***payment*** ceilings to be set at an appropriate level, leaving only a limited and realistic gap between the level of commitment and ***payment*** appropriations and taking into account the need to honour the commitments stemming from the current financial period that will turn into ***payments*** only after 2020; Financial instruments 59. Emphasises that the EU budget has at its disposal a wide range of instruments that finance the European project and that can be regrouped in two categories: grants and PR\1142266EN.docx 13/21 PE615.478v01-00 EN financial instruments in form of guarantees, loans, risk-sharing or equity; points also to the European Fund for Strategic Investment, t

he aim of which is to mobilise private capital across the EU in support of projects in key areas for the EU economy that should complement limited public funds; 60. Recognises the potential of financial instruments to increase the economic and political impact of the Union budget; highlights, however, that they can be applied only for revenue-generating projects and therefore constitute only a complementary rather than an alternative form of funding as compared to grants, as some projects can be financed only through subsidies; 61. Recalls its request to the Commission to identify EU policy areas where grants could be combined with financial instruments and to reflect on a proper balance between the two; is convinced that subsidies should remain the predominant way of funding the EU project in the next MFF; underlines that loans, guarantees, risk-sharing and equity financing should be used with caution, based on appropriate ex-ante assessments and only when their use can demonstrate a clear added value and a leverage effect; 62. Calls on the Commission to simplify and harmonise the rules governing the use of financial instruments in the next MFF in order to maximise their efficient application; considers the option of a single fund that would integrate financial instruments at EU level that are centrally managed under such ***programmes*** as the Connecting Europe Facility (CEF), Horizon 2020, COSME, Creative Europe and the Employment and Social Innovation ***programme*** (EaSI) on the one hand and the European Fund for Strategic Investments (EFSI) on the other, a proposal to be discussed further; is of the opinion that such an umbrella solution should provide for a clear structure for the choice of different types of financial instruments for different policy areas and types of actions; underlines, however, that such a fund could never integrate financial instruments managed by Member States under cohesion policy; 63. Recalls its repeated demands for greater transparency and democratic scrutiny regarding the implementation of financial instruments supported by the Union budget; Structure 64. Considers that the structure of the MFF should provide for the increased visibility of EU political and budgetary priorities for European citizens, and calls for a clearer presentation of all areas of EU expenditure; is convinced that the main pillars of future EU spending outlined in this resolution should be reflected accordingly; 65. Believes, therefore, that the current presentation of the headings requires some improvements, but is against any unjustified radical changes; proposes, as a result, the following structure for the MFF post-2020; Heading 1: A stronger and sustainable economy Including ***programmes*** and instruments supporting: under direct management: - research and innovation - industry, entrepreneurship and small and medium-sized enterprises PE615.478v01-00 14/21 PR\1142266EN.docx EN - large-infrastructure projects - transport, digitalisation, energy - environment and climate change adaptation - ***agriculture*** and rural development - maritime affairs and fisheries - horizontal (financial) instruments supporting investments in Europe (possible umbrella financial instrument at EU level, incl. EFSI) Heading 2: Stronger cohesion and solidarity in Europe Including ***programmes*** and instruments supporting: - economic, social and territorial cohesion (under shared management): investments in innovation, digitalisation, reindustrialisation, SMEs, transport, climate change adaptation employment, social affairs and social inclusion - education and life-long learning - culture, citizenship and communication - health and food safety - asylum, migration and integration, justice and consumers - support to and coordination with national administrations Heading 3: Stronger responsibility in the world Including ***programmes*** and instruments supporting: - international cooperation and development - neighbourhood - enlargement - humanitarian aid - trade - contribution to EU trust funds and external relations facilities Heading 4: Security, peace and stability for all Including ***programmes*** and instruments supporting: - security - crisis response and stability - common foreign and security policy - defence Heading 5: An efficient administration at the service of Europeans PR\1142266EN.docx 15/21 PE615.478v01-00 EN - financing EU staff - financing the buildings and equipment of EU institutions 66. Urges the Commission to provide in an annex to the European budget all EU-related expenditure that occurs outside the EU budget as a result of intergovernmental agreements and procedures; believes that such information, provided on an annual basis, would complete the picture of all investments that Member States have committed to at European level; III. Policies A stronger and sustainable economy 67. Highlights the importance of completing the European research area, the energy union and the digital single market as fundamental elements of the European single market; 68. Believes that the next MFF should see a greater concentration of budgetary resources in areas that demonstrate a clear European added value and stimulate economic growth, competitiveness and employment; stresses, in this context, the importance of research and innovation in creating a sustainable, world-leading, knowledge-based economy, and regrets that, due to the lack of adequate financing, only a small proportion of high-quality projects in this field has received EU funding under the current MFF; 69. Calls, therefore, for a substantial increase in the overall budget earmarked for the FP9 ***programme*** in the next MFF that should be set at a level of at least EUR 120 billion; considers this level to be appropriate for securing Europe’s global competitiveness, scientific and industrial leadership, for responding to societal challenges, and for helping to achieve the EU’s climate goals; 70. Calls, furthermore, for a greater focus on implementing research and innovation through joint undertakings and for supporting investment in key technologies to close the investment gap in innovation; emphasises that the increase in funds must be coupled with a simplification of funding procedures; welcomes the Commission’s efforts in this respect and insists that these should continue under the next ***programming*** period; 71. Stresses that SMEs are key drivers of economic growth, innovation and employment and recognises their important role in ensuring the recovery and boosting of a sustainable EU economy; recalls that there are more than 20 million SMEs in the EU and that they account for 99 % of all businesses; considers that improving access to finance for SMEs should continue to remain an important policy objective for the next MFF and calls, therefore, for a doubling of the COSME ***programme***’s financial envelope in order for it to correspond to the actual needs of the EU economy and the significant demand for participation; 72. Reiterates its strong commitment to EFSI that aims at mobilising EUR 500 billion in new investment in the real economy under the current MFF; believes that EFSI has already delivered a powerful and targeted boost to economic sectors that are conducive to sustainable growth and jobs; welcomes, therefore, the Commission’s intention to put PE615.478v01-00 16/21 PR\1142266EN.docx EN forward a legislative proposal for the continuation and improvement of this investment scheme under the new MFF; stresses that any legislative proposal should be based on the conclusions of a Commission review and independent evaluation; 73. Insists on the importance of the MFF for sectors relying on long-term investment, such as the transport sector; highlights that transport infrastructures are the backbone of the single market and the basis for sustainable growth and job creation; notes that accomplishing a single European transport area connected to neighbouring countries requires major transport infrastructure and must be treated as a key priority in terms of the EU’s competitiveness and for economic, social and territorial cohesion, including for peripheral areas; considers, therefore, that the next MFF should provide for sufficient funding for projects that contribute in particular to the completion of the TEN-T core network and its corridors, which should be further extended; stresses that an updated and more effective CEF ***programme*** should cover all modes of transport and focus on interconnections and the completion of the network in peripheral areas while using common standards; 74. Underlines the importance of ensuring financing for completing the digital single market by making full use of the spectrum, 5G deployment and gigabit connectivity, and by making further progress on the harmonisation of EU telecom rules to create the right regulatory framework for the improvement of internet connectivity throughout the Union; stresses that CEF Telecom should continue to support the Digital Service Infrastructures and the broadband networks by enabling their accessibility, including in remote regions and rural areas, and by improving digital literacy, interconnectivity and interoperability; 75. Considers it essential to secure a sustainable and affordable energy supply in Europe; calls, therefore, for continuous support for investments ensuring the diversification of energy sources, increasing energy security and enhancing energy efficiency, including by CEF Energy; stresses in particular the importance of providing for comprehensive support, especially for carbon-intensive regions, energy transition, transition to a low-carbon economy, the modernisation of power generation and grids, carbon capture storage and utilisation technologies, and the modernisation of district heating; considers that the transformation of the energy sector in the light of the climate objectives should be supported by the creation of an Energy Transition Fund under the next MFF that would facilitate the structural changes in energy-intensive industries and carbon-intensive electricity production plants, and create incentives for low-carbon investments and innovative solutions; 76. Underlines the strategic importance of large-scale infrastructure projects such as the International Thermonuclear Experimental Reactor (ITER), the European Geostationary Navigation Overlay (EGNOS), the Global Satellite Navigation System (Galileo) and the Earth Observation ***Programme*** (Copernicus) for the EU’s future competitiveness; considers that the financing of these large-scale projects should be secured in the EU budget but, at the same time, ring-fenced, so as to ensure that possible cost overruns do not threaten the funding and successful implementation of other Union policies, as was the case in the previous MFF; recalls that, for this purpose, the maximum amount for these projects is currently fixed in the MFF Regulation, and calls for similar provisions in the new regulation; PR\1142266EN.docx 17/21 PE615.478v01-00 EN 77. Affirms that the common ***agricultural*** policy is fundamental for food security and autonomy, the preservation of rural populations, sustainable development and the provision of high-quality and affordable food products for Europeans; points out that food requirements have increased, as has the need to develop environmentally friendly farming practices and the need to tackle climate change; underlines that the CAP is one of the most integrated policies and is mainly financed at EU level and, therefore, replaces national spending; 78. Expects the global amount of direct ***payments*** to be kept intact under the next MFF, as they generate clear EU added value and strengthen the single market by avoiding distortions of competition between Member States; opposes any renationalisation and any national co-financing in that respect; stresses the need to increase funding in line with responses to the various cyclical crises in sensitive sectors, to create new instruments that can mitigate price volatility and to increase funding for ***Programmes*** of Options Specifically Relating to Remoteness and Insularity (POSEI); concludes, therefore, that the CAP budget in the next MFF should be at least maintained at its current level for the EU-27; 79. Stresses the socioeconomic and ecological importance of the fisheries sector, the ‘blue economy’ and their contribution to the food autonomy of the EU; points out that the common fisheries policy is an exclusive EU competence; emphasises, in this respect, the need to keep a specific, substantial, independent and accessible fisheries fund to implement this policy; calls, at least, for the level of financial appropriations dedicated to the fisheries sector under the current MFF to be maintained and, if new needs arise, to increase the financial appropriations for maritime affairs; warns about the possible negative impacts of a hard Brexit on this sector; notes that other financial instruments, in addition to non-repayable aid, could provide complementary financing possibilities; 80. Stresses the importance of the EU’s leading role in tackling climate change and its internal and external biodiversity commitments and goals; asks for appropriate financial resources to be provided to implement the Paris agreement and thorough climate mainstreaming of future EU spending; recalls that the next MFF should help the Union to achieve its 2030 climate and energy framework objectives; underlines that the EU should not finance projects and investments that are contrary to the achievement of these goals; Stronger cohesion and solidarity in Europe 81. Stresses that cohesion policy post-2020 should remain the main investment policy of the European Union covering all EU regions while concentrating the majority of the resources on the most vulnerable ones; believes that, beyond the goal of reducing the disparities between levels of development and enhancing convergence as enshrined in the Treaty, it should focus on the achievement of the broad EU political objectives and proposes, therefore, that under the next MFF, the three cohesion policy funds – the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund – should concentrate mainly on providing support for innovation, digitalisation, reindustrialisation, SMEs, transport, climate change adaptation, employment and social inclusion; calls, moreover, for a reinforced territorial cooperation component and an urban dimension for the policy; PE615.478v01-00 18/21 PR\1142266EN.docx EN 82. Considers maintaining the financing of cohesion policy post-2020 for the EU-27 at least at the level of the 2014-2020 budget to be of the utmost importance; stresses that GDP should remain one of the parameters for the allocation of cohesion policy funds, but believes that it should be complemented by an additional set of social, environmental and demographic indicators to better take into account new types of inequalities between EU regions; supports, in addition, the continuation under the new ***programming*** period of the elements that rendered cohesion policy more modern and performance-oriented under the current MFF; 83. Is strongly committed to the delivery of Social Europe and the implementation of the European Pillar of Social Rights, and points to the existing instruments contributing to these goals, notably the ESF, the Youth Employment Initiative, the Fund for European Aid to the Most Deprived, the EGF and EaSI; believes that they should be safeguarded in the next MFF; 84. Emphasises in particular the continuous need to fight unemployment, especially among young people, and calls, therefore, for a doubling of the Youth Employment Initiative envelope in the next ***programming*** period; considers that investment to boost education and training, especially the development of digital skills, remains one of the top priorities of the EU; 85. Expresses support for ***programmes*** in the areas of culture, education, media, youth, sports and citizenship that have clearly demonstrated their European added value and enjoy lasting popularity among beneficiaries; advocates, therefore, continuous investment in the Education and Training 2020 framework through the Erasmus+, Creative Europe and Europe for Citizens ***programmes*** in order to pursue reaching out to young people and providing them with valuable competences and life skills through lifelong learning, learner-centred and non-formal education, as well as informal learning opportunities; calls in particular for a tripling of the Erasmus+ envelope in the next MFF with the aim of reaching many more young people and learners across Europe, and achieving the full potential of the ***programme***; recommends, moreover, the continuation of the European Solidarity Corps and reiterates its support for strengthening the external dimension of the Erasmus+ and Creative Europe ***programmes***; 86. Expects that in the post-2020 period, the European Union will move from crisis-management mode to a permanent, European policy in the field of asylum and migration; stresses that the actions in this field should be covered by a dedicated instrument, i.e the Asylum, Migration and Integration Fund; emphasises that the future fund, as well as the relevant Justice and Home Affairs (JHA) agencies, must be equipped with an adequate level of funding for the whole of the next MFF to address the comprehensive challenges in this area; believes, furthermore, that the Asylum, Migration and Integration Fund (AMIF) should be complemented by additional components tackling this issue under other policies, in particular by the cohesion funds and the instruments financing external actions, as no single tool could hope to address the magnitude and complexity of needs in this field; recognises, moreover, the importance of cultural, educational and sports ***programmes*** in integrating refugees and migrants into European society; 87. Recognises the European added value of collaboration in addressing common public PR\1142266EN.docx 19/21 PE615.478v01-00 EN health threats; notes that no single Member State can tackle cross-border health challenges alone, and calls for the next MFF to reflect the EU’s responsibility to support Member States in reducing health inequalities; considers that, on the basis of the positive outcome of the ongoing actions in this field, the next MFF should include a robust next generation Health ***programme*** that addresses these issues on a cross-border basis; recalls that good health is a prerequisite for achieving other goals set by the EU and that policies in such fields as ***agriculture***, environment, employment, social issues or inclusion also have an impact on the health of Europeans; calls, therefore, for the strengthening of health impact assessments and for cross-sectoral cooperation in the next MFF in this field; Stronger responsibility in the world 88. Stresses that the world is confronted with multiple challenges including conflicts, cyber-attacks, terrorism, disinformation, natural disasters, climate change, human rights violations and protracted crises; believes that the Union has a particular political and financial responsibility which is founded on rules-based foreign policy, cooperation with partner countries, poverty eradication and crisis response; 89. Emphasises that substantial additional funding is necessary for the Union to play its role in the framework of its global strategy and of its neighbourhood, development and enlargement policies; draws attention to the commitment by the EU and its Member States to increase their official development assistance (ODA) to 0.7 % of GDP by 2030; expects the next MFF to reflect the unprecedented needs of neighbourhood countries struggling with conflicts and the consequences of the challenges presented by migration and refugees, as well as the needs for humanitarian aid as a result of natural and manmade disasters; 90. Is ready to consider a streamlined architecture of the external financing instruments, as long as the Commission and the High Representative clearly demonstrate the expected advantages of such changes and provided that the specificities of the underlying Union policies are respected; notes that such architecture should include a budgetised EDF, a more transparent incorporation of trust funds and facilities, as well as a possible continuation of the External Investment Plan based on its evaluation; could consider, as part of an overall increase in the external financing instruments, a larger unallocated reserve aimed at increasing in-built flexibility, but stresses that this should not be achieved at the expense of long-term geographic and thematic priorities; Security, peace and stability for all 91. Believes that a new heading dedicated to ‘Security, peace and stability for all’ would be a demonstration of the priority given by the Union to this emerging policy responsibility, acknowledge its specificity, and achieve consistency between its internal and external dimensions; 92. Stresses that the level and mechanisms of funding in the field of internal security should be stepped up from the outset and for the entire duration of the next MFF in order to avoid systematic recourse to the flexibility provisions of the MFF every ***year***; calls for sufficient resources to be provided to law enforcement agencies (Europol, Eurojust and Cepol) and for the European Agency for the operational management of large-scale IT PE615.478v01-00 20/21 PR\1142266EN.docx EN systems (eu-LISA) to be endowed with the means to implement and manage its new responsibilities; underlines the role of the EU Agency for Fundamental Rights in understanding and responding to the phenomena of radicalisation, marginalisation, hate speech and hate crime; 93. Believes that the next MFF must support the establishment of a European Defence Union; awaits, following the Commission’s announcements in this area, the relevant legislative proposals, including a dedicated EU defence research ***programme*** and an industrial development ***programme*** complemented by Member States’ investment in collaborative equipment; recalls that increased defence cooperation, the pooling of research and equipment and the elimination of duplications could lead to considerable efficiency gains, often estimated at around EUR 26 billion per ***year***; 94. In the context of the increased attention given to security and defence in the Union, requests a reassessment of all external security expenditure; looks forward in particular to a reform of the Athena mechanism and of the African Peace Facility after the budgetisation of the EDF; welcomes the recent commitments by Member States under permanent structured cooperation and asks the High Representative and the Commission to provide clarification as regards its future financing; calls for a successor ***programme*** for the Instrument contributing to Stability and Peace focusing on crisis response and capacity building for security and development, while finding a legally sound solution for military capacity building; An efficient administration at the service of Europeans 95. Considers that a strong, efficient and high quality public administration is indispensable to the delivery of Union policies and to rebuild trust and strengthen dialogue with citizens; underlines the role of the institutions made up by democratically elected members in that respect; recalls that, according to the Court of Auditors, the EU institutions, bodies and agencies have implemented the 5 % reduction in staff as set out in their establishment plans; takes the view that they should not be subject to a further horizontal reduction approach of this kind; 96. Welcomes initiatives by the institutions, bodies and agencies to further enhance efficiency through increased administrative cooperation and the pooling of certain functions, thereby generating savings to the Union budget; highlights that, for certain agencies, further efficiency gains could be made, especially through increased cooperation among agencies with similar tasks, such as in the field of the financial market supervision and of agencies with multiple locations; IV. Procedure and decision-making process 97. Recalls that the adoption of the MFF Regulation requires Parliament’s consent; stresses, moreover, that Parliament and Council are two equal arms of the budgetary authority in the adoption of the annual EU budget, while the sectoral legislation setting up the vast majority of EU ***programmes***, including their financial envelopes, is decided under the ordinary legislative procedure; expects, therefore, a decision-making procedure on the next MFF that safeguards Parliament’s role and prerogatives as set out in the Treaties; 98. Expresses its readiness to enter immediately into a structural dialogue with the PR\1142266EN.docx 21/21 PE615.478v01-00 EN Commission and the Council on the post-2020 MFF with the aim of facilitating the subsequent negotiations and enabling an agreement by the end of this parliamentary term; stands ready to debate the positions set out in the current resolution with the Council, in order to allow for a better understanding of Parliament’s expectations on the next MFF; 99. Underlines that, with the Commission’s proposals due in May 2018, a formal decision on the next MFF should be taken within one ***year***; insists that this timetable will allow, inter alia, for the swift adoption of all sectoral regulations, thus enabling the new ***programmes*** to start without delay on 1 January 2021; recalls that, in previous financial frameworks, the new ***programmes*** were essentially launched some ***years*** after the beginning of the period; 100. Underlines, therefore, the need for substantial discussions between the three institutions to be launched without delay; stresses that all elements of the MFF Regulation, including the MFF ceilings, will be part of the MFF negotiations and should remain on the table until a final agreement is reached; recalls, in this respect, Parliament’s critical stance on the procedure leading to the adoption of the current MFF Regulation and the dominant role that the European Council assumed in this process by deciding irrevocably on a number of elements, including the MFF ceilings and several sectoral policy-related provisions; 101. Is of the opinion that the procedures related to the upcoming MFF negotiations, and notably Parliament’s involvement in the different stages of this process, should be agreed without delay under the Bulgarian Presidency and before the presentation of the MFF proposals; expects, in this context, that the Commission will be providing Parliament with the same level of information that is made available to the Council in a timely manner; considers that these arrangements should eventually be enshrined in the IIA, as is the case for the annual budgetary procedure; ° ° ° 102. Instructs its President to forward this resolution to the Council, the Commission, the other institutions and bodies concerned, and the governments and parliaments of the Member States.

**Load-Date:** January 23, 2018

**End of Document**



[***DFID Digital Strategy 2018 to 2020: doing development in a digital world***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RGP-TH91-JDG9-Y117-00000-00&context=1516831)

Impact News Service

January 24, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 2791 words

**Body**

London: UK Government has issued the following news release:

In a fast-changing world, technology affords us the opportunity to do more as individuals and in collaboration with others. Technology gives us the power to include, the power to reach, to inspire, to communicate, to educate, to change. Digital technologies offer an unprecedented opportunity to revolutionise the global development system, change lives, transform entire economies, stimulate growth and, ultimately, end reliance on aid.

Global Britain has a proud history of digital innovation – from the earliest days of computing to the development of the World Wide Web – which is evident in today’s thriving global digital economy. In government, we have led the world in transforming our services and systems, using digital technology to make them easier, simpler and cheaper.

DFID leads the world at open, modern and innovative approaches to development and digital technologies are at the heart of our work - using cutting-edge technology to lift millions of people out of poverty. For example, UK aid and British business provided critical support for the launch of M-Pesa1 in Kenya, which has since driven a mobile money revolution in 93 countries.

This is why I am launching DFID’s Digital Strategy for ‘Doing Development in a Digital World’, which will build on our rich legacy and support UK efforts to make sure the global aid system is ready for the challenges of the 21st century. The new strategy will ensure that our approach to development adapts and keeps pace with technological innovation and change. We will use the latest digital technology to push the development system to become more effective, transparent and accountable - enabling us to follow the money, the people and the outcomes.

Britain leads the world in humanitarian response; digital technology helps us focus our aid where the need is greatest. Satellite data is helping us to trigger digitally-enabled ***payments*** before the worst effects of drought are felt by those who are most vulnerable, providing life-saving support.

The Global Goals are ambitious, and rightly so. We can only achieve them by making best use of the latest digital technology. To get the most out of digital technologies, we need to ensure that the benefits are accessible to all. Small businesses, rural communities, women and minority groups – all stand to benefit from the growth and job creation that innovation and technology brings. We will harness the power of digital technologies to include, putting disability at the heart of our agenda.

We will work openly and collaboratively with others who share our digital vision; for a world where digital technology will be accessible to all, and where no one will be left behind.

Rt Hon Penny Mordaunt MP

Secretary of State for International Development Key messages

DFID’s Digital Strategy 2018-2020 sets out a vision and approach for doing development in a digital world. Its aim is to establish DFID as a global leader in digital technology and development, in order to have a bigger, faster and more cost-effective impact on the lives of poor people.

Digital technologies have the potential to revolutionise the lives of the poor, unlock development and prosperity, and accelerate progress towards the Global Goals. The rapid expansion of mobile phones and internet access in poor countries offers unique opportunities to:

* Stimulate growth, jobs and financial inclusion.

1. Cut fraud and empower citizens to hold governments and other institutions to account.
2. Provide better response in humanitarian emergencies.
3. Improve learning outcomes for children in some of the poorest countries.
4. Increase inclusion by providing access to services previously out of reach to marginalised groups such as girls. and women, and people with disabilities.
5. Enhance traceability and transparency of aid funding throughout the delivery chain.
6. Deliver real-time feedback and direct engagement with our beneficiaries and the UK public.

However, significant barriers stand in the way of realising the full development potential of digital technologies. Over 4 billion people around the world lack access to the internet, and risk being left behind in a digital world. The benefits of the internet are also being accompanied by new risks of harmful concentration and monopoly, rising inequality, and state and corporate use of digital technologies to control rather than empower citizens.

DFID will work in an open and collaborative way with others who share our digital vision. Together, we will support a transformed global aid system that is well-poised to harness the opportunities, and ready to rise to the challenges, of a digital world.

We will make greater and better use of digital technology to tackle global poverty and deliver on the Global Goals. We will:

* Identify and embed good practice in using digital solutions in aid ***programmes***.

1. Promote common principles and standards for digital development throughout the aid system, to ensure that more digital products and services reach, empower and improve the lives of poor people, particularly those at risk of being left behind.
2. Champion affordable, secure access to the internet in developing countries, so that the benefits of digital technologies are accessible to all.

We will play our part in delivering on the vision of the UK Government Transformation Strategy for digital, data and technology by:

* Redesigning services around the needs of our users. This will result in more open, engaging, and responsive interactions with the UK public, our suppliers and partners, and beneficiaries.

1. Collaborating across government through common platforms, technologies and systems, in pursuit of the UK government’s policy aims worldwide.
2. Making better use of data to inform delivery of the UK Aid Strategy and Global Goals. This will drive better decision-making in our ***programmes*** and operations, and strengthen our accountability, transparency and public engagement.

Above all, we will champion a view of digital, data and technology as enablers rather than an end goal: the goal is in the material benefits delivered to people, particularly those who are most vulnerable and marginalised. Introduction  Aims and vision

DFID’s Digital Strategy 2018-2020 sets out a vision and approach for doing development in a digital world.

Its aim is to establish DFID as a global leader in digital technology and development, in order to have a bigger, faster and more cost-effective impact on the lives of poor people.

The vision is for a future where DFID will be harnessing the benefits of digital technology at 2 levels: Doing development in a digital world:

DFID will be using digital technology to improve the speed, value for money, reach and impact of its ***programmes***, which will be more flexible and user-centred. DFID will be playing its part in maximising the development benefits of digital technology - realising a world where the internet will be more widely available, and more digital products and services will be scaled and targeted to reach, empower and improve the lives of poor people, particularly those at risk of being left behind. Transforming as a digital department:

DFID will have re-designed departmental services around the needs of its users. This will mean more open and responsive communications and transactions with the UK public, beneficiaries and partner countries, suppliers and civil servants. DFID and other international departments will be able to work together effectively in pursuit of the government’s policy aims worldwide through common platforms, technologies and systems. Data will be used routinely to inform delivery of the UK Aid Strategy and Global Goals, drive better decision-making within DFID, and to strengthen DFID’s accountability and public engagement. Starting points

Over the past decade, the digital agenda has come to affect DFID’s activities and priorities in a number of ways.

Digital technologies are playing an increasingly important role in developing countries and development practice, presenting new opportunities as well as new challenges. Information and communication technologies are recognised as key enablers for delivering on all of the Global Goals for Sustainable Development. Global Goal 9 strives for universal and affordable access to the internet in least developed countries by 2020.

Digital transformation is also a key priority for the UK government. The Government Transformation Strategy 2018-2020 outlines a cross-government vision for digital, data and technology and how they support transformative change.

Taking the lead from the Government Transformation Strategy, the use of the word ‘digital’ within this strategy refers to “the tools, techniques, technology and approaches of the internet age”. This definition recognises that the way people are working digitally is as important as the tools they are using.

While ambitious in its vision, this strategy is not starting from scratch. DFID already has a strong foundation of learning, experience and demonstrable achievement in digital development to date, which will be important to build on. Examples of this are highlighted throughout the strategy. The opportunity

Digital technologies have the potential to revolutionise the lives of the poor, unlock development and prosperity, and accelerate progress towards the Global Goals.

The rapid expansion of mobile phones and internet access in poor countries is impacting on development in a wide range of ways: \* Economic growth: Access to the internet has been estimated to have the potential to generate over $2.2 trillion in additional GDP and more than 140 million new jobs in the developing world. The World Bank has calculated that there is a 1.38% growth in GDP for every 10% of the population connected2.

* Financial inclusion: M-Pesa - the most successful mobile phone based financial service in the developing world - allows over two-thirds of adults in Kenya to deposit, send and receive money through a simple text-based menu available on even the most basic mobile phone. Since its launch in 2007, the cost of sending remittances dropped by 90% and through enabling citizens to use the service for electricity or shopping, the value of M-Pesa transactions is now equivalent to around half of Kenya’s GDP3.

1. Utilities: Around 1 billion people in the world have no access to affordable and reliable electricity but around 65%4. have access to a mobile phone. M-KOPA Solar increases access to electricity for the poorest by enabling poor people to buy clean energy products in small instalments, using mobile banking platforms such as M-Pesa. To date, M-KOPA has powered over 400,000 homes in East Africa. The ***programme*** is now being expanded, with the aim of reaching 1 million homes by 20185.
2. Governance and accountability: When Nigeria launched its e-ID system, this resulted in an annual saving of $1 billion through exposing 62,000 ‘ghost workers’ in the public sector (a return on investment of nearly 20,000% in one ***year***)6, and prevented 4 million duplicate votes during the 2015 elections7. In the past 6 ***years***, 1 billion digital identities have been issued under Aadhaar, India’s biometric identification ***programme***, expanding public services to poor and marginalised populations. Cash ***transfers*** enabled by this ***programme*** are saving around $1 billion per ***year*** and it is projected that the benefits of the ***programme*** will result in a return of over 52% on investment over 10 years8.
3. Humanitarian response: Mobile cash provides a faster and more secure route of getting resources to people in need and enables more targeted delivery of aid. During the Ebola crisis, the UN Development ***Programme*** used mobile phones to make direct ***payments*** to response workers, reaching 60,000 people at the height of the crisis and overcoming the logistical challenge of paying field workers in remote and rural locations9.
4. ***Agriculture***: Technology offers potentially lower cost solutions to otherwise expensive ***agricultural*** extension services or hard-to-reach healthcare services. The DFID funded mAgri ***programme***, led by GSMA, works with mobile phone companies to provide farming tips in local languages, weather updates, market prices information as well as nutrition advice. The service reached over 5 million users in 201810.
5. Health: Using digital technologies to drive remote diagnosis and prevention education could save up to $188 billion by 202511. The Global Trachoma Mapping Project12 used android mobile smartphones, GPS mapping software and cloud technology to carry out a survey in collaboration with 60 partners globally. One hundred million people were identified as being at risk of becoming blind through Trachoma more quickly, allowing for earlier intervention and better outcomes.
6. Education: The world faces a global learning crisis. Currently it is estimated that 387million children globally are not on track to read by the end of primary education. Digital technology has the potential to transform learning and help tackle global education challenges, ensuring no one is left behind. A new DFID-funded EdTech Research and Innovation hub will invest in robust research to identify what works and accelerate adoption of good practice.

Digital technologies can also help increase inclusion by giving voice and providing access to information, vital services and economic opportunity previously out of reach to marginalised groups. \* Giving voice: Digital communications are amplifying the voices of geographically or politically remote communities, projecting their needs further and more loudly and increasing the likelihood of them being addressed.

* Providing access to information and choice: Digital technologies also enable information to flow in the other direction, for example by providing access to educational tools and healthcare advice.

1. Supporting financial independence: E-commerce and e-work platforms are helping women, girls and people with disabilities gain a degree of financial independence, overcoming the social norms, mobility or time constraints which can confine them to their homes and exclude them from economic activities.
2. Widening access to basic services: New business models and efficiencies being driven by digital technologies are allowing the private sector to deliver basic services like water and electricity to informal settlements and poor rural communities for the first time.

Box 1. Empowering girls and women\*

* Technology-Enabled Girl Ambassadors in Nigeria are being trained to become qualified mobile social researchers. They are using mobile technology to collect accurate, rapid insights into girls’ lives, particularly in hard to reach communities.

1. Project iMlango delivers e-learning ***programmes*** to girls in rural and remote Kenyan primary schools, who otherwise struggle to get access to education, through high-speed satellite broadband connectivity, provision of tailored online educational content and electronic attendance monitoring.
2. The Girl Generation Project is using social media to galvanise action to end FGM, driving social and behavioural change across Africa.

\****Programmes*** funded by DFID The challenge

While the opportunities are significant, the World Bank’s World Development Report 2016 points out that ‘digital dividends’ for development are not spreading equally or rapidly enough.

Over 4 billion people around the world lack access to the internet. Sixty per cent of people in developing countries do not have access to the internet, rising to 85% in least developed countries. The divides in access are similarly large among demographic splits in those countries, in particular between rural and urban populations (10% and 23%), women and men (12% and 18%), youth and people aged over 45 (20% and 8%)13 Without a focus on access and accessibility, there is a risk that the digital revolution could further exacerbate existing inequalities by making it harder for chronically excluded groups of people to access services.

In addition, the benefits of the internet are being accompanied by new risks of harmful concentration and monopoly, rising inequality, and state and corporate use of digital technologies to control rather than empower citizens.

To realise the full development benefits of the internet, digital investments need the support of what the World Bank terms ‘analogue complements’:

* Regulations - to support open competition and innovation.

1. Improved skills and inclusion - so that people can take full advantage of digital opportunities.
2. Accountable institutions - so that governments respond to citizens’ needs and demands.

Digital technologies can, in turn, strengthen regulation, skills and accountability, thereby amplifying development outcomes.

**Load-Date:** January 25, 2018

**End of Document**



[***MW Asset Rentals (RF) Ltd - New Rating Accorded and New Issuance Rating Accorded***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S0M-6HF1-F19S-P005-00000-00&context=1516831)

SeeNews Debt

March 31, 2018 Saturday 10:16 AM EEST

Copyright 2018 SeeNews All Rights Reserved



**Length:** 2308 words

**Byline:** SeeNews

**Body**

MW Asset Rentals (RF) Ltd - New Rating Accorded and New Issuance Rating Accorded

Global Credit Ratings ("GCR") has accorded the following final, public long-term credit rating to the following Secured Class A Notes ("Class A Notes") issued by MW Asset Rentals (RF) Ltd (the "Issuer") (the "Transaction") on 18 November 2016:

● Class A Notes, stock code MWAR01; R450,000,000; AAA(ZA)(sf) Stable Outlook.

GCR concurrently accorded the following final, public long-term credit rating to the following Notes issued by the Issuer on 29 March 2018 ("New Issuance"):

● Class A Notes, stock code MWAR02; R300,000,000; AAA(ZA)(sf) Stable Outlook.

The Issuer has increased the Subordinated Loan to R64,645,000 from R44,645,000 that is unrated and held by Merchant West (Pty) Ltd.

The final, public credit ratings accorded to the Class A Notes relate to timely ***payment*** of interest and ultimate ***payment*** of principal by their Final Redemption Date. The ratings exclude an assessment of the ability of the Issuer to pay either any (early repayment) penalties or any default interest rate penalties.

RATING RATIONALE

MW Asset Rentals (RF) Ltd is a R2.5bn Lease Receivables Backed Note ***Programme*** that issued R450m of Class A Notes on 18 November 2016 and issued a further R300m of new Class A Notes on 29 March 2018. The Asset Cover Ratio covenant of 1.25x covenant was adhered to, however revised upwards to 1.28x for the Class A Notes at March 2018. Although the covenant has historically been maintained at higher levels, GCR has only considered its minimum contractual level for the purpose of its rating analysis.

The Transaction has a Liquidity Reserve, Capital Reserve and Arrears Reserve - all being maintained at their required limits since November 2016. The Liquidity Reserve may be utilised to fund ***payments*** of Liquidity Shortfalls, only the Liquidity Reserve and Arrears Reserve have been taken into account for credit enhancement to the Class A Notes. GCR has been provided with a pool cut per 28 February 2018 that reported R914.4m of assets and the expected portfolio at 31 March 2018 of R989.6m.

All receipts in respect of the Participating Assets and existing Assets held by the Seller are comingled in the Collections account which is administered by the Servicer on behalf of the Collections SPV, a bankruptcy report entity. Any disbursements from the Collections SPV are made towards the Issuer's Transaction Account, held at Nedbank Ltd, within two business days, therefore minimising comingling risk.

The Originator, Seller and Servicer are Merchant West (Pty) Ltd, an asset-backed financier that offers tailored finance structured for finance leases, operating lease rentals, full maintenance leasing of office automation, ITC equipment, yellow metal equipment, vehicles, trucks and aviation to the public and corporate sector. Merchant West reported market comparable defaults albeit non-granular, however high to full recovery are usually realised within the first 24 months.

The February 2018 portfolio assets consist of a variety of assets with concentrations towards Office Equipment and IT Equipment (37.5%), Commercial and ***Agriculture*** (15.9%) and Mining/Construction (13.9%). Non-Government client leases are deemed non-performing if it's in arrears for more than 90 days, whist Government client leases are deemed non-performing if it's in arrears for more than 150 days. The Issuer reported bad debts of R8.4m (1.36% of total assets) at January 2018 per the Servicer Report.

RATINGS HISTORY

Security class

Stock code

Initial & Last Rating

Long-term Rating

Short-term Rating

Outlook

Class A Notes

MWAR01

29 March 2018

AAA(ZA)(sf)

n.a

Stable

Class A Notes

MWAR02

29 March 2018

AAA(ZA)(sf)

n.a

Stable

ANALYTICAL CONTACTS

Primary Analyst

Corné Els

Senior Structured Finance Analyst

+27 11 784 1771

[*cornee@globalratings.net*](mailto:cornee@globalratings.net)

Secondary Analyst

Mark Vrdoljak

Senior Structured Finance Analyst

[*markvrd@globalratings.net*](mailto:markvrd@globalratings.net)

Committee Chairman

Yohan Assous

Sector Head: Structured Finance Ratings

+27 11 784 1771

[*yohan@globalratings.net*](mailto:yohan@globalratings.net)

APPLICABLE METHODOLOGIES AND RELATED RESEARCH

Global Master Structured Finance Rating Criteria - Feb '17,

Consumer Asset Backed Securitisation Rating Criteria - May '17,

Global Master Criteria for Rating Banks and Other Financial Institutions - Mar '17, and

Nedbank Ltd Financial Institution Rating Report - May '17.

RATING LIMITATIONS AND DISCLAIMERS

ALL GCR'S CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [*http://globalratings.net/UNDERSTANDING-RATINGS*](http://globalratings.net/UNDERSTANDING-RATINGS). IN ADDITION, GCR'S RATING SCALES AND DEFINITIONS ARE ALSO AVAILABLE FOR DOWNLOAD AT THE FOLLOWING LINK:     [*http://globalratings.net/RATINGS-INFO/RATING-SCALES-DEFINITIONS*](http://globalratings.net/RATINGS-INFO/RATING-SCALES-DEFINITIONS). GCR'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, PUBLICATION TERMS AND CONDITIONS AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE AT    [*http://globalratings.net/*](http://globalratings.net/).

GLOSSARY OF TERMS/ACRONYMS USED IN THIS DOCUMENT AS PER GCR'S STRUCTURED FINANCE GLOSSARY

Arrears General term for non-performing obligations, i.e. obligations that are overdue.

Arrears Reserve An accounting provision made in a reserve fund for arrears.

Asset An item with economic value that an entity owns or controls.

Bad Debt A bad debt is an amount owed by a debtor that is unlikely to be paid when due, for example, to a company going into liquidation. This typically refers to default rather than delinquency.

Bankruptcy Court proceedings at which an individual or a company is declared unable to pay its creditors. The liability of a bankrupt company typically exceeds its assets.

Capital The sum of money that is used to generate proceeds.

Concentrations A high degree of positive correlation between factors or excessive exposure to a single factor that share similar demographics or financial instrument or specific sector or specific industry or specific markets.

Covenant A provision that is indicative of performance. Covenants are either positive or negative. Positive covenants are activities that the borrower commits to, typically in its normal course of business. Negative covenants are certain limits and restrictions on the borrowers' activities.

Credit Enhancement Limited protection to a transaction against losses arising from the assets. The credit enhancement can be either internal or external. Internal credit enhancement may include: Subordination; over-collateralisation; excess spread; security package; arrears reserve; reserve fund and hedging. External credit enhancement may include: Guarantees; Letters of Credit and hedging.

Debt An obligation to repay a sum of money.

Default A default occurs when: 1.) The Borrower is unable to repay its debt obligations in full; 2.) A credit-loss event such as charge-off, specific provision or distressed restructuring involving the forgiveness or postponement of obligations; 3.) The borrower is past due more than X days on any debt obligations as defined in the transaction documents; 4.) The obligor has filed for bankruptcy or similar protection from creditors.

International Scale Rating LC International local currency (International LC) ratings measure the likelihood of repayment in the currency of the jurisdiction in which the issuer is domiciled. Therefore, the rating does not take into account the possibility that it will not be able to convert local currency into foreign currency or make ***transfers*** between sovereign jurisdictions.

Issuer The party indebted or the person making repayments for its borrowings.

Lease Agreement or temporary use and enjoyment of a corporeal thing (movable or immovable property) the whole or part thereof for rent. The essential elements of a contract of lease are: 1.) Undertaking of lessor to give the lessee the use and enjoyment of something; 2.) Agreement between the lessor and lessee that the lessee's right to use and enjoyment is temporary; and 3.) Lessee's undertaking to pay a sum or rent.

Liquidity The ability to repay short-term obligations or short-term availability of liquid assets to a market or entity.

Loan A sum of money borrowed by a debtor that is expected to be paid back with interest to the creditor. A debt instrument where immovable property is the collateral for the loan. A mortgage gives the lender a right to take possession of the property if the borrower fails to repay the loan. Registration is a prerequisite for the existence of any mortgage loan. A mortgage can be registered over either a corporeal or incorporeal property, even if it does not belong to the mortgagee. Also called a Mortgage bond.

Long-Term Rating A long-term rating reflects an issuer's ability to meet its financial obligations over the following three to five ***year*** period, including interest ***payments*** and debt redemptions. This encompasses an evaluation of the organisation's current financial position, as well as how the position may change in the future with regard to meeting longer term financial obligations.

Market An assessment of the property value, with the value being compared to similar properties in the area.

Operating Lease A lease where the risk and reward is not ***transferred***.

Originator An entity that created assets and hold on balance sheet for securitisation purposes.

Performing An obligation that performs according to its contractual obligations.

Principal The total amount borrowed or lent, e.g. the face value of a bond, excluding interest.

Rating Outlook A Rating outlook indicates the potential direction of a rated entity's rating over the medium term, typically one to two ***years***. An outlook may be defined as: 'Stable' (nothing to suggest that the rating will change), 'Positive' (the rating symbol may be raised), 'Negative' (the rating symbol may be lowered) or 'Evolving' (the rating symbol may be raised or lowered).

Receivables General term for economic benefit derived from an asset.

Recovery The action or process of regaining possession or control of something lost. To recoup losses.

Redemption The repurchase of a bond at maturity by the issuer.

Rent ***Payment*** from a lessee to the lessor for the temporary use of an asset.

Repayment ***Payment*** made to honour obligations in regards to a credit agreement in the following credited order: 3.) Satisfy the due or unpaid interest charges; 4.) Satisfy the due or unpaid fees or charges; and 5.) To reduce the amount of the principal debt.

Security An asset deposited or pledged as a guarantee of the fulfilment of an undertaking or the repayment of a loan, to be forfeited in case of default.

Servicer A transaction appointed agent that performs the servicing of mortgage loans, loan or obligations.

Short-Term Rating A short-term rating is an opinion of an issuer's ability to meet all financial obligations over the upcoming 12 month period, including interest ***payments*** and debt redemptions.

Stock Code A unique code allocated to a publicly listed security.

Subordinated Loan A loan typically given by the Issuer to the securitisation vehicle that is more junior than a junior tranche.

Timely ***Payment*** The principal debt, interest, fees and expenses being repaid promptly in accordance with the contractual obligation.

Transaction A transaction that enables an Issuer to issue debt securities in the capital markets. A debt issuance ***programme*** that allows an Issuer the continued and flexible issuance of several types of securities in accordance with the ***programme*** terms and conditions.

Ultimate ***Payment*** A measure of the principal debt, interest, fees and expenses being repaid over a period of time determined by recoveries.

For a detailed glossary of terms utilised please click here.

SALIENT FEATURES OF ACCORDED RATINGS

GCR affirms that a.) no part of the ratings were influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument; and d.) the validity of the ratings is for a maximum of 12 months, or earlier as indicated by the applicable credit ratings document.

The Arranger participated in the rating process via face-to-face meetings, teleconferences and other written correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible.

The credit ratings have been disclosed to the Arranger with no contestation of the ratings.

GCR has received the ***Programme*** Memorandum, First Amendments to the ***Programme*** Memorandum, Note Subscription Agreement, Applicable Pricing Supplement (MWAR01 & MWAR02), Sale Agreement, Servicing Agreement, First Amendments to the Servicing Agreement, Administration and Agency Agreement, Subordinated Loan Agreement, Account Bank Agreement, Preference Share Subscription Agreement, Preference Share Certificate, Common Terms Agreement, Settlement and Services Agreement, Security SPV Guarantee, Issuer Indemnity, Security Cession, Issuer Owner Trust Guarantee, Issuer Owner Trust Cession and Pledge, Security SPV Owner Trust Deed, Collections SPV Trust Deed, Collections SPV Administration Agreement.

The ratings above were solicited by, or on behalf of the rated client, and therefore, GCR has been compensated for the provision of the ratings.

For more information contact:

Global Credit Ratings - Eyal Shevel/Adekemi Adebambo (Nigeria)

Tel: (+27 11) 784-1771

(+23 41) 462-2545

E-mail:

[*shevel@globalratings.net*](mailto:shevel@globalratings.net)

[*adekemi@globalratings.net*](mailto:adekemi@globalratings.net)

Rating Agency Website: [*http://globalratings.net*](http://globalratings.net)/

\*\*\*\*\*\*

AII Data Processing does not endorse in any way, the views, opinions or recommendations expressed above. The use of the information is subject to the terms and conditions as published by the original source, which you have to read and accept in full prior to the execution of any actions taken in reliance on information contained herein.

**Load-Date:** March 31, 2018

**End of Document**



[***New reinsurance programmes bolster coverage against natural disasters in emerging markets***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4Y1-DXYV-70F4-00000-00&context=1516831)

Oxford Business Group: Articles

August 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 2850 words

**Body**

While advanced economies generate the vast majority of insurance and reinsurance business, emerging markets are posting higher rates of growth. Complementing this underlying trend is a strong and expanding interest in catastrophic risk, which by nature tends to pertain to emerging markets. This is coming alongside fast-paced, sector-transforming innovation, which could provide a major boost to industries in less-developed economies.

**By the Numbers**

In terms of simple throughput, insurance remains very much centred in North America, Europe and mature Asian markets. With long histories of trading risk, a general acceptance of the relevant products, and massive and increasingly vulnerable asset bases that need protection, developed economies generate steady volumes. According to insurance group Munich Re, in 2016 North America paid 31.1% of global premium, Western Europe paid 28.8% and the more advanced Asian markets, such as Japan, paid 19.8%.

However, growth rates in emerging markets outpace them by far: according to global accountancy EY, life premium in developing markets rose by 7.8% in 2014, while advanced markets grew by 4%. Those rates were 13.2% and 3.4% in 2015, respectively, 20.1% and 2% in 2016 and an estimated 14.9% against 2.1% in 2017. Particularly strong growth was noted in the life segments in Vietnam, Malaysia and Indonesia. Regarding non-life insurance, the growth in emerging markets has been in the range of 5-8.5% since 2012, while growth in developed markets has remained around 2%.

These trends are leading to a relative decline in the share of business in developed insurance markets. Munich Re has estimated that primary premium in North America will fall to 27.8% of the world's total by 2026, Western Europe to 24.5% and mature Asian markets to 17.5%. Meanwhile, emerging Asia's share will jump from 13.3% in 2016 to 21.4%, the MENA region's allocation will rise from 1.3% to 1.8%, and the share held by sub-Saharan Africa will remain at 1.1%. International reinsurer Swiss Re forecasts global reinsurance will grow by 1% over 2016-19; by comparison, reinsurance in emerging markets is growing at around 10% per ***year***.

**Trends**

The global reinsurance market on the whole is healthy, with capital reaching $605bn at the end of the first half of 2017. However, in the wake of hurricanes Irma, Maria, Harvey and Nate, among other natural disasters, the long period of relatively low claims appears to be coming to an end, inevitably altering the fundamentals of the market. In its "Global Insurance Trends Analysis" for the first half of 2017, EY noted this flip in the market, with average event occurrence rising above the mean. According to the report, 2016 was the biggest ***year*** for catastrophe (CAT) claims since 2012, with $54bn in insurance losses reported on $210bn worth of damage, a coverage rate of 26%; in the first half of 2017 this rose to 42%. Reinsurance returns are already at or below the cost of capital: ratings agency Fitch expected return on equity to fall from 8.5% in 2016 to 2.1% in 2017, but forecast it would increase to 7.1% in 2018. The cost of capital for companies, meanwhile, was projected at 6-7% in 2017. As reinsurance recovers from a turbulent ***year***, emerging markets should help drive the rebound. Although conditions are likely to remain tight, there is optimism as reinsurers and investors look for opportunities in fast-growing economies in Asia, Africa and the Gulf. Latin America is not to be ignored, however, as Mexican insurance authorities reported strong demand from international markets and healthy pricing in early 2018, despite recent global catastrophes. At present, 236 reinsurers are operating in Mexico, serving 113 insurance companies - more than two reinsurers for every insurer.

**Micro-insurance**

The growth of reinsurance in the developing world is mainly the result of economic expansion and increased awareness, though regulatory changes are playing a role as well. Many local authorities are working to raise awareness of the benefits of insurance and are calling for better coverage of risk, which is boosting policy demand. The rise in cessions is also being driven by innovations addressing specific conditions, events and constraints in various countries.

Micro-insurance, which was targeted as one of the UN's Sustainable Development Goals, is one such innovation. In 2017 an international partnership was forged between the UN and the global insurance industry to boost sector activity. Swiss Re estimates the micro-insurance market could cover 4bn people worldwide, and reinsurers will be vital to this expansion. As the market increases in size, added capacity will be needed beyond what domestic businesses can currently provide, and international players will be key in bridging the gap.

To date, however, the two markets have barely connected. While major reinsurance companies are supportive of the offerings of micro-insurance - in terms of grants, research and promotion - their exact participation in the risk-***transfer*** part of the equation remains unclear. This is partially a structural issue: the insured amount is usually so low with micro-insurance that reinsurance rarely kicks in on a per policy basis.

**Index Linking**

For the most part, reinsurance companies are involved with the micro-segment indirectly via the index-linked market. These products utilise parametric triggers, deliver large payouts when the relevant criteria are met and offer clear visibility of the basis for any claims, making them well suited for reinsurers.

A number of ***programmes*** are under way to increase reinsurance participation in the index-linked market. For instance, Mongolia's ***Agriculture*** Reinsurance (AgRe), which provides index-based livestock cover, is supported by major international players, including SCOR, Swiss Re and Qatar Re. AgRe was originally formed with the assistance of the World Bank in 2005, becoming a fully fledged corporate entity in 2014. Despite early losses, the ***programme*** has been in positive territory every ***year*** since 2010, according to company data.

In 2015 the International Financial Corporation, part of the World Bank Group, opened the Global Index Insurance Facility (GIIF) with Swiss Re as its technical partner. The GIIF is a donor-funded ***programme*** to support index-linked insurance in developing countries. The same ***year***, French insurance giant AXA announced it would provide reinsurance capacity for weather-linked products introduced by the World Bank under the GIIF.

**CAT Risk**

CAT coverage is a key avenue to emerging markets for reinsurers. Developing countries often turn abroad to cover major disasters, as they have limited domestic capacity due to the size of their economies and local insurance markets. It is also a product line where the modes of participation for international reinsurers are straightforward, with ample opportunity for innovation and product development. The triggers are transparent, the events are well defined and the duration of the cover tends to be short.

Although CAT coverage is needed and utilised everywhere, and most claims are paid in developed markets, the insurance is particularly suited to emerging economies. Because of their locations, populations and lack of infrastructure, these countries tend to be most affected by weather-related and seismic events. Thailand, the Philippines, Mexico, Indonesia, Papua New Guinea and a number of sub-Saharan African nations, for instance, are all highly vulnerable to natural disasters and are good candidates for coverage.

Development of the segment is ongoing, but a number of ***programmes*** are already in place. For example, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which is currently owned and operated by 16 governments from the region, was created in 2007 with international assistance. It is the first and only regional fund to date that pays out claims based on statistical parameters rather than actual losses incurred. Reinsurance is a key component of the coverage, as it allows for the purchase of CAT insurance at lower rates than would usually be available commercially. Payouts from the CCRIF totalled $100m as of late 2017.

Another such entity is the Pacific Catastrophe Risk Insurance Company (PCRIC), which covers the Cook Islands, the Republic of the Marshall Islands, Samoa, Tonga and Vanuatu. The entity was designed to pool risk and tap international reinsurance markets to cover key regional risks, such as tsunamis, earthquakes and cyclones. Established in June 2016 after the completion of a pilot ***programme*** from 2013 to 2015, the PCRIC mobilised $45m worth of coverage for the 2017/18 cyclone season, up from $38m a ***year*** earlier.

**Innovation**

In addition to traditional reinsurance arrangements, CAT bonds and CAT swaps are becoming a bigger part of the landscape. Under a swap, the exposure is ***transferred*** to investors in return for a ***payment*** - similar to a bond or a reinsurance agreement, but with less structure. These developments allow for the quick identification of risk and deployment of capital, in turn resulting in highly competitive terms. As reinsurance becomes more oriented towards capital markets, some developing economies may be better served.

For instance, Mexico's Fund for Natural Disasters (Fondo de Desastres Naturales, FONDEN) uses an index based on the Richter scale to provide reinsurance to cover costs after the country's earthquake insurance fund is tapped out. In 2017 FONDEN sold a $360m CAT bond, surpassing the $290m that was initially planned.

In the Philippines, a parametric disaster line to cover the 25 most disaster-prone provinces was initiated in 2017. The fund, valued at P1bn ($19.8m), received support from the World Bank, with the risk fully ceded to international reinsurers. In a related development, the World Bank arranged a $206m CAT swap line for the country, which will cover typhoon and earthquake risk.

At a global level, the World Bank has initiated a pandemic CAT ***programme***, issuing a $320m bond and completing $105m worth of swap transactions in 2017. The pandemic emergency financing facility will provide cover for the flu; corona viruses, such as SARS; filoviruses, including Ebola and Marburg; Crimean-Congo fever; Rift Valley fever; Lassa fever; and others. World Health Organisation data on the number of people affected by an outbreak is used to trigger ***payments***.

The size of the CAT bond market has more than doubled over the past decade. It reached record volumes in 2017, estimated at $12bn, with more than $30bn outstanding. There are signs that alternative financing is outpacing traditional reinsurance, which could have a major impact on developing economies, given the speed and flexibility of market-based solutions.

**Protectionism**

The rise of protectionism presents one challenge to reinsurance growth. The trend towards more open economies has hit a speed bump in recent times, as populist sentiment rises around the globe. In insurance markets, these trends have resulted in new efforts to restrict entry, such as local incorporation rules and higher capitalisation levels. Reinsurance is often targeted directly. This can include mandatory cessions to state reinsurers, minimum retention levels and high capital requirements for overseas cessions.

The Global Reinsurance Forum identified 28 countries or regions that have or are implementing restrictions on reinsurance. While a number of developed countries are included - such as the US, Germany and France - mandatory cession and other such requirements are more common in emerging markets. For instance, Kazakhstan and Russia have been particularly restrictive, with the latter forming the Russian National Reinsurance Company in 2016. "The introduction of local requirements is influencing international reinsurers," Solomon Lartey, CEO of Activa International Insurance in Ghana, told OBG. "The global view of the reinsurer is bittersweet. For the big players facing natural disasters, they are getting squeezed from every angle."

In 2008 Saudi Arabia announced that all foreign insurance firms operating in the country had to become locally incorporated and foreign ownership was restricted to 30% of the total capital of an insurer, with all risk to be placed with local insurers. A report by insurance ratings agency AM Best concluded these rules were ineffective, as informal fronting arrangements meant much of the risk was placed internationally anyway. To mitigate this, the authorities initiated minimum retention levels, requiring that 30% of premium ceded be kept in the country. The Saudi net retention ratio has been far beyond this, at 81% in 2015 and 82% in 2016.

Similar requirements have been introduced in sub-Saharan Africa: 15% of life cessions and 10% of non-life cessions in Gabon must go to the Société Commerciale de Réassurance du Gabon; 15% of all reinsurance cessions in Uganda must be made to Uganda National Reinsurance; African Reinsurance Corporation (Africa Re) is entitled to 5% from underwriters in the African Union; and in Nigeria 5% goes to Africa Re and 5% is ceded to the West African Insurance Companies Association Reinsurance Corporation. Furthermore, Nigeria, Ghana and Uganda require that all local capacity be exhausted before placing risk overseas, but due to the small size of domestic markets this threshold is generally reached.

Protectionism is increasingly evident in Asian markets as well. So-called voluntary cessions to Malaysia Re will continue at a rate of 2.5% until the end of 2019 at least. In the Philippines, 10% must be ceded to the National Reinsurance Company of the Philippines, while in Sri Lanka 30% must go to National Insurance Trust Fund, up from 10% in 2013. Thailand has required 5% cessions to Thai Re since 2005, though this has not been enforced since the damaging 2011 floods. Vietnam, meanwhile, has required mandatory 10% local cession since 2016. Interestingly, Mexico and most Latin American markets are free of such protectionist measures, with the exception of Argentina, with a 15% mandatory cession.

Mandating retention rates may be difficult, as insurers in developing countries often do not have the necessary capital to serve all business. A good portion of premium required to remain domestic already ends up overseas; national reinsurers often have no choice but to turn to international markets. "A lot of our local players are more distribution organisations or consumer insurers," Mark Lwin, CEO of AIG Philippines Insurance, told OBG. "If you look at retention rates, they are as low as 1-2% or 8% at most for larger commercial risks. The gap between the desire to keep premium in the local market and the capacity to do so is significant."

Distribution is another issue, as extending coverage to individuals and corporations can be challenging. Reinsurers becoming more involved at the local level would help; however, this sort of activity is outside the normal field of operations and responsibility.

**Risks**

Local conditions can impose specific challenges for insurers and reinsurers alike. On the life side, EY anticipates a tapering of growth in East Asia, as demand shifts from investment-linked products to protection products. In terms of non-life, EY has forecast a pick-up following a period of slower growth stemming from macroeconomic concerns, although the rebound will likely be capped by competitive and regulatory pressures. There are common structural risks in emerging markets, such as limited data and underwriting experience; however, advances in technology should see these areas improve over time, and some developing economies already have substantial information available. For example, PNG has 50 ***years*** of cyclone data and Mongolia's livestock census dates to 1918.

Globally, the reinsurance market is becoming increasingly concentrated - the top-five players control 90% of the market - but in some cases, local markets are becoming too competitive, which can lead to a mismatch in pricing. In PNG foreign exchange restrictions have led to reinsurance ***payment*** issues, while in other markets, the fall in local currencies has led to a decline in the market size in dollar terms, despite strong business.

**Looking Ahead**

Reinsurance is changing globally. Although natural disasters have led to a tightening of the market, new technologies and innovation are assisting insurers and reinsurers in reaching historically underpenetrated areas. Alternative solutions are likely to create uncertainties as well as opportunities, but reinsurance in emerging markets appears set to grow in both absolute and relative terms. While there are concerns about increased protectionism, the desire to keep more premium within emerging economies is likely to bolster development. "It is up to global players, but they must stop thinking that African business is too small," Lartey told OBG. "African regulators are talking to each other, fighting to close every loophole. If multinationals don't take action, local players will step in and work to meet business needs. Eventually, global players will have to shift to doing more business in Africa."

**Load-Date:** March 12, 2020

**End of Document**



[***New reinsurance programmes bolster coverage against natural disasters***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4Y1-DXYV-70TJ-00000-00&context=1516831)

Oxford Business Group: Articles

October 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 1739 words

**Body**

While advanced economies generate the vast majority of insurance and reinsurance business, emerging markets are posting higher rates of growth. Complementing this underlying trend is a strong and expanding interest in catastrophic risk, which by nature tends to pertain to emerging markets. This is coming alongside fast-paced, sector-transforming innovation, which could provide a major boost to industries in less-developed economies.

**By the Numbers**

In terms of simple throughput, insurance remains very much centred in North America, Europe and mature Asian markets. According to insurance group Munich Re, in 2016 North America paid 31.1% of global premium, Western Europe paid 28.8% and the more advanced Asian markets, such as Japan, paid 19.8%. However, the rate of growth in emerging markets outpaces these by far: according to global accountancy EY, life premium in these markets rose by 7.8% in 2014, while advanced markets grew by 4%. Those figures were 13.2% and 3.4% in 2015, 20.1% and 2% in 2016, and an estimated 14.9% against 2.1% in 2017. Particularly strong growth was noted in the life segments in Vietnam, Malaysia and Indonesia. Regarding non-life insurance, the growth of emerging markets has been in the range of 5-8.5% since 2012, while growth in developed markets has remained around 2%.

These trends are leading to a relative decline in the share of business the developed insurance markets possess. Munich Re has estimated that primary premium in North America will fall to 27.8% of the world's total by 2026, Western Europe to 24.5% and mature Asian markets to 17.5%. Meanwhile, emerging Asia's share will jump from 13.3% in 2016 to 21.4%, MENA's will rise from 1.3% to 1.8%, and sub-Saharan Africa's share will stay at 1.1%. Swiss Re, another international reinsurer, forecast the worldwide rate of growth in reinsurance at 1% over the three ***years*** to 2019; by comparison, reinsurance in emerging markets is expanding by about 10% per ***year***.

**Reinsurance Trends**

The global reinsurance market on the whole is on a firm footing, with capital reaching $605bn at the end of the second quarter of 2017. However, according to its "Global Insurance Trends Analysis" for the first half of 2017, EY reported that 2016 was the biggest ***year*** for catastrophe (CAT) claims since 2012, with $54bn in insurance losses reported on $210bn of damage, a coverage rate of 26%. In the first six months of 2017 the proportion of insured losses rose to 42% of the total.

Reinsurance returns are already at or below the cost of capital: Fitch ratings agency expected return on equity to fall from 8.5% in 2016 to 2.1% in 2017, but forecast it would increase to approximately 7.1% in 2018. The cost of capital for companies, meanwhile, is thought to have ranged between 6% and 7% in 2017.

**Micro-Insurance**

In August 2017 a global partnership was formally forged between the global insurance industry and the UN, which will help boost the micro-insurance segment. Swiss Re has forecast that the this market could cover as many as 4bn people. As the market increases in size, added capacity will be needed beyond what domestic markets can provide, making international reinsurers vital to expansion, though to date their participation has been limited.

While major reinsurance companies are supportive of micro-insurance - especially in terms of grants, research and promotion - the exact level of their engagement in the risk transference part of the equation remains unclear. This is partly a structural issue: the insured amount is usually so low with micro-insurance that reinsurance rarely kicks in on a per policy basis.

**Index Linking**

For the most part, reinsurance companies are only involved with the micro-segment indirectly via the index-linked market, and a number of ***programmes*** are under way to increase reinsurance participation in this market. For instance, Mongolia's ***Agriculture*** Reinsurance (AgRe), which provides index-based livestock cover, is supported by major international players, including SCOR, Swiss Re and Qatar Re. AgRe was originally formed with the assistance of the World Bank in 2005, becoming a fully fledged corporate entity in 2014. Despite early losses, it has been in positive territory every ***year*** since 2010, according to company data. In 2015 the International Financial Corporation, part of the World Bank Group, opened the Global Index Insurance Facility (GIIF), a donor-funded ***programme*** designed to support index-linked insurance in developing countries, with Swiss Re as its technical partner. In that same ***year***, France's AXA announced it would provide reinsurance capacity for weather-linked products introduced by the World Bank under the GIIF.

**CAT Risk**

One of the main avenues to emerging markets for reinsurers is through CAT coverage, as developing countries often need to go abroad to cover major disasters due to limited domestic capacity. Because of their locations, populations and lack of infrastructure, these countries tend to be most affected by weather-related and seismic events.

Development of the segment is ongoing and a number of ***programmes*** are already in place. For example, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which is currently owned and operated by 16 governments from the region, was created in 2007 with international assistance. It is the first and only regional fund to date that pays out claims based on statistical parameters rather than actual losses incurred. Reinsurance is a key component of the coverage, as it allows for the purchase of CAT insurance at lower rates than would be available commercially. Payouts from the CCRIF totalled $100m as of late 2017.

Another such entity is the Pacific Catastrophe Risk Insurance Company (PCRIC), which covers the Cook Islands, the Republic of the Marshall Islands, Samoa, Tonga and Vanuatu. The entity was designed to pool risk and tap international reinsurance markets to cover key regional risks, such as tsunamis, earthquakes and cyclones. The PCRIC mobilised $45m of coverage for the 2017/18 cyclone season, up from $38m a ***year*** earlier. To cover the African market, African Risk Capital (ARC) was launched in 2014 as a sovereign CAT fund. The scheme aims to have $1.5bn of coverage available by 2020, though ARC will likely require significant international market support to meet this goal.

**Innovation**

Adding to traditional reinsurance arrangements, CAT bonds and CAT swaps are becoming part of the landscape. These developments allow for the quick identification of risk and deployment of capital, in turn resulting in highly competitive terms. As reinsurance becomes more capital markets oriented, some developing markets may be better served.

For instance, Mexico's Fund for Natural Disasters (Fondo de Desastres Naturales, FONDEN), uses an index based on the Richter scale to provide reinsurance to cover costs after the Mexican earthquake insurance fund is tapped out. In 2017 FONDEN sold a $360m CAT bond, surpassing the $290m that was initially planned.

In the Philippines, a parametric disaster line to cover the 25 most disaster-prone provinces was initiated in 2017. The fund was valued at P1bn ($19.8m), with support provided by the World Bank and risk fully ceded to international reinsurers. In a related development, the World Bank arranged a $206m CAT swap line for the country, which will cover typhoon and earthquake risk.

Globally, the size of the CAT bond market has more than doubled over the past decade. It reached record volumes in 2017, at some $12bn, with more than $30bn outstanding. There are signs that alternative financing is outpacing traditional reinsurance, which could have a major impact on developing economies given the speed and flexibility of market-based solutions.

**Barriers to Risk**

The micro- and index lines have historically faced challenges. Notably, it can be difficult to generate demand for these products. Jakarta's Manggarai Water Gate micro-insurance ***programme***, for example, sold only 50 policies, and as a result was discontinued a ***year*** after its inception in 2009.

In terms of index-linked initiatives, it is not clear whether these securities can be fully self-sustaining, as a majority of them rely on multilateral and donor support. In places like China or India, markets are able to fund the risk internally, but in smaller markets, the mismatch between the potential losses and the critical mass on the ground is substantial.

Poor performance also threatens the sector, and one major loss can shift sentiment, which can freeze markets and make risk difficult to ***transfer***. For instance, an 8.1-magnitude earthquake in Mexico in August 2017 could have wiped out FONDEN's financing. Although the payout ended up being a manageable $150m, it highlighted potential problems.

**Structural Risks**

There are also common structural risks in emerging markets, such as limited data and underwriting experience. However, advances in technology should see these areas improve over time, and some emerging markets already have a substantial amount of detailed information available. For example, Papua New Guinea has 50 ***years*** of cyclone data and Mongolia's livestock census dates to 1918.

Distribution is another widespread issue in emerging markets, as extending coverage to both individuals and corporations can often be challenging. More involvement by reinsurers at the local level is one potential solution; however, this sort of activity is outside the normal field of operations and responsibility.

Globally, the reinsurance market is becoming increasingly concentrated - the top-five players currently control around 90% of activity - but in some cases local markets are becoming too competitive, which can lead to a mismatch in terms of pricing. In Papua New Guinea, foreign exchange restrictions have led to reinsurance ***payment*** challenges, while in other markets, the fall in local currencies has led to a decline in the market size in dollar terms, despite strong business.

**Looking Ahead**

The reinsurance sector is changing in both developing and emerging markets all over the world. Although natural disasters have led to a tightening of the market, new technologies and innovation are assisting insurers and reinsurers in reaching historically underpenetrated areas. Alternative solutions are likely to create uncertainties as well as opportunities, but all indications suggest that reinsurance in emerging markets is set to grow in both absolute and relative terms.

**Load-Date:** March 12, 2020

**End of Document**



[***Register of Commission documents: 2018 ACCOUNTING OFFICER'S STATUS REPORT Document date: 2018-09-14 EP-PE\_LTA(2018)007327 Mail (Official) - Incoming***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TDF-MWK1-JDG9-Y2SB-00000-00&context=1516831)

Impact News Service

October 2, 2018 Tuesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 12733 words

**Body**

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

EUROPEAN COMMISSION Budget The Accounting Officer of the Commission Brussels, BUDG.DGA.C02/MZ Dear President, It is my pleasure to send to you the Accounting Officer's status report required by Article 150(4) of the Financial Regulation (2012) and Article 251 of the new Financial Regulation (2018). Yours faithfully, Rosa ALDEA BUSQUETS c.c: Mrs Evelyn Waldherr, Head of Unit Secretariat of the Committee on Budgetary Control Mr Antonio TAJANI President of the European Parliament 60, Rue Wiertz B-1047 BRUXELLES Commission européenne/Europese Commissie, 1049 Bruxelles/Brussel, BELGIQUE/BELGIË - Tel. +32 22991111 Office BRE2 09/520 - Tel. direct line +32 229-80392 U:\Status Report 2013-2018\2018\Notes Ref. Ares(2018)4720161 - 14/09/2018 A 007327 14.09.2018 EUROPEAN COMMISSION Budget The Accounting Officer of the Commission Accounting Officer's Status Report to the European Parliament and the Council 30 June 2018 Article 251 of the Financial Regulation Ref. Ares(2018)4720187 - 14/09/2018 EUROPEAN COMMISSION Budget The Accounting Officer of the Commission ACCOUNTING OFFICER'S STATUS REPORT 30 JUNE 2018 ARTICLE 251 OF THE FINANCIAL REGULATION Date: 15/09/2018 Page 2 of 11 INDEX 1. Purpose and scope ................................................................................................. 3 2. 2017 EU annual accounts & audit.............................................................................. 3 2.1 Introduction ................................................................................................... 3 2.2 Key elements of the 2017 EU annual accounts .................................................... 3 2.3 2017 audit ..................................................................................................... 6 3. Main developments and topics during 2018 ................................................................ 6 3.1 Introduction ................................................................................................... 6 3.2 Treasury situation ........................................................................................... 6 3.3 European Fund for Strategic Investments (EFSI) ................................................. 6 3.4 Pre-financing situation: half-***year*** report at 30 June 2018 ...................................... 7 3.5 Galileo and Copernicus Assets ........................................................................... 7 3.6 Borrowing and lending activities ........................................................................ 8 3.7 Information on financial corrections: Mid-term report at 30 June 2018 .................... 9 3.8 Fines ............................................................................................................. 9 3.9 Validation of the local systems .......................................................................... 9 3.10 EU Trust Funds ............................................................................................. 10 4. Annexes .............................................................................................................. 11 EUROPEAN COMMISSION Budget The Accounting Officer of the Commission ACCOUNTING OFFICER'S STATUS REPORT 30 JUNE 2018 ARTICLE 251 OF THE FINANCIAL REGULATION Date: 15/09/2018 Page 3 of 11 1. Purpose and scope Article 251 of the Financial Regulation (2018)1, and article (150)4 of the Financial Regulation (2012)2, require that by 15 September of each financial ***year***, the accounting officer of the Commission shall send to the European Parliament and to the Council a report containing information on current risks noted, general trends observed, new accounting issues encountered and progress on existing accounting matters, including where identified by the Court of Auditors, as well as information on recoveries.

It is thus the purpose of this status report to provide the reader with a high-level overview of the main issues concerning the EU accounting environment at 30 June 2018. It includes information on the evolution of major situations up to 15 September 2018. 2. 2017 EU annual accounts & audit 2.1 Introduction The following paragraphs provide an overview of the key elements of the previous annual accounts and serve as a comparative to chapter 3 on the developments and progress made since the last balance sheet date. 2.2 Key elements of the 2017 EU annual accounts European Fund for Strategic Investments (EFSI) The European Fund for Strategic Investments (EFSI) was created via Regulation of the European Parliament and of the Council, which was adopted on 1 July 2015. Following the Regulation, an agreement was signed with the European Investment Bank (EIB) on the management of EFSI and on the granting of the EU Guarantee ('EFSI Agreement'). Under this agreement, the EU has provided a guarantee of up to EUR 16 billion, to protect the EIB against the potential losses from the underlying guaranteed operations. The EFSI operations are conducted within two windows: the Infrastructure and Innovation Window (IIW) implemented by the EIB and the SME Window (SMEW) implemented by the European Investment Fund (EIF), both of which have a debt portfolio and an equity portfolio. 1 Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193/1, 30/07/2018); hereinafter referred to as ‘FR(2018)’. 2 Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012). Hereinafter referred to as FR(2012). EUROPEAN COMMISSION Budget The Accounting Officer of the Commission ACCOUNTING OFFICER'S STATUS REPORT 30 JUNE 2018 ARTICLE 251 OF THE FINANCIAL REGULATION Date: 15/09/2018 Page 4 of 11 At 31 December 2017, contracts for EUR 13 473 million had been signed by the EIB Group and covered by the EU guarantee, out of which EUR 10 128 million has been disbursed. These amounts, being guaranteed by the EU budget, have been disclosed as a contingent liability in the 2017 EU annual accounts. Pursuant to the EFSI Regulation, the EFSI Guarantee Fund has been established to provide a liquidity cushion against potential losses from the EFSI guaranteed operations. At 31 December 2017, the EFSI Guarantee Fund held financial assets of EUR 3.5 billion, including debt securities, term deposits and cash in bank accounts. The only guarantee calls during 2017 related to EIB Funding Costs for the IIW Equity Portfolio and amounted to EUR 0.4 million. They were paid from the EFSI Account3. See point 3.3 below for information on amendment made to the EFSI Regulation in December 2017. Galileo and Copernicus Assets Since the declaration of the Galileo Initial Services on 15 December 2016, Galileo operational assets (including 18 satellites and the ground infrastructure) have been ***transferred*** from assets under construction to fixed assets. At 31 December 2017, the Galileo fixed assets amounted to EUR 2 276 million, net of depreciation. The remaining assets under construction totalled EUR 1 026 million, including four satellites launched in 2017, which were undergoing the in-orbit testing at the ***year***-end. Regarding Copernicus, the Sentinel satellites recognised at the EU balance-sheet at 31 December 2017 amounted to EUR 1 140 million, net of accumulated depreciation. It concerns five satellites in operation (Sentinel 1A, 2A, 3A, 1B and 2B), with Sentinel 2B having been launched in 2017. Assets related to the Copernicus satellites under construction amounted to EUR 1 443 million at the ***year***-end, including Sentinel 5P satellite launched in 2017 but which was still under testing at the ***year***-end. Borrowing & lending activities Balance of ***Payments*** (BoP): On 18 February 2002 the Council adopted Regulation (EC) No 332/20024 establishing a facility providing medium-term financial assistance for Member States' balances of ***payments***. Member States which have not yet adopted the euro and those that are facing balance of ***payments*** problems can benefit from it. The maximum outstanding amount of loans granted under the instrument is limited to EUR 50 billion. Currently no new ***programme*** is envisaged. In 2017, a capital repayment of EUR 1.04 billion was made by Romania. As at 31 December 2017, the general budget of the EU was, through the BOP loans, exposed to a maximum possible financial risk of EUR 3.05 billion (nominal value): Romania EUR 2.35 billion and Latvia EUR 0.7 billion. 3 The EFSI account is an account opened at the EIB for the purpose of collecting the EU revenues resulting from the guaranteed operations and to service the potential guarantee calls. 4 This Regulation was amended by Council Regulation (EC) No 1360/2008 of 2 December 2008 and by Council Regulation (EC) No 431/2009 of 18 May 2009. EUROPEAN COMMISSION Budget The Accounting Officer of the Commission ACCOUNTING OFFICER'S STATUS REPORT 30 JUNE 2018 ARTICLE 251 OF THE FINANCIAL REGULATION Date: 15/09/2018 Page 5 of 11 European Financial Stabilisation Mechanism (EFSM): EFSM was established in 2010 with a view to preserving the financial stability of the European Union. In principle, all EU Member States can receive support under this loan facility. Today, euro area Member States in need of financial assistance turn to the European Stability Mechanism (ESM). Under the Irish and the Portuguese EFSM financial assistance ***programmes***, loans totalling EUR 46.8 billion (nominal value) have been disbursed: EUR 24.3 billion to Portugal and EUR 22.5 billion to Ireland. As those ***programmes*** expired in 2014, no additional funding can be drawn. However, EFSM continues to be active as outstanding loans can be extended. No capital repayments were due in 2017 and as at 31 December 2017 the EU budget was exposed to a maximum possible risk of EUR 46.8 billion. Macro-Financial Assistance (MFA): MFA is a policy-based financial instrument of exceptional nature mobilised on a case-by-case basis and designed to support the recipient third countries in dealing with serious but shortterm balance of ***payments*** or budget difficulties. It takes the form of loans or grants (or an appropriate combination of both) and generally complements financing provided in the context of an IMF-supported adjustment and reform ***programme***. In 2017, repayments under MFA were received to the value of EUR 58 million. New disbursements took place corresponding to a value of EUR 1 billion, bringing the total outstanding loan volume to EUR 3.9 billion as at 31 December 2017. The most important loan beneficiary country under MFA at the end of 2017 was Ukraine, which has been granted loans to the amount of EUR 2.8 billion. MFA loans granted but undisbursed at the end of 2017 totalled EUR 460 million (EUR 300 million for Tunisia, EUR 100 million to Jordan and EUR 60 million to Moldovia). Euratom On 7 August 2013, the Euratom loan facility agreement with Energoatom and the related guarantee agreement were signed to finance nuclear safety upgrades of operating nuclear power plants in Ukraine (EUR 300 million). The loan will be provided in cooperation with the EBRD, which provides another EUR 300 million. The Euratom loan will be disbursed in six equal tranches and the first disbursement of EUR 50 million was made in April 2017. At 31 December 2017 an amount of EUR 249 million of outstanding loans (nominal value) were recorded under this facility. Crisis management mechanisms which are not covered by the EU budget: The inter-governmental financial stability mechanisms European Financial Stability Facility (EFSF) and the ESM are outside the EU Treaty framework and the EU budget. EUROPEAN COMMISSION Budget The Accounting Officer of the Commission ACCOUNTING OFFICER'S STATUS REPORT 30 JUNE 2018 ARTICLE 251 OF THE FINANCIAL REGULATION Date: 15/09/2018 Page 6 of 11 2.3 2017 audit The ECA's audit of the EU and EDF accounts is completed but the related opinions and the annual reports of the Court of Auditors have not yet been published. No major issues remain following the adversarial processes. 3. Main developments and topics during 2018 3.1 Introduction This chapter provides an overview of the main topics, developments and progress made up to 15 September of the financial ***year*** 2018. 3.2 Treasury situation In the first half of 2018 and similar to the same period of the previous ***year***, available treasury resources were sufficient to cover all monthly ***payment*** needs, and the end of month treasury balances remained generally at a comfortable level. This was mainly due to a high amount of assigned revenue not yet spent and a significant level of offsetting between outstanding debts and receivables, carried out between ***programming*** cycles during this period. The offsetting resulted in a substantial execution of ***payment*** appropriations without a corresponding consumption of cash resources, due to netting with outstanding recovery orders. 3.3 European Fund for Strategic Investments (EFSI) The amended EFSI Regulation as adopted in December 20175 enabled an increase of the EFSI EU guarantee up to EUR 26 billion. The EFSI Agreement with the EIB was amended accordingly in March 2018, while the increased guarantee (EUR 26 billion) became effective on the 6 July 2018. As of 30 June 2018, contracts signed by the EIB Group covered by the EU guarantee amounted to EUR 14 035 million, out of which EUR 10 518 million has been disbursed and is still outstanding. In the first half of 2018, EUR 720 million from the EU budget and EUR 36 million from the EFSI Account were ***transferred*** to the EFSI Guarantee Fund and invested in money and capital market instruments. As at 30 June 2018, the value of the EFSI Guarantee Fund stood at EUR 4 189 million. In the first half of 2018, net guarantee calls relating to the failed Midland Metropolitan Hospital project materialised for a total of EUR 80.1 million. As at 30 July 2018, EUR 79.6 million has 5 Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub (OJ L 345/34, 12.12.2017) EUROPEAN COMMISSION Budget The Accounting Officer of the Commission ACCOUNTING OFFICER'S STATUS REPORT 30 JUNE 2018 ARTICLE 251 OF THE FINANCIAL REGULATION Date: 15/09/2018 Page 7 of 11 been paid, leaving an amount payable of EUR 0.5 million6. For the period from January to July 2018 guarantee calls relating to EIB Funding Costs and Value Adjustments for the IIW Equity Portfolio amounted to EUR 4.2 million. They were paid from the EFSI Account. 3.4 Pre-financing situation: half-***year*** report at 30 June 2018 The half-***year*** report at 30 June 2018 is included in annex 4.1 The main points to note regarding the first half of the ***year*** are: − Increase in direct management – EUR 4.4 billion has been paid as new pre-financing, mainly under research and external actions, however clearings done until mid-***year*** reach nearly the same level; − Increase in indirect management – during the first six months of 2018, EUR 4.8 billion was paid relating mainly to education, research and external actions; − Shared management amounts are stable – EUR 9.7 billion relating to the ***programming*** period 2014-2020 has been paid during the first semester of 2018. Due to limited declared expenditure for the period 01/07/2016 till 30/06/2017, EUR 7.8 billion has been recovered in 2018 following Art 139 of the Regulation (EU) No 1303/2013 (CPR). 3.5 Galileo and Copernicus Assets Galileo At the reporting date, 26 Galileo satellites have been deployed in orbit. Out of these, four satellites were launched in July 2018. The additional satellites needed for deploying the full constellation of 30 units are being developed. Further to the deployment of the Galileo Initial Services in December 2016, the Open Service, the Security and Rescue (SAR) Service and the Public Regulated Service (PRS) continue to be developed. Galileo Full Operational capacity is expected in 2020. Copernicus After the successful launch of Sentinel 2B and Sentinel 5P in 2017, another Copernicus satellite, Sentinel 3B, was launched in April 2018. This has completed the pairs of satellites of Sentinels 1, 2 and 3, and will reduce by half the time for provision of real-time observation data. Sentinels 4 and 5 are not stand-alone units but are foreseen as missions attached to EUMETSAT satellites. Sentinels 6A and 6B will be developed jointly by ESA, EUMETSAT, NASA and NOAA. Their launch is scheduled for the coming ***years***. All Sentinels currently in orbit, except for Sentinel 3B that is still in testing phase, are operational; they are performing well and are providing high quality data on a regular basis. The development of the recurrent Sentinels C&D units is ongoing, and is funded under the Copernicus delegation agreement with ESA. 6 The amount is payable 12 months after the call date. EUROPEAN COMMISSION Budget The Accounting Officer of the Commission ACCOUNTING OFFICER'S STATUS REPORT 30 JUNE 2018 ARTICLE 251 OF THE FINANCIAL REGULATION Date: 15/09/2018 Page 8 of 11 3.6 Borrowing and lending activities BOP transactions A capital repayment of EUR 1.2 billion was executed by Romania in April 2018, bringing the total outstanding BOP loan stock to EUR 1.85 billion: Romania EUR 1.15 billion and Latvia EUR 0.7 billion. In October 2018, Romania is due to provide a further capital repayment EUR 0.15 billion. EFSM transactions At 30 June 2018, the total outstanding principal amount under the EFSM stood at EUR 46.8 billion: Portugal EUR 24.3 billion and Ireland EUR 22.5 billion. A first repayment of EUR 3.4 billion by Ireland was scheduled to take place on 4 April 2018. As Ireland had requested a maturity extension of the maturing loan, it was re-financed in the first quarter of 2018 on the capital markets and rescheduled for repayment in two new loan instalments of EUR 2.4 billion and EUR 1 billion in 2025 and 2033 respectively. A second repayment by Ireland of EUR 0.5 billion and a repayment of EUR 0.6 billion by Portugal was scheduled to take place on 4 October 2018. Both countries had, prior to the maturity date, requested a lengthening of the maturing loans, which was realised though a refinancing operation on the capital markets of EUR 1.1 billion in June 2018. The new loan instalments have been rescheduled for repayment in 2033. MFA transactions In April 2018, the European Parliament and the Council decided to provide a second MFA ***programme*** to Georgia for a maximum of EUR 45 million, including EUR 10 million in grants. In the first half of 2018, no new loan disbursements under MFA took place, while total reimbursements of the active loans amounted to EUR 13 million. As at 30 June 2018, the total loan volume under the MFA loan ***programme*** (nominal value) stood at EUR 3.9 billion. Undrawn loan commitments under MFA, not yet disbursed as at 30 June 2018, were as follows: EUR 100 million to Jordan, EUR 300 million to Tunisia and EUR 60 million to Moldova. Euratom transactions On 6 July 2018, the second loan instalment of EUR 50 million of the EUR 300 million loan facility agreement with Energoatom (Ukraine) was disbursed. EUROPEAN COMMISSION Budget The Accounting Officer of the Commission ACCOUNTING OFFICER'S STATUS REPORT 30 JUNE 2018 ARTICLE 251 OF THE FINANCIAL REGULATION Date: 15/09/2018 Page 9 of 11 3.7 Information on financial corrections: Mid-term report at 30 June 2018 The mid-term report on financial corrections under Cohesion policy at 30 June 2018 is included in annex 4.2 The main points to note are: • Total financial corrections confirmed in the six months to 30 June 2018 amounted to EUR 138.9 million (EUR 291.4 million for the same period in 2017), while the total financial corrections implemented for the same period were EUR 143 million in 2018 (EUR 336.2 million in 2017). The decrease in both amounts is due to the approaching closure of ***programming*** period 2007-2013 and an increased focus on preventive measures (interruptions and suspensions). • Cumulative financial corrections confirmed at 30 June 2018 amounted to EUR 15.7 billion of which about EUR 1.3 billion have not yet been implemented. 3.8 Fines Fines totalling EUR 1 923 million have been imposed by the Commission on various companies in different sectors in the first six months of 2018. In July 2018, the Commission imposed one fine of EUR 4 343 million on Google for abusing its dominant position in its Android operating system. For the first six month of 2018, fines amounting to EUR 782 million (interest included) became definitive. Some of these fines were imposed in previous ***years***. The total amount of the financial guarantees provided by the fined companies up to June 2018 has increased (EUR 5 001 million at 30 June 2018 compared to EUR 3 124 million at the end of 2017). 3.9 Validation of the local systems Since mid-2017, the Commission has gradually implemented a new strategy for the validation of local systems aimed to drastically increase the efficiency of the process by obtaining adequate evidence on the functioning of the local systems over a maximum period of four ***years*** without increasing the available resources. By the end of 2017, the validation activities have produced results, which, together with those under the previous approach, support the conclusions on assurance: − Redefinition of the control universe and risk analysis in terms of accounting processes. This allows for covering several departments in each assessment and drawing conclusions, which may be relevant at the corporate level. − A continuous assessment of accounting risks for each department, based on a desk review of available information, resulting on a risk score. The assessment results are communicated to each authorising department outlining the strengths and deficiencies on which the score was based. EUROPEAN COMMISSION Budget The Accounting Officer of the Commission ACCOUNTING OFFICER'S STATUS REPORT 30 JUNE 2018 ARTICLE 251 OF THE FINANCIAL REGULATION Date: 15/09/2018 Page 10 of 11 − Instead of covering in-depth all systems implemented in each authorising department, the engagements have a narrower, risk-focused scope on processes, allowing for a significant increase of our output. Twelve reports7 were completed in 2017. At present, three validation engagements8 are ongoing, covering eight Commission departments and nine Traditional Agencies and EU Joint Undertakings. − In addition, the sharpened risk focus has yielded results, which have identified risks directly relevant for the completeness and accuracy of financial reporting. − Completion of the follow up of past recommendation before the end of the ***year***, so as to base the conclusions on a full inventory of unmitigated risks. In addition to considering risks that may have an impact on the annual accounts, the strategy pays particular attention to those that may prevent authorising departments from producing high quality financial data as they have a direct impact on financial and managing reporting. This matter requires management attention in all departments. The work carried out has identified a number of weaknesses and issues, resulting in recommendations intended to improve the control environment in authorising departments and accounting quality. Nevertheless and based on the work accomplished, the team have not identified any weaknesses in the design or implementation of the local systems which would indicate that they do not meet the validation criteria. Furthermore, the team have not identified any weaknesses likely to have a material impact on the annual accounts, but have identified risks, which impact the accuracy of the financial and regulatory management reporting. 3.10 EU Trust Funds The Financial Regulation allows the Commission to create and manage EU Trust Funds (EUTFs) that pool funds from the EU budget with contributions of Member States and other donors. The same provisions have been foreseen in the amended Financial Regulation9 of the European Development Fund (EDF). The objective of the EUTFs, which can only be established with at least one external donor and whose scope is limited to emergency, post-emergency or thematic actions, is to provide the Commission with a new tool combining the visibility, control and cost-related advantages of 7 Validation engagements on DG RTD, HR, SANTE, AGRI and the IMI2 Joint Undertaking; the accounting of reflows from financial instruments in DG NEAR, RTD, MOVE-ENER, ECFIN and BUDG; and two advice notes resulting from an evaluation of the control systems in place for the management of user access to SAP and SWIFT in DG BUDG. 8 These are: (1) Validation of the local systems implemented for the identification, registration and recovery of receivable amounts in DG DEVCO, DG ECHO, DG ESTAT, DG HOME, DG JUST and DG NEAR; (2) Validation of the local systems in DG HR and PMO; and (3) Validation of local systems implemented in Traditional Agencies and Joint Undertakings under the responsibility of the Accounting officer of the Commission (ACER, BEREC, CEPOL, GSA, BBI, FCH, IMI, SESAR and S2R.) 9 Council Regulation (EU) No 2015/323 of 2 March 2015 on the Financial Regulation applicable to the 11th EDF, OJ L 58, 2.3.2015, p. 32. EUROPEAN COMMISSION Budget The Accounting Officer of the Commission ACCOUNTING OFFICER'S STATUS REPORT 30 JUNE 2018 ARTICLE 251 OF THE FINANCIAL REGULATION Date: 15/09/2018 Page 11 of 11 assigned revenues together with the flexibility and responsiveness advantages of delegating funds to third entities. To date, the Commission has set up four EUTFs: − The EU Bêkou Trust Fund, whose objective is to support all aspects of the Central African Republic's (CAR's) exit from crisis and reconstruction, has received an amount of EUR 107 million at 30 June 2018 (EUR 101 million at 31 December 2017). − The Madad Trust Fund, an EU Regional Trust Fund in response to the Syrian crisis has received an amount of EUR 579 million at 30 June 2018 (EUR 473 million at 31 December 2017). − The European Union Emergency Trust Fund for stability addressing root causes of irregular migration and displaced persons in Africa. This EU Trust fund was created in order to respond to the crisis in three geographical regions: Sahel (incl. the Lake Chad area), the Horn of Africa and North Africa. It has received an amount of EUR 820 million of contributions at 30 June 2018 (EUR 725 million at 31 December 2017). − A fourth EUTF, meant to address Colombia’s special needs following the peace agreement between the government and the FARC-guerrilla, was signed on 12 December 2016. EUR 30 million has been received at 30 June 2018 (EUR 26 million at 31 December 2017). 4. Annexes 4.1: Pre-financing half-***year*** report at 30 June 2018 4.2: Mid-term report on financial corrections under the Cohesion policy at 30 June 2018 4.3: Budget implementation reports at 30 June 2018 Annex 4.1 Pre-financing half ***year*** report at 30 June 2018 2 1. INTRODUCTION: OBJECTIVES OF THE REPORT ................................................................... 3 2. BASIC PRINCIPLES OF PRE-FINANCING ACCOUNTING .................................................... 3 2.1 Definition: cash advance .................................................................................................... 3 2.2 Accounting treatment: budgetary accounts and general accounts .................. 3 2.3 Interest on pre-financing ................................................................................................... 3 3. ANALYSIS OF OUTSTANDING PRE-FINANCING AS AT 30 JUNE 2018 ........................ 4 3.1 General overview of the pre-financing amounts ...................................................... 4 3.2 Evolution of pre-financing during the first semester of 2018 ............................ 5 3.3 Analysis of clearing type .................................................................................................... 5 3.4 Analysis of clearing progression (ageing) ................................................................... 8 3 1. INTRODUCTION: OBJECTIVES OF THE REPORT Pre-financing is one of the main items on the balance sheet of the European Commission, and as such subject to close monitoring by the European Court of Auditors and the discharge authority. This annex explains the way the management of pre-financing is integrated in the Commission's follow-up of the use of EU funds by beneficiaries. It also explains how the Commission accounts for this asset in the financial statements in accordance with the European Union Accounting Rules1 adopted by the Accounting Officer of the Commission. This report is based on the figures in the accounting system of the European Commission as at 30 June 2018. 2. BASIC PRINCIPLES OF PRE-FINANCING ACCOUNTING 2.1 Definition: cash advance Pre-financing is a payment2, intended to provide the beneficiary with a float, i.e a cash advance. As such, it is paid before the goods or services are delivered (in the case of procurement contracts) and before the occurrence of eligible costs by beneficiaries (in the case of grant agreements). 2.2 Accounting treatment: budgetary accounts and general accounts In the budgetary accounts, pre-financing is treated as a charge to the budget when it is paid, i.e budgetary expenditure. In the general accounts however, the ***payment*** of pre-financing is recognised as an asset. In accordance with the relevant accounting rule3, the pre-financing asset is generally derecognised (i.e cleared / reduced) as follows: • if the amount of an interim/final invoice or cost claim, or part of it, is justifying the use of a pre-financing, then the validation of these eligible expenditures will generate a clearing of the pre-financing. • if the beneficiary does not use (part of) the pre-financing, then the prefinancing amount will be partially or totally recovered from the beneficiary. By monitoring the level of pre-financing and executing the necessary clearings, the Commission also ensures a close follow-up of the underlying projects and increases the chances of timely identifying and correcting potential errors. 2.3 Interest on pre-financing In the past, interest was generally earned on pre-financing paid out in accordance with the Financial Regulation. However, since the FR(2012), interest generated on pre-financing remains the property of the third party. Exceptions are possible for indirect management, but the interest would belong to the EU only if it is so indicated in the contribution agreements or the financing agreements concerned4. 1 Based on the International Public Sector Accounting Standards (IPSAS) 2 Article 90 FR(2012) and article 115 FR(2018) 3 EU Accounting Rule 5 on pre-financing, hereinafter referred to as 'EAR 5' 4 Article 8(4) FR(2018) 4 3. ANALYSIS OF OUTSTANDING PRE-FINANCING AS AT 30 JUNE 2018 This section presents the pre-financing balance at 30 June 2018 in a similar way as is done in the annual accounts. It should be noted that some of the elements specific to the ***year***-end closure exercise are not available during the ***year***, and therefore are not part of this annex. 3.1 General overview of the pre-financing amounts The chart below shows an overview of pre-financing amounts, grouped by management modes5: Chart 1 The details of Chart 1 are provided in the table below. 5 In accordance with article 58 FR(2012) and article 62 FR(2018), the Commission implements the general budget using the following methods: - Direct management: means that the implementation of the budget is undertaken directly by the departments of the Commission or through executive agencies (for instance research ***programmes***). - Shared management: this refers to cases where the implementation tasks are entrusted to Member States (e.g structural funds). - Indirect management: similarly, under this method of management, the Commission delegates certain tasks for implementation of the budget to third countries, to international organisations, to the EIB and the European Investment fund, or to other bodies as the joint-undertaking and the traditional agencies. Shared 41% Direct 31% Indirect 28% Prefinancing by management mode 5 Table 1: Pre-financing balances EUR millions PRE-FINANCING AMOUNTS Balance at 30.6.2018 Balance at 31.12.2017 Direct management 28 022 26 739 Indirect management 24 694 22 106 Shared management 36 388 36 125 Total gross pre-financing amounts 89 104 84 969 Less accrued charges (at 31/12 only) - (40 399) Total net pre-financing (at 31/12 only) - 44 570 It should be noted that several aspects strictly linked to the annual closure exercise are not included in the June 2018 balances in the table above: accrued charges6, the split between current and non-current pre-financing and value reduction. Establishing these elements is a complex and time-consuming process, therefore this is done only once a ***year***, for the closure exercise and preparation of the annual accounts. 3.2 Evolution of pre-financing during the first semester of 2018 The variations that occurred in the first half of the ***year*** can be explained as follows: • Increase in direct management – EUR 4.4 billion have been paid as new prefinancing, mainly under research and external actions, however clearings done until mid-***year*** reach nearly the same level; • Increase in indirect management – during the first six months of 2018, EUR 4.8 billion was paid relating mainly to education, research and external actions; • Shared management amounts are stable – EUR 9.7 billion relating to the ***programming*** period 2014-2020 have been paid during the first semester of 2018. Due to limited declared expenditure for the period 01/07/2016 till 30/06/2017 EUR 7.8 billion has been recovered in 2018 following Art 139 of the Regulation (EU) № 1303/2013 (CPR). 3.3 Analysis of clearing type As explained above, pre-financing is either used for the purpose for which it was provided during the period defined in the agreement (clearing via invoice - interim or final ***payment***) or it is refunded (clearing via recovery). Additionally, the outstanding balance might need to be adjusted if the controls performed on pre-financing reveal some anomalies. The table below shows how pre-financing has been cleared: 6 Accrued charges refer to expenditure estimated to have been incurred, but which was not declared and validated before ***year***-end. 6 Table 2: Nature of clearing – analysis EUR millions ***Payment*** ***year*** Amounts paid Clearings until 30/06/2018 BALANCE as at Invoice Recovery Adjustments 30/06/2018 Pre 2005 34 503 -31 091 -1 585 -1 573 254 2005 11 536 -11 159 - 191 - 89 97 2006 11 377 -10 952 - 277 - 87 61 2007 20 303 -18 631 - 384 - 24 1 264 2008 27 250 -23 579 - 539 - 53 3 078 2009 25 813 -22 716 - 343 - 42 2 713 2010 15 532 -14 110 - 646 - 45 731 2011 13 481 -12 675 - 370 - 61 374 2012 14 524 -13 546 - 376 - 38 564 2013 14 849 -12 866 - 358 - 31 1 595 2014 15 226 -10 048 - 317 - 38 4 822 2015 26 048 -8 818 - 632 - 49 16 548 2016 31 620 -6 979 -6 676 - 23 17 943 2017 30 011 -2 012 -7 758 - 49 20 192 2018 18 902 - 21 0 - 14 18 868 TOTAL 310 975 -199 203 -20 452 -2 216 89 104 \* The amounts related to financial instruments of the Commission are not considered in this analysis. At 30 June 2018, the outstanding pre-financing gross balance amounted to EUR 89.1 billion. This balance is a result of the opening balance at 1 January 2005 and subsequent transactions carried out by all the Commission services involved: - A total of EUR 311 billion pre-financing was paid out from the EU budget. It should be noted that ***payments*** were concentrated in three particular areas: structural funds (EUR 114 billion), research (EUR 88 billion) and external actions (EUR 63 billion). - The Commission has received sufficient justifications to clear prefinancing totalling EUR 199 billion. - The Commission had to recover EUR 20.5 billion, of which EUR 14.2 billion were recovered due to limited declared expenditure for the period 01/07/2015 till 30/06/2017 following Art 139 of the Regulation (EU) № 1303/2013 (CPR). - Amounts for the beginning of period 2007-2013 are still open as declaration relating to these pre-financings at the beginning of the previous period could be done until 31/03/2017. The closure procedure is still on-going at 30/06/2018. - Adjustments of about EUR 2.2 billion were initiated by the Commission services, mainly to the opening balance when accrual-based accounts were first prepared in 2005. The table below shows the same data, but shown as percentage of the total amount paid each ***year***: 7 Table 3: Nature of clearing – analysis by percentage % of PAID amount ***Payment*** ***year*** Amounts paid (100%) Clearings until 30/06/2018 BALANCE as at Invoice Recovery Adjustments 30/06/2018 Pre 2005 34 503 -90% -5% -5% 1% 2005 11 536 -97% -2% -1% 1% 2006 11 377 -96% -2% -1% 1% 2007 20 303 -92% -2% 0% 6% 2008 27 250 -87% -2% 0% 11% 2009 25 813 -88% -1% 0% 11% 2010 15 532 -91% -4% 0% 5% 2011 13 481 -94% -3% 0% 3% 2012 14 524 -93% -3% 0% 4% 2013 14 849 -87% -2% 0% 11% 2014 15 226 -66% -2% 0% 32% 2015 26 048 -34% -2% 0% 64% 2016 31 620 -22% -21% 0% 57% 2017 30 011 -7% -26% 0% 67% 2018 18 902 0% 0% 0% 100% TOTAL 310 975 The higher percentage of amounts open from 2008 and 2009 primarily relates to the frontloading of cohesion ***payments*** in the early ***years*** of that MFF, for which the final closure procedure is still ongoing. The graph in this section clearly shows that most of the pre-financing cleared (90 %) was done following the justification of the expenses incurred, which means that the amounts paid in advance to the beneficiaries have been used for the purposes for which they were provided. In a limited number of cases, the pre-financing amounts were not used, or incorrectly used, and this led to clearing via a recovery (9 % of the clearings). Chart 2 The relevant DGs have strived over the ***years*** to make a closer monitoring of their pre-financing balances and to perform clearings as soon as the necessary elements are available. They are also trying to identify possibilities to speed up the clearing as much as possible. Adjustments 1% Recovered 9% Spent 90% Clearing of prefinancing (by nature) 8 3.4 Analysis of clearing progression (ageing) The table below shows at Commission level, the evolution over time of the outstanding balance of pre-financing each ***year***. Table 4: Ageing of pre-financing at Commission level % of Amount paid Pre-financing ***payment*** Outstanding as at 31/12/…. Outstanding as at 30-06-2018 ***Year*** Amount 2014 2015 2016 2017 % amount Pre 2005 34 503 5% 2% 1% 1% 1% 254 2005 11 536 2% 1% 1% 1% 1% 97 2006 11 377 2% 1% 1% 1% 1% 61 2007 20 303 47% 24% 8% 6% 6% 1 264 2008 27 250 50% 40% 14% 12% 11% 3 078 2009 25 813 47% 39% 15% 11% 11% 2 713 2010 15 532 19% 10% 7% 5% 5% 731 2011 13 481 33% 18% 8% 3% 3% 374 2012 14 524 57% 32% 15% 6% 4% 564 2013 14 849 75% 58% 34% 17% 11% 1 595 2014 15 226 96% 73% 52% 36% 32% 4 822 2015 26 048 98% 80% 69% 64% 16 548 2016 31 620 98% 61% 57% 17 943 2017 30 011 99% 67% 20 192 2018 18 902 100% 18 868 TOTAL 310 975 89 104 As at 30 June 2018, most of the pre-financing paid during the 2000-2006 ***programming*** period had been cleared; only 0.7 % (EUR 412 million) of the prefinancing paid in this period was still outstanding. The largest part of these amounts relates to structural funds, the closing of which can be a very complex and lengthy process. As at 30 June 2018, a large part of the pre-financing paid during the 2007-2013 ***programming*** period had been cleared; only 7.8 % (EUR 10 billion) of the prefinancing paid in this period was still outstanding. The largest part of these amounts relates to structural funds. The following tables present a similar ageing report for the DGs operating in the largest areas of expenditure7: structural funds, research and external actions. The composition of the groups is the following: - Structural funds: DG AGRI, DG REGIO, DG EMPL, DG MARE; - Research: DG RTD, DG CNECT, DG ENER, DG GROW, ERC, REA, DG MOVE, EASME, INEA; - External actions: DG DEVCO, DG NEAR, DG ECHO, FPI. 7 The grouping is subjective and has been done for comparison purposes only. 9 Table 5: Ageing of pre-financing (structural funds DGs) % of Amount paid Pre-financing ***payment*** Outstanding as at 31/12/…. Outstanding as at 30-06-2018 ***Year*** Amount 2014 2015 2016 2017 % amount Pre 2005 23 030 7% 3% 2% 1% 1% 247 2005 2 303 7% 6% 5% 4% 4% 94 2006 1 422 12% 9% 6% 4% 4% 58 2007 11 879 80% 40% 13% 11% 11% 1 253 2008 14 918 89% 71% 25% 21% 21% 3 070 2009 12 546 91% 77% 28% 23% 21% 2 647 2010 1 531 54% 48% 32% 30% 29% 450 2011 675 47% 35% 32% 10% 7% 47 2012 1 039 81% 9% 8% 8% 2% 26 2013 306 59% 33% 26% 18% 8% 24 2014 2 862 99% 93% 79% 76% 73% 2 095 2015 9 899 99% 92% 92% 92% 9 087 2016 11 985 98% 42% 42% 5 020 2017 10 423 99% 16% 1 621 2018 9 462 100% 9 460 TOTAL 114 280 35 200 Table 6: Ageing of pre-financing (research DGs) % of Amount paid Pre-financing ***payment*** Outstanding as at 31/12/…. Outstanding as at 30-06-2018 ***Year*** Amount 2014 2015 2016 2017 % amount Pre 2005 2 837 0% 0% 0% 0% 0% 0 2005 4 473 0% 0% 0% 0% 0% 0 2006 4 808 0% 0% 0% 0% 0% 0 2007 3 391 0% 0% 0% 0% 0% 0 2008 6 811 3% 2% 2% 0% 0% 4 2009 6 318 6% 3% 1% 0% 0% 9 2010 6 400 21% 7% 3% 1% 1% 81 2011 5 795 49% 23% 6% 1% 1% 41 2012 6 335 77% 51% 21% 5% 3% 185 2013 6 912 89% 76% 51% 24% 14% 938 2014 5 044 100% 80% 56% 40% 36% 1 803 2015 7 866 99% 83% 68% 57% 4 506 2016 8 568 100% 85% 81% 6 924 2017 8 628 99% 99% 8 559 2018 4 177 100% 4 173 TOTAL 88 361 27 222 10 Table 7: Ageing of pre-financing (external actions DGs) % of Amount paid Pre-financing ***payment*** Outstanding as at 31/12/…. Outstanding as at 30-06-2018 ***Year*** Amount 2014 2015 2016 2017 % amount Pre 2005 6 061 0% 0% 0% 0% 0% 4 2005 3 496 1% 0% 0% 0% 0% 3 2006 3 586 1% 1% 0% 0% 0% 3 2007 3 378 2% 1% 0% 0% 0% 11 2008 3 536 4% 3% 0% 0% 0% 4 2009 3 908 8% 6% 3% 2% 1% 50 2010 3 862 13% 9% 7% 5% 5% 193 2011 3 964 21% 15% 9% 7% 6% 239 2012 3 808 31% 19% 12% 8% 7% 278 2013 3 930 59% 35% 20% 13% 11% 422 2014 4 126 91% 56% 30% 15% 12% 499 2015 4 451 96% 59% 35% 25% 1 105 2016 6 151 95% 62% 50% 3 052 2017 6 348 97% 90% 5 697 2018 2 386 99% 2 363 TOTAL 62 991 13 921 Commission européenne/Europese Commissie, 1049 Bruxelles/Brussel, BELGIQUE/BELGIË - Tel. +32 22991111 Office: BRE2 09/533 - Tel. direct line +32 229-95440 Annex 4.2 Financial corrections under the Cohesion policy 2018 Mid-term report at 30 June 2018 Provisional figures 2 INDEX 1. INTRODUCTION ..................................................................................................... 3 2. FINANCIAL CORRECTIONS UNDER COHESION POLICY ........................ 3 3. ANALYSIS OF 2018 FINANCIAL CORRECTIONS ....................................... 3 3 1. INTRODUCTION During the 2006 discharge exercise the Budget Authority asked the European Commission (EC) to provide regular information on the financial corrections made to ***programmes*** under the Cohesion policy. This report gives information on the 2018 financial corrections at the end of June 2018. 2. FINANCIAL CORRECTIONS UNDER COHESION POLICY Financial corrections are the main tool used for the correction of errors and irregularities in the context of shared management. They are made by the EC so as to exclude from EU funding expenditure that is not in accordance with applicable rules and regulations. The term 'financial correction' is used to cover a wide range of preventive and corrective measures, which apply both before and after the EC makes (or reimburses) expenditure. They can result from controls and audits at any level of the control system in the Member States or from audits by the EC or the European Court of Auditors (ECA) or OLAF investigations. Member States are primarily responsible for making financial corrections in relation to irregularities committed by beneficiaries. Where the Member State agrees to make a correction as a result of its own or EU control and audit activity, so as to implement the financial correction, it may withdraw the amount of irregular expenditure in the following declaration of expenditure or deduct the irregular amount from a next ***payment*** claim, and thus re-use the EU funding released for other eligible expenditure under the ***programme*** concerned (but not related to the operation or operations that were the subject of the correction). The Commission may take a formal decision to apply financial corrections to the Member State where the Member State has failed to make the required corrections or where there are serious failings in the management and control systems which could lead to systemic irregularities. A financial correction applied by a Commission decision involves a net reduction of EU funding to the ***programme*** concerned. 3. ANALYSIS OF 2018 FINANCIAL CORRECTIONS The financial corrections reported below result from audit work performed at EU level (i.e by the EC, the ECA and OLAF). These financial corrections were either confirmed or implemented in the period from 1 January 2018 to 30 June 2018 for: – the ***programming*** period 2007-2013; – and for the last phase of the ***programming*** period 2000-2006. The following tables1 do not include the results of the Member States' own checks of Structural Funds expenditure. The financial corrections are shown per fund, per ***programming*** period and per classification of financial correction. 1 All figures are rounded one digit after the decimal. It should be noted that due to rounding of figures, some figures in the tables may appear not to add up. 4 COHESION POLICY 2018 FINANCIAL CORRECTIONS CONFIRMED AT 30th JUNE 2018 ACCRUAL BASIS EUR millions ERDF CF ESF FIFG /EFF EAGGF Guidance TOTAL Financial Corrections 2000-2006: With recovery order 0.2 6.2 - - 0.0 6.4 Deduction by Member States - - - - - - Decommitment/deduction at closure 76.7 - - - - 76.7 Not yet implemented - 0.9 0.0 - - 0.9 Sub-total 2000-2006 period 76.9 7.1 0.0 - 0.0 84.1 Financial Corrections 2007-2013: With recovery order 0.0 - - - - 0.0 Deduction by Member States 2.0 - - - - 2.0 Decommitment/deduction at closure 6.7 11.8 2.4 - - 20.9 Not yet implemented 20.8 10.4 0.8 0.0 - 31.9 Sub-total 2007-2013 period 29.5 22.2 3.2 0.0 - 54.8 Total financial corrections per category: With recovery order 0.2 6.2 - - 0.0 6.4 Deduction by Member States 2.0 - - - - 2.0 Decommitment/deduction at closure 83.4 11.8 2.4 - - 97.6 Not yet implemented 20.8 11.2 0.8 0.0 - 32.8 Total financial corrections accepted or decided at 30th June 2018 106.4 29.3 3.2 0.0 0.0 138.9 The figures are presented on an accrual basis, which means that financial corrections confirmed during the reporting period from 1 January 2018 to 30 June 2018 are included, even if those corrections have not been implemented during that period. In the reporting period, out of a total of EUR 138.9 million of financial corrections confirmed, EUR 97.6 million was implemented via decommitment/deduction by the Commission at closure. For the ERDF and the Cohesion Fund the amount of financial corrections reported as confirmed during the first 6 months of 2018 totalled EUR 135.6 million. Of this amount EUR 84 million relates to the closure of the ***programmes*** of 2000-2006 ***programming*** period. EUR 51.6 million is financial corrections related to 2007-2013 ***programming*** period. The Member States with the highest level of corrections confirmed for both ***programming*** periods are Italy (EUR 79.1 million), Spain (EUR 23.5 million) and Portugal (EUR 14 million). For ESF, the total amount of financial corrections confirmed for the reporting period stands at EUR 0.05 million for the ***programming*** period 2000-2006 post-closure for France. EUR 3.2 million relates to the closure of the ***programming*** period 2007-2013. The Member States with the highest level of financial corrections are Cyprus (EUR 2 million) and Italy (EUR 0.9 million). 5 COHESION POLICY 2018 FINANCIAL CORRECTIONS IMPLEMENTED AT 30th JUNE 2018 CASH BASIS EUR millions ERDF CF ESF FIFG /EFF EAGGF Guidance TOTAL Financial Corrections 2000-2006: With recovery order 0.2 6.2 0.2 - 0.0 6.6 Deduction by Member States - - - - - - Decommitment/deduction at closure 76.7 - - - - 76.7 Sub-total 2000-2006 period 76.9 6.2 0.2 - 0.0 83.3 Financial Corrections 2007-2013 With recovery order 0.0 - - - - 0.0 Deduction by Member States 23.0 0.0 (6.0) - - 17.1 Decommitment/deduction at closure 30.8 11.8 - - - 42.6 Sub-total 2007-2013 period 53.8 11.8 (6.0) - - 59.7 Total financial correction per category: With recovery order 0.2 6.2 0.2 - 0.0 6.6 Deduction by Member States 23.0 0.0 (6.0) - - 17.1 Decommitment/deduction at closure 107.5 11.8 - - - 119.3 Total financial corrections implemented at 30th June 2018 130.7 18.1 (5.8) - 0.0 143.0 The figures are presented on a cash basis, which means that financial corrections implemented during the reporting period from 1 January 2018 to 30 June 2018 are included, regardless of whether they were confirmed in that period, or in previous ***years***. In the reporting period, EUR 119.3 million or 83.4 % of the total of EUR 143 million of financial corrections implemented, were implemented by decommitment/ deduction at closure. For ERDF and the Cohesion Fund together, the corrections implemented total EUR 148.8 million. Out of this amount, EUR 83.1 million relates to the 2000-2006 ***programming*** period and EUR 65.6 million to 2007-2013 ***programming*** period. The Member States with the highest level of corrections implemented are Italy (EUR 77.6 million), Spain (EUR 22 million), Slovakia (EUR 20.8 million) and Poland (EUR 20 million). For ESF, the financial corrections confirmed in 2018 relating to the ***programming*** period 2000-2006 were not yet implemented. For the ***programming*** period 2007- 2013 the financial corrections implemented represent EUR 3.3 million (Cyprus EUR 2 million and Italy EUR 0.9 million), offset by a negative adjustment to previously reported financial corrections for Belgium (EUR 9.3 million), implemented after recalculation of the error rate of the ***programmes*** at closure. 6 COHESION POLICY FINANCIAL CORRECTIONS CONFIRMED CUMULATIVE FIGURES AT 30th JUNE 2018 ACCRUAL BASIS EUR millions ERDF CF ESF FIFG /EFF EAGGF Guidance TOTAL 2000-2006 period 5 892 851 2 111 140 171 9 164 2007-2013 period 3 822 1 169 1 522 28 - 6 541 Total financial corrections confirmed at end Q2 2018 9 714 2 020 3 633 168 171 15 705 Total financial corrections confirmed as at end 2017 9 607 1 990 3 630 168 171 15 566 The figures presented report the cumulative financial corrections confirmed at 30 June 2018, which means all financial corrections confirmed since the first report in 2008. COHESION POLICY FINANCIAL CORRECTIONS IMPLEMENTED CUMULATIVE FIGURES AT 30th JUNE 2018 EUR millions ERDF CF ESF FIFG /EFF EAGGF Guidance TOTAL 2000-2006 period 5 875 841 2 111 140 171 9 137 2007-2013 period 2 930 1 074 1 257 26 - 5 288 Total financial corrections implemented at end Q2 2018 8 804 1 915 3 368 166 171 14 425 Total financial corrections implemented as at end 2017 8 674 1 897 3 374 166 171 14 282 The above table illustrates the cumulative total of financial corrections implemented as at 30 June 2018, regardless of the ***year*** in which the financial correction was confirmed. It shows that by the end of the first half of 2018, 92 % (EUR 14 425 million) of confirmed financial corrections have been implemented. COHESION POLICY FINANCIAL CORRECTIONS CONFIRMED NOT YET IMPLEMENTED CUMULATIVE FIGURES AT 30th JUNE 2018 EUR millions ERDF CF ESF FIFG /EFF EAGGF Guidance TOTAL 2000-2006 period 17 10 0 0 - 27 2007-2013 period 893 95 264 2 - 1 253 Total financial corrections not yet implemented at end Q2 2018 909 104 264 2 - 1 280 Total financial corrections not yet implemented as at end 2017 934 93 255 2 - 1 284 The above table gives information on the cumulative financial corrections not yet implemented at 30 June 2018 per ***programming*** period and per fund. EUR 1 280 million remain to be implemented. 7 Concerning the ERDF and the Cohesion Fund, EUR 1 014 million are financial corrections confirmed but not yet implemented at the end of June 2018. An amount of EUR 26 million relates to 2000-2006 ***programing*** period, reflecting the finalising stages of closure of this ***programming*** period and a 99.6 % implementation rate. Out of EUR 4.9 billion of financial corrections confirmed related to 2007-2013 ***programming*** period, 80.2 % have been implemented so far, leaving the amount of financial corrections not yet implemented at EUR 987 million. The Member States with the highest level of financial corrections not yet implemented irrespective of the ***programming*** period are Hungary (EUR 419 million), Greece (EUR 183 million), Poland (EUR 169 million), Czech Republic (EUR 72 million), Spain (EUR 68 million) and Slovakia (EUR 52 million). The significant part of related 2007-2013 ***programmes*** is expected to be closed during the second half of 2018. For ESF, almost all financial corrections related to the 2000-2006 ***programming*** period have been implemented. For the ***programming*** period 2007-2013, the cumulative amount of financial corrections not yet implemented stands at EUR 264 million, bringing the implementation ratio for this period to 82.6 %. The not yet implemented amount represents mostly financial corrections accepted during implementation of the ***programmes*** for which the closure procedure is not yet finalised. The Member States with the highest amount of financial corrections not yet implemented are Spain (EUR 154 million), Italy (EUR 80 million) and France (EUR 12 million). Annex 4.3 Budget implementation reports at 30 June 2018 FINANCIAL ***YEAR*** 2018: SUMMARY OF BUDGET IMPLEMENTATION - REVENUE ON 30.06.2018 EUR Title Income appropriations Entitlements established Revenue Outstanding current ***year*** carried Total current ***year*** carried Total % of budget 1 Own resources 142,374,438,534 69,248,364,874 38,968,172 69,287,333,046 69,247,461,535 260,188 69,247,721,723 48.6% 39,611,323 3 Surpluses, balances and adjustments 555,542,325 1,294,882 0 1,294,882 801,540 0 801,540 0.1% 493,342 4 Miscellaneous community taxes, levies and duties 1,181,016,194 614,824,581 10,571,361 625,395,942 550,127,141 10,571,361 560,698,502 47.5% 64,697,440 5 Revenue accruing from the administrative operation of the Institution 45,000,000 173,720,814 18,020,291 191,741,105 133,907,288 13,470,557 147,377,844 327.5% 44,363,260 6 Contributions and refunds in connection with union agreements and ***programmes*** 110,000,000 10,223,702,363 308,037,573 10,531,739,936 8,871,139,044 135,013,801 9,006,152,846 8,187.4% 1,525,587,090 7 Default interest and fines 115,000,000 1,993,409,060 7,813,979,182 9,807,388,242 615,813,477 290,081,547 905,895,025 787.7% 8,901,493,218 8 Borrowing and lending operations 6,186,061 7,806,157 15,081,378 22,887,535 7,806,157 15,081,378 22,887,535 370.0% 0 9 Miscellaneous revenue 25,000,000 3,855,711 5,799,462 9,655,173 2,607,533 580,739 3,188,272 12.8% 6,466,901 Total 144,412,183,114 82,266,978,442 8,210,457,420 90,477,435,862 79,429,663,716 465,059,571 79,894,723,287 55.3% 10,582,712,575 DETAIL TITLE 1: Own resources Chapter Income appropriations Entitlements established Revenue Outstanding current ***year*** carried Total current ***year*** carried Total % of budget 11 Sugar levies 0 898,832 0 898,832 898,832 0 898,832 0.0% 0 12 Customs duties 22,844,000,000 8,240,914,185 38,968,172 8,279,882,358 8,240,010,846 260,188 8,240,271,035 36.1% 39,611,323 13 VAT 17,249,560,050 8,777,807,921 0 8,777,807,921 8,777,807,921 0 8,777,807,921 50.9% 0 14 GNI 102,280,878,484 52,247,994,222 0 52,247,994,222 52,247,994,222 0 52,247,994,222 51.1% 0 15 Correction of budgetary imbalances 0 -21,678,329 0 -21,678,329 -21,678,329 0 -21,678,329 0.0% 0 16 Reduction of GNI based contribution of the Netherlands and Sweden 0 2,428,043 0 2,428,043 2,428,043 0 2,428,043 0.0% 0 Total 142,374,438,534 69,248,364,874 38,968,172 69,287,333,046 69,247,461,535 260,188 69,247,721,723 48.6% 39,611,323 DETAIL TITLE 3: Surpluses, balances and adjustments Chapter Income appropriations Entitlements established Revenue Outstanding current ***year*** carried Total current ***year*** carried Total % of budget 30 Surplus from previous ***year*** 555,542,325 0 0 0 0 0 0 0.0% 0 31 VAT balances 0 491,764,451 0 491,764,451 491,271,109 0 491,271,109 0.0% 493,342 32 GNI balances 0 801,486,222 0 801,486,222 801,486,222 0 801,486,222 0.0% 0 33 Netting of VAT and GNI balances 0 -1,291,955,791 0 -1,291,955,791 -1,291,955,791 0 -1,291,955,791 0.0% 0 Total 555,542,325 1,294,882 0 1,294,882 801,540 0 801,540 0.1% 493,342 Data extracted: 01/07/2018 Report printed: 05/09/2018 BUDG C6 Financial ***Year*** 2018: Implementation on 30.06.2018 - by MFF Heading EUR mil. Commitment appropriations Budget Additional appropriations Total Heading Initial appropriat. incl. changes Implemen tation % Appropriations Implemen tation % Appropriations Implemen tation % % n-1 1 Smart and inclusive growth 77.533,70 70.499,92 90,9 % 10.189,34 774,52 7,6 % 87.723,03 71.274,44 81,2 % 81,9 % 2 Sustainable growth: natural resources 59.285,32 53.946,41 91,0 % 2.385,74 718,63 30,1 % 61.671,07 54.665,04 88,6 % 79,1 % 3 Security and citizenship 3.493,24 2.287,21 65,5 % 400,01 314,90 78,7 % 3.893,25 2.602,12 66,8 % 58,7 % 4 Global Europe 9.620,54 2.577,81 26,8 % 834,99 422,44 50,6 % 10.455,53 3.000,25 28,7 % 47,6 % 5 Administration 5.650,37 5.385,33 95,3 % 284,31 176,19 62,0 % 5.934,68 5.561,51 93,7 % 92,3 % 6 Compensations 0,00 0,00 0,0 % 0,00 0,00 0,0 % 0,00 0,00 0,0 % 0,0 % 8 Negative reserve and deficit carried over from the previous financial ***year*** 0,00 0,00 0,0 % 0,00 0,00 0,0 % 0,00 0,00 0,0 % 0,0 % 9 Special Instruments 612,85 62,69 10,2 % 31,44 0,00 0,0 % 644,29 62,69 9,7 % 7,5 % Total 156.196,03 134.759,37 86,3 % 14.125,83 2.406,68 17,0 % 170.321,85 137.166,05 80,5 % 77,8 % Data extracted: 01/07/2018 Report printed: 13/09/2018 BUDG C6 Financial ***Year*** 2018: Implementation on 30.06.2018 - by MFF Heading EUR mil. ***Payment*** appropriations Budget Additional appropriations Total Heading Initial appropriations incl. changes Implemen tation % Appropriations Implemen tation % Appropriations Implemen tation % % n-1 1 Smart and inclusive growth 66.624,50 28.173,16 42,3 % 12.249,55 1.893,19 15,5 % 78.874,05 30.066,35 38,1 % 35,5 % 2 Sustainable growth: natural resources 56.083,79 44.143,60 78,7 % 2.613,33 1.054,52 40,4 % 58.697,12 45.198,12 77,0 % 67,8 % 3 Security and citizenship 2.980,69 1.431,20 48,0 % 169,10 93,84 55,5 % 3.149,79 1.525,04 48,4 % 27,2 % 4 Global Europe 9.011,10 3.157,54 35,0 % 1.358,43 280,02 20,6 % 10.369,53 3.437,56 33,2 % 36,4 % 5 Administration 5.651,18 2.653,58 47,0 % 632,56 334,82 52,9 % 6.283,74 2.988,40 47,6 % 48,3 % 6 Compensations 0,00 0,00 0,0 % 0,00 0,00 0,0 % 0,00 0,00 8 Negative reserve and deficit carried over from the previous financial ***year*** 0,00 0,00 0,0 % 0,00 0,00 0,0 % 0,00 0,00 0,0 % 9 Special Instruments 412,22 2,55 0,6 % 29,19 9,78 33,5 % 441,41 12,33 2,8 % 10,8 % Total 140.763,49 79.561,63 56,5 % 17.052,16 3.666,17 21,5 % 157.815,65 83.227,80 52,7 % 48,8 % Data extracted: 01/07/2018 Report printed: 13/09/2018 BUDG C6 Financial ***year*** 2018 Implementation of budget appropriations on 30.06.2018 - by policy area Commitment appropriations EUR mil. Budget Additional appropriations Total Heading Initial appropriations incl. changes Implement ation % Appropriations Implem entatio n % Appropriations Implement ation % % n-1 01 ECONOMIC AND FINANCIAL AFFAIRS 2.313,45 2.232,60 96,5 % 470,81 208,04 44,2 % 2.784,27 2.440,64 87,7 % 94,0 % 02 INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMES 2.356,19 1.675,47 71,1 % 201,13 34,78 17,3 % 2.557,31 1.710,25 66,9 % 77,8 % 03 COMPETITION 109,84 99,69 90,8 % 4,03 2,56 63,4 % 113,87 102,25 89,8 % 89,1 % 04 EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION 14.395,92 14.105,19 98,0 % 1.768,90 6,89 0,4 % 16.164,83 14.112,08 87,3 % 88,6 % 05 ***AGRICULTURE*** AND RURAL DEVELOPMENT 58.159,84 52.705,37 90,6 % 2.295,69 725,08 31,6 % 60.455,53 53.430,45 88,4 % 78,9 % 06 MOBILITY AND TRANSPORT 4.008,30 3.919,58 97,8 % 171,09 13,66 8,0 % 4.179,39 3.933,24 94,1 % 96,6 % 07 ENVIRONMENT 498,28 438,14 87,9 % 13,21 2,64 20,0 % 511,49 440,79 86,2 % 68,4 % 08 RESEARCH AND INNOVATION 6.890,26 3.284,69 47,7 % 843,34 193,91 23,0 % 7.733,59 3.478,60 45,0 % 48,7 % 09 COMMUNICATIONS NETWORKS, CONTENT AND TECHNOLOGY 2.131,85 1.585,55 74,4 % 272,62 67,61 24,8 % 2.404,47 1.653,15 68,8 % 41,8 % 10 DIRECT RESEARCH 403,73 326,34 80,8 % 519,74 56,13 10,8 % 923,46 382,47 41,4 % 34,2 % 11 MARITIME AFFAIRS AND FISHERIES 1.084,74 1.045,76 96,4 % 117,92 0,90 0,8 % 1.202,65 1.046,66 87,0 % 86,0 % 12 FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL MARKETS UNION 94,56 86,35 91,3 % 3,71 3,19 86,0 % 98,27 89,54 91,1 % 81,6 % 13 REGIONAL AND URBAN POLICY 40.070,58 39.670,27 99,0 % 5.729,93 149,03 2,6 % 45.800,51 39.819,30 86,9 % 87,0 % 14 TAXATION AND CUSTOMS UNION 175,80 91,92 52,3 % 7,38 2,41 32,7 % 183,18 94,33 51,5 % 57,8 % 15 EDUCATION AND CULTURE 3.806,11 2.988,82 78,5 % 521,40 183,89 35,3 % 4.327,50 3.172,71 73,3 % 72,4 % 16 COMMUNICATION 213,02 162,62 76,3 % 9,31 5,57 59,9 % 222,33 168,20 75,7 % 78,3 % 17 HEALTH AND FOOD SAFETY 599,10 487,59 81,4 % 23,82 20,83 87,5 % 622,93 508,43 81,6 % 81,3 % 18 MIGRATION AND HOME AFFAIRS 2.637,40 1.746,57 66,2 % 380,50 288,13 75,7 % 3.017,90 2.034,70 67,4 % 57,9 % 19 FOREIGN POLICY INSTRUMENTS 840,67 388,14 46,2 % 20,78 9,52 45,8 % 861,45 397,66 46,2 % 55,0 % 20 TRADE 115,92 98,24 84,7 % 2,35 1,50 63,8 % 118,27 99,74 84,3 % 83,0 % 21 INTERNATIONAL COOPERATION AND DEVELOPMENT 3.491,68 522,40 15,0 % 195,45 143,38 73,4 % 3.687,12 665,78 18,1 % 36,3 % 22 NEIGHBOURHOOD AND ENLARGEMENT NEGOTIATIONS 3.847,49 644,61 16,8 % 77,29 16,00 20,7 % 3.924,78 660,61 16,8 % 38,7 % 23 HUMANITARIAN AID AND CIVIL PROTECTION 1.243,30 1.091,62 87,8 % 114,16 106,75 93,5 % 1.357,46 1.198,37 88,3 % 92,7 % 24 FIGHT AGAINST FRAUD 82,29 58,08 70,6 % 0,09 0,00 0,0 % 82,38 58,08 70,5 % 87,6 % 25 COMMISSION'S POLICY COORDINATION AND LEGAL ADVICE 244,57 226,00 92,4 % 9,07 6,28 69,2 % 253,63 232,28 91,6 % 90,2 % 26 COMMISSION'S ADMINISTRATION 1.126,25 1.010,78 89,7 % 144,09 83,83 58,2 % 1.270,34 1.094,61 86,2 % 81,6 % Data extracted: 01/07/2018 Report printed: 13/09/2018 BUDG C6 Financial ***year*** 2018 Implementation of budget appropriations on 30.06.2018 - by policy area Commitment appropriations EUR mil. Budget Additional appropriations Total Heading Initial appropriations incl. changes Implement ation % Appropriations Implem entatio n % Appropriations Implement ation % % n-1 27 BUDGET 78,63 57,86 73,6 % 7,73 4,81 62,1 % 86,37 62,66 72,6 % 70,8 % 28 AUDIT 19,36 18,56 95,9 % 0,79 0,54 68,6 % 20,15 19,10 94,8 % 92,7 % 29 STATISTICS 144,07 94,90 65,9 % 13,10 2,97 22,7 % 157,17 97,87 62,3 % 61,9 % 30 PENSIONS AND RELATED EXPENDITURE 1.899,41 1.899,33 100,0 % 0,01 0,00 0,0 % 1.899,42 1.899,33 100,0 % 100,0 % 31 LANGUAGE SERVICES 398,80 380,31 95,4 % 57,33 40,20 70,1 % 456,13 420,51 92,2 % 90,6 % 32 ENERGY 1.640,01 1.368,84 83,5 % 122,30 20,82 17,0 % 1.762,31 1.389,66 78,9 % 79,3 % 33 JUSTICE AND CONSUMERS 257,56 135,14 52,5 % 5,99 4,34 72,4 % 263,55 139,48 52,9 % 51,2 % 34 CLIMATE ACTION 155,16 112,03 72,2 % 0,77 0,50 64,5 % 155,93 112,53 72,2 % 82,2 % 40 RESERVES 661,89 0,00 0,0 % 0,00 0,00 0,0 % 661,89 0,00 0,0 % 0,0 % Total 156.196,03 134.759,37 86,3 % 14.125,83 2.406,68 17,0 % 170.321,85 137.166,05 80,5 % 77,8 % Data extracted: 01/07/2018 Report printed: 13/09/2018 BUDG C6 Financial ***year*** 2018 Implementation of budget appropriations on 30.06.2018 - by policy area ***Payment*** appropriations EUR mil. Budget Additional appropriations Total Heading Initial appropriations incl. changes Implemen tation % Appropriations Implemen tation % Appropriations Implemen tation % % n-1 01 ECONOMIC AND FINANCIAL AFFAIRS 2.153,67 2.026,55 94,1 % 754,30 64,20 8,5 % 2.907,97 2.090,75 71,9 % 94,0 % 02 INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMES 2.062,36 853,76 41,4 % 411,99 85,08 20,7 % 2.474,36 938,85 37,9 % 77,8 % 03 COMPETITION 109,84 46,04 41,9 % 14,85 7,91 53,2 % 124,69 53,94 43,3 % 89,1 % 04 EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION 12.203,67 4.562,61 37,4 % 2.839,61 1.084,50 38,2 % 15.043,28 5.647,10 37,5 % 88,6 % 05 ***AGRICULTURE*** AND RURAL DEVELOPMENT 55.462,99 43.959,23 79,3 % 2.412,35 944,82 39,2 % 57.875,34 44.904,05 77,6 % 78,9 % 06 MOBILITY AND TRANSPORT 2.267,79 932,18 41,1 % 134,05 44,66 33,3 % 2.401,84 976,84 40,7 % 96,6 % 07 ENVIRONMENT 350,53 154,28 44,0 % 14,03 5,40 38,5 % 364,57 159,68 43,8 % 68,4 % 08 RESEARCH AND INNOVATION 6.472,48 2.656,77 41,0 % 1.536,88 254,48 16,6 % 8.009,37 2.911,25 36,3 % 48,7 % 09 COMMUNICATIONS NETWORKS, CONTENT AND TECHNOLOGY 2.258,34 658,17 29,1 % 351,10 63,97 18,2 % 2.609,43 722,14 27,7 % 41,8 % 10 DIRECT RESEARCH 397,34 183,84 46,3 % 502,30 65,32 13,0 % 899,64 249,17 27,7 % 34,2 % 11 MARITIME AFFAIRS AND FISHERIES 659,59 209,61 31,8 % 249,12 130,98 52,6 % 908,71 340,59 37,5 % 86,0 % 12 FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL MARKETS UNION 94,37 45,02 47,7 % 7,42 5,22 70,4 % 101,79 50,25 49,4 % 81,6 % 13 REGIONAL AND URBAN POLICY 34.223,18 13.559,85 39,6 % 5.651,05 75,76 1,3 % 39.874,23 13.635,61 34,2 % 87,0 % 14 TAXATION AND CUSTOMS UNION 168,30 79,83 47,4 % 13,45 6,22 46,3 % 181,76 86,06 47,3 % 57,8 % 15 EDUCATION AND CULTURE 3.502,75 2.193,02 62,6 % 649,55 160,16 24,7 % 4.152,30 2.353,19 56,7 % 72,4 % 16 COMMUNICATION 211,97 95,54 45,1 % 21,51 11,88 55,2 % 233,48 107,42 46,0 % 78,3 % 17 HEALTH AND FOOD SAFETY 562,93 181,73 32,3 % 35,59 18,76 52,7 % 598,51 200,49 33,5 % 81,3 % 18 MIGRATION AND HOME AFFAIRS 2.257,96 1.196,81 53,0 % 152,05 80,71 53,1 % 2.410,01 1.277,52 53,0 % 57,9 % 19 FOREIGN POLICY INSTRUMENTS 714,00 299,14 41,9 % 38,43 23,84 62,0 % 752,43 322,98 42,9 % 55,0 % 20 TRADE 114,52 58,19 50,8 % 5,71 3,83 67,0 % 120,24 62,02 51,6 % 83,0 % 21 INTERNATIONAL COOPERATION AND DEVELOPMENT 3.248,83 1.170,15 36,0 % 260,98 127,04 48,7 % 3.509,81 1.297,19 37,0 % 36,3 % 22 NEIGHBOURHOOD AND ENLARGEMENT NEGOTIATIONS 3.680,71 943,70 25,6 % 256,91 80,93 31,5 % 3.937,62 1.024,63 26,0 % 38,7 % 23 HUMANITARIAN AID AND CIVIL PROTECTION 1.311,51 723,97 55,2 % 113,84 44,87 39,4 % 1.425,35 768,84 53,9 % 92,7 % 24 FIGHT AGAINST FRAUD 79,88 30,80 38,6 % 6,45 3,65 56,6 % 86,33 34,45 39,9 % 87,6 % 25 COMMISSION'S POLICY COORDINATION AND LEGAL ADVICE 244,02 103,08 42,2 % 28,56 17,14 60,0 % 272,57 120,22 44,1 % 90,2 % 26 COMMISSION'S ADMINISTRATION 1.128,23 570,59 50,6 % 306,79 147,07 47,9 % 1.435,03 717,65 50,0 % 81,6 % Data extracted: 01/07/2018 Report printed: 13/09/2018 BUDG C6 Financial ***year*** 2018 Implementation of budget appropriations on 30.06.2018 - by policy area ***Payment*** appropriations EUR mil. Budget Additional appropriations Total Heading Initial appropriations incl. changes Implemen tation % Appropriations Implemen tation % Appropriations Implemen tation % % n-1 26 COMMISSION'S ADMINISTRATION 1.128,23 570,59 50,6 % 306,79 147,07 47,9 % 1.435,03 717,65 50,0 % 81,6 % 27 BUDGET 78,63 24,44 31,1 % 24,92 13,55 54,4 % 103,55 37,98 36,7 % 70,8 % 28 AUDIT 19,36 8,58 44,3 % 1,85 1,17 63,0 % 21,21 9,75 46,0 % 92,7 % 29 STATISTICS 130,59 69,88 53,5 % 26,54 8,28 31,2 % 157,13 78,16 49,7 % 61,9 % 30 PENSIONS AND RELATED EXPENDITURE 1.899,41 922,64 48,6 % 0,01 0,00 0,0 % 1.899,42 922,64 48,6 % 100,0 % 31 LANGUAGE SERVICES 398,80 177,31 44,5 % 81,47 41,92 51,5 % 480,28 219,24 45,6 % 90,6 % 32 ENERGY 1.579,05 731,75 46,3 % 133,26 33,52 25,2 % 1.712,31 765,28 44,7 % 79,3 % 33 JUSTICE AND CONSUMERS 224,74 104,08 46,3 % 9,89 6,54 66,1 % 234,63 110,62 47,1 % 51,2 % 34 CLIMATE ACTION 96,81 28,49 29,4 % 5,32 2,78 52,2 % 102,13 31,27 30,6 % 82,2 % 40 RESERVES 394,32 0,00 0,0 % 0,00 0,00 0,0 % 394,32 0,00 0,0 % 0,0 % Total 140.763,49 79.561,63 56,5 % 17.052,16 3.666,17 21,5 % 157.815,65 83.227,80 52,7 % 77,8 % Data extracted: 01/07/2018 Report printed: 13/09/2018 BUDG C6 Financial ***Year*** 2018: Commitments to be settled by financial perspective on 30.06.2018 EUR mil. Heading Commit. initiated before 2016 % 2016 % 2017 % Total Decommit. / Exchange rate ajustm. ***Payments*** made Autom. cancel. on 31.12 (non dissoc. credits) Remainder % of Com. settled Commitm. initiated in 2018 remaining to be settled Total commitm. to be settled 1 2=1/7 3 4=3/7 5 6=5/7 7=1+3+5 8 9 10 11=7 +8-9-10 12= (11-7)/7 13 14=11+13 1 Smart and inclusive growth 65,613.8 33.3% 55,768.2 28.3% 75,454.8 38.3% 196,836.7 -285.4 26,982.4 54.0 169,514.9 -13.9% 68,190.5 237,705.4 2 Sustainable growth: natural resources 7,318.4 19.3% 14,586.1 38.5% 15,978.7 42.2% 37,883.2 -259.9 7,688.5 21.2 29,913.5 -21.0% 17,155.5 47,069.0 3 Security and citizenship 616.2 11.9% 1,669.9 32.2% 2,907.4 56.0% 5,193.6 -68.9 910.0 6.8 4,207.8 -19.0% 1,987.1 6,194.9 4 Global Europe 11,772.0 44.5% 6,022.8 22.7% 8,682.9 32.8% 26,477.6 -214.2 2,281.8 296.2 23,685.4 -10.5% 1,844.5 25,529.9 5 Administration 2.2 0.6% 10.4 2.9% 346.8 96.5% 359.4 -3.1 236.4 113.2 6.7 -98.1% 2,809.6 2,816.3 6 Compensations 0.0 0.0% 0.0 0.0% 0.0 0.0% 0.0 0.0 0.0 0.0 0.0 0.0% 0.0 0.0 8 Negative reserve and deficit carried over from the previous financial ***year*** 0.0 0.0% 0.0 0.0% 0.0 0.0% 0.0 0.0 0.0 0.0 0.0 0.0% 0.0 0.0 9 Special Instruments 0.0 5.1% 0.0 16.7% 0.2 78.2% 0.2 0.0 0.1 0.1 0.0 -100.0% 50.5 50.5 Total 85,322.6 32.0% 78,057.4 29.3% 103,370.8 38.8% 266,750.8 -831.7 38,099.3 491.5 227,328.4 -14.8% 92,037.5 319,365.9 Breakdown of commitments to be settled Liquidation rate Data extracted: 01/07/2018 Report printed: 05/09/2018 BUDG C6 Financial ***Year*** 2018: Commitments to be settled (Weight of the past) by policy area on 30.06.2018 EUR mil. Heading Commitme nts initiated before 2016 % 2016 % 2017 % Total Decommitm./ Exchange rate ajustments ***Payments*** made Autom. cancel. on 31.12 (non dissoc. credits) Remaind er % of Com's settled Commitment s initiated in 2018 remaining to be settled Total Commit ments to be settled 1 2=1/7 3 4=3/7 5 6=5/7 7=1+3+5 8 9 10 11=7 +8-9-10 12=(11-7)/7 13 14=11+13 01 ECONOMIC AND FINANCIAL AFFAIRS 276.77 8.48 % 10.18 0.31 % 2,975.18 91.20 % 3,262.13 -39.98 1,857.73 277.19 1,087.23 -66.67 % 2,207.62 3,294.86 02 INTERNAL MARKET, INDUSTRY, ENTREPRENEURSHIP AND SMES 429.78 15.41 % 817.71 29.33 % 1,540.88 55.26 % 2,788.37 -22.71 648.59 8.94 2,108.13 -24.40 % 1,419.99 3,528.13 03 COMPETITION 0.47 4.34 % 0.3 2.80 % 10.04 92.86 % 10.81 -0.01 5.63 5.17 0 -100.00 % 53.94 53.94 04 EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION 14,587.62 34.23 % 12,373.46 29.03 % 15,660.8 36.74 % 42,621.89 -88.46 5,505.43 6.29 37,021.71 -13.14 % 13,970.41 50,992.12 05 ***AGRICULTURE*** AND RURAL DEVELOPMENT 5,401.12 15.95 % 13,620.21 40.21 % 14,851.74 43.85 % 33,873.07 -77.81 7,403.94 20.66 26,370.65 -22.15 % 15,930.33 42,300.99 06 MOBILITY AND TRANSPORT 2,529 28.51 % 3,019.9 34.05 % 3,321.4 37.44 % 8,870.3 -28.59 794.66 2.41 8,044.65 -9.31 % 3,751.06 11,795.71 07 ENVIRONMENT 674.16 52.63 % 236.14 18.43 % 370.71 28.94 % 1,281.02 -86.28 105.87 1.56 1,087.3 -15.12 % 386.97 1,474.28 08 RESEARCH AND INNOVATION 5,828.23 42.61 % 3,033.95 22.18 % 4,815.19 35.21 % 13,677.36 -19.2 2,600.14 8.70 11,049.33 -19.21 % 3,167.49 14,216.82 09 COMMUNICATIONS NETWORKS, CONTENT AND TECHNOLOGY 918.67 35.10 % 577.45 22.06 % 1,121.5 42.84 % 2,617.62 -17.38 610.72 7.56 1,981.97 -24.28 % 1,541.72 3,523.69 10 DIRECT RESEARCH 35.33 16.49 % 38.85 18.13 % 140.09 65.38 % 214.27 -11.48 73.79 20.24 108.76 -49.24 % 207.10 315.86 11 MARITIME AFFAIRS AND FISHERIES 1,345.41 41.48 % 856.25 26.40 % 1,042.24 32.13 % 3,243.9 -95.07 282.51 1.03 2,865.28 -11.67 % 988.58 3,853.86 12 FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL MARKETS UNION 0.83 6.05 % 1.7 12.43 % 11.17 81.52 % 13.71 -0.11 5.72 1.43 6.44 -53.00 % 45.02 51.46 13 REGIONAL AND URBAN POLICY 37,247.7 32.48 % 34,271.28 29.88 % 43,175.67 37.64 % 114,694.66 -26.92 13,454 5.57 101,208.18 -11.76 % 39,637.69 140,845.86 14 TAXATION AND CUSTOMS UNION 13.58 9.18 % 31.36 21.19 % 103.04 69.63 % 147.98 -0.27 48.09 2.15 97.48 -34.13 % 56.36 153.84 15 EDUCATION AND CULTURE 831.14 32.41 % 477.97 18.64 % 1,255.34 48.95 % 2,564.44 -9.11 592.42 4.34 1,958.58 -23.63 % 1,411.94 3,370.52 16 COMMUNICATION 0.4 0.62 % 4.76 7.36 % 59.5 92.01 % 64.66 -0.74 36.03 3.99 23.91 -63.03 % 96.80 120.71 17 HEALTH AND FOOD SAFETY 106.53 22.45 % 90.8 19.14 % 277.08 58.41 % 474.4 -14.87 60.05 4.09 395.38 -16.66 % 367.99 763.37 18 MIGRATION AND HOME AFFAIRS 550.38 12.24 % 1,485.34 33.03 % 2,461.35 54.73 % 4,497.07 -48.68 802.8 5.03 3,640.55 -19.05 % 1,559.98 5,200.53 19 FOREIGN POLICY INSTRUMENTS 380.52 37.05 % 218.25 21.25 % 428.39 41.71 % 1,027.16 -43.43 191.14 2.01 790.58 -23.03 % 265.82 1,056.39 20 TRADE 1.92 8.08 % 5.44 22.97 % 16.34 68.95 % 23.7 -0.94 7.24 0.90 14.62 -38.32 % 44.97 59.59 Data extracted :01/07/2018 Report printed: 03/07/2018 BUDG C6 Financial ***Year*** 2018: Commitments to be settled (Weight of the past) by policy area on 30.06.2018 EUR mil. Heading Commitme nts initiated before 2016 % 2016 % 2017 % Total Decommitm./ Exchange rate ajustments ***Payments*** made Autom. cancel. on 31.12 (non dissoc. credits) Remaind er % of Com's settled Commitment s initiated in 2018 remaining to be settled Total Commit ments to be settled 1 2=1/7 3 4=3/7 5 6=5/7 7=1+3+5 8 9 10 11=7 +8-9-10 12=(11-7)/7 13 14=11+13 21 INTERNATIONAL COOPERATION AND DEVELOPMENT 4,219.26 44.51 % 2,070.79 21.85 % 3,188.72 33.64 % 9,478.77 -105.2 1,037.84 11.85 8,323.88 -12.18 % 406.42 8,730.31 22 NEIGHBOURHOOD AND ENLARGEMENT NEGOTIATIONS 6,458.18 46.72 % 3,353.88 24.26 % 4,009.98 29.01 % 13,822.04 -55.12 778.03 6.45 12,982.44 -6.07 % 414.01 13,396.45 23 HUMANITARIAN AID AND CIVIL PROTECTION 118.95 12.11 % 271.04 27.59 % 592.56 60.31 % 982.55 -10.83 252.15 3.41 716.16 -27.11 % 681.68 1,397.83 24 FIGHT AGAINST FRAUD 2.68 9.77 % 5.37 19.55 % 19.41 70.68 % 27.46 -0.41 8.88 2.51 15.66 -42.97 % 32.51 48.17 25 COMMISSION'S POLICY COORDINATION AND LEGAL ADVICE 0.01 0.04 % 0.61 3.07 % 19.11 96.88 % 19.73 -0.1 12.14 7.10 0.39 -98.04 % 124.20 124.59 26 COMMISSION'S ADMINISTRATION 3.12 1.52 % 8.34 4.05 % 194.58 94.44 % 206.04 -2.35 127.03 49.85 26.8 -86.99 % 503.99 530.79 27 BUDGET 0.01 0.04 % 0.54 3.12 % 16.64 96.83 % 17.19 -0.03 12 5.16 0 -100.00 % 36.68 36.68 28 AUDIT 0 0.03 2.82 % 1.04 97.18 % 1.07 -0.01 0.67 0.39 0 -100.00 % 10.02 10.02 29 STATISTICS 24.13 19.25 % 37.4 29.85 % 63.78 50.90 % 125.3 -2.84 38.77 2.48 81.21 -35.19 % 58.47 139.68 30 PENSIONS AND RELATED EXPENDITURE 0 0 0 0 0 0 0.00 0 976.69 976.69 31 LANGUAGE SERVICES 0.08 0.31 % 0.05 0.22 % 24.01 99.47 % 24.14 -0.05 17.46 6.63 0 -100.00 % 218.73 218.73 32 ENERGY 3,186.07 57.67 % 990.45 17.93 % 1,348.57 24.41 % 5,525.09 -21.32 658.01 2.43 4,843.33 -12.34 % 1,282.39 6,125.72 33 JUSTICE AND CONSUMERS 56.57 22.41 % 61.59 24.40 % 134.23 53.18 % 252.39 -0.51 50.48 1.80 199.59 -20.92 % 79.34 278.93 34 CLIMATE ACTION 93.97 31.27 % 86.03 28.62 % 120.55 40.11 % 300.55 -0.84 19.34 2.20 278.17 -7.45 % 100.60 378.77 40 RESERVES 0 0 0 0 0 0 0.00 0 0.00 0.00 Total 85,322.56 31.99 % 78,057.42 29.26 % 103,370.83 38.75 % 266,750.81 -831.66 38,099.29 491.51 227,328.36 -14.78 % 92,037.54 319,365.89 Data extracted :01/07/2018 Report printed: 03/07/2018 BUDG C6 Breakdown of commitments to be settled Liquidation rate Data extracted :01/07/2018 Report printed: 03/07/2018 BUDG C6 From: DUNPHY Derek (EC) Sent: 14 September 2018 12:27 To: TAJANI Antonio Cc: ALDEA BUSQUETS Maria Rosa (EC); SVENDSTRUP Tina (EC); KOEHLER Martin (EC); ZOGALA Magdalena (EC); WALDHERR Evelyn Subject: 2018 Accounting Officer's Status Report Attachments: Accounting Officer's Status Report 2018.pdf; Transmission note EP Status report 2018.pdf Dear Mr President, On behalf of the Accounting Officer of the European Commission, Rosa ALDEA BUSQUETS, and in accordance with Article 251 of the Financial Regulation, please find attached the 2018 Accounting Officer’s Status Report and its transmission note. Best Regards, Derek Dunphy Head of Unit BUDG C2: Accounting DG Budget European Commission Tel: +32 2 29 52450

**Load-Date:** October 31, 2018

**End of Document**



[***Register of Commission documents:European Parliament legislative resolution of 30 November 2017 on the joint text on the draft general budget of the European Union for the financial year 2018 approved by the Conciliation Committee under the budgetary procedure (14587/2017 – C8-0416/2017 – 2017/2044(BUD)) Document date: 2017-11-30 P8\_TA-PROV(2017)0458 Texts adopted (provisional edition***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R7G-CX11-JDG9-Y0TW-00000-00&context=1516831)

Impact News Service

December 21, 2017 Thursday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 6364 words

**Body**

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

European Parliament 2014-2019 TEXTS ADOPTED Provisional edition P8\_TA-PROV(2017)0458 2018 budgetary procedure European Parliament legislative resolution of 30 November 2017 on the joint text on the draft general budget of the European Union for the financial ***year*** 2018 approved by the Conciliation Committee under the budgetary procedure (14587/2017 – C8-0416/2017 – 2017/2044(BUD)) The European Parliament, – having regard to the joint text approved by the Conciliation Committee and the relevant Parliament, Council and Commission statements (14587/2017 – C8-0416/2017), – having regard to the draft general budget of the European Union for the financial ***year*** 2018, which the Commission adopted on 29 June 2017 (COM(2017)0400), – having regard to the position on the draft general budget of the European Union for the financial ***year*** 2018, which the Council adopted on 4 September 2017 and forwarded to Parliament on 13 September 2017 (11815/2017 – C8-0313/2017), – having regard to Letter of amendment No 1/2018 to the draft general budget of the European Union for the financial ***year*** 2018, which the Commission presented on 16 October 2017, – having regard to its resolution of 25 October 2017 on the Council position on the draft general budget of the European Union for the financial ***year*** 20181 and to the budget amendments contained therein, – having regard to Article 314 of the Treaty on the Functioning of the European Union, – having regard to Article 106a of the Treaty establishing the European Atomic Energy Community, – having regard to Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union2, – having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general 1 Texts adopted of that date, P8\_TA(2017)0408. 2 OJ L 168, 7.6.2014, p. 105. budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/20021, – having regard to Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the ***years*** 2014-20202, – having regard to the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management3, – having regard to Rule 90 and Rule 91 of its Rules of Procedure, – having regard to the report of its delegation to the Conciliation Committee (A8-0359/2017), 1. Approves the joint text agreed by the Conciliation Committee, which consists of the following documents taken together: - list of budget lines not modified, compared to the draft budget or the Council's position; - summary figures by financial framework headings; - line by line figures on all budget items; - a consolidated document showing the figures and final text of all lines modified during the conciliation; 2. Confirms the joint statements by Parliament, the Council and the Commission annexed to this resolution; 3. Takes note of the unilateral statements by the Commission and by the Council annexed to this resolution; 4. Instructs its President to declare that the general budget of the European Union for the financial ***year*** 2018 has been definitively adopted and to arrange for its publication in the Official Journal of the European Union; 5. Instructs its President to forward this legislative resolution to the Council, the Commission, the other institutions and bodies concerned and the national parliaments.

1 OJ L 298, 26.10.2012, p. 1. 2 OJ L 347, 20.12.2013, p. 884. 3 OJ C 373, 20.12.2013, p. 1. ANNEX 18.11.2017 FINAL Budget 2018 – Elements for joint conclusions These joint conclusions cover the following sections: 1. Budget 2018 2. Budget 2017 – Draft Amending Budget 6/2017 3. Statements Summary overview A. Budget 2018 According to the elements for joint conclusions: - The overall level of commitment appropriations in the 2018 budget is set at EUR 160 113,5 million. Overall, this leaves a margin below the MFF ceilings for 2018 of EUR 1 600,3 million in commitment appropriations. - The overall level of ***payment*** appropriations in the 2018 budget is set at EUR 144 681,0 million. - The Flexibility Instrument for 2018 is mobilised in commitment appropriations for an amount of EUR 837,2 million for heading 3 Security and Citizenship. - The Global margin for commitments is used at a level of EUR 1 113,7 million for heading 1a Competitiveness for Growth and Jobs and heading 1b Economic, Social and Territorial Cohesion. - The decision EU 2017/344 of the European Parliament and of the Council of 14 December 2016 on the mobilisation of the Contingency margin in 20171 will be amended to adjust the offsetting profile to decrease the amount offset in heading 5 Administration in 2018 from EUR 570 million to EUR 318 million and correspondingly introduce offsetting of EUR 252 million for the same heading in 2020. - The 2018 ***payment*** appropriations related to the mobilisation of the Flexibility Instrument in 2014, 2016, 2017 and 2018 are estimated by the Commission at EUR 678,3 million. B. Budget 2017 According to the elements for joint conclusions, Draft Amending Budget 6/2017 is accepted as proposed by the Commission. 1 OJ L 50, 28.2.2017, p. 57. 1. Budget 2018 1.1 'Closed' lines Unless stated otherwise below in these conclusions, all budget lines not amended by either Council or Parliament, and those for which Parliament accepted Council's amendments during their respective reading, are confirmed. For the other budget lines, the Conciliation Committee has agreed on the conclusions included in sections 1.2 to 1.7 below. 1.2 Horizontal issues Decentralised agencies The EU contribution (in commitment and ***payment*** appropriations and the number of posts) for all decentralised agencies are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letter 1/2018 with the exception of: Under heading 3: o The European Police Office (EUROPOL, budget article 18 02 04) for which 10 additional posts are allocated and commitment and ***payment*** appropriations increased by EUR 3 690 000. o The European Asylum Office (EASO, budget article 18 03 02) for which the commitment and ***payment*** appropriations are increased by EUR 5 000 000. o The European Body for the Enhancement of Judicial Cooperation (EUROJUST, budget article 33 03 04) for which 5 additional posts are allocated and commitment and ***payment*** appropriations increased by EUR 1 845 000. Under heading 1a: o The European GNSS Agency (GSA, budget article 02 05 11) for which 5 additional posts are allocated and commitment and ***payment*** appropriations increased by EUR 345 000. o The European Securities and Markets Authority (ESMA, budget article 12 02 06) for which the level of commitment and ***payment*** appropriations and the number of posts are reduced at the level of the Draft Budget. Executive agencies The EU contribution (in commitment and ***payment*** appropriations and the number of posts) for executive agencies are set at the level proposed by the Commission in the Draft Budget 2018, as amended by Amending Letter 1/2018. Pilot Projects/Preparatory Actions A comprehensive package of 87 pilot projects/preparatory actions (PP/PA), for a total amount of EUR 100,0 million in commitment appropriations is agreed as proposed by the Parliament in addition to the preparatory action proposed by the Commission in the Draft budget 2018. When a pilot project or a preparatory action appears to be covered by an existing legal basis, the Commission may propose the ***transfer*** of appropriations to the corresponding legal basis in order to facilitate the implementation of the action. This package fully respects the ceilings for pilot projects and preparatory actions set in the Financial Regulation. 1.3 Expenditure headings of the financial framework - commitment appropriations After taking into account the above conclusions on 'closed' budget lines, agencies and pilot projects and preparatory actions, the Conciliation Committee has agreed on the following: Heading 1a – Competitiveness for Growth and Jobs Commitment appropriations are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letter 1/2018 but with the adjustments, agreed by the Conciliation Committee, detailed in the following table: In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 1.1.11 European satellite navigation systems (EGNOS and Galileo) -4 090 000 02 05 01 Developing and providing global satellite-based radio navigation infrastructures and services (Galileo) by 2020 623 949 000 621 709 000 -2 240 000 02 05 02 Providing satellite-based services improving the performance of GPS to gradually cover the whole European Civil Aviation Conference (ECAC) region by 2020 (EGNOS) 185 000 000 183 150 000 -1 850 000 1.1.13 European Earth Observation ***Programme*** (Copernicus) -10 370 000 02 06 01 Delivering operational services relying on space-borne observations and in-situ data (Copernicus) 130 664 000 129 364 000 -1 300 000 02 06 02 Building an autonomous Union’s Earth observation capacity (Copernicus) 507 297 000 498 227 000 -9 070 000 1.1.14 European Solidarity Corps (ESC) -30 000 000 15 05 01 European Solidarity Corps 68 235 652 38 235 652 -30 000 000 1.1.31 Horizon 2020 110 000 000 02 04 02 01 Leadership in space 173 389 945 184 528 490 11 138 545 02 04 02 03 Increasing innovation in small and medium-sized enterprises (SMEs) 36 937 021 43 178 448 6 241 427 06 03 03 01 Achieving a resource-efficient, environmentally-friendly, safe and seamless European transport system 53 986 199 56 835 072 2 848 873 08 02 01 01 Strengthening frontier research in the European Research Council 1 827 122 604 1 842 122 604 15 000 000 08 02 02 01 Leadership in nanotechnologies, advanced materials, laser technology, biotechnology and advanced manufacturing and processing 518 395 125 524 204 453 5 809 328 08 02 03 03 Making the transition to a reliable, sustainable and competitive energy system 330 244 971 336 486 398 6 241 427 08 02 03 04 Achieving a European transport system that is resource-efficient, environmentally friendly, safe and seamless 230 777 055 239 323 675 8 546 620 08 02 03 05 Achieving a resource-efficient and climate change resilient economy and a sustainable supply of raw materials 297 738 618 303 307 891 5 569 273 08 02 08 SME instrument 471 209 870 481 209 870 10 000 000 09 04 02 01 Leadership in information and communications technology 722 055 754 725 189 515 3 133 761 In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 15 03 01 01 Marie Skłodowska-Curie actions — generating, developing and ***transferring*** new skills, knowledge and innovation 870 013 019 885 710 765 15 697 746 32 04 03 01 Making the transition to a reliable, sustainable and competitive energy system 300 984 111 320 757 111 19 773 000 1.1.4 Competitiveness of enterprises and small and medium-sized enterprises (COSME) 15 000 000 02 02 02 Improving access to finance for small and medium-sized enterprises (SMEs) in the form of equity and debt 199 554 000 214 554 000 15 000 000 1.1.5 Education, Training and Sport (Erasmus+) 54 000 000 15 02 01 01 Promoting excellence and cooperation in the European education and training area and its relevance to the labour market 1 955 123 300 1 979 123 300 24 000 000 15 02 01 02 Promoting excellence and cooperation in the European youth area and the participation of young people in European democratic life 182 672 916 212 672 916 30 000 000 1.1.7 Customs, Fiscalis and Anti-Fraud -1 365 232 14 02 01 Supporting the functioning and modernisation of the customs union 80 071 000 78 860 555 -1 210 445 14 03 01 Improving the proper functioning of the taxation systems 32 043 000 31 888 213 -154 787 1.1.81 Connecting Europe Facility (CEF) - Energy -19 773 000 32 02 01 04 Union contribution to Financial Instruments for creating an environment more conducive to private investment for energy projects 19 773 000 0 -19 773 000 1.1.DAG Decentralised agencies -3 965 555 02 05 11 European GNSS Agency 30 993 525 31 338 525 345 000 12 02 06 European Securities and Markets Authority (ESMA) 15 947 170 11 636 615 -4 310 555 1.1.OTH Other actions and ***programmes*** -2 346 000 02 03 02 01 Support to standardisation activities performed by CEN, Cenelec and ETSI 18 908 000 18 562 000 -346 000 26 02 01 Procedures for awarding and advertising public supply, works and service contracts 8 500 000 7 500 000 -1 000 000 29 02 01 Providing quality statistical information, implementing new methods of production of European statistics and strengthening the partnership within the European Statistical System 59 475 000 58 475 000 -1 000 000 1.1.PPPA Pilot projects and preparatory actions 51 650 000 1.1.SPEC Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission -2 900 000 01 02 01 Coordination and surveillance of, and communication on, the economic and monetary union, including the euro 12 000 000 11 500 000 -500 000 04 03 01 08 Industrial relations and social dialogue 16 438 000 15 038 000 -1 400 000 In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 06 02 05 Support activities to the European transport policy and passenger rights including communication activities 11 821 000 10 821 000 -1 000 000 Total 155 840 213 As a consequence, the agreed level of commitment appropriations is set at EUR 22 001,5 million, with no margin left under the expenditure ceiling of heading 1a of EUR 21 239 million, and the use of the Global Margin for Commitments for an amount of EUR 762,5 million. Heading 1b – Economic, social and territorial Cohesion Commitment appropriations are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letter 1/2018 but with the adjustment, agreed by the Conciliation Committee, detailed in the following table: In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 1.2.5 Youth Employment initiative (specific top-up allocation) 116 666 667 04 02 64 Youth Employment Initiative 233 333 333 350 000 000 116 666 667 1.2.PPPA Pilot projects and preparatory actions 7 700 000 Total 124 366 667 As a consequence, the agreed level of commitment appropriations is set at EUR 55 532,2 million, with no margin left under the expenditure ceiling of heading 1b of EUR 55 181 million, and the use of the Global Margin for Commitments for an amount of EUR 351,2 million. Heading 2 – Sustainable Growth: Natural Resources Commitment appropriations are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letter 1/2018 but with the adjustments, agreed by the Conciliation Committee, detailed in the following table: In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 2.0.10 European ***Agricultural*** Guarantee Fund (EAGF) — Market related expenditure and direct ***payments*** -229 900 000 05 03 01 10 Basic ***payment*** scheme (BPS) 16 556 000 000 16 326 100 000 -229 900 000 2.0.PPPA Pilot projects and preparatory actions 15 600 000 Total -214 300 000 The decrease of commitment appropriations is fully attributed to higher assigned revenue available arising from the EAGF surplus of 31 October 2017 which will cover the full needs of the sector as updated in Amending Letter 1/2018. Among these updated needs, Amending Letter 1/2018 increases the ***payments*** for : Young farmers by EUR 34 million (budget item 05 03 01 13), ***Agricultural*** practices beneficial for the climate and environment by EUR 95 million (budget item 05 03 01 11), Other measures for pigmeat, poultry, eggs, bee-keeping and other animal products by EUR 60 million (budget item 05 02 15 99) National support ***programmes*** for the wine sector by EUR 7 million (budget item 05 02 09 08), and Storage measures for skimmed-milk powder by EUR 2 million (budget item 05 02 12 02). As a consequence, the agreed level of commitment appropriations is set at EUR 59 285,3 million, leaving a margin of EUR 981,7 million under the expenditure ceiling of heading 2. Heading 3 – Security and Citizenship Commitment appropriations are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letter 1/2018 but with the adjustments, agreed by the Conciliation Committee, detailed in the following table: In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 3.0.11 Creative Europe 3 500 000 15 04 01 Strengthening the financial capacity of SMEs and small and very small organisations in the European cultural and creative sectors, and fostering policy development and new business models 34 528 000 35 528 000 1 000 000 15 04 02 Culture sub-***programme*** — Supporting cross-border actions and promoting transnational circulation and mobility 68 606 000 71 106 000 2 500 000 3.0.8 Food and feed -6 500 000 17 04 01 Ensuring a higher animal health status and high level of protection of animals in the Union 161 500 000 160 000 000 -1 500 000 17 04 02 Ensuring timely detection of harmful organisms for plants and their eradication 25 000 000 22 000 000 -3 000 000 17 04 03 Ensuring effective, efficient and reliable controls 57 483 000 55 483 000 -2 000 000 3.0.DAG Decentralised agencies 10 535 000 18 02 04 European Union Agency for Law Enforcement Cooperation (Europol) 116 687 271 120 377 271 3 690 000 18 03 02 European Asylum Support Office (EASO) 85 837 067 90 837 067 5 000 000 33 03 04 The European Union’s Judicial Cooperation Unit (Eurojust) 36 506 468 38 351 468 1 845 000 3.0.PPPA Pilot projects and preparatory actions 12 650 000 Total 20 185 000 As a consequence, the agreed level of commitment appropriations is set at EUR 3 493,2 million, with no margin left under the expenditure ceiling of heading 3, and the mobilisation of EUR 837,2 million through the Flexibility Instrument. Heading 4 – Global Europe Commitment appropriations are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letter 1/2018, but with the adjustments, agreed by the Conciliation Committee, detailed in the following table: In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 4.0.1 Instrument for Pre-accession assistance (IPA II) -95 000 000 05 05 04 02 Support to Turkey — Economic, social and territorial development and related progressive alignment with the Union acquis 148 000 000 131 000 000 -17 000 000 22 02 01 01 Support to Albania, Bosnia and Herzegovina, Kosovo1, Montenegro, Serbia and the former Yugoslav Republic of Macedonia — Political reforms and related progressive alignment with the Union acquis 189 267 000 199 267 000 10 000 000 22 02 03 01 Support to Turkey — Political reforms and related progressive alignment with the Union acquis 217 400 000 167 400 000 -50 000 000 22 02 03 02 Support to Turkey - Economic, social and territorial development and related progressive alignment with the Union acquis 274 384 000 236 384 000 -38 000 000 4.0.2 European Neighbourhood Instrument (ENI) 50 000 000 22 04 01 03 Mediterranean countries — Confidence building, security and the prevention and settlement of conflicts 262 072 675 296 072 675 34 000 000 22 04 01 04 Support to the peace process and financial assistance to Palestine and to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) 293 379 163 299 379 163 6 000 000 22 04 02 02 Eastern Partnership — Poverty reduction and sustainable development 351 556 726 361 556 726 10 000 000 4.0.3 Development Cooperation Instrument (DCI) 20 000 000 21 02 07 03 Human development 193 374 058 205 874 058 12 500 000 21 02 20 Erasmus+ — Contribution from the development cooperation instrument (DCI) 94 928 673 102 428 673 7 500 000 4.0.4 Partnership instrument for cooperation with third countries (PI) -3 000 000 19 05 01 Cooperation with third countries to advance and promote Union and mutual interests 126 263 000 123 263 000 -3 000 000 4.0.OTH Other actions and ***programmes*** -1 083 000 13 07 01 Financial support for encouraging the economic development of the Turkish Cypriot community 32 473 000 34 473 000 2 000 000 21 02 40 Commodities agreements 5 583 000 2 500 000 -3 083 000 4.0.PPPA Pilot projects and preparatory actions 8 900 000 4.0.SPEC Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission 1 000 000 19 06 01 Information outreach on the Union’s external relations 12 000 000 15 000 000 3 000 000 1 This designation is without prejudice to positions on status, and is in line with the United Nations Security Council Resolution 1244(1999) and the International Court of Justice opinion on Kosovo’s declaration of independence. In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 21 08 01 Evaluation of the results of Union aid and follow-up and audit measures 30 676 000 29 176 000 -1 500 000 21 08 02 Coordination and promotion of awareness on development issues 13 036 000 12 536 000 -500 000 Total -19 183 000 As a consequence, the agreed level of commitment appropriations is set at EUR 9 568,8 million, leaving a margin of EUR 256,2 million under the expenditure ceiling of heading 4. Heading 5 – Administration The number of posts in the establishment plans of the Institutions and the appropriations proposed by the Commission in the Draft Budget, as amended by Amending Letter 1/2018 are agreed by the Conciliation Committee with the following exceptions: The section of the Parliament for which its reading is approved; The section of the Council for which its reading is approved; The European External Action Service for which EUR 800 000 are allocated to a newly created budget item 2 2 1 4 Strategic Communication Capacity. This is aimed at properly equipping the European External Action Service to cover strategic communication tools, contracting strategic communication expertise, supporting language plurality of strategic communication products and engaging and maintaining a network of counter-disinformation specialists in Member States and neighbouring countries. The budget item 3 0 0 4 Other administrative expenditure is reduced by EUR 800 000 to ensure budget neutrality. Moreover, the impact in the Budget 2018 of the automatic salary update to be applied from 1 July 2017 is integrated in all sections of the Institutions as follows: in EUR Parliament -2 796 000 Council -948 000 Commission (including pensions) -13 179 600 Court of Justice -868 800 Court of Auditors -357 000 European Economic & Social Committee -193 000 Committee of the Regions -146 000 Ombudsman -24 600 European Data Protection Supervisor -13 459 European External Action Service -878 400 Total -19 404 859 Finally, additional reductions of EUR 5 million were identified across all Institutions for expenditure related to buildings, as follows: in EUR Council -378 623 Commission (including pensions) -3 637 499 Court of Justice -270 611 Court of Auditors -96 409 European Economic & Social Committee -89 461 Committee of the Regions -63 393 Ombudsman -7 016 European Data Protection Supervisor -9 526 European External Action Service -447 462 Total -5 000 000 As a consequence, and after taking into account pilot projects and preparatory actions (EUR 3,5 million) proposed under section 1.2 above, the agreed level of commitment appropriations is set at EUR 9 665,5 million, leaving a margin of EUR 362,5 million under the expenditure ceiling of heading 5, after the use of EUR 318,0 million of the margin to offset the mobilisation of the Contingency margin in 2017. Special instruments: EGF, EAR and EUSF Commitment appropriations for the European Globalisation Adjustment Fund (EGF) and for the Emergency Aid Reserve (EAR) are set at the level proposed by the Commission in the Draft Budget, as amended by Amending Letter 1/2018. The reserve for the European Union Solidarity Fund (EUSF) is suppressed (budget article 40 02 44). 1.4 ***Payment*** appropriations The overall level of ***payment*** appropriations in the 2018 Budget is set at the level of the Draft Budget, as amended by Amending Letter 1/2018 with the following adjustments agreed by the Conciliation Committee: 1. First, account is taken of the agreed level of commitment appropriations for non-differentiated expenditure, for which the level of ***payment*** appropriations is equal to the level of commitment appropriations. This includes the additional reduction of ***agricultural*** expenditure by -EUR 229,9 million. The combined effect is a decrease of -EUR 255,3 million; 2. The ***payment*** appropriations for all new pilot projects and preparatory actions proposed by the Parliament are set at 50 % of the corresponding commitment appropriations, or at the level proposed by Parliament if lower. In the case of extension of existing pilot projects and preparatory actions the level of ***payment*** appropriations is the one defined in the Draft Budget plus 50 % of the corresponding new commitment appropriations, or at the level proposed by Parliament if lower. The combined effect is an increase of EUR 50,0 million; 3. The adjustments on the following budget lines are agreed as a result of the evolution in commitment appropriations for differentiated expenditure: In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 1.1.14 European Solidarity Corps (ESC) -22 501 000 15 05 01 European Solidarity Corps 51 177 000 28 676 000 -22 501 000 1.1.5 Education, Training and Sport (Erasmus+) 12 000 000 15 02 01 01 Promoting excellence and cooperation in the European education and training area and its relevance to the labour market 1 845 127 000 1 857 127 000 12 000 000 1.1.DAG Decentralised agencies -3 965 555 02 05 11 European GNSS Agency 30 993 525 31 338 525 345 000 12 02 06 European Securities and Markets Authority (ESMA) 15 947 170 11 636 615 -4 310 555 1.1.OTH Other actions and ***programmes*** -900 000 26 02 01 Procedures for awarding and advertising public supply, works and service contracts 8 200 000 7 300 000 -900 000 3.0.DAG Decentralised agencies 10 535 000 18 02 04 European Union Agency for Law Enforcement Cooperation (Europol) 116 687 271 120 377 271 3 690 000 18 03 02 European Asylum Support Office (EASO) 85 837 067 90 837 067 5 000 000 33 03 04 The European Union’s Judicial Cooperation Unit (Eurojust) 36 506 468 38 351 468 1 845 000 4.0.1 Instrument for Pre-accession assistance (IPA II) -76 300 000 In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 05 05 04 02 Support to Turkey — Economic, social and territorial development and related progressive alignment with the Union acquis 120 000 000 107 200 000 -12 800 000 22 02 01 01 Support to Albania, Bosnia and Herzegovina, Kosovo1, Montenegro, Serbia and the former Yugoslav Republic of Macedonia — Political reforms and related progressive alignment with the Union acquis 219 000 000 221 500 000 2 500 000 22 02 03 01 Support to Turkey — Political reforms and related progressive alignment with the Union acquis 86 000 000 48 500 000 -37 500 000 22 02 03 02 Support to Turkey - Economic, social and territorial development and related progressive alignment with the Union acquis 291 000 000 262 500 000 -28 500 000 4.0.2 European Neighbourhood Instrument (ENI) 12 500 000 22 04 01 03 Mediterranean countries — Confidence building, security and the prevention and settlement of conflicts 125 000 000 133 500 000 8 500 000 22 04 01 04 Support to the peace process and financial assistance to Palestine and to the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) 260 000 000 261 500 000 1 500 000 22 04 02 02 Eastern Partnership — Poverty reduction and sustainable development 320 000 000 322 500 000 2 500 000 4.0.3 Development Cooperation Instrument (DCI) 16 900 000 21 02 07 03 Human development 170 000 000 179 400 000 9 400 000 21 02 20 Erasmus+ — Contribution from the development cooperation instrument (DCI) 95 995 100 103 495 100 7 500 000 4.0.OTH Other actions and ***programmes*** 1 000 000 13 07 01 Financial support for encouraging the economic development of the Turkish Cypriot community 25 000 000 26 000 000 1 000 000 4.0.SPEC Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission 1 500 000 19 06 01 Information outreach on the Union’s external relations 13 700 000 15 200 000 1 500 000 Total -49 231 555 4. Additional reductions in ***payment*** appropriations are made on the following budget lines: In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 1.2.12 Transition regions -55 000 000 1 This designation is without prejudice to positions on status, and is in line with the United Nations Security Council Resolution 1244(1999) and the International Court of Justice opinion on Kosovo’s declaration of independence. In EUR Budget line / ***Programme*** Name DB 2018 (incl. AL1) Budget 2018 Difference 04 02 61 European Social Fund — Transition regions — Investment for growth and jobs goal 1 345 000 000 1 305 000 000 -40 000 000 13 03 61 European Regional Development Fund (ERDF) — Transition regions — Investment for growth and jobs goal 2 750 463 362 2 735 463 362 -15 000 000 1.2.13 Competitiveness (More developed regions) -90 000 000 04 02 62 European Social Fund — More developed regions — Investment for growth and jobs goal 2 882 000 000 2 847 000 000 -35 000 000 13 03 62 European Regional Development Fund (ERDF) — More developed regions — Investment for growth and jobs goal 3 497 060 077 3 442 060 077 -55 000 000 1.2.2 European territorial cooperation -90 500 000 13 03 64 01 European Regional Development Fund (ERDF) — European territorial cooperation 1 004 701 248 914 201 248 -90 500 000 1.2.31 Technical assistance -4 500 000 13 03 65 01 European Regional Development Fund (ERDF) — Operational technical assistance 72 000 000 69 000 000 -3 000 000 13 03 66 European Regional Development Fund (ERDF) — Innovative actions in the field of sustainable urban development 43 321 859 41 821 859 -1 500 000 Total -240 000 000 1. The reserve for the European Union Solidarity Fund (budget article 40 02 44) is suppressed (-EUR 88,0 million). These actions will provide a level of ***payment*** appropriations of EUR 144 681,0 million, a reduction of –EUR 582,5 million in comparison with the Draft Budget, as amended by Amending Letter 1/2018. 1.5 Reserve There are no reserves in addition to those of the Draft Budget, as amended by Amending Letter 1/2018, except for budget item 22 02 03 01 Support to Turkey — Political reforms and related progressive alignment with the Union acquis for which EUR 70 000 000 in commitment appropriations and EUR 35 000 000 in ***payment*** appropriations are placed in reserve pending the fulfilment of the following condition: 'Amount to be released when Turkey makes measurable sufficient improvements in the fields of rule of law, democracy, human rights and press freedom, according to the annual report of the Commission.' The budget remark of budget item 22 02 03 01 is modified accordingly. 1.6 Budget remarks Unless otherwise specifically addressed in previous paragraphs, amendments introduced by the European Parliament or the Council to the text of budget remarks are agreed, with the exception of those on budget lines listed in the two following tables: Budget lines for which the amendments introduced by the European Parliament are approved with the modification proposed by the Commission in its Executability Letter. Budget line Name 06 02 01 01 Removing bottlenecks, enhancing rail interoperability, bridging missing links and improving cross-border sections Budget line Name 09 05 01 MEDIA Sub-***program***

me — Operating transnationally and internationally and promoting transnational circulation and mobility 18 04 01 01 Europe for citizens — Strengthening remembrance and enhancing capacity for civic participation at the Union level 21 02 07 03 Human development 22 02 03 02 Support for economic, social and territorial development and related progressive alignment with the Union acquis Budget lines for which the respective budget remark as proposed in the Draft Budget, as amended by Amending Letter 1/2018 and the EAGF update, are approved. Budget line Name 02 02 01 Promoting entrepreneurship and improving the competitiveness and access to markets of Union enterprises 02 03 04 Internal market governance tools 05 02 08 03 Operational funds for producer organisations 05 03 01 01 Single ***payment*** scheme (SPS) 05 03 01 10 Basic ***payment*** scheme (BPS) 05 04 60 01 Promoting sustainable rural development, a more territorially and environmentally balanced, climate-friendly and innovative Union ***agricultural*** sector 08 02 02 02 Enhancing access to risk finance for investing in research and innovation 09 05 05 Multimedia actions 13 03 61 European Regional Development Fund (ERDF) — Transition regions — Investment for growth and jobs goal 13 03 62 European Regional Development Fund (ERDF) — More developed regions — Investment for growth and jobs goal 13 06 01 Assistance to Member States in the event of a major natural disaster with serious repercussions on living conditions, the natural environment or the economy 18 02 01 02 Prevention and fight against cross-border organised crime and better management of security- related risks and crisis 18 03 01 01 Strengthening and developing the common European asylum system and enhancing solidarity and responsibility-sharing between the Member States 21 04 01 Enhancing the respect for and observance of human rights and fundamental freedoms and supporting democratic reforms 23 02 01 Delivery of rapid, effective and needs-based humanitarian aid and food assistance 33 02 07 European Institute for Gender Equality (EIGE) This is with the understanding that amendments introduced by the European Parliament or the Council cannot modify or extend the scope of an existing legal base, or impinge on the administrative autonomy of institutions, and that the action can be covered by available resources. 1.7 New budget lines The budget nomenclature proposed by the Commission in the Draft Budget, as amended by Amending Letter 1/2018, is agreed with the inclusion of: the new pilot projects and preparatory actions, proposed under section 1.2 above; and the new budget item 2 2 1 4 within the section of the European External Action Service, proposed under 1.3 above. 2. Budget 2017 Draft Amending Budget (DAB) 6/2017 is approved as proposed by the Commission. 3. Statements 3.1 Joint statement by the European Parliament, Council and Commission on the ***payment*** appropriations The European Parliament and the Council recall the need to ensure, in the light of implementation, an orderly progression of ***payments*** in relation to the appropriations for commitments so as to avoid any abnormal level of unpaid invoices at ***year***-end. The European Parliament and the Council calls on the Commission to continue monitoring closely and actively the implementation of the 2014-2020 ***programmes***. To that end, they invite the Commission to present in a timely manner, updated figures concerning the state of implementation and estimates regarding ***payment*** appropriations requirements in 2018. The Council and the European Parliament will take any necessary decisions in due time for duly justified needs to prevent the accumulation of an excessive amount of unpaid bills and to ensure that ***payment*** claims are duly reimbursed. 3.2 Joint statement by the European Parliament, Council1 and Commission on the Youth Employment Initiative The Parliament, the Council and the Commission recall that reducing unemployment and, in particular, youth unemployment, remains a high and shared political priority, and to this end they reaffirm their determination to make the best possible use of budgetary resources available to tackle it, and in particular through the Youth Employment Initiative. Therefore, they welcome the increase of the amount allocated to this initiative in 2018. However, it is not only essential to provide for an adequate financing in the EU budget, but also to put in place, at the same time, the right procedures to implement them effectively. In this regard, an effective cooperation between the Parliament, the Council and the Commission is needed to ensure the highest possible impact of the measures adopted. Therefore, the Council and the European Parliament undertake to consider as a matter of priority the modification in the Common Provisions Regulation required by the adoption of the 2018 budget. The Commission shall facilitate the swift approval of the changes in the ***programmes*** to implement the YEI. 3.3 Unilateral statement by the Commission on the Youth Employment Initiative Reducing youth unemployment remains a high political priority. The Commission undertakes to monitor closely the implementation trend of the Youth Employment Initiative (YEI). Should the trend of this initiative accelerate and should the absorption capacity allow for an increase, the Commission will propose an increase of the YEI funding through an amending budget to be financed by the Global margin for commitments in accordance with Article 14 of the MFF Regulation. In that case, the Commission expects the Council and the European Parliament to process rapidly any such draft amending budget. 3.4 Unilateral statement by the Council on the 5 % staff reduction The Council recalls that the target ***year*** for the full implementation of the 5 % reduction of staff was 2017. However, as not all institutions, bodies and agencies have met the reduction target, the Council urges continued efforts in 2018 in order to fulfil the agreement. 1 The United Kingdom does not support this statement It is essential that the 5 % staff reduction target is implemented by all institutions, bodies and agencies, and monitored until it is fully achieved. With that in mind, the Council invites the Commission to continue to assess the outcome of the exercise in order to draw lessons for the future.

**Load-Date:** December 22, 2017

**End of Document**



[***New reinsurance programmes are bolstering coverage against natural disasters in emerging markets***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4Y1-DXYV-70RV-00000-00&context=1516831)

Oxford Business Group: Articles

September 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 1735 words

**Body**

While advanced economies generate the vast majority of insurance and reinsurance business, emerging markets are posting higher rates of growth. Complementing this underlying trend is a strong and expanding interest in catastrophic risk, which by nature tends to pertain to emerging markets. This is coming alongside fast-paced, sector-transforming innovation, which could provide a major boost to industries in less-developed economies.

**By the Numbers**

In terms of simple throughput, insurance remains very much centred in North America, Europe and mature Asian markets. According to insurance group Munich Re, in 2016 North America paid 31.1% of global premium, Western Europe paid 28.8% and more advanced Asian markets, such as Japan, paid 19.8%. However, the rate of growth in emerging markets outpaces these by far: according to global accountancy EY, life premium in these markets rose by 7.8% in 2014, while advanced markets grew by 4%. Those figures were 13.2% and 3.4% in 2015, 20.1% and 2% in 2016, and an estimated 14.9% against 2.1% in 2017. Strong growth was noted in the life segments in Vietnam, Malaysia and Indonesia. Regarding non-life insurance, the growth of emerging markets has been in the range of 5-8.5% since 2012, while growth in developed markets has remained around 2%. These trends are leading to a relative decline in the share of business stemming from developed insurance markets. Munich Re has estimated that primary premium in North America will fall to 27.8% of the world's total by 2026, Western Europe to 24.5% and mature Asian markets to 17.5%. Meanwhile, emerging Asia's share will jump from 13.3% in 2016 to 21.4%, Middle East and North Africa region will rise from 1.3% to 1.8%, and sub-Saharan Africa's share will stay at 1.1%. Swiss Re, another international reinsurer, forecast the worldwide rate of growth in reinsurance at 1% over the three ***years*** to 2019; by comparison, reinsurance in emerging markets is expanding by about 10% per ***year***.

**Reinsurance Trends**

The global reinsurance market on the whole is on a firm footing, with capital reaching $605bn at the end of the second quarter of 2017. However, according to its "Global Insurance Trends Analysis" for the first half of 2017, EY reported that 2016 was the biggest ***year*** for catastrophe (CAT) claims since 2012, with $54bn in insurance losses reported on $210bn of damage, a coverage rate of 26%. In the first six months of 2017 the proportion of insured losses rose to 42% of the total.

Reinsurance returns are already at or below the cost of capital: Fitch ratings agency expected return on equity to fall from 8.5% in 2016 to 2.1% in 2017, but forecast it would increase to approximately 7.1% in 2018. The cost of capital for companies, meanwhile, is thought to have ranged between 6% and 7% in 2017.

**Micro-insurance**

In August 2017 a global partnership was formally forged between the global insurance industry and the UN, which will help boost the micro-insurance segment. Swiss Re has forecast that the market could cover as many as 4bn people. As the market increases in size, added capacity will be needed beyond what domestic markets can provide, making international reinsurers vital to expansion, though to date their participation has been limited.

While major reinsurance companies are supportive of micro-insurance - especially in terms of grants, research and promotion - the exact level of their engagement in the risk transference part of the equation remains unclear. This is partly a structural issue: the insured amount is usually so low with micro-insurance that reinsurance rarely kicks in on a per policy basis.

**Index Linking**

For the most part, reinsurance companies are only involved with the micro-segment indirectly via the index-linked market, and a number of ***programmes*** are under way to increase reinsurance participation in this market. For instance, Mongolia's ***Agriculture*** Reinsurance (AgRe), which provides indexbased livestock cover, is supported by major international players, including SCOR, Swiss Re and Qatar Re. AgRe was originally formed with the assistance of the World Bank in 2005, becoming a fully fledged corporate entity in 2014. Despite early losses, it has been in positive territory every ***year*** since 2010, according to company data. In 2015 the International Financial Corporation, part of the World Bank Group, opened the Global Index Insurance Facility (GIIF), a donor-funded ***programme*** designed to support index-linked insurance in developing countries, with Swiss Re as its technical partner. In that same ***year***, France's AXA announced it would provide reinsurance capacity for weather-linked products introduced by the World Bank under the GIIF.

**CAT Risk**

One of the main avenues to emerging markets for reinsurers is through CAT coverage, as developing countries often need to go abroad to cover major disasters due to limited domestic capacity. Because of their locations, populations and lack of infrastructure, these countries tend to be most affected by weather-related and seismic events.

Development of the segment is ongoing, and a number of ***programmes*** are already in place. For example, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which is currently owned and operated by 16 governments from the region, was created in 2007 with international assistance. It is the first and only regional fund to date that pays out claims based on statistical parameters rather than actual losses incurred. Reinsurance is a key component of the coverage, as it allows for the purchase of CAT insurance at lower rates than would be available commercially. Payouts from the CCRIF totalled $100m as of late 2017.

Another such entity is the Pacific Catastrophe Risk Insurance Company (PCRIC), which covers the Cook Islands, the Republic of the Marshall Islands, Samoa, Tonga and Vanuatu. The entity was designed to pool risk and tap international reinsurance markets to cover key regional risks, such as tsunamis, earthquakes and cyclones. The PCRIC mobilised $45m of coverage for the 2017/18 cyclone season, up from $38m a ***year*** earlier.

To cover the African market, African Risk Capital (ARC) was launched in 2014 as a sovereign CAT fund. The scheme aims to have $1.5bn of coverage available by 2020, though the ARC will likely require significant international support to meet this goal.

**Innovation**

Adding to traditional reinsurance arrangements, CAT bonds and CAT swaps are becoming part of the landscape. These developments allow for the quick identification of risk and deployment of capital, in turn resulting in highly competitive terms. As reinsurance becomes more capital markets oriented, some developing markets may be better served.

For instance, Mexico's Fund for Natural Disasters (Fondo de Desastres Naturales, FONDEN), uses an index based on the Richter scale to provide reinsurance to cover costs after the Mexican earthquake insurance fund is tapped out. In 2017 FONDEN sold a $360m CAT bond, surpassing the $290m that was initially planned.

In the Philippines, a parametric disaster line to cover the 25 most disaster-prone provinces was initiated in 2017. The fund was valued at P1bn ($19.8m), with support provided by the World Bank and risk fully ceded to international reinsurers. In a related development, the World Bank arranged a $206m CAT swap line for the country, which will cover typhoon and earthquake risk.

Globally, the size of the CAT bond market has more than doubled over the past decade. It reached record volumes in 2017, at some $12bn, with more than $30bn outstanding. There are signs that alternative financing is outpacing traditional reinsurance, which could have a major impact on developing economies given the speed and flexibility of market-based solutions.

**Barriers to Risk**

The micro- and index lines have historically faced challenges. Notably, it can be difficult to generate demand for these products. Jakarta's Manggarai Water Gate micro-insurance ***programme***, for example, sold only 50 policies, and as a result was discontinued a ***year*** after its inception in 2009.

In terms of index-linked initiatives, it is not clear whether these securities can be fully self-sustaining, as the majority of them rely on multilateral and donor support. In places like China or India, markets are able to fund the risk internally, but in smaller markets, the mismatch between potential losses and the critical mass on the ground is substantial.

Poor performance also threatens the sector: one major loss can shift sentiment, which can freeze markets and make risk difficult to ***transfer***. For instance, an 8.1-magnitude earthquake in Mexico in August 2017 could have wiped out FONDEN's financing. Although the payout ended up being a manageable $150m, it highlighted potential problems.

**Structural Risks**

There are also common structural risks in emerging markets, such as limited data and underwriting experience. However, advances in technology should see these areas improve over time, and some emerging markets already have a substantial amount of detailed information available. For example, Papua New Guinea has 50 ***years*** of cyclone data, and Mongolia's livestock census dates to 1918.

Distribution is another widespread issue in emerging markets, as extending coverage to both individuals and corporations can be challenging. More involvement by reinsurers at the local level is one potential solution; however, this sort of activity is outside the normal field of operations and responsibility.

Globally, the reinsurance market is becoming increasingly concentrated - the top-five players currently control around 90% of activity - but in some cases local markets are becoming too competitive, which can lead to a mismatch in terms of pricing. In PNG foreign exchange restrictions have led to reinsurance ***payment*** challenges, while in other markets, the fall in local currencies has led to a decline in the market size in dollar terms, despite strong business.

**Looking Ahead**

The reinsurance sector is changing in both developing and emerging markets all over the world. Although natural disasters have led to a tightening of the market, new technologies and innovation are assisting insurers and reinsurers in reaching historically underpenetrated areas. Alternative solutions are likely to create uncertainties as well as opportunities, but all indications suggest that reinsurance in emerging markets is set to grow in both absolute and relative terms.

**Load-Date:** March 12, 2020

**End of Document**



[***Register of Commission documents: OPINION on the draft general budget of the European Union for the financial year 2019 Document date: 2018-08-30 AGRI\_AD(2018)623647 Opinions***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S8P-GPM1-JDG9-Y04K-00000-00&context=1516831)

Impact News Service

September 12, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 2183 words

**Body**

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

AD\1161329EN.docx PE623.647v02-00 EN United in diversity EN European Parliament 2014-2019 Committee on ***Agriculture*** and Rural Development 2018/2046(BUD) 30.8.2018 OPINION of the Committee on ***Agriculture*** and Rural Development for the Committee on Budgets on the draft general budget of the European Union for the financial ***year*** 2019 (2018/2046(BUD)) Rapporteur for opinion: Ramón Luis Valcárcel Siso PE623.647v02-00 2/8 AD\1161329EN.docx EN PA\_NonLeg AD\1161329EN.docx 3/8 PE623.647v02-00 EN SUGGESTIONS The Committee on ***Agriculture*** and Rural Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution: 1. Welcomes the EUR 60 billion in commitment appropriations and EUR 57,8 billion in ***payment*** appropriations that the Commission proposes in the Draft Budget (DB) 2019 for Heading 2, which represent an increase of 1,2 % 3,0 % respectively compared to the 2018 budget; notes, however, that insofar as the EAGF is concerned, that increase is attributable to the lower amount of assigned revenue estimated to be available to the EAGF in the DB 2019 compared to the 2018 budget; recommends that all should be made to avoid an accumulation of backlog ***payments*** for the next Multiannual Financial Framework (2021 - 2027) (MFF); 2. Insists on the need to provide funds to compensate for the economic losses suffered by farmers due to market crises and sanitary or phytosanitary crises such as Xylella fastidiosa, and reiterates the need to use the available margins under Heading 2 in cooperation with Heading 3 to this effect; insists that compensation for eradication should also cover rehabilitation of agroecosystems including the soil, as well as establishing robust biological diversity, especially ensuring genetic diversity of the planting stock that ideally includes resistance to or tolerance of the disease or pest; considers that one of the aims of any aid granted should be to ensure balanced, biologically diverse agro-ecosystems and landscapes that are less susceptible to future attacks; 3. Insists that any revenue to the Union budget deriving from any assigned revenues or repayments of irregularities from ***agriculture*** in previous ***years*** should remain under Heading 2; 4. Calls for additional funding to be earmarked for the olive-growing and olive oil sector to offset losses to farmers caused by the Xylella fastidiosa outbreak, to step up prevention measures in Europe and to restructure the sector and consolidate scientific research into the pathogen and its carrier; 5. Calls on the Commission and the Member States to monitor, in a timely manner, the price volatility of ***agricultural*** products, which has adverse effects on farmers' incomes, and to react promptly and effectively when needed; 6. Stresses that it is essential that funds earmarked for research in the agri-food sector, in particular from the Horizon 2020 budget, remain fully available as such in order to stimulate and enhance innovation and smart solutions in the ***agricultural*** and rural development sectors, as is the case with funds from the Connecting Europe Facility (CEF) to enable broadband to be installed in rural areas; underlines the importance of practical applicability of results at farm level and the role of ***agricultural*** extension services; notes that integrated 'smart' solutions – such as smart villages, precision farming, digitalisation, the shared and circular economy, and social initiatives – can contribute to ***agriculture*** and overall well-being in rural areas; urges the Commission to plan funding for 'smart' approaches in the light of the CAP reform and the Cork 2.0 PE623.647v02-00 4/8 AD\1161329EN.docx EN Declaration; highlights the fact that those 'smart' solutions should maintain coherence with environment, climate and biodiversity policy objectives, ensure close cooperation with relevant stakeholders from all Member States; stresses the importance of investing in precision ***agriculture*** with a view to streamlining production methods and reducing losses and of incentivising and supporting initiatives tailored to the needs of smallholdings without economies of scale so that they can benefit from new technologies; 7. Stresses that storage ***programmes*** have proved effective in times of crisis and that a reduction in the financial resources earmarked in the planning process would be counter-productive; 8. Regrets the announced cuts to the CAP budget in the Commission’s MFF proposals; points out in particular that ***agriculture*** policy is a common policy and any cuts to the CAP budget would have disproportionate effects as they cannot be substituted by national funds due to state aid rules; 9. Welcomes the increase in appropriations proposed by the Commission for producer organisations in the fruit and vegetable sector, and stresses their growing contribution to rebalance the bargaining power in the food supply chain and continues to stress the need to finance measures to increase membership levels among ***agricultural*** producers; 10. Stresses the importance of identifying support measures to consolidate the role of farmers in the supply chain, as well as new ways of encouraging farmer organisations; 11. Regrets that the support measures for the Russian embargo have not been prolonged given that numerous Union producers, particularly in the dairy and fruit and vegetables sectors, are still being negatively affected, through no fault of their own, since farmers cannot be held responsible for Union diplomatic policy; calls, therefore, for support measures for ***agricultural*** producers to be maintained at current levels where market difficulties persist due to the Russian ban; calls, furthermore, for the creation of a new crisis reserve that does not rely on an annual financial discipline mechanism for its funding so that it can react in a timely manner to crisis situations that emerge; recognises that some Member States that did not have trade relations with Russia were indirectly affected by the embargo and insists that support also covers losses resulting from the flooding of the markets by products destined for the Russian market; 12. Welcomes the increased funding proposed by the European Commission for promotion measures, which confirms the effectiveness of the improvements made by the last reform; considers that promotion measures are crucial to expand the share of European exports on markets across the world and to deal with the restrictions imposed by certain third countries on Union products, such as the Russian embargo or the recent US decision to impose anti-dumping and countervailing duties on the imports of Spanish ripe olives; 13. Points to the effects of the extreme drought affecting the Member States in recent months, causing considerable losses to ***agriculture*** and jeopardising a large number of businesses, and highlights in this regard the need to guarantee special support measures aimed at helping the worst-affected farmers; AD\1161329EN.docx 5/8 PE623.647v02-00 EN 14. Welcomes the European Commission's commitment to maintain the current funding level for the bee-keeping sector, which is crucial to help cover expenditure for national ***programmes***; 15. Welcomes the increased allocations for research and development related to ***agriculture*** under Horizon 2020; 16. Warns that if a free trade agreement with the Mercosur bloc does not have adequate protection for sensitive sectors in Union ***agriculture***, many European producers will come under further financial strain; 17. Believes that the Union can make a vital contribution to the promotion of healthy eating habits based on sustainable production, especially among children, and therefore considers it essential to make full use of the ceilings foreseen for the Union school schemes in the current regulation; therefore calls on the Member States to strengthen their national ***programs*** to ensure full utilisation of the maximum available allocations (EUR 250 million for the Union); 18. Takes note of the recent ***transfers*** from Pillar I to Pillar II decided by France, Lithuania and Netherlands, which have led to a decrease in the appropriations for direct ***payments*** in the DB 2019; 19. Reaffirms the vital importance of the school fruit and vegetables scheme, especially given the current level of child malnutrition in the Union; calls on the Commission, therefore, to reduce the bureaucracy involved and stresses the need to promote healthy eating habits in children and the consumption of organic fruit and vegetables; 20. Deplores the insufficient execution of ***payments*** to young farmers in recent ***years*** and encourages Member States to promote the use of those appropriations the following ***year*** in order to boost generation renewal and avoid land concentration and land grabbing; points out that the shortage of workers in ***agriculture*** is a factor limiting the development of the ***agricultural*** sector and stresses the need for support measures to attract workers to the ***agricultural*** sector; 21. Highlights the importance of the rural development commitments and spending, and their potential for the creation of economic activity and jobs particularly in peripheral areas with higher unemployment rates, especially for younger generations; insists that the initiatives targeting young farmers, including region-specific ***programmes***, should be maintained, which would support innovation and the necessary generation renewal; considers that support for young people should focus on their present needs, while avoiding to encourage them to take on excessive debt; 22. Observes that access to farm investment funding instruments should be better adapted to the investment needs and higher risk profiles of new entrants; 23. Asks that the appropriations for POSEI ***programmes*** be maintained at the maximum levels foreseen in the relevant Union Regulation, underlining the relevance of those ***programmes*** for the resilience of the ***agricultural*** producers and highlights the fragile economic situation of the outermost regions, which are still strongly hit by the crisis and the structural disadvantages referred to in Article 349 TFEU (remoteness, insularity, PE623.647v02-00 6/8 AD\1161329EN.docx EN small size, difficult topography and climate and economic dependence on a few products); 24. Underscores the importance of pilot projects and preparatory actions for innovation in the ***agricultural*** and rural development sectors; asks for continued support for ongoing and new pilot projects and preparatory actions; 25. Is deeply concerned about the CAP cuts envisaged in the European Commission's proposal for 2021-2027 and in particular for the Outermost Regions and POSEI; 26. Regrets the substantial reduction of the budget line concerning the voluntary coupled support scheme, given that coupled aids are an essential tool to preserve crops that present several ***agricultural*** and environmental benefits; 27. Expresses its satisfaction at the 25 % increase in appropriations intended to combat animal diseases and plant pests, as the Union is facing significant risks and increased outbreaks.

AD\1161329EN.docx 7/8 PE623.647v02-00 EN INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION Date adopted 29.8.2018 Result of final vote +: –: 0: 36 2 3 Members present for the final vote John Stuart Agnew, Clara Eugenia Aguilera García, Eric Andrieu, Daniel Buda, Jacques Colombier, Michel Dantin, Albert Deß, Jørn Dohrmann, Herbert Dorfmann, Luke Ming Flanagan, Karine Gloanec Maurin, Martin Häusling, Anja Hazekamp, Esther Herranz García, Jan Huitema, Ivan Jakovčić, Jarosław Kalinowski, Zbigniew Kuźmiuk, Norbert Lins, Philippe Loiseau, Mairead McGuinness, Giulia Moi, Ulrike Müller, James Nicholson, Maria Noichl, Marijana Petir, Laurenţiu Rebega, Bronis Ropė, Maria Lidia Senra Rodríguez, Ricardo Serrão Santos, Czesław Adam Siekierski, Tibor Szanyi, Maria Gabriela Zoană, Marco Zullo Substitutes present for the final vote Franc Bogovič, Michela Giuffrida, Karin Kadenbach, Elsi Katainen, Momchil Nekov, Annie Schreijer-Pierik, Ramón Luis Valcárcel Siso PE623.647v02-00 8/8 AD\1161329EN.docx EN FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION 36 + ALDE Ivan Jakovčić, Elsi Katainen, Ulrike Müller ECR Jørn Dohrmann, Zbigniew Kuźmiuk, James Nicholson, Laurenţiu Rebega EFDD Giulia Moi, Marco Zullo ENF Jacques Colombier, Philippe Loiseau PPE Franc Bogovič, Daniel Buda, Michel Dantin, Albert Deß, Herbert Dorfmann, Esther Herranz García, Jarosław Kalinowski, Norbert Lins, Mairead McGuinness, Marijana Petir, Annie Schreijer-Pierik, Czesław Adam Siekierski, Ramón Luis Valcárcel Siso S&D Clara Eugenia Aguilera García, Eric Andrieu, Michela Giuffrida, Karine Gloanec Maurin, Karin Kadenbach, Momchil Nekov, Maria Noichl, Ricardo Serrão Santos, Tibor Szanyi, Maria Gabriela Zoană Verts/ALE Martin Häusling, Bronis Ropė 2 - EFDD John Stuart Agnew GUE/NGL Anja Hazekamp 3 0 ALDE Jan Huitema GUE/NGL Luke Ming Flanagan, Maria Lidia Senra Rodríguez Key to symbols: + : in favour - : against 0 : abstention

**Load-Date:** November 5, 2018

**End of Document**



[***Delegates Discuss Efforts to End Poverty amid Rising Inequality, Unprecedented Human Displacement, as Social Development Commission Continues Session***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJF-7FY1-F0YC-N28J-00000-00&context=1516831)

Impact News Service

January 31, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 6948 words

**Body**

New York NY : Business Council for the United Nations has issued the following press release:

Delegates from around the world shared their experiences in combating poverty against the backdrop of both long‑standing and emerging challenges — including an unprecedented global displacement crisis, protracted conflicts and a rising tide of intolerance — as the Commission for Social Development continued its fifty‑sixth annual session today. Speakers also cited economic sanctions, lack of adequate support from development partners and a slow recovery from the past decade’s financial crisis as major obstacles to poverty eradication. Some pointed to rising inequality as another crucial impediment, calling for more progressive policies to distribute wealth, while others emphasized the need to focus on key groups such as women and youth. With the discussion focused squarely on the drivers of — and possible antidotes to — poverty, South Africa’s Chief Director for Economic Development recalled former President Nelson Mandela’s belief that extreme poverty “demeans us all”. Young people in South Africa continued to lack employment opportunities, she said, while the current global climate was driving increased discrimination based on race, national origins and other factors. In response to such challenges, the Government was working to boost job creation, realize the goal of free education for all and ensure the rights of vulnerable groups such as persons with disabilities and older persons.

Spotlighting another vulnerable — and particularly critical — group, Zimbabwe’s Minister for Labour and Social Welfare said women comprised 80 per cent of her country’s ***agricultural*** workforce as well as 60 per cent of its informal employment sector. Outlining concrete plans in such areas as employment creation, social protection and inclusive development, she said a national strategy now also reserved a 20 per cent quota for women’s ownership of ***agricultural*** land. Denmark’s Minister for Fisheries and Equal Opportunities and Minister for Nordic Cooperation echoed the importance of focusing anti‑poverty initiatives on women, noting that their increased engagement and productivity would also benefit entire societies. Calling for special attention to those living in protracted displacement or in countries affected by conflict and crisis — 50 per cent of whom still lived in extreme poverty — she also emphasized that eradicating poverty required a sustained, long‑term development effort. For that reason, Denmark had delivered on the target of providing 0.7 per cent of its gross national income as official development assistance (ODA) for 40 ***years***, and encouraged other countries to do the same. Many speakers, including the Deputy Minister for Labour and Social Protection of the Russian Federation, voiced support for efforts to provide both universal health care and social services to all. Despite the ongoing financial crisis and unilateral sanctions, he said, the Russian Federation had offered a wide array of services, including new measures targeting families and children in need and raising the national minimum wage across a range of professions. Other strategic development projects spanned sectors such as health, education, labour and transportation, and efforts were under way to support entrepreneurs and train workers in the latest technologies. Echoing those sentiments, the Deputy Minister for Foreign Affairs of Belarus warned against selfish, politically motivated and unilateral steps, such as destructive sanctions, which had detrimental consequences to countries who sought development gains. Describing his country’s efforts to guarantee employment and decent work for all, he added that combating poverty required a global approach, and encouraged the international community to assist in creating a “more just world” for humankind. Several speakers, including the General Director of Youth for the Ministry of Social Development of Uruguay, focused on progressive efforts to redistribute wealth more fairly. Noting that his country enjoyed the largest gross domestic product (GDP) in Latin America and had dramatically reduced its poverty rate, he said the Government had established a minimum wage, made health care a universal right, put in place a system of cash ***transfers*** for vulnerable families and enhanced access to jobs. Stressing that no sustainable social development or economic growth could be accomplished without a more equal distribution of wealth, he also described Uruguay’s recent strides in such areas as marriage equality and the protection of reproductive and sexual rights. During its afternoon session, the Commission held a high‑level panel discussion on the theme, “Towards sustainable and resilient societies: Innovation and interconnectivity for social development”. Moderated by Jeremy Millard, Chief Policy Advisor, Danish Technological Institute, of Denmark, it featured five panellists: Gong Sen, Research Fellow of the Development Research Centre of the State Council and Executive Vice‑President of the China Centre for International Knowledge on Development; Noor Al Malki Al Jehani, Executive Director of the Doha International Family Institute; Walter Valdivia, Senior Fellow to the Consortium for Science, Policy and Outcomes, a science policy think tank at Arizona State University, adjunct faculty at Johns Hopkins University, and a senior policy editor at the Mercatus Center at George Mason University; Maria Garrido, Research Assistant Professor and principal research scientist at the Technology and Social Change Group at the University of Washington; and Donna Scheeder, President from 2015 to 2017 of the International Federation of Library Associations and Institutions. Also delivering statements today were ministers, representatives and youth delegates from Niger, Congo, Chile, Indonesia, Saudi Arabia, Argentina, Hungary, Sudan, Thailand, Mexico, Georgia, Israel, Switzerland, Kenya, El Salvador, Dominican Republic and Namibia. The Commission will reconvene at 10 a.m Wednesday, 31 January, to continue its work. Statements PETRONELLA KAGONYE, Minister for Labour and Social Welfare of Zimbabwe, associating herself with the statements delivered on Monday on behalf of the “Group of 77” developing countries and China and the African Group, said her country had integrated the 2030 Agenda for Sustainable Development’s 17 Sustainable Development Goals into its “Zimbabwe Agenda for Sustainable Socioeconomic Transformation”. That plan addressed such issues as employment creation, poverty reduction, social protection and inclusive development, she said, noting that the majority of women in Zimbabwe were employed in the ***agricultural*** sector where they comprised 80 per cent of the workforce and 60 per cent of the 5.4 million people in the informal sector. National strategies had reserved a 20 per cent quota for women entitled to apply for ownership of ***agricultural*** land, while others focused on the special needs of young people and prioritized education, leading to the achievement of gender parity in primary school enrolment rates and high literacy rates. Still other ***programmes*** targeted the needs of populations including persons with disabilities, the elderly, and orphaned and vulnerable children. AMADOU AISSATA ISSA MAIGA, Minister for Population of Niger, associating herself with the Group of 77 and the African Group, said her country had put in place several strategies to combat poverty and strengthen its population’s well‑being. Its main framework for action aimed to see all men and women, especially the most vulnerable, benefit from basic services. It also sought to boost women’s land ownership and offered a holistic vision of social protection and the provision of emergency humanitarian assistance where needed. Niger had also passed laws to ensure equal opportunities for persons with disabilities and which enshrined their basic rights to employment, social services and freedom from discrimination. “We must make the issue of disability a priority,” she stressed, citing concrete progress achieved since Niger’s ratification of the Convention on the Rights of Persons with Disabilities in 2008, such as improved accessibility to public buildings and widespread awareness‑raising campaigns. Social protection for older persons had also been enshrined in the country’s laws, ensuring their access to medical care and establishing a national solidarity office to address relevant issues. As a result of those and other initiatives, poverty in Niger had fallen by 2.8 per cent between 2011 and 2014, she said. ANTOINETTE DINGA‑DZONDO, Minister for Social Affairs of Congo, aligning herself with the Group of 77 and the African Group, said poverty‑targeted efforts were particularly important, especially for vulnerable groups. Poverty affected half of Congo’s 4 million citizens, of whom 60 per cent were under age 30, almost 5 per cent were older persons and 1.4 per cent were living with disabilities. Government ***programmes*** aimed at addressing various needs by expanding social protection services. Projects targeted special needs, including cash ***transfers*** and job creation efforts, and an International Monetary Fund (IMF) initiative was making further steps such as boosting the digital economy, yet challenges remained, such as streamlining budgets and coordination. JUAN EDUARDO FAÚNDEZ MOLINA, Vice‑Minister for Social Development of Chile, said poverty and violence were social obstacles to most societies, with international organizations playing a central role in efforts to address those challenges. Highlighting the multidimensional nature of poverty, he said many aspects must be addressed simultaneously, including health, housing and religious life. Chile was changing its methodology for measuring poverty, having submitted relevant reports to the United Nations. It strongly supported the 2030 Agenda. More detailed data had painted a clearer national picture of needs, from political participation to social protection gaps. The new socially democratic Government was poised to promote a range of social issues, including education, women’s rights and shaping a new Constitution for the twenty‑first century. Such efforts aimed at redirecting society towards a more humane and sustainable one. ALEXEY CHERKASOV, Deputy Minister for Labour and Social Protection of the Russian Federation, expressed support for poverty reduction, as everyone should be covered by health and social services. Despite the ongoing financial crisis and unilateral sanctions, the Russian Federation had offered a wide array of services, including new measures targeting families and children in need and raising the national minimum wage across a range of professions. Strategic development projects spanned sectors such as health, education, labour, transportation and support for entrepreneurship. Special efforts were, among other things, reaching those in remote areas and training workers in the latest technologies. Turning to the work of the Commission, he said it had played a leading role in providing agreed upon guidance with regard to many issues, including youth, persons with disabilities and the role families could play. EDI SUHARTO, Vice Minister for Social Services of Indonesia, aligning himself with the Group of 77 and the Association of Southeast Asian Nations (ASEAN), said the Sustainable Development Goals had provided a universal and global agenda, but now a comprehensive approach was needed to achieve those targets by 2030. Indonesia had taken a number of steps towards those goals, for instance, with efforts aimed at cutting poverty to 7 per cent by 2019 from 10.7 per cent in 2016, and primary school enrolment having already climbed to more than 95 per cent. Empowerment was key to development, including enhancing health and education sectors while reducing unemployment, but challenges remained. While poverty was decreasing in Indonesia, the heart of the problem was its chronic cycle that must be broken. Ensuring inclusive development was the way forward, he said, calling on stakeholders to find innovative strategies to make the 2030 Agenda succeed. TAMADER ALRAMMAH, Deputy Minister for Direct Localization and General Director of Social Welfare and Family of Saudi Arabia, associating herself with the Group of 77, said anti‑poverty policies should be tailored to the specific cultural contexts of individual countries. However, some elements were common to all nations, she said, describing Saudi Arabia’s own national ***programmes***. Those included a range of new social transformations aimed at empowering people, strengthening the participation of women in the workforce, bolstering food security, enacting new economic reforms and providing social protection to all. Saudi Arabia was working to make social assistance available to persons with disabilities and their families, putting in place a national plan to that effect. In addition, strategies had been enacted to protect the elderly and meet their special needs, including through the establishment of 38 centres for older persons throughout the country, the provision of stipends and the launch of a detailed study on their well‑being. Efforts were also under way to promote education, including through the provision of scholarships, she said. KAREN ELLEMANN, Minister for Fisheries and Equal Opportunities and Minister for Nordic Cooperation of Denmark, spotlighted four issues her country viewed as critical to eradicating poverty by 2030. First was the need to build strong partnerships, including between Governments, the private sector, academia and civil society, all of which needed to work together to ensure that efforts were directed towards common goals for people, planet and prosperity. Second, eradicating poverty required a sustained, long‑term development effort, she said, noting that Denmark had delivered on the United Nations target of providing 0.7 per cent of its gross national income as official development assistance (ODA) for 40 ***years*** in a row, and encouraging other countries to do the same. Third, there was a need to focus on gender equality and young people, especially young women, she said, noting that their increased engagement and productivity would benefit not only them but also their countries as a whole. Finally, it was critical to pay special attention to those living in protracted displacement or in countries affected by conflict and crisis, 50 per cent of whom still lived in extreme poverty. GABRIELA AGOSTO, Executive Secretary of the National Council for the Coordination of Social Policies of Argentina, associating herself with the Group of 77 and the statement delivered yesterday on behalf of the Group of Friends of Older Persons, said some challenges — including climate change, migration and poverty — were facing all countries of the world. The 2030 Agenda and its Sustainable Development Goals were leading global efforts to confront such issues, she said, noting that Argentina was also working on a national level to guarantee quality social services, universal health care and education to all. Among other things, the country guaranteed a basic income floor to its people and was working to expand its family allowance policy, while also adjusting the allowances provided to pensioners in order to improve the quality of life of older persons. A national habitat plan was working with local and provincial governments to enhance access to water, sanitation, lit sidewalks and other important infrastructure. Another critical pillar of the Government’s work dealt with education, including the provision of early education to all children, accessible from the time they were 45 days old. That plan provided support to families, she said, noting that it helped with food security and allowed new parents to return to work. KATALIN ANNAMÁRIA BOGYAY (Hungary) said a steady population decline had led the Government to introduce several measures since 2010. From childcare benefits to decent work — seen in robust school attendance and an unemployment rate of less than 4 per cent — Hungary was focusing on further reaching those in need. Free services, including meals and textbooks in schools and childcare for working parents, were among ongoing initiatives. For those in need, affordable summer camp was accessible and subsidized housing available. By working and establishing financial health, development goals could be successfully attained. ZSOFIA RACZ, youth delegate from Hungary, said all countries faced different challenges. For her country, challenges involving an ageing population must be addressed and future generations must have the tools to continue the brilliant work of the United Nations. Ensuring youth participation was a priority and young people must be empowered, she said, highlighting the importance of the “zero step” in light of a declining population. IBRAHIM ADAM IBRAHIM MOHAMED, State Minister at the Ministry of Welfare and Social Security of Sudan, aligning himself with the Group of 77 and the African Group, provided a snapshot of his country’s national plan. With 17 target areas such as youth employment, education, health and sanitation, Sudan aimed at broadening the reach of services to the most vulnerable. Expanded ***programme*** areas included providing clean drinking water and long‑term security. A strategy to develop microfinancing structures was supporting social projects for the full employment of youth and for strengthening institutions to combat poverty. Sudan had also launched a social census to determine further needs and priorities. Pursuant to the Secretary‑General’s report, what Sudan had achieved was enormous. Drawing attention to the scourge of conflict as a driver for poverty, he said war created persons with disabilities and destroyed communities. As such, conflict‑related issues must be duly addressed. ANDREI DAPKIUNAS, Deputy Minister for Foreign Affairs of Belarus, said establishing equal opportunity was the only way to eradicate poverty. Belarus had focused efforts on guaranteeing employment and decent work for all, alongside initiatives to gather disaggregated data to better inform future projects. Successfully combating poverty required a global approach, one that considered donor and recipient countries and their respective efforts to achieve sustainable development. The international community could also assist in the progress of humankind in a more just world. Countries must refrain from taking selfish politically motivated and unilateral steps, such as destructive sanctions, which had detrimental consequences to countries who sought development gains. Instead, partnerships must be fostered, he said, adding that Belarus would soon host a forum on development cooperation. PUTTIPAT LERTCHAOWASIT, Permanent Secretary, Ministry of Social Development of Thailand, associating himself with ASEAN and the Group of 77, said that poverty eradication had always been the basis for Thailand’s development since the time of the late King Bhumibol’s reign from the mid‑1940s. The 20‑***year*** national strategy framework and twelfth national socioeconomic development plan articulated visions for structural transformation to address inequality in a comprehensive manner, and focused on implementation of the 2030 Agenda. Starting in 2002, Thailand’s universal health coverage scheme made access to basic health care an entitlement for all, including documented and undocumented migrants and their families. Basic education for all, regardless of nationality, was also accessible in Thailand. As poverty could have more negative effects on women, the Government had given particular attention to that area. It was urgent that a strong commitment to sustainable development be translated into concrete actions. OLIVER ARROYO, Director General for Evaluation and Monitoring of Social ***Programs*** of Mexico, said a five‑***year*** national strategy was under way, part of efforts to enhance progress on attaining the goals set out in the 2030 Agenda. Actions had been guided by two main elements — the multidimensional nature of poverty and a policy of inclusion. Food, education, health and social security were among the action areas, he said, providing examples of how the Government was making gains in breaking the cycle of poverty. Among gains, a labour reform in 2012 had created 3.5 million formal jobs, and chronic child malnutrition had been reduced. Quality education was also a priority. Meanwhile, other projects focused on pension ***payments***, particularly for women, and other social protection measures. Reviewing working methods of the Commission should be considered alongside the transformation of its mandate so it could remain a pillar of development at the United Nations. SOPIO KILADZE, Chairperson of the Human Rights and Civil Integration Committee of the Parliament of Georgia, stressing that “poverty has deep roots and many faces”, said the phenomenon’s manifestation depended on circumstances that differed from country to country. In Georgia, the Government had fundamentally reformed its human rights protection system — especially with regard to civil and political rights — but poverty remained a major related challenge. About 21 per cent of the population lived in poverty, she said, adding that children, youth, elderly persons and other vulnerable groups were among those affected. Two main policies, namely Georgia 2020 and the global 2030 Agenda, were driving the Government’s efforts to combat poverty. Among other things, Georgia had implemented its Social Worker Institution Reform Plan, drafted a legal child code to ensure the dignity of all children, and was working to stimulate the creation of more jobs through an active labour market policy. AVIVIT BAR-ILAN, Head of Bureau, Department for International Organization, Ministry for Foreign Affairs of Israel, said that, over the past three decades, the world had seen incredible results in the eradication of poverty. However, 10 per cent of the world’s population still lived below the poverty line in 2013. “If we are determined to win this battle, it will require the active participation of our entire societies,” she stressed, calling on all citizens to make the world more inclusive and tolerant. Youth were particularly critical, as decisions made today would determine the course of tomorrow. Israel took its youth, and their views, seriously. More and more young people in the country were choosing to take a gap ***year*** between school and their military service, participating in ***programmes*** aimed at building leadership, assisting communities and sparking social change. At the other end of the age spectrum, ageing persons were often socially excluded simply because of their age, and were disproportionately at risk of inadequate and insecure income as well as insufficient access to services. Among other ***programmes***, Israel was working to link together its ageing population with its youth, as the former had vast knowledge and experience to share with the latter. JEAN-MARIE BOUVERAT, Chair of Delegation, Office of Social Insurance, International Organizations of Switzerland supported the international community’s efforts in favour of social protection, which was a fundamental approach to eradicating poverty, addressing inequalities and including the marginalized. Switzerland also supported the development of ***agriculture*** in developing countries, as poverty was currently concentrated in rural areas. ***Agriculture*** was clearly the driving force behind rural development, particularly development related to value chains. One of Switzerland’s objectives, especially through its development cooperation, was to promote resilience and preparedness of vulnerable communities, especially in relation to climate change. Social protection and support by the international community, including through cash ***transfers***, could help curb the destructive practices by poverty‑stricken populations. By providing social protection to populations displaced by humanitarian crises, it was also possible to relieve pressure on the environment and natural resources, such as through the practice of deforestation for fuel oil. VALERIE MATLOU, Chief Director for Economic Development of South Africa, associating herself with the Group of 77 and the African Group, said former President Nelson Mandela — who would have turned 100 in 2018 — continued to inspire people around the world. President Mandela had believed that abject poverty was an assault on the dignity of those who suffered from it, and “demeans us all”, she said, adding that older persons were often disproportionately affected. Outlining several efforts by her Government to improve the well‑being of older persons, including their access to social services, she warned that today’s global climate was driving increased discrimination based on race, national origins and other factors. In addition, the global economy’s slow recovery from the recent crises continued to negatively impact South Africa, with its youth largely excluded from the labour market due to lack of opportunities. In response, the Government was working to boost job creation and realize the goal of free education for all, while ensuring the rights of vulnerable groups such as persons with disabilities. FEDERICO BARRETO, General Director of Youth, Ministry of Social Development of Uruguay, noting that his country enjoyed the largest gross domestic product (GDP) in Latin America as well as progressive social policies, said the country had dramatically reduced both poverty and extreme poverty in the last decade. Uruguay was also committed to the 2030 Agenda, including its promise to leave no one behind. Among other things, it had established a minimum wage, created a Ministry of Social Development, made health care coverage a right to all Uruguayans, put in place a system of cash ***transfers*** for vulnerable families and enhanced access to jobs. Moreover, he said, the Government believed that no sustainable social development or economic growth could be accomplished without a more equal distribution of wealth. All vulnerable groups — including young children and older persons — had the right to assistance, he said, underlining the Government’s focus on early childhood care and education through such initiatives as the establishment of care centres. Uruguay had also made strides in such progressive areas as marriage equality and the protection of reproductive and sexual rights. JOSEPHINE MURIUKI, Director of the Department of Social Development, Ministry of East African Community, Labour and Social Protection of Kenya, supporting the position of the Group of 77, emphasized that 768 million still lived in extreme poverty, the majority in sub‑Saharan Africa and Asia. Breaking the cycles of poverty was difficult and all efforts must be made to achieve progress in doing so. Kenya’s development priorities included food security, nutrition, housing and manufacturing, with projects such as health packages offering new services and initiatives to subsidize education and training ***programmes***. In addition, information and communications technology (ICT) had been integrated in schools and mobile financing ***programmes*** had transformed the economic and social landscape, which had seen mobile phone usage doubling in recent ***years***. The Government was also in the process of implementing a pension ***payment*** plan, slated to commence in March. Kenya was committed to social development, the 2030 Agenda and the eradication of poverty, she said, adding that partnerships must be strengthened to attain the goals and reach those farthest behind. KARLA VANESSA LEMUS, Director for Social Development, Ministry for Foreign Affairs of El Salvador, aligning herself with the Group of 77 and the Group of Friends of Older Persons, highlighted poverty eradication gains, including subsidies and ***programmes*** aimed at reaching vulnerable groups. Policies had introduced a range of efforts, from providing decent work opportunities to reducing malnutrition, she said, emphasizing that poverty was multidimensional, from temporary hardships to lack of access to services. That paradigm shift must be considered when shaping ***programmes***, policies and dialogue. Such dialogue on the 2030 Agenda must include challenges middle‑income countries faced, with a view to ensuring that gains were not reversed. The Secretary‑General’s report had failed to include those and other challenges. For its part, El Salvador had taken steps to make progress, including preventing adolescent pregnancies and promoting respect for the human rights of older persons. MAGINO CORPORAN LORENZO, Director of the National Council on Disability of the Dominican Republic, endorsing the positions of the Group of 77 and the Group of Friends of Older Persons, said his Government had created a platform to coordinate efforts to achieve the Sustainable Development Goals. Providing several examples, he said a road map on eradicating poverty included projects to address the needs of young people. Policies and ***programmes*** to assist youth aimed at including them in the labour market. A society must include equal rights and the promotion of sustainable development, he said, underlining the importance of access to decent work. As such, innovative ***programmes*** were now creating jobs with flexible hours. For the first time in the Dominican Republic, policies had promoted healthy ageing and protected the rights and well‑being of older persons. Turning to climate change challenges, a team had been established to address the related needs of older persons. Efforts also targeted the needs of persons with disabilities. Placing people at the centre of development was the key to achieving the goals, he said. ALBERT BIWA, Deputy Director of Social Welfare of Namibia, aligning himself with the Group of 77 and the African Group, said national policies had already triggered growth and progress, but more needed to be done to break the cycle of poverty. Adopting a social welfare approach based on human rights was the way forward. Namibia had established a ministry to coordinate poverty eradication. A blueprint was now targeting efforts, based on principles such as ending hunger, education and training development, gender equality and women’s empowerment and with a view towards leaving no one behind. The Government was also investigating further efforts to prevent a duplication of services and was offering grants and cash ***transfer*** ***programmes*** to vulnerable groups. It has also adopted a social safety net approach in eradicating poverty while implementing policies to reduce unemployment and allocating part of the national budget to education and tackling hunger, with services ranging from school lunches to helping farmers. Panel II The Commission held a high‑level panel discussion on emerging issues titled “Towards sustainable and resilient societies: Innovation and interconnectivity for social development”. Moderated by Jeremy Millard, Chief Policy Advisor of the Danish Technological Institute in Denmark, the panel featured presentations by Gong Sen, a Research Fellow of the Development Research Centre of the State Council and Executive Vice‑President of the China Centre for International Knowledge on Development; Noor Al Malki Al Jehani, Executive Director of the Doha International Family Institute; Walter Valdivia, a Senior Fellow to the Consortium for Science, Policy and Outcomes, a science policy think tank at Arizona State University, adjunct faculty member at Johns Hopkins University, and a senior policy editor at the Mercatus Center at George Mason University; Maria Garrido, a Research Assistant Professor and principal research scientist at the Technology and Social Change Group at the University of Washington; and Donna Scheeder, President (2015‑2017) of the International Federation of Library Associations and Institutions. Mr. MILLARD said that society was not just about economics and technology, but also about social development and people’s happiness and welfare. Many people thought of technology as neutral, but it was also very much socially constructed. Technology was often driven by the market, but it could also be driven by social need and social good. One

challenge today was the way technology was penetrating the digital world and every aspect of life. A fourth industrial revolution was under way — a blend of the digital, physical and biological worlds. He cited the example of 3D printing, which made it possible to turn digital bits of information from one part of the world into objects in another part. Artificial intelligence, meanwhile, could take the place of medium- and high‑skilled jobs, as well as low- and no‑skill ones. A fundamental issue, however, was what machines did best and what people did best. Most algorithms being developed today were excellent at specialized tasks, but not so much at doing a range of tasks together and seeing the links between them. There were still a lot of things that human beings could do, he said. Mr. SEN, examining regional disparity and the rural‑urban divide in China through two case studies, first presented information on Chongqing, a municipality that had witnessed exponential growth based in part on the development of the transportation sector. Alongside road and railway projects, air routes had been augmented, turning the city into a travel hub. He then turned to the case of Alibaba Taobao village ***programmes***, the effective rural revitalization initiative aimed at reducing urban population pressures and fostering economic growth. From 2009 to 2017, the number of Taobao villages rose to 2,118 from 3, with projected employment opportunities climbing to 3 million jobs in 2020. Grassroots entrepreneurship was the driving force, with efforts strongly backed by infrastructure, public services and the development of e‑commerce learning centres. Ms. AL MALKI AL JEHANI explained interconnectivity benefits and challenges in the Arab world, saying that ICT had transformed societies, with social media engaging 80 million users in 20 countries. Yet risks existed, as social inequalities, including low literacy rates and poverty, remained the most pressing development challenge, exacerbated by pervasive discrimination against women and weak youth engagement. Social media also had mixed benefits among families, improving communication while also reducing personal contact, and among youth, providing them with an online voice, as with the Arab Spring, but also posing risks, by promoting radicalization. Education had seen colossal benefits, with boosted teaching and learning opportunities, but challenges included widening regional disparities, lack of public investment and high costs. Providing examples of how interconnectivity was promoting social progress, she said Qatar had launched an app to better serve older persons. Among several recommendations, she encouraged support for innovative ICT in social and sustainable development efforts at national and regional levels related to the 2030 Agenda. Mr. VALDIVIA said many Governments, non‑governmental organizations and businesses believed ICT was beneficial, with many supporting the belief that simply providing access to the Internet would promote development. However, providing interconnectivity alone was not enough. Markets were configured depending on technologies that emerged and transformed their industries and an array of economies, giving birth to new market arrangements. Resilience and sustainability rested on equality, a principle that must be considered when examining how to embrace technology in an effective way to promote greater equity and more participation. In that way, societies could possibly steer the direction of their communities along a more inclusive, democratic path. Ms. GARRIDO discussed how access to information could create more socially and economically inclusive societies, highlighting the ever‑broadening online community, which now included 45 per cent of the world. Noting that access to information had been included in 19 of the targets in the Sustainable Development Goals, she presented several key elements to promote those objectives. Affordability was critical, she said, noting that 80 per cent of the globe was covered by at least 3G networks. One way to make it affordable was through community mobile networks, which offered a cooperative‑based approach, with Government support essential to broaden access, as seen in Indonesia and Mexico. Bridging the ICT gender gap was also imperative, in view of the fact that 40 per cent of women in less developed regions were active online, when compared with 80 per cent in more developed areas. Social policies must support gender equality, including providing access, skills and leadership training, but they must also support freedom, as 60 per cent of Internet users lived in countries where people were arrested or imprisoned for posting content on political, social and religious issues, and 49 per cent of users lived in countries where people had been attacked or killed for their online activities. Ms. SCHEEDER said sustainable development hinged on meaningful, inclusive access to information, which in turn depended on libraries. The International Federation of Library Associations and Institutions had launched the Lyon Declaration on Access to Information and Development, involving more than 570 organizations. Its principles declared that access to information empowered people to exercise their civil, political, economic and social rights, learn and apply skills, make decisions and participate in an active civil society, create community‑based solutions, ensure accountability and measure progress. Access and development links recognized the multidimensional nature of poverty, which included information poverty that kept half the world’s population offline. “If we ignore the need to bridge the information poverty gap,” she said, “we get caught in a negative downward spiral.” Such gaps must be addressed; inaction was not an option. Libraries, often the only public space where communities can gather, were an essential part of an information ecosystem, bridging the digital divide. In the ensuing discussion, delegates posed questions on national and global concerns, with many agreeing that interconnectivity contributed to development by, among other things, strengthening relations between Governments and the citizens they served. Some shared examples of ways their Governments were making strides in broadening online access and services. The delegate for South Africa described online social record management and cash ***transfers***. The speaker for Argentina said services included distance learning and digital literacy ***programmes*** for vulnerable groups, and the Vice‑President of Costa Rica elaborated on a strategy providing Internet access to poor households. The representative of Hungary said her Government was providing free online textbooks to children nationwide, and the speaker for the European Union said members were developing a new approach to digitalization without leaving anyone behind. Some made suggestions on ways forward. The representative of Germany highlighted insights from an ongoing national dialogue on labour, saying substantial investments in skills and education were needed to help workers adapt to new technology, and innovation must be supported with a view to creating new work frameworks. The speaker for Haiti called for solid public policies and strategies based on addressing the multidimensional nature of poverty, and the delegate for Cuba said genuine international cooperation was needed. Raising the issue that poverty seemed to target the youngest generations, between ages 15 and 35, and rural populations, the representative of Burkina Faso said ethics must be considered in the pursuit of technological solutions. A Member of Parliament from Ghana pointed out that the very principle of community was being challenged, with increased online use at, for example, the dinner table. He then asked how to use the Internet to bring communities together and asked how connectivity was defined in various countries, particularly related to poverty reduction. Mr. SEN, responding to the latter question, said beneficial connections could and should be made to the broader world to improve communities. To the former, he confessed he had no idea how to deal with the Internet at the dinner table. Ms. AL MALKI AL JEHANI, addressing that question, said families must make decisions to socially connect rather than disconnect by going online. She reminded some delegates that most participants existed and lived before the Internet existed. Mr. VALDIVIA emphasized that measuring connectivity could include examining access to digital banking or other financial services. As for online connectivity at dinner, he said perhaps those who checked their phones at the dinner table could be punished by following the President’s Twitter feed for two hours. Ms. GARRIDO emphasized that there was a need to reconceptualize the definition of connectivity. In addition, the issue of available public social spaces should be examined. Responding to a query on what key skills men and women would need in the future, she said information and mobile literacy were critical. Ms. SCHEEDER added that a commitment to continuous learning was also important, as was connecting with one another during family time. Also participating in the discussion were representatives of several non‑governmental organizations.

**Load-Date:** February 2, 2018

**End of Document**



[***New reinsurance programmes bolstering coverage against natural disasters in emerging markets***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-7534-00000-00&context=1516831)

Oxford Business Group: Articles

May 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 1735 words

**Body**

While advanced economies generate the vast majority of insurance and reinsurance business, emerging markets are posting higher rates of growth. Complementing this underlying trend is a strong and expanding interest in catastrophic risk, which by nature tends to pertain to emerging markets. This is coming alongside fast-paced, sector-transforming innovation, which could provide a major boost to industries in less-developed economies.

**By the Numbers**

In terms of simple throughput, insurance remains very much centred in North America, Europe and mature Asian markets. According to insurance group Munich Re, in 2016 North America paid 31.1% of global premiums, Western Europe paid 28.8% and the more advanced Asian markets, such as Japan, paid 19.8%. However, the rate of growth in emerging markets outpaces these by far: according to global accountancy EY, life premiums in these markets rose by 7.8% in 2014, while advanced markets grew by 4%. Those figures were 13.2% and 3.4% in 2015, 20.1% and 2% in 2016, and an estimated 14.9% against 2.1% in 2017. Particularly strong growth was noted in the life segments in Vietnam, Malaysia and Indonesia. Regarding non-life insurance, the growth of emerging markets has been in the range of 5-8.5% since 2012, while growth in developed markets has remained around 2%.

These trends are leading to a relative decline in the share of business the developed insurance markets possess. Munich Re has estimated that primary premiums in North America will fall to 27.8% of the world's total by 2026, Western Europe to 24.5% and mature Asian markets to 17.5%. Meanwhile, emerging Asia's share will jump from 13.3% in 2016 to 21.4%, MENA's will rise from 1.3% to 1.8%, and sub-Saharan Africa's share will remain at 1.1%. Swiss Re, another global reinsurer, forecast the global rate of growth in reinsurance at 1% over the three ***years*** to 2019. By comparison, reinsurance in emerging markets is growing at about 10% per ***year***.

**Reinsurance Trends**

The global reinsurance market on the whole is on a firm footing, with capital reaching $605bn at the end of the second quarter of 2017. However, according to its "Global Insurance Trends Analysis" for 2016, EY reported that 2016 was the biggest ***year*** for catastrophe (CAT) claims since 2012, with $50bn in insurance losses reported on $175bn of damage, and more was expected in 2017.

Reinsurance returns are already at or below the cost of capital: Fitch expected return on equity to fall from 8.5% in 2016 to 2.1% in 2017, but forecast it would increase to approximately 7.1% in 2018. The cost of capital for companies, meanwhile, is thought to have ranged between 6% and 7% in 2017.

**Micro-insurance**

In August 2017 a global partnership was formally forged between the global insurance industry and the UN, which will help boost the micro-insurance segment. Swiss Re has forecast that the micro-insurance market could cover as many as 4bn people. Reinsurers will be vital to this sort of expansion. As the market increases in size, added capacity will be needed beyond what domestic markets can provide, and international players will be key in bridging that gap. So far, however, engagement has been minimal and the two markets are barely linked.

While major reinsurance companies are supportive of micro-insurance - especially in terms of grants, research and promotion - their exact participation in the risk transference part of the equation remains unclear. This is partly a structural issue: the insured amount is usually so low with micro-insurance that reinsurance rarely kicks in on a per policy basis.

**Index Linking**

For the most part, reinsurance companies are only involved with the micro-segment indirectly via the index-linked market, and a number of ***programmes*** are under way to increase reinsurance participation in this market. For instance, Mongolia's ***Agriculture*** Reinsurance (AgRe), which provides index-based livestock cover, is supported by major international players, including SCOR, Swiss Re and Qatar Re. AgRe was originally formed with the assistance of the World Bank in 2005, becoming a fully fledged corporate entity in 2014. Despite early losses, it has been in positive territory every ***year*** since 2010, according to statistics from AgRe. In 2015 the International Financial Corporation, part of the World Bank Group, opened the Global Index Insurance Facility (GIIF), a donor-funded ***programme*** designed to support index-linked insurance in developing countries, with Swiss Re as its technical partner. In 2015 France's AXA announced it would provide reinsurance capacity for weather-linked products introduced by the World Bank under the GIIF.

**CAT Risk**

One of the main avenues to emerging markets for reinsurers is through CAT coverage, as developing countries often need to go abroad to cover major disasters due to limited domestic capacity. Because of their locations, populations and lack of infrastructure, these countries tend to be most affected by weather-related and seismic events.

Development of the segment is ongoing and a number of ***programmes*** are already in place. For example, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which is currently owned and operated by 16 governments from the region, was created in 2007 with international assistance. It is the first and only regional fund to date that pays out claims based on statistical parameters rather than actual losses incurred. Reinsurance is a key component of the coverage, as it allows for the purchase of CAT insurance at lower rates than would be available commercially. Payouts from the CCRIF totalled $100m as of late 2017.

Another such entity is the Pacific Catastrophe Risk Insurance Company (PCRIC), which covers the Cook Islands, the Republic of the Marshall Islands, Samoa, Tonga and Vanuatu. The entity was designed to pool risk and tap international reinsurance markets to cover key regional risks, such as tsunamis, earthquakes and cyclones. The PCRIC mobilised $45m of coverage for the 2017/18 cyclone season, up from $38m a ***year*** earlier. To cover the African market, African Risk Capital (ARC) was launched in 2014 as a sovereign CAT fund. The scheme aims to have $1.5bn of coverage available by 2020, though ARC will likely require significant international market support to meet this goal.

**Innovation**

Adding to traditional reinsurance arrangements, CAT bonds and CAT swaps are becoming part of the landscape. These developments allow for the quick identification of risk and deployment of capital, in turn resulting in highly competitive terms. As reinsurance becomes more capital markets oriented, some developing markets may be better served.

For instance, Mexico's Fund for Natural Disasters (Fondo de Desastres Naturales, FONDEN), uses an index based on the Richter scale to provide reinsurance to cover costs after the Mexican earthquake insurance fund is tapped out. In 2017 FONDEN sold a $360m CAT bond, surpassing the $290m that was initially planned.

In the Philippines, a parametric disaster line to cover the 25 most disaster-prone provinces was initiated in 2017. The fund was valued at P1bn ($19.8m), with support provided by the World Bank and risk fully ceded to international reinsurers. In a related development, the World Bank arranged a $206m CAT swap line for the country, which will cover typhoon and earthquake risk.

The size of the CAT bond market has more than doubled over the past decade. It reached record volumes in 2017, estimated at $12bn, with more than $30bn outstanding. There are signs that alternative financing is outpacing traditional reinsurance, which could have a major impact on developing economies given the speed and flexibility of market-based solutions.

**Barriers to Risk**

The micro- and index lines have historically faced challenges. Notably, it can be difficult to generate demand for these products. Jakarta's Manggarai Water Gate micro-insurance ***programme***, for example, sold only 50 policies, and as a result was discontinued a ***year*** after its inception in 2009.

In terms of index-linked initiatives, it is not clear whether these securities can be fully self-sustaining, as a majority of them rely on multilateral and donor support. In places like China or India, markets are able to fund the risk internally, but in smaller markets, the mismatch between the potential losses and the critical mass on the ground is substantial.

Poor performance also threatens the sector, and one major loss can shift sentiment, which can freeze markets and make risk difficult to ***transfer***. For instance, an 8.1-magnitude earthquake in Mexico in August 2017 could have wiped out FONDEN's financing. Although the payout ended up being a manageable $150m, it highlighted potential problems.

**Structural Risks**

There are also common structural risks in emerging markets, such as limited data and underwriting experience. However, advances in technology should see these areas improve over time, and some emerging markets already have a substantial amount of detailed information available. For example, Papua New Guinea has 50 ***years*** of cyclone data and Mongolia's livestock census dates to 1918.

Distribution is another widespread issue in emerging markets, as extending coverage to both individuals and corporations can often be challenging. Reinsurers becoming more involved at the local level is one potential solution; however, this sort of activity is outside the normal field of operations and responsibility.

Globally, the reinsurance market is becoming increasingly concentrated - the top-five players currently control around 90% of the market - but in some cases local markets are becoming too competitive, which can lead to a mismatch in terms of pricing. In Papua New Guinea, foreign exchange restrictions are leading to reinsurance ***payment*** challenges, while in other markets, the fall in local currencies has led to a decline in the market size in US dollar terms, despite strong business.

**Looking Ahead**

The reinsurance sector is changing in both developing and emerging markets all over the world. Although natural disasters have led to a tightening of the market, new technologies and innovation are assisting insurers and reinsurers in reaching historically underpenetrated areas. Alternative solutions are likely to create uncertainties as well as opportunities, but all indications suggest that reinsurance in emerging markets is set to grow in both absolute and relative terms.

**Load-Date:** March 12, 2020

**End of Document**



[***New reinsurance programmes bolstering coverage against natural disasters in emerging markets***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-74WJ-00000-00&context=1516831)

Oxford Business Group: Articles

April 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 1734 words

**Body**

While advanced economies generate the vast majority of insurance and reinsurance business, emerging markets are posting higher rates of growth. Complementing this underlying trend is a strong and expanding interest in catastrophic risk, which by nature tends to pertain to emerging markets. This is coming alongside fast-paced, sector-transforming innovation, which could provide a major boost to industries in less-developed economies.

**By the Numbers**

In terms of simple throughput, insurance remains very much centred in North America, Europe and mature Asian markets. According to insurance group Munich Re, in 2016 North America paid 31.1% of global premiums, Western Europe paid 28.8% and the more advanced Asian markets, such as Japan, paid 19.8%. However, the rate of growth in emerging markets outpaces these by far: according to global accountancy EY, life premiums in these markets rose by 7.8% in 2014, while advanced markets grew by 4%. Those figures were 13.2% and 3.4% in 2015, 20.1% and 2% in 2016, and an estimated 14.9% against 2.1% in 2017. Particularly strong growth was noted in the life segments in Vietnam, Malaysia and Indonesia. Regarding non-life insurance, the growth of emerging markets has been in the range of 5-8.5% since 2012, while growth in developed markets has remained around 2%.

These trends are leading to a relative decline in the share of business the developed insurance markets possess. Munich Re has estimated that primary premiums in North America will fall to 27.8% of the world's total by 2026, Western Europe to 24.5% and mature Asian markets to 17.5%. Meanwhile, emerging Asia's share will jump from 13.3% in 2016 to 21.4%, MENA's will rise from 1.3% to 1.8%, and sub-Saharan Africa's share will remain at 1.1%. Swiss Re, another global reinsurer, forecast the global rate of growth in reinsurance at 1% over the three ***years*** to 2019. By comparison, reinsurance in emerging markets is growing at about 10% per ***year***.

**Reinsurance Trends**

The global reinsurance market on the whole is on a firm footing, with capital reaching $605bn at the end of the second quarter of 2017. However, according to its "Global Insurance Trends Analysis" for 2016, EY reported that 2016 was the biggest ***year*** for catastrophe (CAT) claims since 2012, with $50bn in insurance losses reported on $175bn of damage, and more was expected in 2017.

Reinsurance returns are already at or below the cost of capital: Fitch expected return on equity to fall from 8.5% in 2016 to 2.1% in 2017, but forecast it would increase to approximately 7.1% in 2018. The cost of capital for companies, meanwhile, is thought to have ranged between 6% and 7% in 2017.

**Micro-Insurance**

In August 2017 a global partnership was formally forged between the global insurance industry and the UN, which will help boost the micro-insurance segment. Swiss Re has forecast that the micro-insurance market could cover as many as 4bn people. Reinsurers will be vital to this sort of expansion. As the market increases in size, added capacity will be needed beyond what domestic markets can provide, and international players will be key in bridging that gap. So far, however, engagement has been minimal and the two markets are barely linked.

While major reinsurance companies are supportive of micro-insurance - especially in terms of grants, research and promotion - their exact participation in the risk transference part of the equation remains unclear. This is partly a structural issue: the insured amount is usually so low with micro-insurance that reinsurance rarely kicks in on a per policy basis.

**Index Linking**

For the most part, reinsurance companies are only involved with the micro-segment indirectly via the index-linked market, and a number of ***programmes*** are under way to increase reinsurance participation in this market. For instance, Mongolia's ***Agriculture*** Reinsurance (AgRe), which provides index-based livestock cover, is supported by major international players, including SCOR, Swiss Re and Qatar Re. AgRe was originally formed with the assistance of the World Bank in 2005, becoming a fully fledged corporate entity in 2014. Despite early losses, it has been in positive territory every ***year*** since 2010, according to statistics from AgRe. In 2015 the International Financial Corporation, part of the World Bank Group, opened the Global Index Insurance Facility (GIIF), a donor-funded ***programme*** designed to support index-linked insurance in developing countries, with Swiss Re as its technical partner. In 2015 France's AXA announced it would provide reinsurance capacity for weather-linked products introduced by the World Bank under the GIIF.

**Cat Risk**

One of the main avenues to emerging markets for reinsurers is through CAT coverage, as developing countries often need to go abroad to cover major disasters due to limited domestic capacity. Because of their locations, populations and lack of infrastructure, these countries tend to be most affected by weather-related and seismic events.

Development of the segment is ongoing and a number of ***programmes*** are already in place. For example, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which is currently owned and operated by 16 governments from the region, was created in 2007 with international assistance. It is the first and only regional fund to date that pays out claims based on statistical parameters rather than actual losses incurred. Reinsurance is a key component of the coverage, as it allows for the purchase of CAT insurance at lower rates than would be available commercially. Payouts from the CCRIF totalled $100m as of late 2017.

Another such entity is the Pacific Catastrophe Risk Insurance Company (PCRIC), which covers the Cook Islands, the Republic of the Marshall Islands, Samoa, Tonga and Vanuatu. The entity was designed to pool risk and tap international reinsurance markets to cover key regional risks, such as tsunamis, earthquakes and cyclones. The PCRIC mobilised $45m of coverage for the 2017/18 cyclone season, up from $38m a ***year*** earlier. To cover the African market, African Risk Capital (ARC) was launched in 2014 as a sovereign CAT fund. The scheme aims to have $1.5bn of coverage available by 2020, though ARC will likely require significant international market support to meet this goal.

**Innovation**

Adding to traditional reinsurance arrangements, CAT bonds and CAT swaps are becoming part of the landscape. These developments allow for the quick identification of risk and deployment of capital, in turn resulting in highly competitive terms. As reinsurance becomes more capital markets oriented, some developing markets may be better served.

For instance, Mexico's Fund for Natural Disasters (Fondo de Desastres Naturales, FONDEN), uses an index based on the Richter scale to provide reinsurance to cover costs after the Mexican earthquake insurance fund is tapped out. In 2017 FONDEN sold a $360m CAT bond, surpassing the $290m that was initially planned.

In the Philippines, a parametric disaster line to cover the 25 most disaster-prone provinces was initiated in 2017. The fund was valued at P1bn ($19.8m), with support provided by the World Bank and risk fully ceded to international reinsurers. In a related development, the World Bank arranged a $206m CAT swap line for the country, which will cover typhoon and earthquake risk.

The size of the CAT bond market has more than doubled over the past decade. It reached record volumes in 2017, estimated at $12bn, with more than $30bn outstanding. There are signs that alternative financing is outpacing traditional reinsurance, which could have a major impact on developing economies given the speed and flexibility of market-based solutions.

**Barriers to Risk**

The micro- and index lines have historically faced challenges. Notably, it can be difficult to generate demand for these products. Jakarta's Manggarai Water Gate micro-insurance ***programme***, for example, sold only 50 policies, and as a result was discontinued a ***year*** after its inception in 2009.

In terms of index-linked initiatives, it is not clear whether these securities can be fully self-sustaining, as a majority of them rely on multilateral and donor support. In places like China or India, markets are able to fund the risk internally, but in smaller markets, the mismatch between the potential losses and the critical mass on the ground is substantial.

Poor performance also threatens the sector, and one major loss can shift sentiment, which can freeze markets and make risk difficult to ***transfer***. For instance, an 8.1-magnitude earthquake in Mexico in August 2017 could have wiped out FONDEN's financing. Although the payout ended up being a manageable $150m, it highlighted potential problems.

**Structural Risks**

There are also common structural risks in emerging markets, such as limited data and underwriting experience. However, advances in technology should see these areas improve over time, and some emerging markets already have a substantial amount of detailed information available. For example, Papua New Guinea has 50 ***years*** of cyclone data and Mongolia's livestock census dates to 1918.

Distribution is another widespread issue in emerging markets, as extending coverage to both individuals and corporations can often be challenging. Reinsurers becoming more involved at the local level is one potential solution; however, this sort of activity is outside the normal field of operations and responsibility.

Globally, the reinsurance market is becoming increasingly concentrated - the top-five players currently control around 90% of the market - but in some cases local markets are becoming too competitive, which can lead to a mismatch in terms of pricing. In Papua New Guinea, foreign exchange restrictions are leading to reinsurance ***payment*** challenges, while in other markets, the fall in local currencies has led to a decline in the market size in US dollar terms, despite strong business.

**Looking Ahead**

The reinsurance sector is changing in both developing and emerging markets all over the world. Although natural disasters have led to a tightening of the market, new technologies and innovation are assisting insurers and reinsurers in reaching historically underpenetrated areas. Alternative solutions are likely to create uncertainties as well as opportunities, but all indications suggest that reinsurance in emerging markets is set to grow in both absolute and relative terms.

**Load-Date:** March 12, 2020

**End of Document**



[***Kora Uses Blockchain to Unlock Financial Markets for the Un(der)banked Across the Globe***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SBS-BFB1-DXP3-R565-00000-00&context=1516831)

PR Newswire Europe

May 17, 2018 Thursday 2:00 AM EST

Copyright 2018 PR Newswire Europe Limited All Rights Reserved

**Length:** 587 words

**Dateline:** LONDON and NEW YORK, May 17, 2018

**Body**

Company hopes to onboard 100,000 users by end of 2018

Innovating to reduce poverty through financial inclusion, Kora has launched a new network built on blockchain technology to unlock global growth by linking the value in local ecosystems with global markets. Already piloted in Nigeria with the next pilot to launch in Ghana in June, the Kora Network platform was designed to create trust, security, efficiency and transparency.

Currently, there are an estimated two million unbanked and underbanked people in the world, according to the World Bank's Global Financial Inclusion database. Bank accounts are critical to small businesses, to secure ***payments*** and savings, and to making transactions efficient and effective. When people lack a bank account, they lack critical resources.

"Businesses and individuals in emerging markets are severely underserved when it comes to their ability to access capital, chiefly due to lack of trust in financial agreements and data," said Dickson Nsofor, CEO and founder of Kora. "Unlike many similar projects that fail to go beyond the idea stage, the Kora Network is making financial inclusion a reality."

Accessible without internet or a smartphone, the Kora Network originates under-securitized assets, such as ***agricultural*** cash flow, mining and corporate equities and bonds into security token chains. Ongoing user testing is focused on unlocking untapped capital in emerging economies; the ***program*** is in Nigeria works in concert with 300 farmers, who now have the ability to quickly and easily send and receive funds from cities to rural areas at a low cost. Kora has partnered with Aeternity Blockchain for joint collaboration on its financial inclusion initiatives in Africa.

The company's first beta test will take place in Ghana next month, supporting ***agricultural*** communities by providing identify, secure storage, marketplaces, money ***transfer*** and more via connections to global trade finance. Blockchain technology will support record-keeping, revenue-splitting and access to capital to grow the ***agricultural*** value chain. The goal is to expand to other markets throughout the ***year***, onboarding 100,000 users by the end of 2018.

"While the cost of serving the unbanked is high for traditional financial institutions, technology makes everything possible and scalable," Nsofor added. "It is my purpose in life to help more of the unbanked and underbanked achieve their dreams and goals while supporting industries in emerging markets as well. We focus on empowering individuals, businesses and communities through our network."

The company's public sale will launch on Friday May 18th 12:00UTC and run through June 18th 12:00UTC

About Kora

Creating an infrastructure for inclusive, community-owned financial systems, Kora is a blockchain-based infrastructure for inclusive financial systems. At Kora, we believe that technology should empower instead of displace existing communities and networks. Kora was founded by Dickson Nsofor, a serial entrepreneur who has led organizations in internet, hardware and technology. Nsofor is a blockchain researcher and advisor to a number of blockchain projects. The notable board of directors includes: renowned ***payments*** expert Faisal Khan, top-10 blockchain influencer Dinis Guarda, John Edge, the chair of ID2020, and Anthony Ritossa, chair of Ritossa Family Office).

For more information, please visit[*https://kora.network*](https://kora.network)

Logo -[*https://mma.prnewswire.com/media/692764/Kora\_Logo.jpg*](https://mma.prnewswire.com/media/692764/Kora_Logo.jpg)

CONTACT: Zahen Khan, E: [*zahen@kora.network*](mailto:zahen@kora.network), +44(0)-20-3239-2771

**Load-Date:** May 17, 2018

**End of Document**



[***Reinsurance programmes bolster coverage against natural disasters in emerging markets***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4Y1-DXYV-700T-00000-00&context=1516831)

Oxford Business Group: Articles

June 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 1735 words

**Body**

While advanced economies generate the vast majority of insurance and reinsurance business, emerging markets are posting higher rates of growth. Complementing this underlying trend is a strong and expanding interest in catastrophic risk, which by nature tends to pertain to emerging markets. This is coming alongside fast-paced, sector-transforming innovation, which could provide a major boost to industries in less-developed economies.

**By the Numbers**

In terms of simple throughput, insurance remains very much centred in North America, Europe and mature Asian markets. According to insurance group Munich Re, in 2016 North America paid 31.1% of global premium, Western Europe paid 28.8% and the more advanced Asian markets, such as Japan, paid 19.8%. However, the rate of growth in emerging markets outpaces these by far: according to global accountancy EY, life premium in these markets rose by 7.8% in 2014, while advanced markets grew by 4%. Those figures were 13.2% and 3.4% in 2015, 20.1% and 2% in 2016, and an estimated 14.9% against 2.1% in 2017. Particularly strong growth was noted in the life segments in Vietnam, Malaysia and Indonesia. Regarding non-life insurance, the growth of emerging markets has been in the range of 5-8.5% since 2012, while growth in developed markets has remained around 2%.

These trends are leading to a relative decline in the share of business the developed insurance markets possess. Munich Re has estimated that primary premium in North America will fall to 27.8% of the world's total by 2026, Western Europe to 24.5% and mature Asian markets to 17.5%. Meanwhile, emerging Asia's share will jump from 13.3% in 2016 to 21.4%, MENA's will rise from 1.3% to 1.8%, and sub-Saharan Africa's share will remain at 1.1%. Swiss Re, another global reinsurer, forecast the global rate of growth in reinsurance at 1% over the three ***years*** to 2019. By comparison, reinsurance in emerging markets is growing at about 10% per ***year***.

**Reinsurance Trends**

The global reinsurance market on the whole is on a firm footing, with capital reaching $605bn at the end of the second quarter of 2017. However, according to its "Global Insurance Trends Analysis" for 2016, EY reported that 2016 was the biggest ***year*** for catastrophe (CAT) claims since 2012, with $50bn in insurance losses reported on $175bn of damage, and more was expected in 2017.

Reinsurance returns are already at or below the cost of capital: Fitch expected return on equity to fall from 8.5% in 2016 to 2.1% in 2017, but forecast it would increase to approximately 7.1% in 2018. The cost of capital for companies, meanwhile, is thought to have ranged between 6% and 7% in 2017.

**Micro-Insurance**

In August 2017 a global partnership was formally forged between the global insurance industry and the UN, which will help boost the micro-insurance segment. Swiss Re has forecast that the micro-insurance market could cover as many as 4bn people. Reinsurers will be vital to this sort of expansion. As the market increases in size, added capacity will be needed beyond what domestic markets can provide, and international players will be key in bridging that gap. So far, however, engagement has been minimal and the two markets are barely linked.

While major reinsurance companies are supportive of micro-insurance - especially in terms of grants, research and promotion - their exact participation in the risk transference part of the equation remains unclear. This is partly a structural issue: the insured amount is usually so low with micro-insurance that reinsurance rarely kicks in on a per policy basis.

**Index Linking**

For the most part, reinsurance companies are only involved with the micro-segment indirectly via the index-linked market, and a number of ***programmes*** are under way to increase reinsurance participation in this market. For instance, Mongolia's ***Agricultural*** Reinsurance (AgRe), which provides indexbased livestock cover, is supported by major international players, including SCOR, Swiss Re and Qatar Re. AgRe was originally formed with the assistance of the World Bank in 2005, becoming a fully fledged corporate entity in 2014. Despite early losses, it has been in positive territory every ***year*** since 2010, according to statistics from AgRe. In 2015 the International Finance Corporation, part of the World Bank Group, opened the Global Index Insurance Facility (GIIF), a donor-funded ***programme*** designed to support index-linked insurance in developing countries, with Swiss Re as its technical partner. In 2015 France's AXA announced it would provide reinsurance capacity for weather-linked products introduced by the World Bank under the GIIF.

**Cat Risk**

One of the main avenues to emerging markets for reinsurers is through CAT coverage, as developing countries often need to go abroad to cover major disasters due to limited domestic capacity. Because of their locations, populations and lack of infrastructure, these countries tend to be most affected by weather-related and seismic events.

Development of the segment is ongoing and a number of ***programmes*** are already in place. For example, the CCRIF (formerly the Caribbean Catastrophe Risk Insurance Facility), which is currently owned and operated by 16 governments from the region, was created in 2007 with international assistance. It is the first and only regional fund to date that pays out claims based on statistical parameters rather than actual losses incurred. Reinsurance is a key component of the coverage, as it allows for the purchase of CAT insurance at lower rates than would be available commercially. Payouts from the CCRIF totalled $100m as of late 2017.

Another such entity is the Pacific Catastrophe Risk Insurance Company (PCRIC), which covers the Cook Islands, the Republic of the Marshall Islands, Samoa, Tonga and Vanuatu. The entity was designed to pool risk and tap international reinsurance markets to cover key regional risks, such as tsunamis, earthquakes and cyclones. The PCRIC mobilised $45m of coverage for the 2017/18 cyclone season, up from $38m a ***year*** earlier. To cover the African market, African Risk Capital (ARC) was launched in 2014 as a sovereign CAT fund. The scheme aims to have $1.5bn of coverage available by 2020, though ARC will likely require significant international market support to meet this goal.

**Innovation**

Adding to traditional reinsurance arrangements, CAT bonds and CAT swaps are becoming part of the landscape. These developments allow for the quick identification of risk and deployment of capital, in turn resulting in highly competitive terms. As reinsurance becomes more capital markets oriented, some developing markets may be better served.

For instance, Mexico's Fund for Natural Disasters (Fondo de Desastres Naturales, FONDEN), uses an index based on the Richter scale to provide reinsurance to cover costs after the Mexican earthquake insurance fund is tapped out. In 2017 FONDEN sold a $360m CAT bond, surpassing the $290m that was initially planned.

In the Philippines, a parametric disaster line to cover the 25 most disaster-prone provinces was initiated in 2017. The fund was valued at P1bn ($19.8m), with support provided by the World Bank and risk fully ceded to international reinsurers. In a related development, the World Bank arranged a $206m CAT swap line for the country, which will cover typhoon and earthquake risk.

The size of the CAT bond market has more than doubled over the past decade. It reached record volumes in 2017, estimated at $12bn, with more than $30bn outstanding. There are signs that alternative financing is outpacing traditional reinsurance, which could have a major impact on developing economies given the speed and flexibility of market-based solutions.

**Barriers to Risk**

The micro- and index lines have historically faced challenges. Notably, it can be difficult to generate demand for these products. Jakarta's Manggarai Water Gate micro-insurance ***programme***, for example, sold only 50 policies, and as a result was discontinued a ***year*** after its inception in 2009.

In terms of index-linked initiatives, it is not clear whether these securities can be fully self-sustaining, as a majority of them rely on multilateral and donor support. In places like China or India, markets are able to fund the risk internally, but in smaller markets, the mismatch between the potential losses and the critical mass on the ground is substantial.

Poor performance also threatens the sector, and one major loss can shift sentiment, which can freeze markets and make risk difficult to ***transfer***. For instance, an 8.1-magnitude earthquake in Mexico in August 2017 could have wiped out FONDEN's financing. Although the payout ended up being a manageable $150m, it highlighted potential problems.

**Structural Risks**

There are also common structural risks in emerging markets, such as limited data and underwriting experience. However, advances in technology should see these areas improve over time, and some emerging markets already have a substantial amount of detailed information available. For example, Papua New Guinea has 50 ***years*** of cyclone data and Mongolia's livestock census dates to 1918.

Distribution is another widespread issue in emerging markets, as extending coverage to both individuals and corporations can often be challenging. Reinsurers becoming more involved at the local level is one potential solution; however, this sort of activity is outside the normal field of operations and responsibility.

Globally, the reinsurance market is becoming increasingly concentrated - the top-five players currently control around 90% of the market - but in some cases local markets are becoming too competitive, which can lead to a mismatch in terms of pricing. In Papua New Guinea, foreign exchange restrictions have led to reinsurance ***payment*** challenges, while in other markets, the fall in local currencies has led to a decline in the market size in US dollar terms, despite strong business.

**Looking Ahead**

The reinsurance sector is changing in both developing and emerging markets all over the world. Although natural disasters have led to a tightening of the market, new technologies and innovation are assisting insurers and reinsurers in reaching historically underpenetrated areas. Alternative solutions are likely to create uncertainties as well as opportunities, but all indications suggest that reinsurance in emerging markets is set to grow in both absolute and relative terms.

**Load-Date:** March 12, 2020

**End of Document**



[***Delegates Discuss Efforts to End Poverty amid Rising Inequality, Unprecedented Human Displacement, as Social Development Commission Continues Session***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJF-4371-JDG9-Y278-00000-00&context=1516831)

Impact News Service

January 31, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 6948 words

**Body**

New York NY : Business Council for the United Nations has issued the following press release:

Delegates from around the world shared their experiences in combating poverty against the backdrop of both long‑standing and emerging challenges — including an unprecedented global displacement crisis, protracted conflicts and a rising tide of intolerance — as the Commission for Social Development continued its fifty‑sixth annual session today. Speakers also cited economic sanctions, lack of adequate support from development partners and a slow recovery from the past decade’s financial crisis as major obstacles to poverty eradication. Some pointed to rising inequality as another crucial impediment, calling for more progressive policies to distribute wealth, while others emphasized the need to focus on key groups such as women and youth. With the discussion focused squarely on the drivers of — and possible antidotes to — poverty, South Africa’s Chief Director for Economic Development recalled former President Nelson Mandela’s belief that extreme poverty “demeans us all”. Young people in South Africa continued to lack employment opportunities, she said, while the current global climate was driving increased discrimination based on race, national origins and other factors. In response to such challenges, the Government was working to boost job creation, realize the goal of free education for all and ensure the rights of vulnerable groups such as persons with disabilities and older persons.

Spotlighting another vulnerable — and particularly critical — group, Zimbabwe’s Minister for Labour and Social Welfare said women comprised 80 per cent of her country’s ***agricultural*** workforce as well as 60 per cent of its informal employment sector. Outlining concrete plans in such areas as employment creation, social protection and inclusive development, she said a national strategy now also reserved a 20 per cent quota for women’s ownership of ***agricultural*** land. Denmark’s Minister for Fisheries and Equal Opportunities and Minister for Nordic Cooperation echoed the importance of focusing anti‑poverty initiatives on women, noting that their increased engagement and productivity would also benefit entire societies. Calling for special attention to those living in protracted displacement or in countries affected by conflict and crisis — 50 per cent of whom still lived in extreme poverty — she also emphasized that eradicating poverty required a sustained, long‑term development effort. For that reason, Denmark had delivered on the target of providing 0.7 per cent of its gross national income as official development assistance (ODA) for 40 ***years***, and encouraged other countries to do the same. Many speakers, including the Deputy Minister for Labour and Social Protection of the Russian Federation, voiced support for efforts to provide both universal health care and social services to all. Despite the ongoing financial crisis and unilateral sanctions, he said, the Russian Federation had offered a wide array of services, including new measures targeting families and children in need and raising the national minimum wage across a range of professions. Other strategic development projects spanned sectors such as health, education, labour and transportation, and efforts were under way to support entrepreneurs and train workers in the latest technologies. Echoing those sentiments, the Deputy Minister for Foreign Affairs of Belarus warned against selfish, politically motivated and unilateral steps, such as destructive sanctions, which had detrimental consequences to countries who sought development gains. Describing his country’s efforts to guarantee employment and decent work for all, he added that combating poverty required a global approach, and encouraged the international community to assist in creating a “more just world” for humankind. Several speakers, including the General Director of Youth for the Ministry of Social Development of Uruguay, focused on progressive efforts to redistribute wealth more fairly. Noting that his country enjoyed the largest gross domestic product (GDP) in Latin America and had dramatically reduced its poverty rate, he said the Government had established a minimum wage, made health care a universal right, put in place a system of cash ***transfers*** for vulnerable families and enhanced access to jobs. Stressing that no sustainable social development or economic growth could be accomplished without a more equal distribution of wealth, he also described Uruguay’s recent strides in such areas as marriage equality and the protection of reproductive and sexual rights. During its afternoon session, the Commission held a high‑level panel discussion on the theme, “Towards sustainable and resilient societies: Innovation and interconnectivity for social development”. Moderated by Jeremy Millard, Chief Policy Advisor, Danish Technological Institute, of Denmark, it featured five panellists: Gong Sen, Research Fellow of the Development Research Centre of the State Council and Executive Vice‑President of the China Centre for International Knowledge on Development; Noor Al Malki Al Jehani, Executive Director of the Doha International Family Institute; Walter Valdivia, Senior Fellow to the Consortium for Science, Policy and Outcomes, a science policy think tank at Arizona State University, adjunct faculty at Johns Hopkins University, and a senior policy editor at the Mercatus Center at George Mason University; Maria Garrido, Research Assistant Professor and principal research scientist at the Technology and Social Change Group at the University of Washington; and Donna Scheeder, President from 2015 to 2017 of the International Federation of Library Associations and Institutions. Also delivering statements today were ministers, representatives and youth delegates from Niger, Congo, Chile, Indonesia, Saudi Arabia, Argentina, Hungary, Sudan, Thailand, Mexico, Georgia, Israel, Switzerland, Kenya, El Salvador, Dominican Republic and Namibia. The Commission will reconvene at 10 a.m Wednesday, 31 January, to continue its work. Statements PETRONELLA KAGONYE, Minister for Labour and Social Welfare of Zimbabwe, associating herself with the statements delivered on Monday on behalf of the “Group of 77” developing countries and China and the African Group, said her country had integrated the 2030 Agenda for Sustainable Development’s 17 Sustainable Development Goals into its “Zimbabwe Agenda for Sustainable Socioeconomic Transformation”. That plan addressed such issues as employment creation, poverty reduction, social protection and inclusive development, she said, noting that the majority of women in Zimbabwe were employed in the ***agricultural*** sector where they comprised 80 per cent of the workforce and 60 per cent of the 5.4 million people in the informal sector. National strategies had reserved a 20 per cent quota for women entitled to apply for ownership of ***agricultural*** land, while others focused on the special needs of young people and prioritized education, leading to the achievement of gender parity in primary school enrolment rates and high literacy rates. Still other ***programmes*** targeted the needs of populations including persons with disabilities, the elderly, and orphaned and vulnerable children. AMADOU AISSATA ISSA MAIGA, Minister for Population of Niger, associating herself with the Group of 77 and the African Group, said her country had put in place several strategies to combat poverty and strengthen its population’s well‑being. Its main framework for action aimed to see all men and women, especially the most vulnerable, benefit from basic services. It also sought to boost women’s land ownership and offered a holistic vision of social protection and the provision of emergency humanitarian assistance where needed. Niger had also passed laws to ensure equal opportunities for persons with disabilities and which enshrined their basic rights to employment, social services and freedom from discrimination. “We must make the issue of disability a priority,” she stressed, citing concrete progress achieved since Niger’s ratification of the Convention on the Rights of Persons with Disabilities in 2008, such as improved accessibility to public buildings and widespread awareness‑raising campaigns. Social protection for older persons had also been enshrined in the country’s laws, ensuring their access to medical care and establishing a national solidarity office to address relevant issues. As a result of those and other initiatives, poverty in Niger had fallen by 2.8 per cent between 2011 and 2014, she said. ANTOINETTE DINGA‑DZONDO, Minister for Social Affairs of Congo, aligning herself with the Group of 77 and the African Group, said poverty‑targeted efforts were particularly important, especially for vulnerable groups. Poverty affected half of Congo’s 4 million citizens, of whom 60 per cent were under age 30, almost 5 per cent were older persons and 1.4 per cent were living with disabilities. Government ***programmes*** aimed at addressing various needs by expanding social protection services. Projects targeted special needs, including cash ***transfers*** and job creation efforts, and an International Monetary Fund (IMF) initiative was making further steps such as boosting the digital economy, yet challenges remained, such as streamlining budgets and coordination. JUAN EDUARDO FAÚNDEZ MOLINA, Vice‑Minister for Social Development of Chile, said poverty and violence were social obstacles to most societies, with international organizations playing a central role in efforts to address those challenges. Highlighting the multidimensional nature of poverty, he said many aspects must be addressed simultaneously, including health, housing and religious life. Chile was changing its methodology for measuring poverty, having submitted relevant reports to the United Nations. It strongly supported the 2030 Agenda. More detailed data had painted a clearer national picture of needs, from political participation to social protection gaps. The new socially democratic Government was poised to promote a range of social issues, including education, women’s rights and shaping a new Constitution for the twenty‑first century. Such efforts aimed at redirecting society towards a more humane and sustainable one. ALEXEY CHERKASOV, Deputy Minister for Labour and Social Protection of the Russian Federation, expressed support for poverty reduction, as everyone should be covered by health and social services. Despite the ongoing financial crisis and unilateral sanctions, the Russian Federation had offered a wide array of services, including new measures targeting families and children in need and raising the national minimum wage across a range of professions. Strategic development projects spanned sectors such as health, education, labour, transportation and support for entrepreneurship. Special efforts were, among other things, reaching those in remote areas and training workers in the latest technologies. Turning to the work of the Commission, he said it had played a leading role in providing agreed upon guidance with regard to many issues, including youth, persons with disabilities and the role families could play. EDI SUHARTO, Vice Minister for Social Services of Indonesia, aligning himself with the Group of 77 and the Association of Southeast Asian Nations (ASEAN), said the Sustainable Development Goals had provided a universal and global agenda, but now a comprehensive approach was needed to achieve those targets by 2030. Indonesia had taken a number of steps towards those goals, for instance, with efforts aimed at cutting poverty to 7 per cent by 2019 from 10.7 per cent in 2016, and primary school enrolment having already climbed to more than 95 per cent. Empowerment was key to development, including enhancing health and education sectors while reducing unemployment, but challenges remained. While poverty was decreasing in Indonesia, the heart of the problem was its chronic cycle that must be broken. Ensuring inclusive development was the way forward, he said, calling on stakeholders to find innovative strategies to make the 2030 Agenda succeed. TAMADER ALRAMMAH, Deputy Minister for Direct Localization and General Director of Social Welfare and Family of Saudi Arabia, associating herself with the Group of 77, said anti‑poverty policies should be tailored to the specific cultural contexts of individual countries. However, some elements were common to all nations, she said, describing Saudi Arabia’s own national ***programmes***. Those included a range of new social transformations aimed at empowering people, strengthening the participation of women in the workforce, bolstering food security, enacting new economic reforms and providing social protection to all. Saudi Arabia was working to make social assistance available to persons with disabilities and their families, putting in place a national plan to that effect. In addition, strategies had been enacted to protect the elderly and meet their special needs, including through the establishment of 38 centres for older persons throughout the country, the provision of stipends and the launch of a detailed study on their well‑being. Efforts were also under way to promote education, including through the provision of scholarships, she said. KAREN ELLEMANN, Minister for Fisheries and Equal Opportunities and Minister for Nordic Cooperation of Denmark, spotlighted four issues her country viewed as critical to eradicating poverty by 2030. First was the need to build strong partnerships, including between Governments, the private sector, academia and civil society, all of which needed to work together to ensure that efforts were directed towards common goals for people, planet and prosperity. Second, eradicating poverty required a sustained, long‑term development effort, she said, noting that Denmark had delivered on the United Nations target of providing 0.7 per cent of its gross national income as official development assistance (ODA) for 40 ***years*** in a row, and encouraging other countries to do the same. Third, there was a need to focus on gender equality and young people, especially young women, she said, noting that their increased engagement and productivity would benefit not only them but also their countries as a whole. Finally, it was critical to pay special attention to those living in protracted displacement or in countries affected by conflict and crisis, 50 per cent of whom still lived in extreme poverty. GABRIELA AGOSTO, Executive Secretary of the National Council for the Coordination of Social Policies of Argentina, associating herself with the Group of 77 and the statement delivered yesterday on behalf of the Group of Friends of Older Persons, said some challenges — including climate change, migration and poverty — were facing all countries of the world. The 2030 Agenda and its Sustainable Development Goals were leading global efforts to confront such issues, she said, noting that Argentina was also working on a national level to guarantee quality social services, universal health care and education to all. Among other things, the country guaranteed a basic income floor to its people and was working to expand its family allowance policy, while also adjusting the allowances provided to pensioners in order to improve the quality of life of older persons. A national habitat plan was working with local and provincial governments to enhance access to water, sanitation, lit sidewalks and other important infrastructure. Another critical pillar of the Government’s work dealt with education, including the provision of early education to all children, accessible from the time they were 45 days old. That plan provided support to families, she said, noting that it helped with food security and allowed new parents to return to work. KATALIN ANNAMÁRIA BOGYAY (Hungary) said a steady population decline had led the Government to introduce several measures since 2010. From childcare benefits to decent work — seen in robust school attendance and an unemployment rate of less than 4 per cent — Hungary was focusing on further reaching those in need. Free services, including meals and textbooks in schools and childcare for working parents, were among ongoing initiatives. For those in need, affordable summer camp was accessible and subsidized housing available. By working and establishing financial health, development goals could be successfully attained. ZSOFIA RACZ, youth delegate from Hungary, said all countries faced different challenges. For her country, challenges involving an ageing population must be addressed and future generations must have the tools to continue the brilliant work of the United Nations. Ensuring youth participation was a priority and young people must be empowered, she said, highlighting the importance of the “zero step” in light of a declining population. IBRAHIM ADAM IBRAHIM MOHAMED, State Minister at the Ministry of Welfare and Social Security of Sudan, aligning himself with the Group of 77 and the African Group, provided a snapshot of his country’s national plan. With 17 target areas such as youth employment, education, health and sanitation, Sudan aimed at broadening the reach of services to the most vulnerable. Expanded ***programme*** areas included providing clean drinking water and long‑term security. A strategy to develop microfinancing structures was supporting social projects for the full employment of youth and for strengthening institutions to combat poverty. Sudan had also launched a social census to determine further needs and priorities. Pursuant to the Secretary‑General’s report, what Sudan had achieved was enormous. Drawing attention to the scourge of conflict as a driver for poverty, he said war created persons with disabilities and destroyed communities. As such, conflict‑related issues must be duly addressed. ANDREI DAPKIUNAS, Deputy Minister for Foreign Affairs of Belarus, said establishing equal opportunity was the only way to eradicate poverty. Belarus had focused efforts on guaranteeing employment and decent work for all, alongside initiatives to gather disaggregated data to better inform future projects. Successfully combating poverty required a global approach, one that considered donor and recipient countries and their respective efforts to achieve sustainable development. The international community could also assist in the progress of humankind in a more just world. Countries must refrain from taking selfish politically motivated and unilateral steps, such as destructive sanctions, which had detrimental consequences to countries who sought development gains. Instead, partnerships must be fostered, he said, adding that Belarus would soon host a forum on development cooperation. PUTTIPAT LERTCHAOWASIT, Permanent Secretary, Ministry of Social Development of Thailand, associating himself with ASEAN and the Group of 77, said that poverty eradication had always been the basis for Thailand’s development since the time of the late King Bhumibol’s reign from the mid‑1940s. The 20‑***year*** national strategy framework and twelfth national socioeconomic development plan articulated visions for structural transformation to address inequality in a comprehensive manner, and focused on implementation of the 2030 Agenda. Starting in 2002, Thailand’s universal health coverage scheme made access to basic health care an entitlement for all, including documented and undocumented migrants and their families. Basic education for all, regardless of nationality, was also accessible in Thailand. As poverty could have more negative effects on women, the Government had given particular attention to that area. It was urgent that a strong commitment to sustainable development be translated into concrete actions. OLIVER ARROYO, Director General for Evaluation and Monitoring of Social ***Programs*** of Mexico, said a five‑***year*** national strategy was under way, part of efforts to enhance progress on attaining the goals set out in the 2030 Agenda. Actions had been guided by two main elements — the multidimensional nature of poverty and a policy of inclusion. Food, education, health and social security were among the action areas, he said, providing examples of how the Government was making gains in breaking the cycle of poverty. Among gains, a labour reform in 2012 had created 3.5 million formal jobs, and chronic child malnutrition had been reduced. Quality education was also a priority. Meanwhile, other projects focused on pension ***payments***, particularly for women, and other social protection measures. Reviewing working methods of the Commission should be considered alongside the transformation of its mandate so it could remain a pillar of development at the United Nations. SOPIO KILADZE, Chairperson of the Human Rights and Civil Integration Committee of the Parliament of Georgia, stressing that “poverty has deep roots and many faces”, said the phenomenon’s manifestation depended on circumstances that differed from country to country. In Georgia, the Government had fundamentally reformed its human rights protection system — especially with regard to civil and political rights — but poverty remained a major related challenge. About 21 per cent of the population lived in poverty, she said, adding that children, youth, elderly persons and other vulnerable groups were among those affected. Two main policies, namely Georgia 2020 and the global 2030 Agenda, were driving the Government’s efforts to combat poverty. Among other things, Georgia had implemented its Social Worker Institution Reform Plan, drafted a legal child code to ensure the dignity of all children, and was working to stimulate the creation of more jobs through an active labour market policy. AVIVIT BAR-ILAN, Head of Bureau, Department for International Organization, Ministry for Foreign Affairs of Israel, said that, over the past three decades, the world had seen incredible results in the eradication of poverty. However, 10 per cent of the world’s population still lived below the poverty line in 2013. “If we are determined to win this battle, it will require the active participation of our entire societies,” she stressed, calling on all citizens to make the world more inclusive and tolerant. Youth were particularly critical, as decisions made today would determine the course of tomorrow. Israel took its youth, and their views, seriously. More and more young people in the country were choosing to take a gap ***year*** between school and their military service, participating in ***programmes*** aimed at building leadership, assisting communities and sparking social change. At the other end of the age spectrum, ageing persons were often socially excluded simply because of their age, and were disproportionately at risk of inadequate and insecure income as well as insufficient access to services. Among other ***programmes***, Israel was working to link together its ageing population with its youth, as the former had vast knowledge and experience to share with the latter. JEAN-MARIE BOUVERAT, Chair of Delegation, Office of Social Insurance, International Organizations of Switzerland supported the international community’s efforts in favour of social protection, which was a fundamental approach to eradicating poverty, addressing inequalities and including the marginalized. Switzerland also supported the development of ***agriculture*** in developing countries, as poverty was currently concentrated in rural areas. ***Agriculture*** was clearly the driving force behind rural development, particularly development related to value chains. One of Switzerland’s objectives, especially through its development cooperation, was to promote resilience and preparedness of vulnerable communities, especially in relation to climate change. Social protection and support by the international community, including through cash ***transfers***, could help curb the destructive practices by poverty‑stricken populations. By providing social protection to populations displaced by humanitarian crises, it was also possible to relieve pressure on the environment and natural resources, such as through the practice of deforestation for fuel oil. VALERIE MATLOU, Chief Director for Economic Development of South Africa, associating herself with the Group of 77 and the African Group, said former President Nelson Mandela — who would have turned 100 in 2018 — continued to inspire people around the world. President Mandela had believed that abject poverty was an assault on the dignity of those who suffered from it, and “demeans us all”, she said, adding that older persons were often disproportionately affected. Outlining several efforts by her Government to improve the well‑being of older persons, including their access to social services, she warned that today’s global climate was driving increased discrimination based on race, national origins and other factors. In addition, the global economy’s slow recovery from the recent crises continued to negatively impact South Africa, with its youth largely excluded from the labour market due to lack of opportunities. In response, the Government was working to boost job creation and realize the goal of free education for all, while ensuring the rights of vulnerable groups such as persons with disabilities. FEDERICO BARRETO, General Director of Youth, Ministry of Social Development of Uruguay, noting that his country enjoyed the largest gross domestic product (GDP) in Latin America as well as progressive social policies, said the country had dramatically reduced both poverty and extreme poverty in the last decade. Uruguay was also committed to the 2030 Agenda, including its promise to leave no one behind. Among other things, it had established a minimum wage, created a Ministry of Social Development, made health care coverage a right to all Uruguayans, put in place a system of cash ***transfers*** for vulnerable families and enhanced access to jobs. Moreover, he said, the Government believed that no sustainable social development or economic growth could be accomplished without a more equal distribution of wealth. All vulnerable groups — including young children and older persons — had the right to assistance, he said, underlining the Government’s focus on early childhood care and education through such initiatives as the establishment of care centres. Uruguay had also made strides in such progressive areas as marriage equality and the protection of reproductive and sexual rights. JOSEPHINE MURIUKI, Director of the Department of Social Development, Ministry of East African Community, Labour and Social Protection of Kenya, supporting the position of the Group of 77, emphasized that 768 million still lived in extreme poverty, the majority in sub‑Saharan Africa and Asia. Breaking the cycles of poverty was difficult and all efforts must be made to achieve progress in doing so. Kenya’s development priorities included food security, nutrition, housing and manufacturing, with projects such as health packages offering new services and initiatives to subsidize education and training ***programmes***. In addition, information and communications technology (ICT) had been integrated in schools and mobile financing ***programmes*** had transformed the economic and social landscape, which had seen mobile phone usage doubling in recent ***years***. The Government was also in the process of implementing a pension ***payment*** plan, slated to commence in March. Kenya was committed to social development, the 2030 Agenda and the eradication of poverty, she said, adding that partnerships must be strengthened to attain the goals and reach those farthest behind. KARLA VANESSA LEMUS, Director for Social Development, Ministry for Foreign Affairs of El Salvador, aligning herself with the Group of 77 and the Group of Friends of Older Persons, highlighted poverty eradication gains, including subsidies and ***programmes*** aimed at reaching vulnerable groups. Policies had introduced a range of efforts, from providing decent work opportunities to reducing malnutrition, she said, emphasizing that poverty was multidimensional, from temporary hardships to lack of access to services. That paradigm shift must be considered when shaping ***programmes***, policies and dialogue. Such dialogue on the 2030 Agenda must include challenges middle‑income countries faced, with a view to ensuring that gains were not reversed. The Secretary‑General’s report had failed to include those and other challenges. For its part, El Salvador had taken steps to make progress, including preventing adolescent pregnancies and promoting respect for the human rights of older persons. MAGINO CORPORAN LORENZO, Director of the National Council on Disability of the Dominican Republic, endorsing the positions of the Group of 77 and the Group of Friends of Older Persons, said his Government had created a platform to coordinate efforts to achieve the Sustainable Development Goals. Providing several examples, he said a road map on eradicating poverty included projects to address the needs of young people. Policies and ***programmes*** to assist youth aimed at including them in the labour market. A society must include equal rights and the promotion of sustainable development, he said, underlining the importance of access to decent work. As such, innovative ***programmes*** were now creating jobs with flexible hours. For the first time in the Dominican Republic, policies had promoted healthy ageing and protected the rights and well‑being of older persons. Turning to climate change challenges, a team had been established to address the related needs of older persons. Efforts also targeted the needs of persons with disabilities. Placing people at the centre of development was the key to achieving the goals, he said. ALBERT BIWA, Deputy Director of Social Welfare of Namibia, aligning himself with the Group of 77 and the African Group, said national policies had already triggered growth and progress, but more needed to be done to break the cycle of poverty. Adopting a social welfare approach based on human rights was the way forward. Namibia had established a ministry to coordinate poverty eradication. A blueprint was now targeting efforts, based on principles such as ending hunger, education and training development, gender equality and women’s empowerment and with a view towards leaving no one behind. The Government was also investigating further efforts to prevent a duplication of services and was offering grants and cash ***transfer*** ***programmes*** to vulnerable groups. It has also adopted a social safety net approach in eradicating poverty while implementing policies to reduce unemployment and allocating part of the national budget to education and tackling hunger, with services ranging from school lunches to helping farmers. Panel II The Commission held a high‑level panel discussion on emerging issues titled “Towards sustainable and resilient societies: Innovation and interconnectivity for social development”. Moderated by Jeremy Millard, Chief Policy Advisor of the Danish Technological Institute in Denmark, the panel featured presentations by Gong Sen, a Research Fellow of the Development Research Centre of the State Council and Executive Vice‑President of the China Centre for International Knowledge on Development; Noor Al Malki Al Jehani, Executive Director of the Doha International Family Institute; Walter Valdivia, a Senior Fellow to the Consortium for Science, Policy and Outcomes, a science policy think tank at Arizona State University, adjunct faculty member at Johns Hopkins University, and a senior policy editor at the Mercatus Center at George Mason University; Maria Garrido, a Research Assistant Professor and principal research scientist at the Technology and Social Change Group at the University of Washington; and Donna Scheeder, President (2015‑2017) of the International Federation of Library Associations and Institutions. Mr. MILLARD said that society was not just about economics and technology, but also about social development and people’s happiness and welfare. Many people thought of technology as neutral, but it was also very much socially constructed. Technology was often driven by the market, but it could also be driven by social need and social good. One

challenge today was the way technology was penetrating the digital world and every aspect of life. A fourth industrial revolution was under way — a blend of the digital, physical and biological worlds. He cited the example of 3D printing, which made it possible to turn digital bits of information from one part of the world into objects in another part. Artificial intelligence, meanwhile, could take the place of medium- and high‑skilled jobs, as well as low- and no‑skill ones. A fundamental issue, however, was what machines did best and what people did best. Most algorithms being developed today were excellent at specialized tasks, but not so much at doing a range of tasks together and seeing the links between them. There were still a lot of things that human beings could do, he said. Mr. SEN, examining regional disparity and the rural‑urban divide in China through two case studies, first presented information on Chongqing, a municipality that had witnessed exponential growth based in part on the development of the transportation sector. Alongside road and railway projects, air routes had been augmented, turning the city into a travel hub. He then turned to the case of Alibaba Taobao village ***programmes***, the effective rural revitalization initiative aimed at reducing urban population pressures and fostering economic growth. From 2009 to 2017, the number of Taobao villages rose to 2,118 from 3, with projected employment opportunities climbing to 3 million jobs in 2020. Grassroots entrepreneurship was the driving force, with efforts strongly backed by infrastructure, public services and the development of e‑commerce learning centres. Ms. AL MALKI AL JEHANI explained interconnectivity benefits and challenges in the Arab world, saying that ICT had transformed societies, with social media engaging 80 million users in 20 countries. Yet risks existed, as social inequalities, including low literacy rates and poverty, remained the most pressing development challenge, exacerbated by pervasive discrimination against women and weak youth engagement. Social media also had mixed benefits among families, improving communication while also reducing personal contact, and among youth, providing them with an online voice, as with the Arab Spring, but also posing risks, by promoting radicalization. Education had seen colossal benefits, with boosted teaching and learning opportunities, but challenges included widening regional disparities, lack of public investment and high costs. Providing examples of how interconnectivity was promoting social progress, she said Qatar had launched an app to better serve older persons. Among several recommendations, she encouraged support for innovative ICT in social and sustainable development efforts at national and regional levels related to the 2030 Agenda. Mr. VALDIVIA said many Governments, non‑governmental organizations and businesses believed ICT was beneficial, with many supporting the belief that simply providing access to the Internet would promote development. However, providing interconnectivity alone was not enough. Markets were configured depending on technologies that emerged and transformed their industries and an array of economies, giving birth to new market arrangements. Resilience and sustainability rested on equality, a principle that must be considered when examining how to embrace technology in an effective way to promote greater equity and more participation. In that way, societies could possibly steer the direction of their communities along a more inclusive, democratic path. Ms. GARRIDO discussed how access to information could create more socially and economically inclusive societies, highlighting the ever‑broadening online community, which now included 45 per cent of the world. Noting that access to information had been included in 19 of the targets in the Sustainable Development Goals, she presented several key elements to promote those objectives. Affordability was critical, she said, noting that 80 per cent of the globe was covered by at least 3G networks. One way to make it affordable was through community mobile networks, which offered a cooperative‑based approach, with Government support essential to broaden access, as seen in Indonesia and Mexico. Bridging the ICT gender gap was also imperative, in view of the fact that 40 per cent of women in less developed regions were active online, when compared with 80 per cent in more developed areas. Social policies must support gender equality, including providing access, skills and leadership training, but they must also support freedom, as 60 per cent of Internet users lived in countries where people were arrested or imprisoned for posting content on political, social and religious issues, and 49 per cent of users lived in countries where people had been attacked or killed for their online activities. Ms. SCHEEDER said sustainable development hinged on meaningful, inclusive access to information, which in turn depended on libraries. The International Federation of Library Associations and Institutions had launched the Lyon Declaration on Access to Information and Development, involving more than 570 organizations. Its principles declared that access to information empowered people to exercise their civil, political, economic and social rights, learn and apply skills, make decisions and participate in an active civil society, create community‑based solutions, ensure accountability and measure progress. Access and development links recognized the multidimensional nature of poverty, which included information poverty that kept half the world’s population offline. “If we ignore the need to bridge the information poverty gap,” she said, “we get caught in a negative downward spiral.” Such gaps must be addressed; inaction was not an option. Libraries, often the only public space where communities can gather, were an essential part of an information ecosystem, bridging the digital divide. In the ensuing discussion, delegates posed questions on national and global concerns, with many agreeing that interconnectivity contributed to development by, among other things, strengthening relations between Governments and the citizens they served. Some shared examples of ways their Governments were making strides in broadening online access and services. The delegate for South Africa described online social record management and cash ***transfers***. The speaker for Argentina said services included distance learning and digital literacy ***programmes*** for vulnerable groups, and the Vice‑President of Costa Rica elaborated on a strategy providing Internet access to poor households. The representative of Hungary said her Government was providing free online textbooks to children nationwide, and the speaker for the European Union said members were developing a new approach to digitalization without leaving anyone behind. Some made suggestions on ways forward. The representative of Germany highlighted insights from an ongoing national dialogue on labour, saying substantial investments in skills and education were needed to help workers adapt to new technology, and innovation must be supported with a view to creating new work frameworks. The speaker for Haiti called for solid public policies and strategies based on addressing the multidimensional nature of poverty, and the delegate for Cuba said genuine international cooperation was needed. Raising the issue that poverty seemed to target the youngest generations, between ages 15 and 35, and rural populations, the representative of Burkina Faso said ethics must be considered in the pursuit of technological solutions. A Member of Parliament from Ghana pointed out that the very principle of community was being challenged, with increased online use at, for example, the dinner table. He then asked how to use the Internet to bring communities together and asked how connectivity was defined in various countries, particularly related to poverty reduction. Mr. SEN, responding to the latter question, said beneficial connections could and should be made to the broader world to improve communities. To the former, he confessed he had no idea how to deal with the Internet at the dinner table. Ms. AL MALKI AL JEHANI, addressing that question, said families must make decisions to socially connect rather than disconnect by going online. She reminded some delegates that most participants existed and lived before the Internet existed. Mr. VALDIVIA emphasized that measuring connectivity could include examining access to digital banking or other financial services. As for online connectivity at dinner, he said perhaps those who checked their phones at the dinner table could be punished by following the President’s Twitter feed for two hours. Ms. GARRIDO emphasized that there was a need to reconceptualize the definition of connectivity. In addition, the issue of available public social spaces should be examined. Responding to a query on what key skills men and women would need in the future, she said information and mobile literacy were critical. Ms. SCHEEDER added that a commitment to continuous learning was also important, as was connecting with one another during family time. Also participating in the discussion were representatives of several non‑governmental organizations.

**Load-Date:** February 2, 2018

**End of Document**



[***Register of Commission documents: Open the document in a new window Open the document in a new window Commission staff working document Analysis of the Draft Budgetary Plan of Germany Accompanying the document Commission opinion on the Draft Budgetary Plan of Germany Document date: 2018-11-21 COM\_SWD(2018)0513 SWD/SEC documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SS3-RTG1-JDG9-Y3CP-00000-00&context=1516831)

Impact News Service

December 3, 2018 Monday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 4822 words

**Body**

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

EN EN EUROPEAN COMMISSION Brussels, 21.11.2018 SWD(2018) 513 final COMMISSION STAFF WORKING DOCUMENT Analysis of the Draft Budgetary Plan of Germany Accompanying the document COMMISSION OPINION on the Draft Budgetary Plan of Germany {C(2018) 8013 final} 1 COMMISSION STAFF WORKING DOCUMENT Analysis of the Draft Budgetary Plan of Germany Accompanying the document COMMISSION OPINION on the Draft Budgetary Plan of Germany 1. INTRODUCTION Germany submitted its Draft Budgetary Plan (DBP) for 2019 on 15 October 2018 in compliance with Regulation (EU) No 473/2013. Germany is subject to the preventive arm of the Pact and should preserve a sound fiscal position which ensures compliance with the medium term budgetary objective (MTO). As the debt ratio was 63.9% of GDP in 2017, Germany also needs to comply with the debt reduction benchmark. Section 2 of this document presents the macroeconomic outlook underlying the Draft Budgetary Plan and provides an assessment based on the Commission 2018 autumn forecast. Section 3 presents the recent and planned fiscal developments, according to the Draft Budgetary Plan, including an analysis of risks to their achievement based on the Commission 2018 autumn forecast. In particular, it includes an assessment of the measures underpinning the Draft Budgetary Plan. Section 4 assesses the recent and planned fiscal developments in 2018-2019 (also taking into account the risks to their achievement) against the obligations stemming from the Stability and Growth Pact.

Section 5 provides an analysis of implementation of fiscal-structural reforms in response to the latest country-specific recommendations in the context of the European Semester adopted by the Council in July 2018, including those to reduce the tax wedge. Section 6 summarises the main conclusions of the present document. 2. MACROECONOMIC DEVELOPMENTS UNDERLYING THE DRAFT BUDGETARY PLAN The macroeconomic scenario underlying the DBP projects the German economy to continue its expansionary phase in 2018 and 2019, supported by domestic demand. The global economy is expected to lose momentum in the projection period, reflecting increased uncertainty and protectionist tendencies. Relatively moderate growth is therefore expected for exports, while imports are forecast to grow more markedly due to ongoing strong domestic demand. Foreign trade is therefore expected to make a slightly negative contribution to growth, which is the main revision compared to the projections included in the 2018 Stability ***Programme***. On the domestic side, investment in machinery and equipment are projected to continue at a robust pace, in view of high capacity utilisation. Construction investment is expected to remain brisk due to low interest rates and high demand, including from the public sector. The labour market is projected to continue showing positive developments, with employment set to rise and a further fall in unemployment expected in 2019. At the same 2 time, household incomes are forecast to increase noticeably, reflecting rising wages and fiscal relief, thus underpinning a dynamic consumer demand. Table 1. Comparison of macroeconomic developments and forecasts The macroeconomic scenario underlying the DBP is plausible and broadly in line with the Commission 2018 autumn forecast. It is more optimistic regarding the evolution of exports, although explicit about increased uncertainty and risks. The Commission forecast assumes that some of these risks materialise and therefore factors in a stronger negative impact on foreign trade. 2017COMSPDBPCOMSPDBPCOMReal GDP (% change)2.22.41.81.71.91.81.8Private consumption (% change)1.81.91.61.61.72.02.1Gross fixed capital formation (% change)2.93.83.03.13.22.72.9Exports of goods and services (% change)4.65.32.82.84.03.72.9Imports of goods and services (% change)4.85.83.63.34.84.94.2Contributions to real GDP growth:- Final domestic demand1.82.21.81.71.92.12.1- Change in inventories0.00.00.10.00.00.00.0- Net exports0.30.2-0.10.00.0-0.2-0.3Output gap10.80.60.70.60.70.40.4Employment (% change)1.41.11.31.30.80.90.8Unemployment rate (%)23.83.23.23.53.02.93.2Labour productivity (% change)0.71.20.40.41.00.91.0HICP inflation (%)1.71.81.9GDP deflator (% change)1.51.81.71.81.92.02.0Comp of employees (per head, % change)2.62.72.92.93.03.13.0Net lending/borrowing vis-à-vis the rest of the world (% of GDP)8.07.97.57.67.77.47.3Stability ***Programme*** 2018 (SP); Draft Budgetary Plan for 2019 (DBP); Commission 2018 autumn forecast (COM); Commission calculationsSource:1In percent of potential GDP, with potential GDP growth recalculated by Commission services on the basis of the ***programme*** scenario using the commonly agreed methodology.2The unemployment rate contained in SP and DBP columns follows the ILO-definition.Note:20182019 3 Box 1. The macro economic forecast underpinning the budget in Germany According to the Regulation on the Economic Projections of the Federal Government (Vorausschätzungsverordnung) passed by the Ministry of the Economy and Energy in agreement with the Ministry of Finance and effective from July 2018, the Joint Economic Forecast project group has been named as the independent body in charge of assessing and endorsing the economic projections underlying the Draft Budgetary Plans and the Stability ***Programmes*** within the meaning of the Law on the Economic Projections (Vorausschätzungsgesetz) codifying the procedure for producing the government's economic forecasts and within the meaning of Regulation (EU) No 473/2013. The Joint Economic Forecast project group comprises the German Institute for Economic research in Berlin (DIW), the IFO institute in Munich, the Instiute for World Economy – Kiel, the Economic Research Insitute in Halle (IWH) and the Economic Research Insitute in Essen (RWI). The Joint Economic Forecast project goup has endorsed the projection underlying the 2019 DBP on 16 October 2018 in a statement published on its website (gemeinschaftsdiagnose.de). 3. RECENT AND PLANNED FISCAL DEVELOPMENTS 3.1 Deficit developments As usual the DBP reports on the budgetary situation of the general government, which comprises the federal government, regional governments, municipalities and social security funds. The DBP projects a general government headline budget surplus of 1½% of GDP for 2018 and 1% of GDP in 2019. Compared to the 2018 Stability ***Programme*** this projection is higher for 2018 (previously 1% of GDP) and lower for 2019 (previously 1¼% of GDP).1 The difference is mainly due to better-than-expected tax revenues in 2018 and the incorporation of the government measures of the March 2018 coalition agreement that were still under preparation at the time of the 2018 Stability ***Programme***. Total revenue is higher by about ½% of GDP due to the good situation of tax revenues. Total expenditure is planned to be larger by about ¾% of GDP due to higher social ***payments*** and investment, as agreed in the coalition agreement. In contrast to the 2018 Stability ***Programme***, which projected an increase of the (recalculated) structural balance2 from 0.7% of GDP in 2018 to 0.9% in 2019, the DBP forecasts a decrease of the (recalculated) structural balance from 1.3% of GDP in 2018 to 0.7% in 2019. The DBP’s fiscal projections for 2018 are broadly in line with the Commission 2018 autumn forecast, which expects a headline surplus of 1.6% of GDP and a structural surplus of 1.4% of GDP. Similarly, the DBP fiscal projections for 2019 are close to the Commission forecast, which projects a headline surplus of 1.2% of GDP and a structural surplus of 1.0% of GDP, based on a no-policy-change assumption. The differences in 2019 can be explained by slightly lower expectations of the Commission 2018 autumn forecast as regards the increase in overall government expenditure for social ***payments*** and subsidies. 1 The Stability ***Programme*** (SP) and the Draft Budgetary Plan (DBP) report revenue and expenditure targets rounded to ¼ percentage point of GDP. 2 Cyclically adjusted balance net of one-off and temporary measures, recalculated by the Commission using the commonly agreed methodology. 4 Table 2. Composition of the budgetary adjustment 2017Change: 2017-2019COMSPDBPCOMSPDBPCOMDBPRevenue45.044 ¾ 45½45.344 ¾ 45¼45.1¼of which:- Taxes on production and imports10.510 ½ 10½10.510 ½ 10½10.40- Current taxes on income, wealth, etc.12.91313¼13.11313¼13.1¼- Capital taxes0.2000.2000.2-¼- Social contributions16.716 ¾ 16¾16.916 ¾ 16¾16.80- Other (residual)4.74 ¾ 54.64 ½ 4 ¾ 4.70Expenditure43.94443¾43.843 ½ 44¼43.9¼of which:- Primary expenditure42.9434342.842 ½ 43 ½ 43.1½of which:Compensation of employees7.57 ½ 7½7.57 ½ 7½7.50Intermediate consumption4.84 ¾ 4¾4.74 ¾ 4¾4.80Social payments23.923 ¾ 2423.823 ¾ 24¼24.1¼Subsidies0.91¾0.8110.80Gross fixed capital formation2.22 ¼ 2¼2.42 ¼ 2½2.4¼Other (residual)3.63 ½ 3 ½ 3.63 ½ 3 ½ 3.40- Interest expenditure1.0110.91¾0.9-¼General government balance (GGB)1.011½1.61 ¼ 11.20Primary balance2.122½2.52 ¼ 1¾2.0-¼One-off and other temporary measures-0.2-¼0-0.2000.0¼GGB excl. one-offs1.311½1.81 ¼ 11.2-¼Output gap10.80.60.70.60.70.40.4-0.6Cyclically-adjusted balance10.60.61.21.20.90.71.00.2Structural balance (SB)20.80.71.31.40.90.71.00.0Structural primary balance21.81.82.22.41.91.61.8-0.21Output gap (in % of potential GDP) and cyclically-adjusted balance according to the DBP/***programme*** as recalculated by Commission on the basis of the DBP/***programme*** scenario using the commonly agreed methodology.2Structural (primary) balance = cyclically-adjusted (primary) balance excluding one-off and other temporary measures.Notes:(% of GDP)20182019Source:Stability ***Programme*** 2018 (SP); Draft Budgetary Plan for 2019 (DBP); Commission 2018 autumn forecast (COM); Commission calculations 5 Euro area sovereign bond yields remain at historically low levels, with 10-***year*** rates in Germany currently standing at 0.44%3. As a consequence, total interest ***payments*** by the general government have continued to decrease as a share of GDP. Based on the information included in the DBP, interest expenditure in Germany is expected to fall from 1% of GDP in 2018 to ¾% of GDP in 2019. The picture stemming from Germany’s DBP is broadly confirmed by the Commission forecast. Against the background of falling interest expenditure, the projected development of the structural balance (+0.5% in 2018 and -0.6% of GDP in 2019) is accompanied by a slightly less pronounced improvement in the structural primary balance (+0.4% and -0.6% of GDP, respectively). Based on the DBP, Germany plans to comply with the requirements of the applicable national numerical fiscal rules, in particular with the constitutional ‘debt brake’ which provides that the federal budget as of 2016 must not exceed a deficit of 0.35% of GDP.4 At its 17th meeting on 18 June 2018 the Fiscal Council (Stabilitätsrat) concluded that the federal government adhered to the national fiscal rules in the ***year*** 2017 and was expected to do so in 2018 and 2019.5 3.2 Debt developments The debt-to-GDP ratio decreased by 4.0% of GDP to 63.9% in 2017. The DBP projects the debt-to-GDP ratio to decline further to 61% of GDP in 2018 and 58% in 2019, owing to the budget surplus and the positive denominator effect of nominal GDP growth. The debt projections are similar to those of the 2018 Stability ***Programme***. In addition, they come very close to the Commission 2018 autumn forecast, which, however, projects a slightly stronger decline of the debt ratio in 2018 and 2019. 3 10-***year*** bond yields average as of September 2018. Source: Bloomberg. 4 The constitutional ‘debt brake’ provides that as of 2016 the structural balance of the federal budget must not exceed a deficit of 0.35% of GDP, with a gradually decreasing ceiling along an agreed transition path in the preceding ***years***. The federal states must have structurally balanced budgets as of 2020. 5 For the national stability report see: [*http://www.stabilitaetsrat.de/SharedDocs/Downloads/DE/keine\_Dokumentensuche/Parlamentsdokumente/20180626/20180626\_TOP1.pdf?\_\_blob=publicationFile*](http://www.stabilitaetsrat.de/SharedDocs/Downloads/DE/keine_Dokumentensuche/Parlamentsdokumente/20180626/20180626_TOP1.pdf?__blob=publicationFile) 6 Table 3. Debt developments 3.3 Measures underpinning the draft budgetary plan In 2018 the government's fiscal stance is contractionary, with the structural surplus improving considerably due to better-than-expected tax revenue but also to the delayed implementation of policy measures following the lengthy process of forming a government. In 2019 many of the already adopted government measures of the March 2018 coalition agreement show their effect and the fiscal stance becomes noticeably expansionary. The surplus-decreasing negative fiscal impact of those measures is projected at 0.1% of GDP in 2018 and at 0.7% of GDP in 2019. Those measures aim to strengthen investment in the areas of education, research, universities and digital technologies. Families and children are supported by better childcare facilities and social benefits and tax reliefs. Increased investment grants targeting ***agriculture***, transport, rural regions and local authorities are set to support equitable living conditions throughout the country. All those measures together are estimated to have a cumulative negative fiscal impact, totalling 2.2% of GDP over the period 2018 to 2022, covered in the current 5 ***year*** financial plan adopted by the federal government. Together with further planned but not yet adopted measures to reduce the contribution rate to the unemployment insurance, further increases in the basic subsistence allowance and the return to the equal funding of health care costs by employers and employees as well as contribution reductions for self-employed, the overall cumulative negative fiscal impact is expected to attain 4.0% of GDP over the period 2018 to 2022. SPDBPCOMSPDBPCOMGross debt ratio163.9616160.158 ¼ 5856.7Change in the ratio-4.0-2 ¾ -2 ¾ -3.7-2 ¾ -3-3.4Contributions2:1. Primary balance-2.1-2-2 ½-2.5-2 ¼ -1 ¾ -2.02 “Snow-ball” effect-1.4-1 ½-1 ¼ -1.2-1-1 ¼ -1.4Of which:Interest expenditure1.0110.91¾0.9Growth effect-1.4-1.4-1.1-1.1-1.1-1.1-1.1Inflation effect-1.0-1.1-1.1-1.1-1.1-1.2-1.23 Stock-flow adjustment-0.5½10.0¾ ¼ 0.0Stability ***Programme*** 2018 (SP); Draft Budgetary Plan for 2019 (DBP); Commission 2018 autumn forecast (COM); Commission calculationsNotes:1 End of period.Source:20172 The snow-ball effect captures the impact of interest expenditure on accumulated debt, as well as the impact of real GDP growth and inflation on the debt ratio (through the denominator). The stock-flow adjustment includes differences in cash and accrual accounting, accumulation of financial assets and valuation and other residual effects. (% of GDP)20182019 7 The following table summarises only newly included measures since the updated DBP from June 2018. Table 4. Main discretionary measures reported in the DBP A. Discretionary measures taken by General Government - revenue side B. Discretionary measures taken by general Government- expenditure side 2018 2019 Taxes on production and imports 0.0 0.0 Current taxes on income, wealth, etc. 0.0 -0.1 Capital taxes Social contributions 0.0 0.0 Property Income Other Total 0.0 -0.2 Note: Source: Draft Budgetary Plan for 2019 The budgetary impact in the table is the aggregated impact of measures as reported in the DBP, i.e by the national authorities. A positive sign implies that revenue increases as a consequence of this measure. Components Budgetary impact (% of GDP) (as reported by the authorities) 2018 2019 Compensation of employees Intermediate consumption Social ***payments*** Interest Expenditure Subsidies Gross fixed capital formation Capital ***transfers*** Other 0.0 Total 0.0 0.0 Note: Source: Draft Budgetary Plan for 2019 The budgetary impact in the table is the aggregated impact of measures as reported in the DBP, i.e by the national authorities. A positive sign implies that expenditure increases as a consequence of this measure. Budgetary impact (% of GDP) (as reported by Components the authorities) 8 With regard to the fiscal-structural elements of the Recommendations of 13 July 20186 addressed by the Council to Germany to, while respecting the medium-term budgetary objective, use fiscal and structural policies to achieve a sustained upward trend in public and private investment, and in particular on education, research and innovation at all levels of government, in particular at regional and municipal levels, the DBP shows increasing investment expenditure for digital and transport infrastructure as well as additional funds for education, research and universities. Those measures are expected to be beneficial for supporting potential growth and domestic demand. Measures to reduce the tax wedge, especially for families as well as low- and medium-income earners will benefit private consumption and further increase domestic demand. Based on the DBP, public investment is expected to increase from 2¼% of GDP in 2018 to 2½% of GDP in 2019. This compares to an average of 2¾% of GDP in 2017 in the rest of the euro area without Germany. Further efforts are thus needed to increase public investment in a sustained manner and clear the investment backlog, especially at municipal level. Due to limited capacities in the construction sector however, some of the beneficial effects of additional public investment spending may be partly eroded by a substantial price effect. With the planned stable development of revenues and expenditures, the positive balance of public finances would allow for those measures to be financed. 6 Council Recommendation of 13 July 2018 on the 2018 National Reform ***Programme*** of Germany and delivering a Council opinion on the 2018 Stability ***Programme*** of Germany, OJ C 320, 10.9.2018, p 19-23. 9 4. COMPLIANCE WITH THE PROVISIONS OF THE STABILITY AND GROWTH PACT Germany is subject to the preventive arm of the Stability and Growth Pact and the debt reduction benchmark. 4.1 Compliance with the debt criterion As the debt ratio was 63.9% of GDP in 2017, Germany needs to comply with the debt reduction benchmark. The information provided in the DBP points to compliance with the debt reduction benchmark in 2018. In 2019, Germany is projected to achieve a debt-to-GDP-ratio below the 60% Treaty reference value, implying compliance with the provisions of the Stability and Growth Pact with regard to the debt criterion. This is in line with the Commission 2018 autumn forecast. Table 5. Compliance with the debt criterion 4.2 Compliance with the MTO Germany registered a structural surplus of 0.8% of GDP in 2017, well above its medium-term objective of a structural deficit not exceeding 0.5% of GDP. According to the information provided in the DBP in 2018 and 2019, Germany is expected to remain well above its MTO with a (recalculated) structural surplus of 1.3% and 0.7% of GDP respectively, which is confirmed by the Commission 2018 autumn forecast. The projected margin to the MTO continues to provide scope to undertake additional expenditure for achieving a sustained upward trend in public and private investment, and in particular on education, research and innovation at all levels of government, in particular at regional and municipal levels, as recommended by the Council in the context of the European Semester. SPDBPCOMSPDBPCOM63.9616160.158 ¼ 5856.7-6.7-5.8-6.6n.r.n.r.n.r.Notes:201720182019Gap to the debt benchmark 1,2Gross debt ratio 3 Applicable only during the transition period of three ***years*** from the correction of the excessive deficit for EDP that were ongoing in November 2011.4 Defines the remaining minimum annual structural adjustment over the transition period which ensures that – if followed – Member State will comply with the debt reduction benchmark at the end of the transition period, assuming that COM (SP) budgetary projections for the previous ***years*** are achieved.Source:Stability ***Programme*** 2018 (SP); Draft Budgetary Plan for 2019 (DBP); Commission 2018 autumn forecast (COM); Commission calculations1 Not relevant for Member Sates that were subject to an EDP procedure in November 2011 and for a period of three ***years*** following the correction of the excessive deficit.2 Shows the difference between the debt-to-GDP ratio and the debt benchmark. If positive, projected gross debt-to-GDP ratio does not comply with the debt reduction benchmark. 10 Table 6. Compliance with the requirements of the preventive arm (% of GDP)2017Medium-term objective (MTO)-0.5Structural balance2 (COM)0.8Structural balance based on freezing (COM)0.9Position vis-a -vis the MTO3At or above the MTO2017COMDBPCOMDBPCOMRequired adjustment4Required adjustment corrected5Change in structural balance6One-***year*** deviation from the required adjustment7Two-***year*** average deviation from the required adjustment7Expenditure benchmark pillarApplicable reference rate8One-***year*** deviation adjusted for one-offs9Two-***year*** average deviation adjusted for one-offs9Source:8 Reference medium-term rate of potential GDP growth. The (standard) reference rate applies from ***year*** t+1, if the country has reached its MTO in ***year*** t. A corrected rate applies as long as the country is adjusting towards its MTO, including in ***year*** t. 9 Deviation of the growth rate of public expenditure net of discretionary revenue measures, revenue increases mandated by law and one-offs from the applicable reference rate in terms of the effect on the structural balance. The expenditure aggregate used for the expenditure benchmark is obtained following the commonly agreed methodology. A negative sign implies that expenditure growth exceeds the applicable reference rate. Draft Budgetary Plan for 2019 (DBP); Commission 2018 autumn forecast (COM); Commission calculations.Compliant2 Structural balance = cyclically-adjusted government balance excluding one-off measures.3 Based on the relevant structural balance at ***year*** t-1.4 Based on the position vis-à-vis the MTO, the cyclical position and the debt level (See European Commission:Vade mecum on the Stability and Growth Pact, page 38.).5 Required adjustment corrected for the clauses, the possible margin to the MTO and the allowed deviation in case of overachievers.6 Change in the structural balance compared to ***year*** t-1. Ex post assessment (for 20XX-1) was carried out on the basis of Commission 20XX spring forecast. 7 The difference of the change in the structural balance and the corrected required adjustment. Notes1 The most favourable level of the structural balance, measured as a percentage of GDP reached at the end of ***year*** t-1, between spring forecast (t-1) and the latest forecast, determines whether there is a need to adjust towards the MTO or not in ***year*** t. A margin of 0.25 percentage points (p.p ) is allowed in order to be evaluated as having reached the MTO.(% of GDP)20182019Structural balance pillar1.4-At or above the MTOAt or above the MTO-0.5-0.51.41.020182019Initial position1 11 5. COMPOSITION OF PUBLIC FINANCES AND IMPLEMENTATION OF FISCAL STRUCTURAL REFORMS The DBP projects higher revenues and similar expenditures for 2018 at 45½% and 43¾% of GDP respectivley compared to 2017 at 45.0% and 43.9% respectively. The higher revenues are mainly due to better-than-expected taxes on income and wealth, whereas the longer than usual process of forming a government until March 2018 led to subdued government spending. For 2019 the DBP projects slightly lower revenues at 45¼% and based on measures of the coalition agreement higher expenditure at 44¼%. The structural balance thus is projected to improve considerably in 2018 by 0.5% of GDP, before declining again in 2019 by 0.6% of GDP. Public investment is planned to accelerate to 2½% of GDP in 2019, slightly higher than in 2018 at 2¼% of GDP, which is also the long-term average of the past ***years***. The DBP includes measures taken in response to the country-specific recommendations issued in the broader area of public finances. The launching of the fund for Digital Infrastructure is targeted to provide a very high-capacity broadband infrastructure nationwide. Measures to improve childcare facilities as well as support for education and training follow the recommendation for stronger public investment in education and research and innnovation. While those measures help to strengthen public investment, they are still insufficient to overcome the backlog in public infrastructure investment, especially at municipal level, that has accumulated over recent ***years***. The taxation system is in general complex and could be simplified and improved to support investment and the business environment. Earlier measures to modernise taxation procedures by strengthening electronic communication and measures to combat tax avoidance and aggressive tax planning are ongoing. The tax burden on labour and the tax wedge are in general high in Germany, when placed in international comparison, which are driven to a large extent by social security contributions besides income tax. Measures increasing the basic personal tax-free allowance, the child benefit and tax-free child allowance as well as the offsetting of the tax bracket creep will reduce the tax wedge. The equal financing of the health insurance system by employers and employees as well as the reduction of the contributions to the unemployment insurance and further relief of social securtiy contributions for low paid jobs and self-employed will benefit above all low- and middle-income earners (see Box 2). Public sector wages are expected to grow by 2.6% in 2018 and 3.0% in 2019 based on the Commission 2018 autumn forecast, relating to the Recommendation of 13 July 2018 addressed by the Council to Germany to create conditions to promote higher wage growth, respecting the role of social partners. 12 Box 2. Addressing the tax burden on labour in the euro area The tax burden on labour in the euro area is relatively high, which weighs on economic activity and employment. Against that background, the Eurogroup has expressed a commitment to reduce the tax burden on labour. On 12 September 2015, the Eurogroup agreed to benchmark euro area Member States' tax burden on labour against the GDP-weighted EU average, relying in the first instance on indicators measuring the tax wedge on labour for a single worker at average wage and a single worker at low wage. It also agreed to relate those numbers to the OECD average for purposes of broader comparability. The tax wedge on labour measures the difference between the total labour costs to employ a worker and the worker’s net earnings. It is made up of personal income taxes and employer and employee social security contributions. The higher the tax wedge, the higher the disincentives to take up work or hire new staff. The graphs below show the tax wedge in Germany for a single worker earning respectively the average wage and a low wage (50% of the average) compared to the EU average. The tax burden on labour in Germany at the average wage and at low wage (2017) Notes: No recent data is available for Cyprus. EU and EA averages are GDP-weighted. The OECD average is not weighted. Source: European Commission Tax and Benefit Indicator database based on OECD data. Benchmarking is only the first step in the process towards firm, country-specific policy conclusions. The tax burden on labour interacts with a wide variety of other policy elements such as the benefit system and the wage-setting system. A good employment performance indicates that the need to reduce labour taxation may be less urgent while fiscal constraints can dictate that labour tax cuts should be fully offset by other revenue-enhancing or expenditure-reducing measures. In-depth, country-specific analysis is necessary before drawing policy conclusions. In the context of the 2018 European Semester, Germany was issued the recommendation to 'Reduce disincentives to work more hours, including the high tax wedge, in particular for low-wage and second earners.' Germany's Draft Budgetary Plan contains the following measures to reduce the tax wedge on labour by increasing the basic personal tax-free allowance, the child benefit and tax-free child allowance as well as by offsetting the tax bracket creep. The reduction of the contributions to the unemployment insurance by 0.5 percentage point, as well as the return to the equal funding of the health insurance system by employers and employees and other relief measures, supports the lowering of the tax wedge from the side of social security contributions. Overall, those measures are expected to positively contribute to growth and employment. 6. OVERALL CONCLUSION According to both the information provided in the DBP and the Commission 2018 autumn forecast, the structural balance is projected to remain above the medium-term objective in both 2018 and 2019. The debt reduction benchmark is projected to be complied with in 2018, and the debt-to-GDP-ratio is projected to fall below the 60% Treaty reference value in 2019.

**Load-Date:** December 6, 2018

**End of Document**



[***Reinsurance programmes offer cover against natural disasters in emerging economies***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-74J7-00000-00&context=1516831)

Oxford Business Group: Articles

March 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 1734 words

**Body**

While advanced economies generate the vast majority of insurance and reinsurance business, emerging markets are posting higher rates of growth. Complementing this underlying trend is a strong and expanding interest in catastrophic risk, which by nature tends to pertain to emerging markets. This is coming alongside fast-paced, sector-transforming innovation, which could provide a major boost to industries in less-developed economies.

**By The Numbers**

In terms of simple throughput, insurance remains very much centred in North America, Europe and mature Asian markets. According to insurance group Munich Re, in 2016 North America paid 31.1% of global premiums, Western Europe paid 28.8% and the more advanced Asian markets, such as Japan, paid 19.8%. However, the rate of growth in emerging markets outpaces these by far: according to global accountancy EY, life premiums in these markets rose by 7.8% in 2014, while advanced markets grew by 4%. Those figures were 13.2% and 3.4% in 2015, 20.1% and 2% in 2016, and an estimated 14.9% against 2.1% in 2017. Particularly strong growth was noted in the life segments in Vietnam, Malaysia and Indonesia. Regarding non-life insurance, the growth of emerging markets has been in the range of 5-8.5% since 2012, while growth in developed markets has remained around 2%.

These trends are leading to a relative decline in the share of business the developed insurance markets possess. Munich Re has estimated that primary premiums in North America will fall to 27.8% of the world's total by 2026, Western Europe to 24.5% and mature Asian markets to 17.5%. Meanwhile, emerging Asia's share will jump from 13.3% in 2016 to 21.4%, MENA's will rise from 1.3% to 1.8%, and sub-Saharan Africa's share will remain at 1.1%. Swiss Re, another global reinsurer, forecast the global rate of growth in reinsurance at 1% over the three ***years*** to 2019. By comparison, reinsurance in emerging markets is growing at about 10% per ***year***.

**Reinsurance Trends**

The global reinsurance market on the whole is on a firm footing, with capital reaching $605bn at the end of the second quarter of 2017. However, according to its "Global Insurance Trends Analysis" for 2016, EY reported that 2016 was the biggest ***year*** for catastrophe (CAT) claims since 2012, with $50bn in insurance losses reported on $175bn of damage, and more was expected in 2017.

Reinsurance returns are already at or below the cost of capital: Fitch expected return on equity to fall from 8.5% in 2016 to 2.1% in 2017, but forecast it would increase to approximately 7.1% in 2018. The cost of capital for companies, meanwhile, is thought to have ranged between 6% and 7% in 2017.

**Micro-Insurance**

In August 2017 a global partnership was formally forged between the global insurance industry and the UN, which will help boost the micro-insurance segment. Swiss Re has forecast that the micro-insurance market could cover as many as 4bn people. Reinsurers will be vital to this sort of expansion. As the market increases in size, added capacity will be needed beyond what domestic markets can provide, and international players will be key in bridging that gap. So far, however, engagement has been minimal and the two markets are barely linked.

While major reinsurance companies are supportive of micro-insurance - especially in terms of grants, research and promotion - their exact participation in the risk transference part of the equation remains unclear. This is partly a structural issue: the insured amount is usually so low with micro-insurance that reinsurance rarely kicks in on a per policy basis.

**Index Linking**

For the most part, reinsurance companies are only involved with the micro-segment indirectly via the index-linked market, and a number of ***programmes*** are under way to increase reinsurance participation in this market. For instance, Mongolia's ***Agriculture*** Reinsurance (AgRe), which provides index-based livestock cover, is supported by major international players, including SCOR, Swiss Re and Qatar Re. AgRe was originally formed with the assistance of the World Bank in 2005, becoming a fully fledged corporate entity in 2014. Despite early losses, it has been in positive territory every ***year*** since 2010, according to statistics from AgRe. In 2015 the International Financial Corporation, part of the World Bank Group, opened the Global Index Insurance Facility (GIIF), a donor-funded ***programme*** designed to support index-linked insurance in developing countries, with Swiss Re as its technical partner. In 2015 France's AXA announced it would provide reinsurance capacity for weather-linked products introduced by the World Bank under the GIIF.

**Cat Risk**

One of the main avenues to emerging markets for reinsurers is through CAT coverage, as developing countries often need to go abroad to cover major disasters due to limited domestic capacity. Because of their locations, populations and lack of infrastructure, these countries tend to be most affected by weather-related and seismic events.

Development of the segment is ongoing and a number of ***programmes*** are already in place. For example, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which is currently owned and operated by 16 governments from the region, was created in 2007 with international assistance. It is the first and only regional fund to date that pays out claims based on statistical parameters rather than actual losses incurred. Reinsurance is a key component of the coverage, as it allows for the purchase of CAT insurance at lower rates than would be available commercially. Payouts from the CCRIF totalled $100m as of late 2017.

Another such entity is the Pacific Catastrophe Risk Insurance Company (PCRIC), which covers the Cook Islands, the Republic of the Marshall Islands, Samoa, Tonga and Vanuatu. The entity was designed to pool risk and tap international reinsurance markets to cover key regional risks, such as tsunamis, earthquakes and cyclones. The PCRIC mobilised $45m of coverage for the 2017/18 cyclone season, up from $38m a ***year*** earlier. To cover the African market, African Risk Capital (ARC) was launched in 2014 as a sovereign CAT fund. The scheme aims to have $1.5bn of coverage available by 2020, though ARC will likely require significant international market support to meet this goal.

**Innovation**

Adding to traditional reinsurance arrangements, CAT bonds and CAT swaps are becoming part of the landscape. These developments allow for the quick identification of risk and deployment of capital, in turn resulting in highly competitive terms. As reinsurance becomes more capital markets oriented, some developing markets may be better served.

For instance, Mexico's Fund for Natural Disasters (Fondo de Desastres Naturales, FONDEN), uses an index based on the Richter scale to provide reinsurance to cover costs after the Mexican earthquake insurance fund is tapped out. In 2017 FONDEN sold a $360m CAT bond, surpassing the $290m that was initially planned.

In the Philippines, a parametric disaster line to cover the 25 most disaster-prone provinces was initiated in 2017. The fund was valued at P1bn ($19.8m), with support provided by the World Bank and risk fully ceded to international reinsurers. In a related development, the World Bank arranged a $206m CAT swap line for the country, which will cover typhoon and earthquake risk.

The size of the CAT bond market has more than doubled over the past decade. It reached record volumes in 2017, estimated at $12bn, with more than $30bn outstanding. There are signs that alternative financing is outpacing traditional reinsurance, which could have a major impact on developing economies given the speed and flexibility of market-based solutions.

BARRIERS TO RISK: The micro- and index lines have historically faced challenges. Notably, it can be difficult to generate demand for these products. Jakarta's Manggarai Water Gate micro-insurance ***programme***, for example, sold only 50 policies, and as a result was discontinued a ***year*** after its inception in 2009.

In terms of index-linked initiatives, it is not clear whether these securities can be fully self-sustaining, as a majority of them rely on multilateral and donor support. In places like China or India, markets are able to fund the risk internally, but in smaller markets, the mismatch between the potential losses and the critical mass on the ground is substantial.

Poor performance also threatens the sector, and one major loss can shift sentiment, which can freeze markets and make risk difficult to ***transfer***. For instance, an 8.1-magnitude earthquake in Mexico in August 2017 could have wiped out FONDEN's financing. Although the payout ended up being a manageable $150m, it highlighted potential problems.

**Structural Risks**

There are also common structural risks in emerging markets, such as limited data and underwriting experience. However, advances in technology should see these areas improve over time, and some emerging markets already have a substantial amount of detailed information available. For example, Papua New Guinea has 50 ***years*** of cyclone data and Mongolia's livestock census dates to 1918.

Distribution is another widespread issue in emerging markets, as extending coverage to both individuals and corporations can often be challenging. Reinsurers becoming more involved at the local level is one potential solution; however, this sort of activity is outside the normal field of operations and responsibility.

Globally, the reinsurance market is becoming increasingly concentrated - the top-five players currently control around 90% of the market - but in some cases local markets are becoming too competitive, which can lead to a mismatch in terms of pricing. In Papua New Guinea, foreign exchange restrictions are leading to reinsurance ***payment*** challenges, while in other markets, the fall in local currencies has led to a decline in the market size in US dollar terms, despite strong business.

**Looking Ahead**

The reinsurance sector is changing in both developing and emerging markets all over the world. Although natural disasters have led to a tightening of the market, new technologies and innovation are assisting insurers and reinsurers in reaching historically underpenetrated areas. Alternative solutions are likely to create uncertainties as well as opportunities, but all indications suggest that reinsurance in emerging markets is set to grow in both absolute and relative terms.

**Load-Date:** March 12, 2020

**End of Document**



[***FEDERAL REGISTER: Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order; Change in Producer Eligibility Requirements and Implementation of Charges for Past Due Assessments Pages 11136 - 11139 [FR DOC # 2018-05063]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RWJ-R201-F0YC-N37N-00000-00&context=1516831)

Impact News Service

March 14, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 4166 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** ***Agricultural*** Marketing Service 7 CFR Part 1212 [Document Number AMS-SC-16-0124] Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order; Change in Producer Eligibility Requirements and Implementation of Charges for Past Due Assessments AGENCY: ***Agricultural*** Marketing Service, USDA. ACTION: Final rule. ----------------------------------------------------------------------- SUMMARY: This rule revises the eligibility requirements for producer representatives on the Honey Packers and Importers Board (Board) and prescribes late ***payment*** and interest charges on past due assessments under the ***Agricultural*** Marketing Service's (AMS) regulation regarding a national research and promotion ***program*** for honey and honey products. This rule reduces the minimum production requirement for producers to serve on the Board and thereby allow more producers to be eligible to serve on the Board. This rule also prescribes late ***payment*** and interest charges on past due assessments to help facilitate ***program*** administration.

DATES: Effective Date: April 13, 2018. FOR FURTHER INFORMATION CONTACT: Sue Coleman, Marketing Specialist, Promotion and Economics Division, Specialty Crops ***Program***, AMS, USDA, 1400 Independence Avenue SW, Room 1406-S, Stop 0244, Washington, DC 20250-0244; telephone: (202)378-2569; facsimile: (202) 205-2800; or electronic mail: [*Sue.Coleman@ams.usda.gov*](mailto:Sue.Coleman@ams.usda.gov) SUPPLEMENTARY INFORMATION: This rule affecting 7 CFR part 1212 is authorized under the Commodity Promotion, Research, and Information Act of 1996 (1996 Act) (7 U.S.C 7411-7425). Executive Orders 12866, 13563, and 13771 Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules and promoting flexibility. This action falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review. Additionally, because this rule does not meet the definition of a significant regulatory action it does not trigger the requirements contained in Executive Order 13771. See OMB's Memorandum titled ``Interim Guidance Implementing Section 2 of the Executive Order of January 30, 2017 titled `Reducing Regulation and Controlling Regulatory Costs' '' (February 2, 2017). Executive Order 13175 This action has been reviewed in accordance with the requirements of Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. The review reveals that this regulation would not have substantial and direct effects on Tribal governments and would not have significant Tribal implications. Executive Order 12988 This rule has been reviewed under Executive Order 12988, Civil Justice Reform. It is not intended to have retroactive effect. Section 524 of the 1996 Act (7 U.S.C 7423) provides that it shall not affect or preempt any other Federal or State law authorizing promotion or research relating to an ***agricultural*** commodity. Under section 519 of the 1996 Act (7 U.S.C 7418), a person subject to an order may file a written petition with USDA stating that an order, any provision of an order, or any obligation imposed in connection with an order, is not established in accordance with the law, and request a modification of an order or an exemption from an order. Any petition filed challenging an order, any provision of an order, or any obligation imposed in connection with an order, shall be filed within two ***years*** after the effective date of an order, provision, or obligation subject to challenge in the petition. The petitioner will have the opportunity for a hearing on the petition. Thereafter, USDA will issue a ruling on the petition. The 1996 Act provides that the district court of the United States for any district in which the petitioner resides or conducts business shall have the jurisdiction to review a final ruling on the petition, if the petitioner files a complaint for that purpose not later than 20 days after the date of the entry of USDA's final ruling. Background This rule revises the eligibility requirements for producer representatives on the Board and prescribes late ***payment*** and interest charges on past due assessments under the Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order. The part is administered by the Board with oversight by USDA. Under the part, assessments are collected from first handlers and importers and used for research and promotion projects designed to maintain and expand the market for honey and honey products in the United States and abroad. This rule reduces the minimum production requirement for producers to serve on the Board from 150,000 to 50,000 pounds annually and thereby allow more producers to be eligible to serve on the Board. This rule also prescribes late ***payment*** and interest charges on past due assessments to help facilitate ***program*** administration. Both of these actions were unanimously recommended by the Board. Producer Eligibility Requirements Section 1212.46 of the part provides authority for the Board to recommend amendments to the part. Section 1212.40 of the part provides that the Board have ten members--three first handlers, two importers, one importer-handler, three producers, and one marketing cooperative representative. Currently, eligible producers must produce a minimum of 150,000 pounds of honey in the United States annually based on the best three-***year*** average of the most recent five ***calendar*** ***years***. The Board has had difficulty over the past few ***years*** in identifying honey producers who meet the current eligibility requirement for production volume. U.S honey production has decreased and fewer producers can meet the part's eligibility requirement. USDA's National ***Agricultural*** Statistics Service estimates U.S honey production from producers with 5 or more colonies at 164 million pounds in 2008 \1\ and at 156 million pounds in 2015.\2\ The Board has been having difficulties identifying producer nominees who produce over the 150,000 pound threshold. --------------------------------------------------------------------------- \1\ USDA, National ***Agricultural*** Statistics Service, Honey Final Estimates 2008-2012, September 2014, p. 4; [*http://usda.mannlib.cornell.edu/usda/nass/SB1039/sb1039.pdf*](http://usda.mannlib.cornell.edu/usda/nass/SB1039/sb1039.pdf) \2\ USDA, National ***Agricultural*** Statistics Service, Honey, March 22, 2017, p. 2,   [*http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf*](http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf) --------------------------------------------------------------------------- Thus, the Board formed a subcommittee in October 2015 to review this issue. Over the following six months, the Board conducted outreach with beekeeping associations to gather input about the need and the level to reduce the annual production volume requirement for producers to serve on the Board. The recommendation from [[Page 11137]] the associations to the subcommittee was that the minimum production requirement for producers be set at 50,000 pounds to increase the pool of eligible producers. The Board met in April 2016 and unanimously recommended that the part's minimum production requirement for producers be reduced from 150,000 to 50,000 pounds. This should allow more producers to be eligible to serve on the Board. Section 1212.40 of the part is revised accordingly. Charges on Past Due Assessments Section 1212.52 of the part specifies that the Board will cover its expenses by levying an assessment on first handlers and importers. First handlers must pay their assessments to the Board on a monthly basis no later than the fifteenth day of the month following the month in which the honey or honey products were marketed. Importers must pay assessments to the Board on honey and honey products imported into the United States through the U.S Customs and Border Protection (Customs). If Customs does not collect an assessment from an importer, the importer must pay the assessment directly to the Board. The honey ***program*** also provides for two exemptions. Pursuant to Sec. 1212.53, first handlers and importers who handle or import less than 250,000 pounds of honey or honey products annually, and first handlers and importers of organic honey and honey products are exempt from the ***payment*** of assessments. Section 1212.52(g) of the part specifies that the Board shall impose a late ***payment*** charge on any first handler or importer who fails to pay their assessments to the Board on time. First handlers or importers subject to a late ***payment*** charge must also pay interest on the unpaid assessments for which they are liable. The late ***payment*** and interest charges must be prescribed in regulations issued by USDA. Assessment funds are used by the Board for activities designed to benefit all industry members. Thus, it is important that all assessed entities pay their assessments in a timely manner. Entities who fail to pay their assessments on time would be able to reap the benefits of Board ***programs*** at the expense of others. In addition, they would be able to utilize funds for their own use that should otherwise be paid to the Board to finance Board ***programs***. Thus, the Board recommended that rates of late ***payment*** and interest charges for past due assessments be prescribed in the part's regulations. A late ***payment*** charge will be imposed upon first handlers and importers who fail to pay their assessments to the Board within 30 ***calendar*** days of the date when assessments are due. This one-time late ***payment*** charge will be 10 percent of the assessments due before interest charges have accrued. Additionally, interest at a rate of \2/3\ of 1 percent per month on the outstanding balance (which computes to an annual rate of 8 percent), including any late ***payment*** and accrued interest, will be added to any accounts for which ***payment*** has not been received within 30 ***calendar*** days of the date when assessments are due. Interest will continue to accrue monthly until the outstanding balance is paid to the Board. This action is expected to help facilitate ***program*** administration by providing an incentive for entities to remit their assessments in a timely manner, with the intent of creating a fair and equitable process among all assessed entities. Accordingly, a new subpart C is added to the part's regulations regarding past due assessments, and a new Sec. 1212.520 is added to subpart C. Final Regulatory Flexibility Act Analysis In accordance with the Regulatory Flexibility Act (RFA) (5 U.S.C 601-612), AMS is required to examine the impact of this rule on small entities. Accordingly, AMS has considered the economic impact of this action on such entities. The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions so that small businesses will not be disproportionately burdened. The Small Business Administration defines, in 13 CFR part 121, small ***agricultural*** producers as those having annual receipts of no more than $750,000, and small ***agricultural*** service firms (first handlers and importers) as those having annual receipts of no more than $7.5 million. The Board reported that there are about 752 importers and 41 first handlers of honey and honey products covered under the ***program*** during the 2016 fiscal period. Seventeen out of the 41 first handlers (41 percent) and 25 out of the 752 importers (3 percent) accounted for 90 percent of the assessments in their respective categories. Total assessments for 2016 were $6.74 million, of which $1.75 million (26 percent) came from first handlers and $4.99 million (74 percent) was paid by importers. This data can be used to compute an estimate of average annual revenue from honey sales from each of these categories, which in turn helps to estimate the number of large and small first handlers and importers. As mentioned above, 17 first handlers account for 90 percent of the domestic assessments. Multiplying first handler assessments in 2016 of $1,750,155 by 0.9 and then dividing by 17 yields an average annual assessment of $92,655 for the first handlers in this category. Dividing this figure ($92,655) by the assessment rate of 1.5 cents per pound ($0.015) yields an average quantity per first handler of 6.177 million pounds. Multiplying 6.177 million pounds by the average 2016 U.S domestic price of $2.08 per pound \3\ yields an average, annual honey revenue per handler of $12.85 million, which is well above the SBA threshold of $7.5 million. It should be noted that this revenue estimate is based on the average price at the producer level, and the $12.85 million is an estimate of the total value at which the average size handler acquired the honey from producers. Therefore, most of the 17 first handlers that pay 90 percent of the domestic assessments are likely to be large firms according to the SBA definition. --------------------------------------------------------------------------- \3\ USDA, NASS, Honey, March 22, 2017, p. 3,   [*http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf*](http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf) --------------------------------------------------------------------------- An equivalent computation can be made for the 25 importers who paid 90 percent of the $4,991,926 in assessments in 2016. Of the 25 importers, the average assessment per importer was $179,709. Dividing the average assessment per importer by the assessment rate of $0.015 per pound yields an average quantity per importer estimate of 11.981 million pounds. For honey imports, the equivalent of the season average price for domestic honey is referred to as a ``unit value.'' The unit value of $1.24 per pound is computed by dividing annual imported honey value of $417.31 million by average quantity of 335.69 million pounds (import data from the Foreign ***Agricultural*** Service). Multiplying the $1.24 unit value by the average quantity of 11.981 million pounds yields average annual honey revenue per importer figure of $14.856 million, almost two times the SBA threshold figure of $7.5 million for a large firm. Therefore, the majority of the 25 importers that pay 90 percent of the assessments are large firms, according to the SBA definition. Comparable computations can be made to determine the average 2016 honey revenue for the 24 first handlers and 727 importers that paid 10 percent of the assessments in the first handler and importer categories. The first handler and importer average annual honey revenue figures are approximately $1,011,000 and $57,000, [[Page 11138]] respectively, indicating that the vast majority are small businesses (in terms of honey sales), under the SBA large business threshold of $7.5 million in annual sales. Based on the foregoing, the majority of first handlers and importers may be classified as small entities. This rule relaxes the part's eligibility requirements for producer representatives on the Board as specified in section 1212.40 of the part. The ***program*** currently requires that producer representatives produce a minimum of 150,000 pounds of honey (based on the best three ***year*** average of the most recent five ***calendar*** ***years***) in the United States annually. U.S honey production has been decreasing and fewer producers can meet this eligibility requirement. Thus, the Board unanimously recommended reducing the minimum production requirement from 150,000 to 50,000 pounds annually. This will allow for a greater pool of producer nominees to be eligible to serve on the Board. Authority for this action is provided in Sec. 1212.46(d) of the part. This rule also prescribes charges for past due assessments under the part. A new Sec. 1212.520 is added to the part specifying a one- time late ***payment*** charge of 10 percent of the assessments due and interest at a rate of \2/3\ of 1 percent per month (or 8 percent on an annual basis) on the outstanding balance, including any late ***payment*** and accrued interest. This section is included in a new subpart C--Past Due Assessments. Authority for this action is provided in Sec. 1212.52(g) of the part and section 517(e) of the 1996 Act. Regarding the economic impact of this rule on affected entities, relaxing the eligibility requirements for producer representatives on the Board is administrative in nature and will have no economic impact on entities covered under the ***program***. This change will help increase the number of producers who will be eligible to serve on the Board. Eligible producers, first handlers and importers interested in serving on the Board will have to complete a background questionnaire. Those requirements are addressed later in this rule in the section titled Reporting and Recordkeeping Requirements. Prescribing charges for past due assessments will impose no additional costs on first handlers and importers who pay their assessments on time. It merely provides an incentive for entities to remit their assessments in a timely manner. For all entities who are delinquent in paying assessments, both large and small, the charges will be applied uniformly. As for the impact on the industry as a whole, this action will help facilitate ***program*** administration by providing an incentive for entities to remit their assessments in a timely manner, with the intent of creating a fair and equitable process for all assessed entities. Additionally, as previously mentioned, the part also provides for two exemptions. First handlers and importers who handle or import less than 250,000 pounds of honey or honey products annually, and first handlers and importers of organic honey and honey products are exempt from the ***payment*** of assessments. Regarding alternatives, one option to the action regarding producer eligibility would be to maintain the status quo and not reduce the production threshold for producers to be eligible to serve on the Board. However, the Board has been having difficulty identifying producer nominees who produce over 150,000 pounds of honey annually. After outreach to beekeeping associations, the Board concluded that reducing the minimum production requirement for producers from 150,000 to 50,000 pounds annually is appropriate to increase the pool of eligible producers. Likewise, an alternative to the action to prescribe late ***payment*** and interest charges for past due assessments would be to maintain the status quo and not prescribe these charges. However, the Board determined that implementing such charges will help facilitate ***program*** administration by encouraging entities to pay their assessments in a timely manner. The Board reviewed rates of late ***payment*** and interest charges prescribed in other research and promotion ***programs*** and concluded that the late ***payment*** charge and the interest charge contained in this rule is appropriate. Reporting and Recordkeeping Requirements In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C Chapter 35), the information collection requirements that are imposed by the part have been previously approved by OMB under OMB control number 0581-0093. Additionally, Board nominees (including producers) must submit a Background Information form (AD-755) to ensure they are qualified to serve on the Board. The time to complete that form is estimated at 30 minutes per response. The background form is approved under OMB control no. 0505-0001. This rule will not result in a change to the information collection and recordkeeping requirements previously approved and will impose no additional reporting requirements and recordkeeping burden on honey producers, first handlers or importers. As with all Federal promotion ***programs***, reports and forms are periodically reviewed to reduce information requirements and duplication by industry and public sector agencies. Finally, USDA has not identified any relevant Federal rules that duplicate, overlap, or conflict with this rule. Regarding outreach efforts, as previously mentioned, this action was discussed at a subcommittee in October 2015. The Board conducted outreach over the following six months to beekeeping associations to gather input about the need to reduce the annual production volume requirement for eligible producers on the Board. The Board met in April 2016 and unanimously recommended reducing the production volume requirement from 150,000 to 50,000 pounds annually. The Board also recommended prescribing late ***payment*** charges and interest on past due assessments in the part's regulations. All of the Board's meetings are open to the public and interested persons are invited to participate and express their views. A proposed rule concerning this action was published in the Federal Register on December 22, 2017 (82 FR 60687). The Board sent the proposed rule directly to beekeeping associations, the Board, and assessment payers. Additionally, the Board included notification about the proposal and internet links in its industry newsletter. Finally, the proposal was made available through the internet by USDA and the Office of the Federal Register. A 30-day comment period ending January 22, 2018, was provided to allow interested persons to submit comments. Analysis of Comment One comment was received in response to the proposed rule. The comment requested two public seats on the Board because of taxpayer dollars and environmental concerns. Currently, the plan does not authorize a Board public member. The national research and promotion ***program*** for honey and honey products is funded through assessments paid by honey first handlers and importers. This comment is considered outside the scope. These types of concerns can be presented to the Board for their consideration. In addition, all Board meetings are open to the public to attend. No changes have been made to the rule based on this comment. After consideration of all relevant matters presented, including the information and recommendation [[Page 11139]] submitted by the Board and other available information, it is hereby found that this rule, as hereinafter set forth, is consistent with and will effectuate the purposes of the 1996 Act. List of Subjects in 7 CFR Part 1212 Administrative practice and procedure, Advertising, Consumer information, Honey Packer and Importer promotion, Marketing agreements, Reporting and recordkeeping requirements. For the reasons set forth in the preamble, 7 CFR part 1212 is amended as follows: PART 1212--HONEY PACKERS AND IMPORTERS RESEARCH, PROMOTION, CONSUMER EDUCATION AND INDUSTRY INFORMATION ORDER 0 1. The authority citation for 7 CFR part 1212 continues to read as follows: Authority: 7 U.S.C 7411-7425; 7 U.S.C 7401. 0 2. Section 1212.40 is revised to read as follows: Sec. 1212.40 Establishment and membership. The Honey Packers and Importers Board is established to administer the terms and provisions of this part. The Board shall have ten members, composed of three first handler representatives, two importer representatives, one importer-handler representative, three producer representatives, and one marketing cooperative representative. The importer-handler representative must import at least 75 percent of the honey or honey products they market in the United States and handle at least 250,000 pounds annually. In addition, the producer representatives must produce a minimum of 50,000 pounds of honey in the United States annually based on the best three-***year*** average of the most recent five ***calendar*** ***years***, as certified by producers. The Secretary will appoint members to the Board from nominees submitted in accordance with Sec. 1212.42 The Secretary shall also appoint an alternate for each member. 0 3. Subpart C is added to read as follows: Subpart C--Past Due Assessments Sec. 1212.520 Late ***payment*** and interest charges for past due assessments. (a) A late ***payment*** charge will be imposed on any first handler or importer who fails to make timely remittance to the Board of the total assessments for which they are liable. The late ***payment*** will be imposed on any assessments not received within 30 ***calendar*** days of the date when assessments are due. This one-time late ***payment*** charge will be 10 percent of the assessments due before interest charges have accrued. (b) In addition to the late ***payment*** charge, \2/3\ of 1 percent per month (or an annual rate of 8 percent) interest on the outstanding balance, including any late ***payment*** and accrued interest, will be added to any accounts for which ***payment*** has not been received within 30 ***calendar*** days of the date when assessments are due. Interest will continue to accrue monthly until the outstanding balance is paid to the Board. Dated: March 8, 2018. Bruce Summers, Acting Administrator. [FR Doc. 2018-05063 Filed 3-13-18; 8:45 am] BILLING CODE 3410-02-P

**Load-Date:** March 16, 2018

**End of Document**



[***-FUTURE FARM CLOSES ON ACQUISITION OF 50% INTEREST IN CEPG CONSULTING AND DESIGN INC.; NOW READY TO APPLY FOR A DEALER LICENSE IN CANADA***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5T28-D961-JD3Y-Y3R8-00000-00&context=1516831)

ENP Newswire

August 17, 2018 Friday

Copyright 2018 Normans Media Limited All Rights Reserved



**Length:** 868 words

**Body**

Vancouver, British Columbia - Future Farm Technologies Inc. (the 'Company' or 'Future Farm') (CSE: FFT) (OTCQX: FFRMF) is pleased to announce that it has completed its acquisition of a 50% interest in CEPG Consulting and Design Inc. ('CEPG') of St. John's, Newfoundland.

CEPG will participate in the cannabis and hemp breeding ***program*** under the previously announced joint venture between Future Farm and Rahan Meristem Ltd. ('Rahan'), a world renowned global agro-biotechnology company based in Israel. The joint venture will operate out of both an existing building to be ***transferred*** to CEPG by Snellen Holdings (1994) Co. Ltd. ('SHC') and 6,000 square feet of newly constructed laboratories.

CEPG is a Canadian corporation which, until the closing of Future Farm's acquisition of 50% ownership, was wholly owned by SHC, also based in St. John's. SHC has been developing controlled environment plant growth systems since 1981.

CEPG will apply for a dealer license from Health Canada, which will enable research and development to begin on the growth of cannabis plants. Once licensed, the RD facility will use state-of-the-art controlled environment equipment and techniques to create a research hub for the Rahan and Future Farm JV, which is expected to create valuable IP to be sold or licensed worldwide. The joint venture will develop, own and utilize Rahan's proven and proprietary technology to mass-produce elite new strains of marijuana to fit various profiles required of the medical and legal use of this highly valuable and beneficial plant. 'Now that we are 50% partners with Future Farm, we can fast-track the build-out of our lab space,' comments Chris Snellen, President of CEPG. 'In the meantime, we hope to outsource initial analytical and tissue culture work to Memorial University of Newfoundland and even partner with them on several RD projects.' As part of the JV, Rahan shall be responsible for providing the know-how and technology, as well as management and operation of the breeding ***program***. 'We are delighted to continue the path that Chris and CEPG have forged over the ***years*** in St. John's,' says Bill Gildea, CEO of Future Farm. 'The relationships that Chris has made will streamline the process of getting the RD facility up and running so that we can get down to the business of developing elite strains of cannabis and hemp with our partners at Rahan.'

In consideration for the acquisition, SHC received 483,871 shares of Future Farm common stock and a cash ***payment*** of CAD$ 71,780. In addition, Mr. Snellen received a cash ***payment*** of CAD$ 50,000.

Contact:

Tel: (888) 387-3761

About Snellen Holdings

Snellen Holdings and CEPG (controlled environment plant growth) are founding shareholders of Spot Therapeutics Inc. CEPG designed Spot's 40,000 sq. ft. medical marijuana production facility in Fredericton New Brunswick. CEPG, then a wholly owned Subsidiary of Snellen Holdings was incorporated to be Spot's horticulture department. Shortly after Spot received their 'letter to build' approval from Health Canada, Canopy Growth Corporation bought Spot. Future Farm is now a 50% owner of CEPG.

About Future Farm Technologies Inc.

Future Farm is a Canadian company with holdings throughout North America including California, Massachusetts, Florida, Maine, Puerto Rico and Newfoundland. The Company's mission is to advance sustainable ***agriculture*** through production of wholesale and retail cannabis products, including hemp. As a leader in its field, Future Farm is committed to using only the highest quality processes and products. Towards this goal, the Company acquires or partners with licensed cannabis operators, and acquires or develops leading technologies in cannabis production, breeding, genetics, and Controlled Environment ***Agriculture*** (CEA). Future Farm's scalable, indoor CEA systems utilize minimal land, water and energy resources. The Company holds an exclusive, worldwide license to use a patented vertical farming technology that, when compared to traditional plant production methods, generates yields up to 10 times greater per square foot of land.

This news release may include forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking. Although the Company believes the expectations expressed in such forward- looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements except as required under the applicable laws.

[Editorial queries for this story should be sent to [*newswire@enpublishing.co.uk*](mailto:newswire@enpublishing.co.uk) ]

**Load-Date:** August 17, 2018

**End of Document**



[***FEDERAL REGISTER: Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order; Change in Producer Eligibility Requirements and Implementation of Charges for Past Due Assessments Pages 60687 - 60690 [FR DOC # 2017-27526]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R7N-G5W1-F0YC-N1BW-00000-00&context=1516831)

Impact News Service

December 22, 2017 Friday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 4279 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** ***Agricultural*** Marketing Service 7 CFR Part 1212 [Document Number AMS-SC-16-0124] Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order; Change in Producer Eligibility Requirements and Implementation of Charges for Past Due Assessments AGENCY: ***Agricultural*** Marketing Service, USDA. ACTION: Proposed rule. ----------------------------------------------------------------------- SUMMARY: This proposal invites comments on revising the eligibility requirements for producer representatives on the Honey Packers and Importers Board (Board) and prescribing late ***payment*** and interest charges on past due assessments under the ***Agricultural*** Marketing Service's (AMS) regulation regarding a national research and promotion ***program*** for honey and honey products. The Board administers the regulations with oversight by the U.S Department of ***Agriculture*** (USDA). This proposal would reduce the minimum production requirement for producers to serve on the Board from 150,000 to 50,000 pounds annually and thereby allow more producers to be eligible to serve on the Board. This proposal would also prescribe late ***payment*** and interest charges on past due assessments to help facilitate ***program*** administration.

Both of these actions were unanimously recommended by the Board. DATES: Comments must be received by January 22, 2018. ADDRESSES: Interested persons are invited to submit written comments concerning this proposal. Comments may be submitted on the internet at: [*http://www.regulations.gov*](http://www.regulations.gov) or to the Promotion and Economics Division, Specialty Crops ***Program***, AMS, USDA, 1400 Independence Avenue SW, Room 1406-S, Stop 0244, Washington, DC 20250-0244; facsimile: (202) 205- 2800. All comments should reference the document number and the date and page number of this issue of the Federal Register and will be made available for public inspection, including name and address, if provided, in the above office during regular business hours or it can be viewed at   [*http://www.regulations.gov*](http://www.regulations.gov) FOR FURTHER INFORMATION CONTACT: Sue Coleman, Marketing Specialist, Promotion and Economics Division, Specialty Crops ***Program***, AMS, USDA, 1400 Independence Avenue SW, Room 1406-S, Stop 0244, Washington, DC 20250-0244; telephone: (503) 633-4330; facsimile: (202) 205-2800; or electronic mail: [*Sue.Coleman@ams.usda.gov*](mailto:Sue.Coleman@ams.usda.gov) SUPPLEMENTARY INFORMATION: This proposal affecting 7 CFR part 1212 is authorized under the Commodity Promotion, Research, and Information Act of 1996 (1996 Act) (7 U.S.C 7411-7425). Executive Orders 12866, 13563, and 13771 Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules and promoting flexibility. This action falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review. Additionally, because this rule does not meet the definition of a significant regulatory action it does not trigger the requirements contained in Executive Order 13771. See OMB's Memorandum titled ``Interim Guidance Implementing Section 2 of the Executive Order of January 30, 2017 titled `Reducing Regulation and Controlling Regulatory Costs' '' (February 2, 2017). Executive Order 13175 This action has been reviewed in accordance with the requirements of Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. The review reveals that this regulation would not have substantial and direct effects on Tribal governments and would not have significant Tribal implications. Executive Order 12988 This proposal has been reviewed under Executive Order 12988, Civil Justice Reform. It is not intended to have retroactive effect. Section 524 of the 1996 Act (7 U.S.C 7423) provides that it shall not affect or preempt any other Federal or State law authorizing promotion or research relating to an ***agricultural*** commodity. Under section 519 of the 1996 Act (7 U.S.C 7418), a person subject to an order may file a written petition with USDA stating that an order, any provision of an order, or any obligation imposed in connection with an order, is not established in accordance with the law, and request a modification of an order or an exemption from an order. Any petition filed challenging an order, any provision of an order, or any obligation imposed in connection with an order, shall be filed within two ***years*** after the effective date of an order, provision, or obligation subject to challenge in the petition. The petitioner will have the opportunity for a hearing on the petition. Thereafter, USDA will issue a ruling on the petition. The 1996 Act provides that the district court of the United States for any district in which the petitioner resides or conducts business shall have the jurisdiction to review a final ruling on the petition, if the petitioner files a complaint for that purpose not later than 20 days after the date of the entry of USDA's final ruling. Background This proposal invites comments on revising the eligibility requirements for producer representatives on the Board and prescribing late ***payment*** and interest charges on past due assessments under the Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order. The part is administered by the Board with oversight by USDA. Under the part, assessments are collected from first handlers and importers and used for research and promotion projects designed to maintain and expand the market for honey and honey products in the United States and abroad. This proposal would reduce the minimum production requirement for producers to serve on the Board from 150,000 to [[Page 60688]] 50,000 pounds annually and thereby allow more producers to be eligible to serve on the Board. This proposal would also prescribe late ***payment*** and interest charges on past due assessments to help facilitate ***program*** administration. Both of these actions were unanimously recommended by the Board in April 2016. Producer Eligibility Requirements Section 1212.46 of the part provides authority for the Board to recommend amendments to the part. Section 1212.40 of the part provides that the Board have ten members--three first handlers, two importers, one importer-handler, three producers, and one marketing cooperative representative. Currently, eligible producers must produce a minimum of 150,000 pounds of honey in the United States annually based on the best three-***year*** average of the most recent five ***calendar*** ***years***. The Board has had difficulty over the past few ***years*** in identifying honey producers who meet the current eligibility requirement for production volume. U.S honey production has decreased and fewer producers can meet the part's eligibility requirement. USDA's National ***Agricultural*** Statistics Service estimates U.S honey production from producers with 5 or more colonies at 164 million pounds in 2008 \1\ and at 156 million pounds in 2015.\2\ The Board has been having difficulties identifying producer nominees who produce over the 150,000 pound threshold. --------------------------------------------------------------------------- \1\ USDA, National ***Agricultural*** Statistics Service, Honey Final Estimates 2008-2012, September 2014, p. 4;   [*http://usda.mannlib.cornell.edu/usda/nass/SB1039/sb1039.pdf*](http://usda.mannlib.cornell.edu/usda/nass/SB1039/sb1039.pdf) \2\ USDA, National ***Agricultural*** Statistics Service, Honey, March 22, 2017, p. 2,   [*http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf*](http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf) --------------------------------------------------------------------------- Thus, the Board formed a subcommittee in October 2015 to review this issue. Over the following six months, the Board conducted outreach with beekeeping associations to gather input about the need and the level to reduce the annual production volume requirement for producers to serve on the Board. The recommendation from the associations to the subcommittee was that the minimum production requirement for producers be set at 50,000 pounds to increase the pool of eligible producers. The Board met in April 2016 and unanimously recommended that the part's minimum production requirement for producers be reduced from 150,000 to 50,000 pounds. This should allow more producers to be eligible to serve on the Board. Section 1212.40 of the part is proposed to be revised accordingly. Charges on Past Due Assessments Section 1212.52 of the part specifies that the Board will cover its expenses by levying an assessment on first handlers and importers. First handlers must pay their assessments to the Board on a monthly basis no later than the fifteenth day of the month following the month in which the honey or honey products were marketed. Importers must pay assessments to the Board on honey and honey products imported into the United States through the U.S Customs and Border Protection (Customs). If Customs does not collect an assessment from an importer, the importer must pay the assessment directly to the Board. The honey ***program*** also provides for two exemptions. Pursuant to section 1212.53, first handlers and importers who handle or import less than 250,000 pounds of honey or honey products annually, and first handlers and importers of organic honey and honey products are exempt from the ***payment*** of assessments. Section 1212.52(g) of the part specifies that the Board shall impose a late ***payment*** charge on any first handler or importer who fails to pay their assessments to the Board on time. First handlers or importers subject to a late ***payment*** charge must also pay interest on the unpaid assessments for which they are liable. The late ***payment*** and interest charges must be prescribed in regulations issued by USDA. Assessment funds are used by the Board for activities designed to benefit all industry members. Thus, it is important that all assessed entities pay their assessments in a timely manner. Entities who fail to pay their assessments on time would be able to reap the benefits of Board ***programs*** at the expense of others. In addition, they would be able to utilize funds for their own use that should otherwise be paid to the Board to finance Board ***programs***. Thus, the Board recommended that rates of late ***payment*** and interest charges for past due assessments be prescribed in the part's regulations. A late ***payment*** charge would be imposed upon first handlers and importers who fail to pay their assessments to the Board within 30 ***calendar*** days of the date when assessments are due. This one-time late ***payment*** charge would be 10 percent of the assessments due before interest charges have accrued. Additionally, interest at a rate of \2/3\ of 1 percent per month on the outstanding balance (which computes to an annual rate of 8 percent), including any late ***payment*** and accrued interest, would be added to any accounts for which ***payment*** has not been received within 30 ***calendar*** days of the date when assessments are due. Interest would continue to accrue monthly until the outstanding balance is paid to the Board. This action is expected to help facilitate ***program*** administration by providing an incentive for entities to remit their assessments in a timely manner, with the intent of creating a fair and equitable process among all assessed entities. Accordingly, a new Subpart C would be added to the part's regulations regarding past due assessments, and a new section 1212.520 would be added to Subpart C. Initial Regulatory Flexibility Act Analysis In accordance with the Regulatory Flexibility Act (RFA) (5 U.S.C 601-612), AMS is required to examine the impact of the proposed rule on small entities. Accordingly, AMS has considered the economic impact of this action on such entities. The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions so that small businesses will not be disproportionately burdened. The Small Business Administration defines, in 13 CFR part 121, small ***agricultural*** producers as those having annual receipts of no more than $750,000, and small ***agricultural*** service firms (first handlers and importers) as those having annual receipts of no more than $7.5 million. The Board reported that there are about 752 importers and 41 first handlers of honey and honey products covered under the ***program*** during the 2016 fiscal period. Seventeen out of the 41 first handlers (41 percent) and 25 out of the 752 importers (3 percent) accounted for 90 percent of the assessments in their respective categories. Total assessments for 2016 were $6.74 million, of which $1.75 million (26 percent) came from first handlers and $4.99 million (74 percent) was paid by importers. This data can be used to compute an estimate of average annual revenue from honey sales from each of these categories, which in turn helps to estimate the number of large and small first handlers and importers. As mentioned above, 17 first handlers account for 90 percent of the domestic assessments. Multiplying first handler assessments in 2016 of $1,750,155 by 0.9 and then dividing by 17 yields an average annual assessment of $92,655 for the first handlers in this category. Dividing this figure ($92,655) by the assessment rate of 1.5 cents per pound ($0.015) yields an average quantity per first handler of 6.177 million pounds. [[Page 60689]] Multiplying 6.177 million pounds by the average 2016 U.S domestic price of $2.08 per pound \3\ yields an average, annual honey revenue per handler of $12.85 million, which is well above the SBA threshold of $7.5 million. It should be noted that this revenue estimate is based on the average price at the producer level, and the $12.85 million is an estimate of the total value at which the average size handler acquired the honey from producers. Therefore most of the 17 first handlers that pay 90 percent of the domestic assessments are likely to be large firms according to the SBA definition. --------------------------------------------------------------------------- \3\ USDA, NASS, Honey, March 22, 2017, p. 3,   [*http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf*](http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf) --------------------------------------------------------------------------- An equivalent computation can be made for the 25 importers who paid 90 percent of the $4,991,926 in assessments in 2016. Of the 25 importers, the average assessment per importer was $179,709. Dividing the average assessment per importer by the assessment rate of $0.015 per pound yields an average quantity per importer estimate of 11.981 million pounds. For honey imports, the equivalent of the season average price for domestic honey is referred to as a ``unit value.'' The unit value of $1.24 per pound is computed by dividing annual imported honey value of $417.31 million by average quantity of 335.69 million pounds (import data from the Foreign ***Agricultural*** Service). Multiplying the $1.24 unit value by the average quantity of 11.981 million pounds yields average annual honey revenue per importer figure of $14.856 million, almost two times the SBA threshold figure of $7.5 million for a large firm. Therefore the majority of the 25 importers that pay 90 percent of the assessments are large firms, according to the SBA definition. Comparable computations can be made to determine the average 2016 honey revenue for the 24 first handlers and 727 importers that paid 10 percent of the assessments in the first handler and importer categories. The first handler and importer average annual honey revenue figures are approximately $1,011,000 and $57,000, respectively, indicating that the vast majority are small businesses (in terms of honey sales), under the SBA large business threshold of $7.5 million in annual sales. Based on the foregoing, the majority of first handlers and importers may be classified as small entities. This proposed rule invites comments on relaxing the part's eligibility requirements for producer representatives on the Board as specified in section 1212.40 of the part. The part currently requires that producer representatives produce a minimum of 150,000 pounds of honey (based on the best three ***year*** average of the most recent five ***calendar*** ***years***) in the United States annually. U.S honey production has been decreasing and fewer producers can meet this eligibility requirement. Thus, the Board unanimously recommended reducing the minimum production requirement from 150,000 to 50,000 pounds annually. This would allow for a greater pool of producer nominees to be eligible to serve on the Board. Authority for this action is provided in section 1212.46(d) of the part. This proposal would also prescribe charges for past due assessments under the part. A new section 1212.520 would be added to the part specifying a one-time late ***payment*** charge of 10 percent of the assessments due and interest at a rate of \2/3\ of 1 percent per month (or 8 percent on an annual basis) on the outstanding balance, including any late ***payment*** and accrued interest. This section would be included in a new Subpart C--Regulations Regarding Past Due Assessments. Authority for this action is provided in section 1212.52(g) of the part and section 517(e) of the 1996 Act. Regarding the economic impact of the proposed rule on affected entities, relaxing the eligibility requirements for producer representatives on the Board is administrative in nature and would have no economic impact on entities covered under the ***program***. This change would help increase the number of producers who would be eligible to serve on the Board. Eligible producers, first handlers and importers interested in serving on the Board would have to complete a background questionnaire. Those requirements are addressed later in this proposal in the section titled Reporting and Recordkeeping Requirements. Prescribing charges for past due assessments would impose no additional costs on first handlers and importers who pay their assessments on time. It merely provides an incentive for entities to remit their assessments in a timely manner. For all entities who are delinquent in paying assessments, both large and small, the charges would be applied uniformly. As for the impact on the industry as a whole, this action would help facilitate ***program*** administration by providing an incentive for entities to remit their assessments in a timely manner, with the intent of creating a fair and equitable process for all assessed entities. Additionally, as previously mentioned, the part also provides for two exemptions. First handlers and importers who handle or import less than 250,000 pounds of honey or honey products annually, and first handlers and importers of organic honey and honey products are exempt from the ***payment*** of assessments. Regarding alternatives, one option to the proposed action regarding producer eligibility would be to maintain the status quo and not reduce the production threshold for producers to be eligible to serve on the Board. However, the Board has been having difficulty identifying producer nominees who produce over 150,000 pounds of honey annually. After outreach to beekeeping associations, the Board concluded that reducing the minimum production requirement for producers from 150,000 to 50,000 pounds annually would be appropriate to increase the pool of eligible producers. Likewise, an alternative to the proposed action to prescribe late ***payment*** and interest charges for past due assessments would be to maintain the status quo and not prescribe these charges. However, the Board determined that implementing such charges would help facilitate ***program*** administration by encouraging entities to pay their assessments in a timely manner. The Board reviewed rates of late ***payment*** and interest charges prescribed in other research and promotion ***programs*** and concluded that the late ***payment*** charge and the interest charge contained in this proposal would be appropriate. Reporting and Recordkeeping Requirements In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C Chapter 35), the information collection requirements that are imposed by the part have been previously approved by OMB under OMB control number 0581-0093. Additionally, Board nominees (including producers) must submit a Background Information form (AD-755) to ensure they are qualified to serve on the Board. The time to complete that form is estimated at 30 minutes per response. The background form is approved under OMB control no. 0505-0001. This proposed rule would not result in a change to the information collection and recordkeeping requirements previously approved and would impose no additional reporting requirements and recordkeeping burden on honey producers, first handlers or importers. As with all Federal promotion ***programs***, reports and forms are [[Page 60690]] periodically reviewed to reduce information requirements and duplication by industry and public sector agencies. Finally, USDA has not identified any relevant Federal rules that duplicate, overlap, or conflict with this proposed rule. Regarding outreach efforts, as previously mentioned, this action was discussed at a subcommittee in October 2015. The Board conducted outreach over the following six months to beekeeping associations to gather input about the need to reduce the annual production volume requirement for eligible producers on the Board. The Board met in April 2016 and unanimously recommended reducing the production volume requirement from 150,000 to 50,000 pounds annually. The Board also recommended prescribing late ***payment*** charges and interest on past due assessments in the part's regulations. All of the Board's meetings are open to the public and interested persons are invited to participate and express their views. AMS has performed this initial RFA regarding the impact of this proposed action on small entities and invites comments concerning potential effects of this action. USDA has determined that this proposed rule is consistent with and would effectuate the purposes of the 1996 Act. A 30-day comment period is provided to allow interested persons to respond to this proposal. Thirty days is deemed appropriate because this action would relax the minimum production requirement for producers to serve on the Board, thereby allowing more producers to be eligible to serve on the Board. This action would also prescribe late ***payment*** and interest charges for past due assessments which would facilitate the collection of assessments under the ***program***. All written comments received in response to this proposed rule by the date specified will be considered prior to finalizing this action. List of Subjects in 7 CFR Part 1212 Administrative practice and procedure, Advertising, Consumer information, Honey Packer and Importer promotion, Marketing agreements, Reporting and recordkeeping requirements. For the reasons set forth in the preamble, 7 CFR part 1212 is proposed to be amended as follows: PART 1212--HONEY PACKERS AND IMPORTERS RESEARCH, PROMOTION, CONSUMER EDUCATION AND INDUSTRY INFORMATION ORDER 0 1. The authority citation for 7 CFR part 1212 continues to read as follows: Authority: 7 U.S.C 7411-7425; 7 U.S.C 7401. 0 2. Section 1212.40 is revised to read as follows: Sec. 1212.40 Establishment and membership. The Honey Packers and Importers Board is established to administer the terms and provisions of this part. The Board shall have ten members, composed of three first handler representatives, two importer representatives, one importer-handler representative, three producer representatives, and one marketing cooperative representative. The importer-handler representative must import at least 75 percent of the honey or honey products they market in the United States and handle at least 250,000 pounds annually. In addition, the producer representatives must produce a minimum of 50,000 pounds of honey in the United States annually based on the best three-***year*** average of the most recent five ***calendar*** ***years***, as certified by producers. The Secretary will appoint members to the Board from nominees submitted in accordance with Sec. 1212.42 The Secretary shall also appoint an alternate for each member. 0 3. Subpart C--Regulations Regarding Past Due Assessments is added to read as follows: Subpart C--Regulations Regarding Past Due Assessments Sec. 1212.520 Late ***payment*** and interest charges for past due assessments. (1) A late ***payment*** charge will be imposed on any first handler or importer who fails to make timely remittance to the Board of the total assessments for which they are liable. The late ***payment*** will be imposed on any assessments not received within 30 ***calendar*** days of the date when assessments are due. This one-time late ***payment*** charge will be 10 percent of the assessments due before interest charges have accrued. (2) In addition to the late ***payment*** charge, \2/3\ of 1 percent per month (or an annual rate of 8 percent) interest on the outstanding balance, including any late ***payment*** and accrued interest, will be added to any accounts for which ***payment*** has not been received within 30 ***calendar*** days of the date when assessments are due. Interest will continue to accrue monthly until the outstanding balance is paid to the Board. Dated: December 18, 2017. Bruce Summers, Acting Administrator. [FR Doc. 2017-27526 Filed 12-21-17; 8:45 am] BILLING CODE 3410-02-P

**Load-Date:** December 23, 2017

**End of Document**



[***GKN PLC - Annual Financial Report***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SBJ-CWS1-JB72-13DH-00000-00&context=1516831)

PR Newswire UK Disclose

March 29, 2018 Thursday 1:07 PM EST

Copyright 2018 PR Newswire Europe Limited All Rights Reserved

**Length:** 6891 words

**Dateline:** London, March 29

**Body**

GKN plc (the "Company")

Legal Entity Identifier: 213800QNZ22GS95OSW84

 Classification of Information: 1.1 Annual financial and audit reports

GKN plc2017 annual report

GKN plc has today published its 2017 annual report and circular to shareholders incorporating the notice of the 2018 annual general meeting.  Both documents can be viewed at or downloaded from[*http://www.gkn.com/en/investors/*](http://www.gkn.com/en/investors/).

Copies of both documents, together with the form of proxy for the 2018 AGM, have been submitted to the National Storage Mechanism and will shortly be available for inspection at[*http://www.morningstar.co.uk/uk/NSM*](http://www.morningstar.co.uk/uk/NSM).

Printed copies of these documents have today been posted to shareholders who have requested hard copies.

The 2018 AGM will be held at 2.00 pm on Thursday 3 May 2018 at 195 Piccadilly, London W1J 9LN.

In compliance with DTR 6.3.5, a description of the principal risks and uncertainties, details of related party transactions and a responsibility statement prepared for and contained within GKN's 2017 annual report are set out below.  A condensed set of financial statements were appended to GKN's 2017 full ***year*** results announcement issued on 27 February 2018, which included an indication of important events that occurred during the ***year***.

Page references below refer to page numbers in GKN's 2017 annual report.

Risk Management

The Board is responsible for setting the Group's risk appetite and ensuring that appropriate risk management systems are in place.

The Board sets the Group's risk appetite annually and reviews the Group's principal risks throughout the ***year*** as part of its normal agenda, adopting an integrated approach to risk management by regularly discussing principal risks. In addition, in the middle and at the end of each ***year***, the Board assesses the Group's principal risks through our enterprise risk management (ERM) ***programme*** described below, taking the strength of the Group's control systems and our appetite for risk into account. We have a risk matrix which ensures that, between the Board and its committees, all the Group's principal risks are reviewed during the course of the ***year***.

The Board delegates responsibility for day-to-day risk management to the Executive Committee, including the identification, evaluation and monitoring of key risks facing the Group and the implementation of Group-wide risk management processes and controls. The Executive Committee is supported in this by its Sub-Committee on Governance and Risk.

The Audit & Risk Committee keeps the effectiveness of the Group's risk management systems under review and reports to the Board on the results of its review. Any material control issues, serious accidents or major commercial, financial or reputational issues, or the identification of new risks, are reported to the Board and/or Audit & Risk Committee as appropriate.

In the final quarter of 2017, executive management carried out a thorough investigation into potential accounting misstatements in Aerospace North America (see page 26). In response to the findings of this investigation, we considered the impact on our principal risks and our internal control and risk management system. Where relevant, we updated our principal risks, as set out below, and commenced a targeted improvement plan to address identified issues and further strengthen our risk management systems.

Our risk management procedures clearly let us down in 2017, so we are strengthening our cultural, organisational and people capability to ensure that we do not have similar issues again.

How GKN manages risk

The Group has four levels of defence through which it manages significant risks.

Level 1: Risk ownership and control

Our businesses are responsible for maintaining an effective risk and control environment as part of day-to-day operations under the direction of the Chief Executive and the Executive Committee. This includes implementation and regular monitoring and review by divisional management of processes and controls which are designed to ensure compliance with the Board's appetite for risk, Group policies and delegated authority levels, and the GKN Code. These front line controls are regularly updated to respond to the Group's changing risk profile.

Level 2: Monitoring and compliance

Group functions monitor adherence to the procedures set out by the Executive Committee and provide guidance to the businesses on their application. This includes ongoing reviews by our health and safety audit team, Group IT and financial control functions as well as our trade compliance function. Representatives of these functions report their findings to the Executive Sub-Committee on Governance and Risk or directly to the Executive Committee. The Sub-Committee reports twice a ***year*** to the Executive Committee on matters relating to the Group's governance, risk management and assurance framework, including areas of concern or proposals for improvement.

Level 3: Independent assurance

Independent assurance over the Group's risk management, control and governance processes is provided by the Group's Corporate Audit team, the Head of Risk and external assurance providers.

Level 4: Oversight

The Board, Executive Committee and Audit & Risk Committee provide oversight and direction in accordance with their respective responsibilities, more information on which is set out in the governance section of this annual report.

Our ERM ***programme***

GKN's enterprise risk management (ERM) ***programme*** facilitates a common, Group-wide approach to the identification, analysis, and assessment of risks and the way in which they are managed, controlled and monitored.

1.   Identify and analyse: A broad spectrum of risks is considered through the ERM process. The Executive Committee and the Board review the output from ERM at both divisional and Group levels.

2.   Manage and mitigate: Management controls designed to monitor and mitigate the risks are documented. Risk owners are assigned for each risk.

3.   Assess: The ERM process provides a consistent set of definitions and a common approach to risk evaluation and assesses both risk likelihood and impact.

4.   Respond: The risk response is based on the assessment of potential risk exposure and an acceptable level of tolerance. The response reflects whether we 'accept' the risk on the basis of its assessed level of exposure and mitigating controls currently in place, or 'reduce' the risk through additional mitigation to bring it in line with required levels of tolerance.

5.   Monitor: The output from the ERM process is regularly reviewed together with the ongoing monitoring of progress against planned improvement actions.

Principal risks and uncertainties

The Board has carefully considered the type and extent of the principal risks to the Group achieving its objectives and delivering a satisfactory return for shareholders. These are summarised below, categorised according to the strategic objective to which they relate most closely. We seek to carefully manage risk, while at the same time recognising that we need to take some risk to achieve our stated objectives of transforming our business and achieving world class financial and operational performance.

In February 2018 the Group announced a new strategy (see page 7). We have reassessed our principal risks in light of the objectives of this new strategy and updated them accordingly, describing the impact, where relevant, below.

Over time, our risk profile evolves and the Board's view of the principal risks facing the Group is updated accordingly. Each principal risk is described on the following pages together with the corresponding mitigating actions that are in place and an overview of the risk trends during 2017 and the outlook for each risk into 2018.

Risk trend

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Improve cash flow and margin**  Deliver improved cash flow and margins across the Group. | **Grow**  Grow the 'improve' segments in line with market, and grow the 'grow' and 'develop' segments above the market. | **Separate**  Operationally now and formally when it maximises shareholder value. |
| Increasing | ·  People capability | ·     Technology and innovation |  |
| Stable | ·     Highly competitive markets  ·     Customer concentration  ·     Product quality  ·     Health and safety  ·     Information systems resilience  ·     Laws, regulations and corporate reputation | ·  ***Programme*** management  ·  Supply chain  ·  Contract risk | ·  Pension funding  ·     Operating in global markets |
| Reducing |  |  |  |

People capability

|  |  |  |
| --- | --- | --- |
| **Description**  The Group's ability to deliver its strategy is dependent on the recruitment and retention of sufficiently qualified, experienced and motivated people.  It is critical for the Group to secure and maintain the relevant capabilities in specific geographical regions and disciplines in both existing markets and to support growth markets.    **Potential impact**  The failure to recruit, or the loss of, key personnel, and the failure to plan adequately for succession  or develop the potential of employees may impact the Group's ability to deliver its strategic and financial objectives. | **Mitigation**  Competitive reward packages together with focused training and development ***programmes***.  A culture that motivates individuals to perform to the best of their abilities.  Strong succession and development ***programmes***.  Local initiatives designed to engage young people, promote science, technology, engineering and mathematics (STEM) subjects and encourage the next generation of young engineers. | **Changes in 2017 and outlook**  Attracting and retaining talent has been challenging during the ***year***, with increasing turnover at management level in certain divisions and regions, particularly in North America.  As part of our new strategy announced in February, we confirmed the Group's intention to dispose of some non-core businesses and to split the remaining businesses when the time is right. While we are confident this approach will maximise shareholder value, it is natural that some uncertainty will be created for certain employees within the Group which may challenge our ability to recruit and retain talent in the short term.  During the ***year*** we rolled out performance management training to over 3,300 managers, as well as linking management reward more closely to our performance evaluations; however, we plan to go further in 2018. As a part of Project Boost, we have realigned our management incentive schemes more closely to the operational and financial focuses of the Group as outlined in the new strategy. We are confident that the closer correlation between performance and reward will help us retain our best talent and recruit additional talent.  In addition to the measures announced with our new strategy, during 2017 we established two recruitment Centres of Excellence in the US and UK. These will improve control, visibility and consistency across our recruitment process, and are producing encouraging early results.  The recruitment and development of young engineering talent continues to be a focus. This is supported by Group-wide and divisional graduate ***programmes*** and a strong apprenticeship ***programme***.  We develop and align resources and capabilities through the Group-wide organisation planning process. We are implementing a functional competency framework to further improve the process of defining and assessing levels of competency in key functions across the Group. |

Highly competitive markets

|  |  |  |
| --- | --- | --- |
| **Description**  GKN operates in highly competitive markets with customer decisions typically based on price, quality, technology and service. Contracts for major ***programmes*** are subject to highly competitive bidding processes and the strength of our competitors and general market conditions continue to drive pricing pressure and challenging contractual terms.  Our margins may come under pressure if competition increases or as a result of customer actions. An inability or delay in developing or maintaining sufficient or appropriate engineering and manufacturing capabilities in our markets could further increase the risk.  Customer vertical integration (including OEMs taking production in-house), the entry of new competitors and the consolidation of existing competitors also contribute to increased competition.    **Potential impact**  Competition risk, if not addressed, could result in reduced sales and profit margins and potentially lost growth opportunities. An inability to secure new business awards on major ***programmes*** could significantly impact future growth, cash flow and profitability. | **Mitigation**  ·  Maintaining a balanced portfolio of businesses across different end markets provides some protection against competition in particular markets.  ·  Regular review of competition and market trends.  ·  Targeted investment in engineering, and a commitment to Lean manufacturing, quality and customer relationships.  ·  Flexible management of our variable and fixed-cost base including outsourcing and low-cost sourcing initiatives where appropriate. | **Changes in 2017 and outlook**  Strong competition and customer pricing pressures have continued throughout 2017. Aerospace margins continue to experience pressure from existing competitors, as well as emerging ones, such as the maturing Chinese aerospace industry. In GKN Driveline, change is being driven by the high growth electric and hybrid automotive vehicle markets, as well as rising costs of raw materials. Despite these challenges, we continue to win new business and differentiate ourselves through our technology.  We have continued a GKN-wide fixed-cost optimisation ***programme*** and taken actions to progressively redirect expenditure towards productivity improvements. Within the aerospace division, the integration of Aerostructures Europe and Fokker Technologies into GKN Aerospace, Aerostructures and Systems Europe and Asia was announced in October 2017 aiming to improve customer focus and operational efficiency. Project Boost will further strengthen the competitive position of the Group.  GKN Driveline has continued to benefit from improved strategic and customer alignment following its reorganisation into two global product lines at the end of 2016. |

Customer concentration

|  |  |  |
| --- | --- | --- |
| **Description**  There is significant customer concentration in the automotive and aerospace industries so a large portion of the Group's revenues comes from a relatively small number of customers. Around 50% of the Group's revenue is derived from its top ten customers.    **Potential impact**  The insolvency of, damage to relations with, or significant worsening of commercial terms with a major customer could seriously affect the Group's future results, and could result in loss of market share and future business opportunities, asset write-offs and restructuring actions. | **Mitigation**  ·  Regular review of the Group's relations with and exposure to key customers.  ·  Extensive and regular dialogue with key customers and strong commercial and engineering relationships.  ·  Quality, service and delivery performance are regularly reviewed based on customer KPIs.  ·  Credit exposure is actively reviewed and managed. | **Changes in 2017 and outlook**  There have been no significant changes in the OEM customer landscape with the proportion of business from the Group's top ten customers remaining stable during 2017. No individual customer accounts for more than 10% of Group revenue.  Because most of our major OEM customers are within the automotive and aerospace industries it is unlikely that the disposals of non-core businesses as outlined in our strategy will affect this risk in the short term. |

Product quality

|  |  |  |
| --- | --- | --- |
| **Description**  Maintaining a high level of quality and safety in our products is essential. We are exposed to warranty, product recall and liability claims in the event that our products fail to perform as expected.  In automotive, the industry in general has experienced higher levels of recalls in recent ***years*** and the OEMs often seek contributions from throughout the supply chain. This risk increases where:  ·  vehicle manufacturers offer longer warranty periods;  ·  more vehicles are being built on standard platforms, so a single quality issue can affect a large number of vehicles;  ·  more complex products are involved, such as electric and all-wheel drive; and  ·  regulators and our customers are taking a more stringent approach to recalling vehicles, particularly if there is a possible safety issue.  In aerospace, customers and regulators impose very strict product safety and quality obligations on all aircraft suppliers.    **Potential impact**  A product failure could result in serious losses, damaging GKN's financial performance and potentially our reputation. In particular, the costs associated with vehicle or aircraft recalls can be significantly higher than the cost of simply replacing defective products. | **Mitigation**  ·  Robust engineering design and validation processes from initial design and development through production and into service.  ·  High levels of quality assurance are embedded in robust manufacturing systems.  ·  Ongoing assessments of supply chain quality.  ·  Regular reporting and monitoring of quality performance based on customer KPIs.  ·  Maintenance of critical parts lists.  ·  External agency quality reviews and certifications.  ·  Robust contract terms and conditions. | **Changes in 2017 and outlook**  Excellence in quality has continued to be a priority during the ***year*** with continuous improvement ***programmes*** ongoing in each of our businesses. We continue to monitor quality and delivery performance as viewed by our customers and strive to continuously improve product quality, safety and delivery key performance indicators.  Our cross-divisional Quality Committee has introduced an annual quality control checklist and started a process of peer reviews to accelerate the sharing of best practice. During 2017 we have intensified the rigour of certain key controls and processes around product quality, and have also put in place the foundations for an enhanced quality  auditing ***programme***. |

Health and safety

|  |  |  |
| --- | --- | --- |
| **Description**  Safety is our number one priority. We manage safety carefully through extensive Group-wide processes, yet we recognise we can never be complacent. Therefore we continue to include this as a principal risk and an area which will always be a priority for GKN.    **Potential impact**  A serious accident in the workplace could have a major impact on employees as well as their families, colleagues and communities. Such an incident could also result in legal claims, reputational damage and financial loss. | **Mitigation**  ·  Consistent Group-wide application of health and safety ***programmes***.  ·  Regular reporting and monitoring of health and safety performance.  ·  Health and safety audits to ensure adherence to Group policies and procedures.  ·  A focus on process and behavioural safety through a number of Group-wide risk assessment and training ***programmes***.  ·  Maintenance of insurance for costs associated with injury-related actions or claims against the Group. | **Changes in 2017 and outlook**  Regrettably, there was one fatality during the ***year*** - see page 42 for further details. A full investigation has been carried out and lessons learned have been incorporated into our processes and systems Group-wide.  After several ***years*** of reduced accident rates the Group's AFR and ASR increased slightly during 2017 compared to 2016. We continued to increase our near-miss reporting as a key leading indicator of our health and safety performance.  Our global contractor accreditation ***programme*** has been successfully piloted in 2017 with plans to roll out globally in 2018. Hazard awareness and risk assessment ***programmes*** continued with a particular focus on identifying and addressing potential catastrophic hazards.  We have also made good progress through  the ***year*** in preparing for the roll out of  ISO 45001 (Occupational Health and Safety Management). |

Information systems resilience

|  |  |  |
| --- | --- | --- |
| **Description**  The Group could be impacted negatively by information technology security threats including unauthorised access to intellectual property or other controlled information. Interruptions to the Group's information systems could also adversely affect its day-to-day operations.  The inherent security threat is considered highest in GKN Aerospace where data is held in relation to civil aerospace technology and controlled military contracts.    **Potential impact**  A major disruption to information systems could have a significant adverse impact on the Group's operations or its ability to trade. The loss of confidential information, intellectual property or controlled data could result in fines and damage to the Group's reputation, and could adversely affect its ability to win future contracts. | **Mitigation**  ·  Formal risk-based governance framework including dedicated IT security policies and related compliance processes, ongoing risk reviews, IT security awareness training and robust systems and processes to manage access, information assets, threats and vulnerabilities.  ·  External support and benchmarking of best practice information systems security and resilience.  ·  Ongoing development of appropriate incident detection and response plans and capabilities.  ·  Disaster recovery contingency plans which are regularly tested including data centres where the risk is deemed to be the greatest.  ·  Executive Committee oversight of IT security and assurance matters. | **Changes in 2017 and outlook**  The Group has continued to strengthen its mitigating processes and controls over the security of our information systems. During 2017, we completed a project to ensure compliance with new US Government information security standards at all relevant sites across the Group. We have also prepared for a 2018 project which will focus on further strengthening system segregation between office environments and manufacturing areas. A ***programme*** to introduce automated vulnerability scanning was also successfully introduced during 2017.  Our information systems will be a key enabler during 2018 as we roll out Industry 4.0 and increase the pace of our automation agenda as a part of Project Boost. |

Laws, regulations and corporate reputation

|  |  |  |
| --- | --- | --- |
| **Description**  The Group is subject to applicable laws and regulations in the global jurisdictions and industries in which it operates. This includes certain territories where strong ethical standards may not be well established or where parts of the markets in which we operate are highly regulated. Regulations include those related to export controls, environmental and safety requirements, product safety,  tax laws, intellectual property rights, competition laws and other ethical business practices.    **Potential impact**  Non-compliance could expose the Group to fines, penalties, damage to reputation, suspension or debarment from government contracting or suspension of export privileges. | **Mitigation**  ·  A strong culture of 'doing the right thing' which is regularly emphasised by senior management.  ·  Group-wide governance policies and procedures, ongoing compliance training and strong oversight.  ·  Ongoing monitoring of regulatory developments in major jurisdictions.  ·  Ongoing monitoring of employee concerns through our independent employee disclosure hotline. | **Changes in 2017 and outlook**  There have been no significant new regulations impacting the Group during 2017, but our markets continue to be subject to robust enforcement activities in relation to existing regulations, particularly in relation to vehicle safety.  We continue to regularly remind our senior managers about the importance of 'doing the right thing' in all our activities. We emphasised its importance to all senior managers as part of our divisional leadership conferences and as an integral part of the GKN DNA. We also continue to rely on our GKN Governance Handbook to remind employees of our key Group policies and procedures, and during 2017, launched refresher training on export controls and anti-bribery.  During the ***year***, GKN has started to prepare for the implementation of the European General Data Protection Regulation ('GDPR') which will become fully enforceable in the EU member states as from 25 May 2018.  In response to the findings of our North American Balance Sheet Review, we have commenced a detailed improvement plan to address identified issues and prevent similar issues occurring in the future (see page 26). |

Technology and innovation

|  |  |  |
| --- | --- | --- |
| **Description**  Developing innovative technologies for our customers is critical to maintaining our differentiation and competitive advantage. We may lose market share or be subject to additional market pressure if we fail to develop innovative technologies that our customers want or need.    **Potential impact**  The failure to launch new products, new product applications or derivatives of existing products to meet customer requirements could have a significant impact on future profitable growth. | **Mitigation**  ·  Regular assessment of market and technology trends and drivers.  ·  Close relationships and technical partnerships with customers.  ·  Divisional technology plans aligned to emerging and future trends and business strategy.  ·  Technical leadership and promotion of engineering best practice by our Engineering Fellowship.  ·  Regular review of current and future technology plans by the Group Technology Strategy Board.  ·  Consideration of technology plans as part of the Board's annual strategy review.  ·  Focused investment in research and development. | **Changes in 2017 and outlook**  During 2017, the pace of change has continued to increase. This is especially true in our automotive business where products are also becoming more complex.  We continue to invest in technology and develop internal capabilities to help meet customers' expectations for improving efficiency of aircraft, cars and other vehicles with solutions that are lighter and more fuel-efficient. We monitor developments and refresh our eDrive strategy regularly.  We have continued to diversify into targeted areas of new technology including additive manufacturing, bionic tooling and vehicle electrification. We have continued to prioritise our projects around automation and data exchange as we move toward Industry 4.0.  A key part of the Group's new strategy (page 7) is differentiated capital allocation models across our main product segments. This will enable us to direct the investment of capital towards the areas of our business where returns will be greatest. This new approach to capital allocation will help us maintain our early leadership positions on technologies which we see as key to our markets in the future, such as eDrive and additive manufacturing. It will also enable us to get the most out of more mature segments of the business by investing where there is opportunity to grow in a way which boosts margins and returns. |

***Programme*** management

|  |  |  |
| --- | --- | --- |
| **Description**  Many of the ***programmes*** entered into by the Group are complex and long term and are subject to various performance conditions which must be adhered to throughout the ***programme***. The management of such ***programmes*** brings risks related to:  ·  delays in product development or launch schedules;  ·  failure to meet customer specifications or predict technical problems;  ·  inability to manufacture on time for the start of production or to required production volumes;  ·  dependence on key or customer-nominated suppliers;  ·  failure to manage effectively internal or customer-driven change; and  ·  inability to forecast accurately and to manage costs.  ·  **Potential impact**  Ineffective ***programme*** management could result in damage to customer relationships or cancellation of a contract resulting in claims for loss and reputational damage.  Poor performance against a contract could also undermine the Group's ability to win future contracts and could result in cost overruns and significantly lower returns than expected. | **Mitigation**  ·  Embedded ***programme*** management, including investment phasing and product testing activities.  ·  Periodic impairment reviews of capitalised development costs, including formal review at half ***year*** and ***year*** end.  ·  Ongoing review and approval of key ***programmes*** by the Executive Committee and the Board.  ·  Regular review of 'lessons learned' and best practice sharing.  ·  Periodic inspection of ***programmes*** by customers. | **Changes in 2017 and outlook**  During the ***year*** we continued to implement the improved ***programme*** management framework which was introduced in 2016 and to implement the lessons learned from ***programme*** management issues we experienced that ***year***. We have further strengthened a number of standard procedures, gate reviews and reporting.  This will continue in 2018, where we plan to extend our process of peer reviews and sharing of lessons learnt. Our ***programme*** management processes will also benefit from the upgrade in skills and capabilities and an improvement in our product launch processes which will be achieved as part of Project Boost. This will include an investment in both our methodology and the tools we use to deploy it. |

Supply chain

|  |  |  |
| --- | --- | --- |
| **Description**  Our suppliers are key to our success. It is essential that suppliers and subcontractors continue to meet our high standards of technical competence, innovation, product quality, reliability, delivery performance, cost, financial stability, safety, ethics and social responsibility.  Our supply chain network is exposed to potentially adverse events such as physical disruptions, environmental and industrial accidents, scarcity of supply and the insolvency of a key supplier, any of which could impact our ability to deliver orders to  our customers.  The cost of our products can be significantly affected by the cost of the underlying commodities and materials from which they are made. Fluctuations in these costs cannot always be passed on to our customers.    **Potential impact**  A sustained supply chain disruption, or the delivery of defective product to us, could impact our ability to meet customer requirements, result in additional contractual liabilities and have a consequential impact on financial performance. | **Mitigation**  ·  Ongoing communication of our expectations of suppliers through our Supplier Code of Conduct.  ·  Contract terms and conditions that require our suppliers to meet specified performance standards.  ·  Ongoing assessment of supplier technology and dependency.  ·  Monitoring of the financial and operational viability of key suppliers.  ·  Ongoing monitoring of inventory levels to ensure availability in times of production volatility.  ·  Contingency plans designed to enable us to secure alternative key material supplies at short notice, to ***transfer*** or share production between manufacturing sites and to use substitute materials where required.  ·  Dual sourcing where appropriate to reduce dependence on single suppliers.  ·  Supplier quality reviews and audits. | **Changes in 2017 and outlook**  We continue to carefully manage and monitor our supply chains and, where appropriate, build on long-term supplier relationships. During the ***year***, we have undertaken enhanced supplier risk assessment and benchmarking exercises as part of a longer term project to improve visibility and monitoring of key parts of our supply chain.  We have also continued to roll out the Supply Chain Excellence Model alongside a maturity mapping project focused on sales, inventory and operations planning (SIOP). This project will help track our progress towards becoming a world class supply chain function.  We continue to place an emphasis on developing our people and equipping them with the skills to succeed. 180 supply chain professionals and business leaders have attended our Supply Chain Excellence ***programme*** during 2017. We have continued to focus on our supply chain talent management agenda through the ***year*** in order to continue to build capability and strength in depth throughout the function.  Projects to improve our procurement processes for both direct and indirect materials have been underway since mid-2017. We expect these to begin mitigating some of the risk in our supply chains during 2018 as well as delivering significant margin and cash benefits. |

Contract risk

|  |  |  |
| --- | --- | --- |
| **Description**  Across our businesses, an increasing percentage of revenues are generated through contracts which are long-term in nature and subject to complex terms and conditions. Contracts include commitments relating to pricing, quality and safety, and technical and customer requirements.  Both our aerospace and automotive businesses enter into design and build contracts. These are complex contracts that are often long-term, so it is important that the contracted risk is carefully managed.  Specifically within GKN Aerospace, the Group has risk and revenue sharing partnerships with key engine manufacturers. These contain formalised risk-sharing arrangements relating to risks which are not always within GKN management control.    **Potential impact**  A failure to fully understand contract risks or to anticipate technical challenges and estimate costs accurately at the outset of a contract can lead to unexpected liabilities, increased outturn costs and reduced profitability. | **Mitigation**  ·  Robust bid and contract management processes including thorough reviews of contract terms and conditions, contract-specific risk assessments and clear delegation of authority for approvals.  ·  Continuous review of contract performance. | **Changes in 2017 and outlook**  During the ***year***, we continued to follow the strengthened contract management processes previously introduced in each division. These processes aim to ensure effective management of risks associated with complex design and build contracts. |

Pension funding

|  |  |  |
| --- | --- | --- |
| **Description**  The Group has a number of defined benefit pension plans with aggregate net liabilities of £1,504 million at 31 December 2017. These plans are exposed to the risk of changes in asset values, discount rates, inflation and mortality assumptions.    **Potential impact**  Increases to the pension deficit could lead to a requirement for additional cash contributions to these plans, thereby reducing the amount of cash available to meet the Group's other operating, investment and financing requirements. | **Mitigation**  ·  Close cooperation with scheme fiduciaries regarding management of pension scheme assets and liabilities, including asset selection and hedging actions.  ·  Alternative funding and risk mitigation actions are implemented where appropriate.  ·  Agreed recovery plans where required. | **Changes in 2017 and outlook**  Following the conclusion of the 2016 valuation exercise, the Group reduced the volatility of future deficit recovery ***payments*** as it closed the UK defined benefit pension to future accrual and made a £250 million lump sum ***payment*** to the scheme in October 2017.  The uncertainty following the UK's decision to leave the EU continues to have a potential impact on the yields on long term bonds and, thereby, on the UK pension liability, as will any wider issues in global financial markets. We will continue to monitor the impact of future market volatility, and seek to reduce volatility where appropriate.  While the initial takeover offer has been rejected, as this process continues there remains a level of uncertainty over the future impact on our pension schemes. Any changes in the Group's ownership structure and financing may impact the level of covenant support provided to the schemes, and the contributions required by the schemes' independent Trustees in the future. We continue to maintain an open and constructive dialogue with the Trustees on these matters. |

Operating in global markets

|  |  |  |
| --- | --- | --- |
| **Description**  We operate globally and, as such, results could be impacted by global or regional changes in the macroeconomic or political environment, leading to changing consumer demand and preferences.  Our businesses could be affected by changing consumer preference and associated volatility in automotive demand; challenging credit conditions resulting in lack of access to finance by customers and end consumers; delay or cancellation of orders for civil aircraft and changes in the amount or timing of US military spending; volatility in ***agricultural*** and construction and mining markets; exchange rate fluctuations; and changing oil prices.    **Potential impact**  Major or prolonged economic or financial market deterioration, including movements in exchange rates of key currencies or political uncertainty in one of our key markets, may significantly impact the Group's operational performance and financial condition. Sustained market weakness could lead to impairment of assets or site closures. It may also materially impact our customers, suppliers and other parties with whom we do business. | **Mitigation**  ·  The Group has a diversified portfolio of businesses across markets providing some protection against individual market or country risks.  ·  Lead market indicators are regularly reviewed so that we can respond quickly to changing trading conditions.  ·  Our mitigation strategy includes:  -  planning, budgeting and forecasting processes;  -  flexible management of variable and fixed cost base, investment spending and working capital;  -  further diversification into other sectors which present new opportunities;  -  focused restructuring activities, where necessary, to respond to markets which have suppressed levels of economic activity; and  -  regular review of our financial risk management processes, including foreign currency hedging.  ·  Alignment of our debt to the principal currencies in which our revenues and cash flows are generated through cross currency swaps.  ·  Currency hedging within our hedging policy.  ·  A strong balance sheet. | **Changes in 2017 and outlook**  Market conditions are discussed in the Chief Executive's review on pages 5 and 6 and the markets overview section on pages 8 and 9.  Political and economic uncertainty continued into 2017, with geopolitical tensions remaining and impacted by policy changes from the new US administration. Despite encouraging economic development in 2017, there remains a level of uncertainty from the gradual normalisation of monetary policy by the US Federal Reserve, the Bank of Japan and the European Central Bank. We expect to receive a significant benefit following tax reforms enacted in a number of key territories for the Group. These should see the long term group tax rate drop by 2%. We also believe the US tax reforms will limit tax leakage on the planned disposals of non-core businesses which we outlined in our strategy.  The UK's vote to leave the EU and the absence of detailed agreements between the UK and the EU has resulted in uncertainty in future trading arrangements between the UK and the rest of the world, and lower expectations for UK GDP in the short to medium term. GKN is a global business with 90% of its sales generated outside the UK; this will limit the effect of the vote on the Group. |

Related party transactions

In the ordinary course of business, sales and purchases of goods take place between subsidiaries and equity accounted investment companies priced on an arm's-length basis. Sales by subsidiaries to equity accounted investments in 2017 totalled £43 million (2016: £44 million). The amount due at the ***year*** end in respect of such sales was £18 million (2016: £11 million). Purchases by subsidiaries from equity accounted investments in 2017 totalled £16 million (2016: £10 million). The amount due at the ***year*** end in respect of such purchases was £3 million (2016: £3 million).

At 31 December 2017, a Group subsidiary had £8 million payable to equity accounted investments companies in respect of unsecured financing facilities bearing interest at one month LIBOR plus 1/8% (2016: £10 million).

Statement of Directors' responsibilities

Each of the Directors as at the date of the annual report, whose names and functions are set out on pages 52 and 53, confirm that to the best of their knowledge:

·   the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole

·   the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

·   the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approved by the Board of GKN plc and signed on its behalf by

Mike Turner CBE

Chairman

26 February 2018

CAUTIONARY STATEMENT

This announcement contains forward looking statements which were made in good faith based on information available at 26 February 2018, being the date of approval of the 2017 annual report.  It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ materially from those currently anticipated. Nothing in this document should be regarded as a profits forecast.

**Load-Date:** May 16, 2018

**End of Document**



[***FEDERAL REGISTER: Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order; Change in Producer Eligibility Requirements and Implementation of Charges for Past Due Assessments Pages 60687 - 60690 [FR DOC # 2017-27526]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R7N-G5W1-F0YC-N1BV-00000-00&context=1516831)

Impact News Service

December 22, 2017 Friday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 4279 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** ***Agricultural*** Marketing Service 7 CFR Part 1212 [Document Number AMS-SC-16-0124] Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order; Change in Producer Eligibility Requirements and Implementation of Charges for Past Due Assessments AGENCY: ***Agricultural*** Marketing Service, USDA. ACTION: Proposed rule. ----------------------------------------------------------------------- SUMMARY: This proposal invites comments on revising the eligibility requirements for producer representatives on the Honey Packers and Importers Board (Board) and prescribing late ***payment*** and interest charges on past due assessments under the ***Agricultural*** Marketing Service's (AMS) regulation regarding a national research and promotion ***program*** for honey and honey products. The Board administers the regulations with oversight by the U.S Department of ***Agriculture*** (USDA). This proposal would reduce the minimum production requirement for producers to serve on the Board from 150,000 to 50,000 pounds annually and thereby allow more producers to be eligible to serve on the Board. This proposal would also prescribe late ***payment*** and interest charges on past due assessments to help facilitate ***program*** administration.

Both of these actions were unanimously recommended by the Board. DATES: Comments must be received by January 22, 2018. ADDRESSES: Interested persons are invited to submit written comments concerning this proposal. Comments may be submitted on the internet at: [*http://www.regulations.gov*](http://www.regulations.gov) or to the Promotion and Economics Division, Specialty Crops ***Program***, AMS, USDA, 1400 Independence Avenue SW, Room 1406-S, Stop 0244, Washington, DC 20250-0244; facsimile: (202) 205- 2800. All comments should reference the document number and the date and page number of this issue of the Federal Register and will be made available for public inspection, including name and address, if provided, in the above office during regular business hours or it can be viewed at   [*http://www.regulations.gov*](http://www.regulations.gov) FOR FURTHER INFORMATION CONTACT: Sue Coleman, Marketing Specialist, Promotion and Economics Division, Specialty Crops ***Program***, AMS, USDA, 1400 Independence Avenue SW, Room 1406-S, Stop 0244, Washington, DC 20250-0244; telephone: (503) 633-4330; facsimile: (202) 205-2800; or electronic mail: [*Sue.Coleman@ams.usda.gov*](mailto:Sue.Coleman@ams.usda.gov) SUPPLEMENTARY INFORMATION: This proposal affecting 7 CFR part 1212 is authorized under the Commodity Promotion, Research, and Information Act of 1996 (1996 Act) (7 U.S.C 7411-7425). Executive Orders 12866, 13563, and 13771 Executive Orders 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules and promoting flexibility. This action falls within a category of regulatory actions that the Office of Management and Budget (OMB) exempted from Executive Order 12866 review. Additionally, because this rule does not meet the definition of a significant regulatory action it does not trigger the requirements contained in Executive Order 13771. See OMB's Memorandum titled ``Interim Guidance Implementing Section 2 of the Executive Order of January 30, 2017 titled `Reducing Regulation and Controlling Regulatory Costs' '' (February 2, 2017). Executive Order 13175 This action has been reviewed in accordance with the requirements of Executive Order 13175, Consultation and Coordination with Indian Tribal Governments. The review reveals that this regulation would not have substantial and direct effects on Tribal governments and would not have significant Tribal implications. Executive Order 12988 This proposal has been reviewed under Executive Order 12988, Civil Justice Reform. It is not intended to have retroactive effect. Section 524 of the 1996 Act (7 U.S.C 7423) provides that it shall not affect or preempt any other Federal or State law authorizing promotion or research relating to an ***agricultural*** commodity. Under section 519 of the 1996 Act (7 U.S.C 7418), a person subject to an order may file a written petition with USDA stating that an order, any provision of an order, or any obligation imposed in connection with an order, is not established in accordance with the law, and request a modification of an order or an exemption from an order. Any petition filed challenging an order, any provision of an order, or any obligation imposed in connection with an order, shall be filed within two ***years*** after the effective date of an order, provision, or obligation subject to challenge in the petition. The petitioner will have the opportunity for a hearing on the petition. Thereafter, USDA will issue a ruling on the petition. The 1996 Act provides that the district court of the United States for any district in which the petitioner resides or conducts business shall have the jurisdiction to review a final ruling on the petition, if the petitioner files a complaint for that purpose not later than 20 days after the date of the entry of USDA's final ruling. Background This proposal invites comments on revising the eligibility requirements for producer representatives on the Board and prescribing late ***payment*** and interest charges on past due assessments under the Honey Packers and Importers Research, Promotion, Consumer Education and Industry Information Order. The part is administered by the Board with oversight by USDA. Under the part, assessments are collected from first handlers and importers and used for research and promotion projects designed to maintain and expand the market for honey and honey products in the United States and abroad. This proposal would reduce the minimum production requirement for producers to serve on the Board from 150,000 to [[Page 60688]] 50,000 pounds annually and thereby allow more producers to be eligible to serve on the Board. This proposal would also prescribe late ***payment*** and interest charges on past due assessments to help facilitate ***program*** administration. Both of these actions were unanimously recommended by the Board in April 2016. Producer Eligibility Requirements Section 1212.46 of the part provides authority for the Board to recommend amendments to the part. Section 1212.40 of the part provides that the Board have ten members--three first handlers, two importers, one importer-handler, three producers, and one marketing cooperative representative. Currently, eligible producers must produce a minimum of 150,000 pounds of honey in the United States annually based on the best three-***year*** average of the most recent five ***calendar*** ***years***. The Board has had difficulty over the past few ***years*** in identifying honey producers who meet the current eligibility requirement for production volume. U.S honey production has decreased and fewer producers can meet the part's eligibility requirement. USDA's National ***Agricultural*** Statistics Service estimates U.S honey production from producers with 5 or more colonies at 164 million pounds in 2008 \1\ and at 156 million pounds in 2015.\2\ The Board has been having difficulties identifying producer nominees who produce over the 150,000 pound threshold. --------------------------------------------------------------------------- \1\ USDA, National ***Agricultural*** Statistics Service, Honey Final Estimates 2008-2012, September 2014, p. 4;   [*http://usda.mannlib.cornell.edu/usda/nass/SB1039/sb1039.pdf*](http://usda.mannlib.cornell.edu/usda/nass/SB1039/sb1039.pdf) \2\ USDA, National ***Agricultural*** Statistics Service, Honey, March 22, 2017, p. 2,   [*http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf*](http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf) --------------------------------------------------------------------------- Thus, the Board formed a subcommittee in October 2015 to review this issue. Over the following six months, the Board conducted outreach with beekeeping associations to gather input about the need and the level to reduce the annual production volume requirement for producers to serve on the Board. The recommendation from the associations to the subcommittee was that the minimum production requirement for producers be set at 50,000 pounds to increase the pool of eligible producers. The Board met in April 2016 and unanimously recommended that the part's minimum production requirement for producers be reduced from 150,000 to 50,000 pounds. This should allow more producers to be eligible to serve on the Board. Section 1212.40 of the part is proposed to be revised accordingly. Charges on Past Due Assessments Section 1212.52 of the part specifies that the Board will cover its expenses by levying an assessment on first handlers and importers. First handlers must pay their assessments to the Board on a monthly basis no later than the fifteenth day of the month following the month in which the honey or honey products were marketed. Importers must pay assessments to the Board on honey and honey products imported into the United States through the U.S Customs and Border Protection (Customs). If Customs does not collect an assessment from an importer, the importer must pay the assessment directly to the Board. The honey ***program*** also provides for two exemptions. Pursuant to section 1212.53, first handlers and importers who handle or import less than 250,000 pounds of honey or honey products annually, and first handlers and importers of organic honey and honey products are exempt from the ***payment*** of assessments. Section 1212.52(g) of the part specifies that the Board shall impose a late ***payment*** charge on any first handler or importer who fails to pay their assessments to the Board on time. First handlers or importers subject to a late ***payment*** charge must also pay interest on the unpaid assessments for which they are liable. The late ***payment*** and interest charges must be prescribed in regulations issued by USDA. Assessment funds are used by the Board for activities designed to benefit all industry members. Thus, it is important that all assessed entities pay their assessments in a timely manner. Entities who fail to pay their assessments on time would be able to reap the benefits of Board ***programs*** at the expense of others. In addition, they would be able to utilize funds for their own use that should otherwise be paid to the Board to finance Board ***programs***. Thus, the Board recommended that rates of late ***payment*** and interest charges for past due assessments be prescribed in the part's regulations. A late ***payment*** charge would be imposed upon first handlers and importers who fail to pay their assessments to the Board within 30 ***calendar*** days of the date when assessments are due. This one-time late ***payment*** charge would be 10 percent of the assessments due before interest charges have accrued. Additionally, interest at a rate of \2/3\ of 1 percent per month on the outstanding balance (which computes to an annual rate of 8 percent), including any late ***payment*** and accrued interest, would be added to any accounts for which ***payment*** has not been received within 30 ***calendar*** days of the date when assessments are due. Interest would continue to accrue monthly until the outstanding balance is paid to the Board. This action is expected to help facilitate ***program*** administration by providing an incentive for entities to remit their assessments in a timely manner, with the intent of creating a fair and equitable process among all assessed entities. Accordingly, a new Subpart C would be added to the part's regulations regarding past due assessments, and a new section 1212.520 would be added to Subpart C. Initial Regulatory Flexibility Act Analysis In accordance with the Regulatory Flexibility Act (RFA) (5 U.S.C 601-612), AMS is required to examine the impact of the proposed rule on small entities. Accordingly, AMS has considered the economic impact of this action on such entities. The purpose of the RFA is to fit regulatory actions to the scale of businesses subject to such actions so that small businesses will not be disproportionately burdened. The Small Business Administration defines, in 13 CFR part 121, small ***agricultural*** producers as those having annual receipts of no more than $750,000, and small ***agricultural*** service firms (first handlers and importers) as those having annual receipts of no more than $7.5 million. The Board reported that there are about 752 importers and 41 first handlers of honey and honey products covered under the ***program*** during the 2016 fiscal period. Seventeen out of the 41 first handlers (41 percent) and 25 out of the 752 importers (3 percent) accounted for 90 percent of the assessments in their respective categories. Total assessments for 2016 were $6.74 million, of which $1.75 million (26 percent) came from first handlers and $4.99 million (74 percent) was paid by importers. This data can be used to compute an estimate of average annual revenue from honey sales from each of these categories, which in turn helps to estimate the number of large and small first handlers and importers. As mentioned above, 17 first handlers account for 90 percent of the domestic assessments. Multiplying first handler assessments in 2016 of $1,750,155 by 0.9 and then dividing by 17 yields an average annual assessment of $92,655 for the first handlers in this category. Dividing this figure ($92,655) by the assessment rate of 1.5 cents per pound ($0.015) yields an average quantity per first handler of 6.177 million pounds. [[Page 60689]] Multiplying 6.177 million pounds by the average 2016 U.S domestic price of $2.08 per pound \3\ yields an average, annual honey revenue per handler of $12.85 million, which is well above the SBA threshold of $7.5 million. It should be noted that this revenue estimate is based on the average price at the producer level, and the $12.85 million is an estimate of the total value at which the average size handler acquired the honey from producers. Therefore most of the 17 first handlers that pay 90 percent of the domestic assessments are likely to be large firms according to the SBA definition. --------------------------------------------------------------------------- \3\ USDA, NASS, Honey, March 22, 2017, p. 3,   [*http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf*](http://usda.mannlib.cornell.edu/usda/current/Hone/Hone-03-22-2017.pdf) --------------------------------------------------------------------------- An equivalent computation can be made for the 25 importers who paid 90 percent of the $4,991,926 in assessments in 2016. Of the 25 importers, the average assessment per importer was $179,709. Dividing the average assessment per importer by the assessment rate of $0.015 per pound yields an average quantity per importer estimate of 11.981 million pounds. For honey imports, the equivalent of the season average price for domestic honey is referred to as a ``unit value.'' The unit value of $1.24 per pound is computed by dividing annual imported honey value of $417.31 million by average quantity of 335.69 million pounds (import data from the Foreign ***Agricultural*** Service). Multiplying the $1.24 unit value by the average quantity of 11.981 million pounds yields average annual honey revenue per importer figure of $14.856 million, almost two times the SBA threshold figure of $7.5 million for a large firm. Therefore the majority of the 25 importers that pay 90 percent of the assessments are large firms, according to the SBA definition. Comparable computations can be made to determine the average 2016 honey revenue for the 24 first handlers and 727 importers that paid 10 percent of the assessments in the first handler and importer categories. The first handler and importer average annual honey revenue figures are approximately $1,011,000 and $57,000, respectively, indicating that the vast majority are small businesses (in terms of honey sales), under the SBA large business threshold of $7.5 million in annual sales. Based on the foregoing, the majority of first handlers and importers may be classified as small entities. This proposed rule invites comments on relaxing the part's eligibility requirements for producer representatives on the Board as specified in section 1212.40 of the part. The part currently requires that producer representatives produce a minimum of 150,000 pounds of honey (based on the best three ***year*** average of the most recent five ***calendar*** ***years***) in the United States annually. U.S honey production has been decreasing and fewer producers can meet this eligibility requirement. Thus, the Board unanimously recommended reducing the minimum production requirement from 150,000 to 50,000 pounds annually. This would allow for a greater pool of producer nominees to be eligible to serve on the Board. Authority for this action is provided in section 1212.46(d) of the part. This proposal would also prescribe charges for past due assessments under the part. A new section 1212.520 would be added to the part specifying a one-time late ***payment*** charge of 10 percent of the assessments due and interest at a rate of \2/3\ of 1 percent per month (or 8 percent on an annual basis) on the outstanding balance, including any late ***payment*** and accrued interest. This section would be included in a new Subpart C--Regulations Regarding Past Due Assessments. Authority for this action is provided in section 1212.52(g) of the part and section 517(e) of the 1996 Act. Regarding the economic impact of the proposed rule on affected entities, relaxing the eligibility requirements for producer representatives on the Board is administrative in nature and would have no economic impact on entities covered under the ***program***. This change would help increase the number of producers who would be eligible to serve on the Board. Eligible producers, first handlers and importers interested in serving on the Board would have to complete a background questionnaire. Those requirements are addressed later in this proposal in the section titled Reporting and Recordkeeping Requirements. Prescribing charges for past due assessments would impose no additional costs on first handlers and importers who pay their assessments on time. It merely provides an incentive for entities to remit their assessments in a timely manner. For all entities who are delinquent in paying assessments, both large and small, the charges would be applied uniformly. As for the impact on the industry as a whole, this action would help facilitate ***program*** administration by providing an incentive for entities to remit their assessments in a timely manner, with the intent of creating a fair and equitable process for all assessed entities. Additionally, as previously mentioned, the part also provides for two exemptions. First handlers and importers who handle or import less than 250,000 pounds of honey or honey products annually, and first handlers and importers of organic honey and honey products are exempt from the ***payment*** of assessments. Regarding alternatives, one option to the proposed action regarding producer eligibility would be to maintain the status quo and not reduce the production threshold for producers to be eligible to serve on the Board. However, the Board has been having difficulty identifying producer nominees who produce over 150,000 pounds of honey annually. After outreach to beekeeping associations, the Board concluded that reducing the minimum production requirement for producers from 150,000 to 50,000 pounds annually would be appropriate to increase the pool of eligible producers. Likewise, an alternative to the proposed action to prescribe late ***payment*** and interest charges for past due assessments would be to maintain the status quo and not prescribe these charges. However, the Board determined that implementing such charges would help facilitate ***program*** administration by encouraging entities to pay their assessments in a timely manner. The Board reviewed rates of late ***payment*** and interest charges prescribed in other research and promotion ***programs*** and concluded that the late ***payment*** charge and the interest charge contained in this proposal would be appropriate. Reporting and Recordkeeping Requirements In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C Chapter 35), the information collection requirements that are imposed by the part have been previously approved by OMB under OMB control number 0581-0093. Additionally, Board nominees (including producers) must submit a Background Information form (AD-755) to ensure they are qualified to serve on the Board. The time to complete that form is estimated at 30 minutes per response. The background form is approved under OMB control no. 0505-0001. This proposed rule would not result in a change to the information collection and recordkeeping requirements previously approved and would impose no additional reporting requirements and recordkeeping burden on honey producers, first handlers or importers. As with all Federal promotion ***programs***, reports and forms are [[Page 60690]] periodically reviewed to reduce information requirements and duplication by industry and public sector agencies. Finally, USDA has not identified any relevant Federal rules that duplicate, overlap, or conflict with this proposed rule. Regarding outreach efforts, as previously mentioned, this action was discussed at a subcommittee in October 2015. The Board conducted outreach over the following six months to beekeeping associations to gather input about the need to reduce the annual production volume requirement for eligible producers on the Board. The Board met in April 2016 and unanimously recommended reducing the production volume requirement from 150,000 to 50,000 pounds annually. The Board also recommended prescribing late ***payment*** charges and interest on past due assessments in the part's regulations. All of the Board's meetings are open to the public and interested persons are invited to participate and express their views. AMS has performed this initial RFA regarding the impact of this proposed action on small entities and invites comments concerning potential effects of this action. USDA has determined that this proposed rule is consistent with and would effectuate the purposes of the 1996 Act. A 30-day comment period is provided to allow interested persons to respond to this proposal. Thirty days is deemed appropriate because this action would relax the minimum production requirement for producers to serve on the Board, thereby allowing more producers to be eligible to serve on the Board. This action would also prescribe late ***payment*** and interest charges for past due assessments which would facilitate the collection of assessments under the ***program***. All written comments received in response to this proposed rule by the date specified will be considered prior to finalizing this action. List of Subjects in 7 CFR Part 1212 Administrative practice and procedure, Advertising, Consumer information, Honey Packer and Importer promotion, Marketing agreements, Reporting and recordkeeping requirements. For the reasons set forth in the preamble, 7 CFR part 1212 is proposed to be amended as follows: PART 1212--HONEY PACKERS AND IMPORTERS RESEARCH, PROMOTION, CONSUMER EDUCATION AND INDUSTRY INFORMATION ORDER 0 1. The authority citation for 7 CFR part 1212 continues to read as follows: Authority: 7 U.S.C 7411-7425; 7 U.S.C 7401. 0 2. Section 1212.40 is revised to read as follows: Sec. 1212.40 Establishment and membership. The Honey Packers and Importers Board is established to administer the terms and provisions of this part. The Board shall have ten members, composed of three first handler representatives, two importer representatives, one importer-handler representative, three producer representatives, and one marketing cooperative representative. The importer-handler representative must import at least 75 percent of the honey or honey products they market in the United States and handle at least 250,000 pounds annually. In addition, the producer representatives must produce a minimum of 50,000 pounds of honey in the United States annually based on the best three-***year*** average of the most recent five ***calendar*** ***years***, as certified by producers. The Secretary will appoint members to the Board from nominees submitted in accordance with Sec. 1212.42 The Secretary shall also appoint an alternate for each member. 0 3. Subpart C--Regulations Regarding Past Due Assessments is added to read as follows: Subpart C--Regulations Regarding Past Due Assessments Sec. 1212.520 Late ***payment*** and interest charges for past due assessments. (1) A late ***payment*** charge will be imposed on any first handler or importer who fails to make timely remittance to the Board of the total assessments for which they are liable. The late ***payment*** will be imposed on any assessments not received within 30 ***calendar*** days of the date when assessments are due. This one-time late ***payment*** charge will be 10 percent of the assessments due before interest charges have accrued. (2) In addition to the late ***payment*** charge, \2/3\ of 1 percent per month (or an annual rate of 8 percent) interest on the outstanding balance, including any late ***payment*** and accrued interest, will be added to any accounts for which ***payment*** has not been received within 30 ***calendar*** days of the date when assessments are due. Interest will continue to accrue monthly until the outstanding balance is paid to the Board. Dated: December 18, 2017. Bruce Summers, Acting Administrator. [FR Doc. 2017-27526 Filed 12-21-17; 8:45 am] BILLING CODE 3410-02-P

**Load-Date:** December 23, 2017

**End of Document**



[***Federal Register: Organization; Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations; Farmer Mac Investment Eligibility Pages 55093 - 55099 [FR DOC # 2018-24045]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TMV-RB71-JDG9-Y1F9-00000-00&context=1516831)

Impact News Service

November 2, 2018 Friday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 7837 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

FARM CREDIT ADMINISTRATION 12 CFR Parts 652 RIN 3052-AC86 Organization; Funding and Fiscal Affairs, Loan Policies and Operations, and Funding Operations; Farmer Mac Investment Eligibility AGENCY: Farm Credit Administration. ACTION: Final rule. ----------------------------------------------------------------------- SUMMARY: The Farm Credit Administration (FCA, we, or our) finalizes amendments to our regulations governing the eligibility of non-***program*** investments held by the Federal ***Agricultural*** Mortgage Corporation (Farmer Mac). We are revising these regulations in compliance with section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act or DFA) by removing references to, and requirements relating to, credit ratings. DATES: Effective Date: This regulation shall become effective no earlier than 30 days after publication in the Federal Register during which either or both Houses of Congress are in session. The FCA will publish a notice of the effective date in the Federal Register.

Compliance Date: All provisions of this regulation require compliance by January 1, 2019 or the effective date, whichever is later. FOR FURTHER INFORMATION CONTACT: Joseph Connor, Associate Director for Policy and Analysis, Office of Secondary Market Oversight, (703) 883- 4364, TTY (703) 883-4056, [*connorj@fca.gov*](mailto:connorj@fca.gov); or Laura McFarland, Senior Counsel, Office of General Counsel, (703) 883-4020, TTY (703) 883-4056, [*mcfarlandl@fca.gov*](mailto:mcfarlandl@fca.gov) SUPPLEMENTARY INFORMATION: I. Objective The purpose of this final rule is to replace references to credit rating agencies with other appropriate standards used to determine the creditworthiness of investments and to revise obligor limits in our existing investment regulations applicable to Farmer Mac. II. Background Farmer Mac is a federally chartered instrumentality that is an institution of the Farm Credit System (System) and a Government- sponsored enterprise (GSE). Farmer Mac was established and chartered by Congress to create a secondary market for ***agricultural*** real estate mortgage loans, rural housing mortgage loans, rural utility cooperative loans, and the United States Department of ***Agriculture*** (USDA) guaranteed portions of farm and rural development loans. Title VIII of the Farm Credit Act of 1971, as amended, (Act) \1\ governs Farmer Mac. Farmer Mac is regulated by FCA through its Office of Secondary Market Oversight (OSMO). --------------------------------------------------------------------------- \1\ Public Law 92-181, 85 Stat. 583, 12 U.S.C 2001 et seq. --------------------------------------------------------------------------- On July 21, 2010, the Dodd-Frank Act was enacted, and section 939A of the Dodd-Frank Act requires Federal agencies to review all regulatory references to nationally recognized statistical ratings organizations (NRSRO or credit rating agency) and replace those references with other appropriate standards for determining creditworthiness.\2\ The Dodd-Frank Act further provides that, to the extent feasible, agencies should adopt a uniform standard of creditworthiness for use in regulations, taking into account the entities regulated and the purposes for which such regulated entities would rely on the creditworthiness standard. --------------------------------------------------------------------------- \2\ Public Law 111-203, 124 Stat. 1376, (H.R 4173), July 21, 2010. --------------------------------------------------------------------------- The existing rules on non-***program*** investments for Farmer Mac are contained in part 652, subpart A, and rely, in part, on NRSRO credit ratings to characterize relative credit quality of various instruments. On June 16, 2011, we issued an Advance Notice of Proposed Rulemaking (ANPRM) soliciting comments on suitable alternatives to NRSRO credit ratings.\3\ On November 18, 2011, as part of another rulemaking, we again requested comment on potential sources of market-derived information that could be used to replace NRSRO credit ratings in part 652 of our rules.\4\ In compliance with provisions in the Dodd-Frank Act directing agencies, to the extent feasible, to adopt a uniform standard of creditworthiness among regulated entities, we also considered the creditworthiness standards FCA proposed in a separate rulemaking for Farm Credit banks and associations.\5\ Using perspective gained through these processes, on February 23, 2016, we issued a proposed rule, whose comment period ended April 25, 2016.\6\ The only comments received were from the Farm Credit Council (Council) on behalf of its membership and Farmer Mac. Their comments are discussed herein at the relevant sections below. --------------------------------------------------------------------------- \3\ 76 FR 35138, June 16, 2011. \4\ Refer to Proposed rule, ``Federal ***Agricultural*** Mortgage Corporation Funding and Fiscal Affairs; Farmer Mac Investments and Liquidity Management'' (76 FR 71798, Nov. 18, 2011). \5\ 79 FR 43301, July 25, 2014. \6\ 81 FR 8860, Feb. 23, 2016. --------------------------------------------------------------------------- III. Section-by-Section Discussion The final rule revises portfolio diversification requirements and the credit quality standards for eligible non-***program*** investments that Farmer Mac may hold by replacing the reliance on NRSRO credit ratings and clarifying terminology. All changes are finalized as proposed unless otherwise indicated. A. Definitions [Existing Sec. 652.5] 1. Removed Terms In Sec. 652.5, we finalize proposed removal of the following terms and their related definitions because they are either obsolete or do not require a separate definition:  Contingency Funding Plan (CFP),      Eurodollar time deposit,      Final maturity,      General obligations,      Liability Maturity Management Plan (LMMP),      Liquid investments,      Liquidity reserve,      Nationally Recognized Statistical Rating Organization (NRSRO),      Revenue bond, and      Weighted average life (WAL).     We also remove these terms from where they appear in Sec.  652.20 2. New and Changed Terms     We finalize proposed changes to three existing terms and their definitions. First, the term ``Government-sponsored

[[Page 55094]]

agency'' is replaced with ``Government-sponsored enterprise (GSE)'', defining a GSE as an entity established or chartered by the U.S Government to serve public purposes specified by the U.S Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the U.S Government. Second, the term ``Government agency'' is replaced with ``U.S Government agency,'' defined as an instrumentality of the United States Government whose obligations are fully guaranteed as to the timely ***payment*** of principal and interest by the full faith and credit of the U.S Government. Finally, the term ``mortgage securities'' is replaced with ``mortgage-backed securities (MBS),'' but uses the existing definition for ``mortgage securities.'' We finalize a conforming change to the definition of ``asset-backed securities'' to substitute the term ``mortgage securities'' for ``mortgage-backed securities (MBS)'' within the definition of ``asset- backed securities''.     We finalize as proposed adding a new term to Sec.  652.5: ``Diversified investment fund''. The final rule defines a ``diversified investment fund'' (DIF) as an investment company registered under section 8 of the Investment Company Act of 1940, 15 U.S.C 80a-8. We had proposed, but are not finalizing, adding a definition for ``obligor'' and explain why in the following section. 3. Defining ``Obligor''     We proposed adding a new definition for ``obligor'', defining it as an issuer, guarantor, or other person or entity who has an obligation to pay a debt, including interest due, by a specified date or when ***payment*** is demanded. The existing regulation does not contain a definition for ``obligor'', although the term is used in part 652. We proposed a definition to remove any questions on the terminology, but upon further consideration have determined the proposed definition adds little value as it reflects the commonly understood meaning of ``obligor''. As such, we are not adding it to our rules.

B. Concentration Risk [New Sec.  652.10(c)(5)]

    We add a new paragraph (c)(5) to Sec.  652.10, addressing diversification and investment concentration limits. As discussed below, we make changes to what was proposed when discussing obligor limits. 1. Concentration Limit [Existing Sec.  652.20(d)(1); New Sec.   652.10(c)(5)]     We finalize as proposed moving the investment concentration limit provisions from Sec.  652.20(d)(1) to new Sec.  652.10(c)(5). a. Obligor Limit Level     We final as proposed reducing the obligor limit from 25 percent to 10 percent. We place a 10-percent regulatory capital limit on Farmer Mac's investment exposure to investments issued by any single entity, issuer, or obligor as we believe this limit enhances Farmer Mac's long- term safety and soundness by ensuring that if any single entity, issuer, or obligor were to default, only a modest portion of capital would be at risk.     The Council requested FCA consider lowering the proposed obligor limit to 5 percent. The Council commented that a 10-percent limit would be appropriate for well-capitalized financial institutions meeting Basel III capital requirements, but contends that Farmer Mac's capitalization is based on an internal economic capital model which the Council believes may not be consistent with Basel III requirements. Farmer Mac measures capital adequacy using an approach that is consistent with broadly accepted banking practices and standards. Further, OSMO conducts comprehensive oversight of all aspects of Farmer Mac's operations, including capital adequacy, utilizing detailed and robust information, a variety of metrics, and under stress testing. Therefore, we do not share the Council's views on Farmer Mac's capitalization, which views may be based on a more limited perspective.     Farmer Mac requested the obligor limit remain at 25 percent, remarking that the limit alone would not necessarily enhance Farmer Mac's long-term safety and soundness due to its internal risk management procedures and board-established guidelines. Farmer Mac contended that the limit could instead unintentionally impede management's ability to manage the portfolio under certain market conditions. We are finalizing a 10-percent single obligor limit as we believe the lower limit adds a level of safety against both credit loss as well as variation in liquidity specifically tied to a single issuer or obligor. In deciding where to set the investment concentration threshold, we considered, among other things, the historical relationship between Farmer Mac's capital surplus over the statutory minimum and the dollar amount that equates to 10 percent of regulatory capital. b. Obligor Limit Applicability     Farmer Mac requested that inclusion of guarantors in the definition of ``obligor'' be made only to the extent that Farmer Mac's investment decision was based on the ability of the guarantor to fulfill its obligation under the guarantee. Farmer Mac offered as an example its purchases of municipal bonds where its analysis of credit quality might ignore a third-party guarantee in some cases. We understand that when making an investment decision, the weight given a guarantee backing the issuance will vary, but that does not alter the guarantor's financial obligations for the issuance and we believe all credit enhancement features of an investment should be considered.     The existing obligor limit explains that it applies to ``. . . eligible investments issued by any single entity, issuer, or obligor.'' We proposed clarifying this phrase by revising it to read ``. . . allowable investments in any one obligor . . .''. In offering this change, we did not intend to change the meaning of whom is covered by the obligor limit. After reviewing comments made, we believe the proposed language for new Sec.  652.10(c)(5)(i), if finalized, may be misread as altering the applicability of the obligor limit. As such, we finalize the first sentence of new Sec.  652.10(c)(5)(i) using existing rule text, so it reads ``You may not invest more than 10 percent of your Regulatory Capital in allowable investments issued by any single entity, issuer, or obligor.''     We remind Farmer Mac that existing Sec.  652.10(b) requires its investment policies to address how Farmer Mac will manage the potential risk of one guarantor having financial commitments to several issuers. Concentration limits are directed at placing safeguards around the risk incurred from having too many investments tied to the same financial source, including situations where several issuers share the same guarantor. Under existing Sec.  652.10(b), Farmer Mac is required to include limits on counterparty risks and risk diversification standards within its investment policies. As such, Farmer Mac's investment policies are expected to address the concentration risk that arises when a single guarantor is tied to too many issuers in whom Farmer Mac invests. 2. Asset Class Limits: GSE-Issued Mortgage-Backed Securities Limit [Existing Sec.  652.20(a)(6); New Sec.  652.10(c)(5)]     We proposed removing asset class limits for all but one of the existing nine named asset classes: The 50-percent exposure limit for GSE-issued investments. Farmer Mac asked us to eliminate all asset class limits, including the one for GSE securities.

[[Page 55095]]

Farmer Mac suggested we allow it to set all its own concentration limits for all asset classes. In response to this comment, we remove the 50-percent exposure limit provision for GSE-issued investments from new Sec.  652.10(c)(5). As a result, the final rule removes all nine of the regulatory asset class limits currently in existing Sec.   652.20(a)(1) through (a)(9), as well as removes the related investment table at existing Sec.  652.20(a). We believe the combined effect of our regulations governing investment management (Sec.  652.10), liquidity (Sec.  652.40), and those governing the overall regulatory limit on non-***program*** investments (Sec.  652.15) create a strong and appropriate regulatory structure that incentivizes Farmer Mac to create a well-diversified and liquid investment portfolio comprised primarily of investments in either Government-backed or, to a lesser extent, GSE debt instruments.     Section 652.10 governing investment management outlines the responsibilities of the Farmer Mac board of directors for establishing appropriate policies and internal controls to prevent loss, and establishes a substantial set of requirements to foster appropriate investment purchase analysis, risk diversification and investment management. Further, as one commenter pointed out, existing Sec.   652.10(c)(1)(i) already requires Farmer Mac to establish within its investment policy concentration limits for ``asset classes or obligations with similar characteristics.'' This requirement includes concentrations in GSE-issued mortgage-backed securities. We expect Farmer Mac to at least annually review its investment strategy, objectives and policy limits, making adjustments based on market conditions and its current risk profile and risk-bearing capacity.

C. Non-***Program*** Investments [Existing Sec. Sec.  652.20 and 652.25; New Sec.  652.23]

    All proposed changes to Sec. Sec.  652.20, 620.23, and 652.25 are finalized as proposed except one technical correction. In Sec.   652.20(a)(7) we mistakenly included a cross-citation to Sec.   652.20(b)(4), when paragraph (b) only has three paragraphs. We are correcting the cross citation to only reference paragraphs (b)(1), (b)(2), and (b)(3).     We discuss the comments received on eligible non-***program*** investments here. 1. Criteria of Eligible Non-***Program*** Investments [Sec.  652.20(a)]     We finalize replacing the ``non-***program*** investment eligibility criteria table'' in Sec.  652.20(a) with general categories of eligible non-***program*** investments to eliminate references to NRSRO credit ratings within Sec.  620.20     The Council asked that the rule specifically exclude from Sec.   652.20(a) those Farmer Mac ***program*** securities backed by USDA guarantees. The Council referenced paragraphs (a)(4) and (a)(5) on GSE- issued ABS and MBS, asking that Farmer Mac securities be excluded. This rule provision identifies GSE, ABS, and MBS securities as eligible non- ***program*** investments. Securitizing USDA-guaranteed loans is among Farmer Mac's statutory authorities and we believe the assets are generally of high-credit quality and marketable to a sufficient degree to justify their inclusion in Level 3. As such, we make no change as requested by the commenter, but will take this suggestion into consideration in future rulemakings.     Farmer Mac commented upon preamble discussion in the proposed rule regarding the liquid nature of private placements, explaining its belief that private placements offer similar liquidity as securities acquired in the public markets. Farmer Mac asked that we allow using privately placed securities for liquidity purposes. In Section III.1.a of the preamble to the proposed rule discussing Sec.  652.20(a), we explained that ``eligible non-***program*** investments'' may include private placements and therefore those private placements could be used for liquidity and other purposes to the extent allowed in Sec.  652.15 \7\ In the preamble discussion of that section we noted that we did not consider private placements to be very liquid. Farmer Mac objected to this remark, considering it to be a prohibition against using any private placements for liquidity purposes. The rule does not prohibit the use of private placements for liquidity purposes, nor does it specifically authorize them for such. If a private placement satisfies all non-***program*** eligibility requirements under Sec.  652.20, then it may be used for liquidity to the same extent as other eligible non- ***program*** investments, once approved. This means when seeking FCA approval under new Sec.  652.23 for ``other'' non-***program*** investments, Farmer Mac will need to specify if it intends on using the private placement investment for liquidity reserve purposes. If so, the investment request should include documentation that Farmer Mac has conducted a due diligence review and concluded the security meets the standard for marketability found at Sec.  652.40(b), including the requirement that it can be easily sold (or converted to cash through repurchase agreements) in active and sizable markets. Thereafter, new Sec.  652.23(c) provides that approved ``other'' non-***program*** investments are treated under subpart A of part 652 the same as eligible non-***program*** investments, unless our conditions of approval state otherwise. ---------------------------------------------------------------------------

    \7\ See 81 FR 8860, 8864 (Feb. 23, 2016). ---------------------------------------------------------------------------

    Farmer Mac also commented that any higher liquidity premium built in the yield of a privately placed security should offset its lower liquidity when traded. It is our view that a higher liquidity premium does not substantially increase the liquidity of an instrument, but rather serves to compensate the investor for accepting the instrument's lower level of liquidity. Thus, a higher liquidity premium alone would not be enough to satisfy requirements for using the investment to fund the liquidity reserve. 2. Quality of Eligible Non-***Program*** Investments [Sec.  652.20(b)]     We proposed in Sec.  652.20(b) a Farmer Mac investment standard where the investment obligors would have to have a ``strong capacity'' to meet financial commitments and the risk of default was ``very low.'' We are finalizing the rule to require that at least one obligor of an investment have ``very strong capacity'' to meet financial commitments, with a ``very low'' risk of default.     Both comments to our proposed rule effectively asked us to reassess whether the provision on the quality of eligible investments was similar in its expectations to that of other regulators. Farmer Mac commented that the creditworthiness standards in proposed Sec.   652.20(b) appeared to be stricter than those implemented by the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC). Farmer Mac explained that the OCC and the FDIC refer to the ``adequate capacity'' of the issuer to meet its financial commitments and ``low'' risk of default by the obligor. Farmer Mac requested that we reconsider using a ``strong capacity'' to meet financial commitments and replace it with ``adequate capacity''. The FCC made a general remark that our Farmer Mac investment regulations should be no less stringent than those imposed on Farm Credit banks and associations.     In both the proposed rule and this final rulemaking, we considered the approaches used by OCC, FDIC, Federal Housing Finance Agency (FHFA), Federal Reserve Board (FRB), and the National Credit Union Administration

[[Page 55096]]

(NCUA).\8\ We gave particular attention to the OCC, FDIC and FRB joint agreement \9\ revising the definition of ``investment grade.'' These regulators agreed to replace their use of NRSRO ratings with a standard that considers an issuer's creditworthiness and risk of default. This involved defining investment grade securities as follows: ---------------------------------------------------------------------------

    \8\ See, for example, OCC final rulemaking at 77 FR 35253 (June 13, 2012) and NCUA final rulemaking at 77 FR 74103 (Dec. 13, 2012).     \9\ ``Uniform Agreement on the Classification and appraisal of Securities held by Depository Institutions (Agreement)'', dated Oct. 29, 2013.

    A security is investment grade if the issuer of the security has an adequate capacity to meet financial commitments for the life of the asset. An issuer has adequate capacity to meet its financial commitments if the risk of default is low, and the full and timely --------------------------------------------------------------------------- repayment of principal and interest is expected.

As a result, the definition of ``investment grade'' effectively sets an issuer's financial capacity (and risk of default) as the uniform replacement standard for NRSRO ratings at commercial banks.     Dodd-Frank instructed each financial regulatory agency to establish uniform standards of creditworthiness to the extent feasible and to consider both the regulated entities covered by the new standards and the purposes for which the creditworthiness standards will be used. In compliance with this requirement, FCA proposed adopting the standard used by other regulators (i.e , an issuer's financial capacity and the risk of default), but adapted the financial capacity and default risk levels to reflect Farmer Mac's secondary market activities and its status as a GSE. As a GSE with a specific Congressional mandate, we believe Farmer Mac should maintain investments in its liquidity portfolio that are of a higher grade than required at commercial banks with the goal of mitigating default risks. Therefore, FCA declines to set the regulatory investment creditworthiness standard for Farmer Mac to an ``adequate'' level.     However, we recognize that FCA recently issued a final rule governing the investment activities of Farm Credit banks and associations \10\ whereby, FCA determined eligible investments were those where at least one of the obligors has ``very strong capacity'' to meet financial commitments. Although the investment authority of Farm Credit banks differs from Farmer Mac's investment authority, both authorities are primarily used for liquidity. Further, we recognize the subjective challenges involved in differentiating on examination between an issuer with a ``strong'' or ``very strong'' capacity to meet financial commitments. To avoid confusion, as well as to recognize the shared primary liquidity purpose of investment authorities at both the Farm Credit banks and Farmer Mac, we have adapted the financial capacity level to reflect those used by Farm Credit banks. Thus, we finalize a requirement that at least one of the investment obligors possess a ``very strong capacity'' to meet financial commitments. ---------------------------------------------------------------------------

    \10\ 83 FR 27486, June 12, 2018. ---------------------------------------------------------------------------

    We note that this modification also agrees in part with Farmer Mac's request for closer alignment with the other FRBs standard (in that we are only requiring a ``very strong capacity'' of at least one of the investment obligors, whereas in the proposed rule we required all obligors to meet the ``strong capacity'' standard). Also, we emphasize this language is not intended to change the quality or range of investments Farmer Mac is currently authorized to purchase and hold. Our intent is only to remove references to NRSRO ratings and reduce potential over reliance on NRSRO ratings in assessing an investment's creditworthiness and suitability for inclusion in investment portfolio. Meaning, Farmer Mac will continue to perform due diligence on its investments, adapting those reviews to the new risk assessment and classification standards. As noted in the investment management section of this subpart, Sec.  652.10, and its associated preamble explanation, the depth of due diligence should be a function of the security's credit quality, the complexity of the structure, and the size of the investment.\11\ The evaluation of the structure's complexity should include the contraction risk associated with investments purchased at a premium to par. We expect Farmer Mac to perform credit reviews both pre- and post-purchase as appropriate for each investment. These reviews should monitor performance at the portfolio and sector level and be periodically updated. In addition, we expect Farmer Mac to evaluate the issuer's capacity to meet financial commitments for the projected life of the asset or exposure. In doing so, we expect Farmer Mac to understand each security's structure and how the security may perform under adverse economic conditions. ---------------------------------------------------------------------------

    \11\ 77 FR 66375, Nov. 5, 2012. ---------------------------------------------------------------------------

    As a technical change, we finalize a correction to Sec.  652.20(b), whereby proposed (b)(1) language was inadvertently repeated in proposed (b)(2). We consolidate the repetitive language into (b)(1), removing it from paragraph (b)(2). In making this clarification, we make no change in the meaning of Sec.  652.20(b)(2). 3. Other Non-***Program*** Investments [New Sec.  652.23]     We finalize moving from Sec.  652.20(e) to new Sec.  652.23 the provisions on seeking FCA approval for those non-***program*** investments not identified in the rule. We also finalize as proposed the amendments to this provision. We received no comments on these changes. 4. Ineligible Non-***Program*** Investments [Sec.  652.25]     We finalize as proposed the amendments to Sec.  652.25, which address ineligible investment activities. We received no comments on these changes. As part of the changes, we will no longer require the separate quarterly report on investments that lose their eligibility after purchase. We make this reporting change to alleviate redundancy as Farmer Mac already provides OSMO routine quarterly reports on the performance and risk on all of its liquidity investment portfolio, which we consider a sound practice. We believe the investment activity report covering all investment activities is the more valuable of the two reports for our oversight and should be continued.

D. Reservation of FCA Authority [New Sec.  652.27]

    We received no comments on the proposed new Sec.  652.27 We finalize moving from Sec.  652.25(d) to new Sec.  652.27 provisions addressing FCA-required investment divestitures.

E. Liquidity Reserve Requirements [Table to Sec.  652.40(c)]

    We finalize the proposed changes to the Table at Sec.  652.40(c), including incorporating new terminology and clarifying certain MBS requirements.     The Council asked us to explain why the Table at Sec.  652.40(c) includes GSE-issued senior debt with maturities less than 60 days as a Level 1 asset and greater than 60 days as a Level 3 asset but specifically excludes the debt of System banks and associations. The Council commented that treating the debt of Farm Credit banks and associations differently from that of Farmer Mac has no stated policy basis and asked that all Farmer Mac ***program*** securities held on balance sheet be excluded from the Level 1 category. At a minimum, the Table at Sec.  652.40(c) should be clear that Farmer Mac securities are separate from the debt of Farm Credit banks and associations.     Debt issued by Farmer Mac does not share liability with the debt of Farm

[[Page 55097]]

Credit banks and associations.\12\ Farmer Mac is organized as an investor-owned corporation, not a member-owned cooperative, and the Farm Credit System Insurance Corporation only insures the debt of Farm Credit banks. As to the Table at Sec.  652.40(c), debt issued by Farm Credit banks is excluded because we believe it is likely to be highly correlated with Farmer Mac ***program*** securities. Meaning, adverse economic and financial conditions affecting Farm Credit banks and associations will likely affect Farmer Mac securities at the same time. Therefore, limiting Farmer Mac's ability to amplify ***agricultural*** banking risk through its liquidity portfolio is an appropriate safety and soundness measure. ---------------------------------------------------------------------------

    \12\ Farm Credit banks have joint and several liability with each other, but not with Farmer Mac. 12 U.S.C 2155. ---------------------------------------------------------------------------

    The Council also commented that the rule permits Farmer Mac to count repurchase agreements backed by Level 1 assets of the liquidity reserve, stating it believes these items would be more appropriate at Level 3. The Council added that these items may not be as liquid as necessary for Level 1 since significant time is required to convert these assets. The Council added that, for consistency, if repurchase agreements are included as Level 1 assets for Farmer Mac, FCA should modify its regulations for the Farm Credit banks and associations to classify the assets at the same level as Farmer Mac.     We decline the requests of the Council. Repurchase agreements are justifiably classified as Level 1 liquidity instruments because their overnight maturity, combined with their Level 1 collateral, make the risk of loss exceedingly small under adverse market conditions. Moreover, FCA regulations for Farm Credit banks and associations currently include overnight repurchase agreements in the category of money market instruments.\13\ Meaning, Farm Credit banks and associations have the same ability to include such investments in Level 1 under the existing regulations. ---------------------------------------------------------------------------

    \13\ 12 CFR 615.5134(b). ---------------------------------------------------------------------------

IV. Regulatory Flexibility Act

    Pursuant to section 605(b) of the Regulatory Flexibility Act (5 U.S.C 601 et seq.), FCA hereby certifies that this final rule will not have a significant economic impact on a substantial number of small entities. Farmer Mac has assets and annual income in excess of the amounts that would qualify it as a small entity. Therefore, Farmer Mac is not a ``small entity'' as defined in the Regulatory Flexibility Act.

List of Subjects in 12 CFR Part 652

***Agriculture***, Banks, banking, Capital, Investments, Rural areas.

    For the reasons stated in the preamble, part 652 of chapter VI, title 12 of the Code of Federal Regulations is amended as follows:

PART 652--FEDERAL ***AGRICULTURAL*** MORTGAGE CORPORATION FUNDING AND FISCAL AFFAIRS

0 1. The authority citation for part 652 is revised to read as follows:

    Authority: Secs. 4.12, 5.9, 5.17, 8.11, 8.31, 8.32, 8.33, 8.34, 8.35, 8.36, 8.37, 8.41 of the Farm Credit Act (12 U.S.C 2183, 2243, 2252, 2279aa-11, 2279bb, 2279bb-1, 2279bb-2, 2279bb-3, 2279bb-4, 2279bb-5, 2279bb-6, 2279cc); sec. 514 of Pub. L. 102-552, 106 Stat. 4102; sec. 118 of Pub. L. 104-105, 110 Stat. 168; sec. 939A of Pub. L. 111-203, 124 Stat. 1326, 1887 (15 U.S.C 78o-7 note) (July 21, 2010).

0 2. Amend Sec.  652.5 by: 0 a. Removing the definitions for ``Contingency Funding Plan (CFP)'', ``Eurodollar time deposit'', ``Final maturity'', ``General obligations'', ``Government agency'', ``Government-sponsored agency'', ``Liability Maturity Management Plan (LMMP)'', ``Liquid investments'', ``Liquidity reserve'', ``Mortgage securities'', ``Nationally recognized statistical rating organization (NRSRO)'', ``Revenue bond'', and ``Weighted average life (WAL)''; 0 b. Revising the last sentence of the definition for ``Asset-backed securities (ABS)''; and 0 c. Adding alphabetically the definitions of Diversified investment fund, Government-sponsored enterprise, Mortgage-backed securities, and U.S Government agency to read as follows:

Sec.  652.5  Definitions.

\* \* \* \* \*     Asset-backed securities (ABS) \* \* \* For the purpose of this subpart, ABS exclude mortgage-backed securities that are defined below. \* \* \* \* \*     Diversified investment fund (DIF) means an investment company registered under section 8 of the Investment Company Act of 1940. \* \* \* \* \*     Government-sponsored enterprise (GSE) means an entity established or chartered by the United States Government to serve public purposes specified by the United States Congress but whose debt obligations are not explicitly guaranteed by the full faith and credit of the United States Government. \* \* \* \* \*     Mortgage-backed securities (MBS) means securities that are either:     (1) Pass-through securities or participation certificates that represent ownership of a fractional undivided interest in a specified pool of residential (excluding home equity loans), multifamily or commercial mortgages, or     (2) A multiclass security (including collateralized mortgage obligations and real estate mortgage investment conduits) that is backed by a pool of residential, multifamily or commercial real estate mortgages, pass through MBS, or other multiclass MBS.     (3) This definition does not include ***agricultural*** mortgage-backed securities guaranteed by Farmer Mac itself. \* \* \* \* \*     U.S Government agency means an instrumentality of the U.S Government whose obligations are fully guaranteed as to the ***payment*** of principal and interest by the full faith and credit of the U.S Government.

0 3. Amend Sec.  652.10 by: 0 a. Removing the word ``four'' in the last sentence of the paragraph (c) introductory text; 0 b. Removing the phrase ``geographical areas'' in paragraph (c)(1)(i); and 0 c. Adding paragraph (c)(5) to read as follows:

Sec.  652.10  Investment management.

\* \* \* \* \*     (c) \* \* \*     (5) Concentration risk. Your investment policies must set risk diversification standards. Diversification parameters must be based on the carrying value of investments. You may not invest more than 10 percent of your Regulatory Capital in allowable investments issued by any single entity, issuer, or obligor. Only investments in obligations backed by U.S Government agencies or GSEs may exceed the 10-percent limit. \* \* \* \* \*

0 4. Section 652.20 is revised to read as follows:

Sec.  652.20  Eligible non-***program*** investments.

    (a) Eligible investments consist of:     (1) A non-convertible senior debt security.     (2) A money market instrument with a maturity of 1 ***year*** or less.     (3) A portion of an ABS or MBS that is fully guaranteed by a U.S Government agency.     (4) A portion of an ABS or MBS that is fully and explicitly guaranteed as to

[[Page 55098]]

the timely ***payment*** of principal and interest by a GSE.     (5) The senior-most position of an ABS or MBS that is not fully guaranteed by a U.S Government agency or fully and explicitly guaranteed as to the timely ***payment*** of principal and interest by a GSE, provided that the MBS satisfies the definition of ``mortgage related security'' in 15 U.S.C 78c(a)(41).     (6) An obligation of an international or multilateral development bank in which the U.S is a voting member.     (7) Shares of a diversified investment fund, if its portfolio consists solely of securities that satisfy investments listed in paragraphs (b)(1) through (b)(3) of this section.     (b) Farmer Mac may only purchase those eligible investments satisfying all of the following:     (1) At a minimum, at least one obligor of the investment has a very strong capacity to meet financial commitments for the life of the investment, even under severely adverse or stressful conditions, and generally presents a very low risk of default. Investments whose obligors are located outside the U.S , and whose obligor capacity to meet financial commitments is being relied upon to satisfy this requirement, must also be fully guaranteed by a U.S Government agency.     (2) The investment must exhibit low credit risk and other risk characteristics consistent with the purpose or purposes for which it is held.     (3) The investment must be denominated in U.S dollars.

0 5. Add Sec.  652.23 to read as follows:

Sec.  652.23  Other non-***program*** investments.

    (a) Farmer Mac may make a written request for our approval to purchase and hold other non-***program*** investments that do not satisfy the requirements of Sec.  652.20 Your request for our approval to purchase and hold other non-***program*** investments at a minimum must:     (1) Describe the investment structure;     (2) Explain the purpose and objectives for making the investment; and     (3) Discuss the risk characteristics of the investment, including an analysis of the investment's impact to capital.     (b) We may impose written conditions in conjunction with our approval of your request to invest in other non-***program*** investments.     (c) For purposes of applying the provisions of this subpart, except Sec.  652.20, investments approved under this section are treated the same as eligible non-***program*** investments unless our conditions of approval state otherwise.

0 6. Section 652.25 is revised to read as follows:

Sec.  652.25  Ineligible investments.

    (a) Investments ineligible when purchased. Non-***program*** investments that do not satisfy the eligibility criteria set forth in Sec.   652.20(a) or have not been approved by the FCA pursuant to Sec.  652.23 at the time of purchase are ineligible. You must not purchase ineligible investments. If you determine that you have purchased an ineligible investment, you must notify us within 15 ***calendar*** days after such determination. You must divest of the investment no later than 60 ***calendar*** days after you determine that the investment is ineligible unless we approve, in writing, a plan that authorizes you to divest the investment over a longer period of time. Until you divest of the investment, it may not be used to satisfy your liquidity requirement(s) under Sec.  652.40, but must continue to be included in the Sec.   652.15(b) investment portfolio limit calculation.     (b) Investments that no longer satisfy eligibility criteria. If you determine that a non-***program*** investment no longer satisfies the criteria set forth in Sec.  652.20 or no longer satisfies the conditions of approval issued under Sec.  652.23, you must notify us within 15 ***calendar*** days after such determination. If approved by the FCA in writing, you may continue to hold the investment, subject to the following and any other conditions we impose:     (1) You may not use the investment to satisfy your Sec.  652.40 liquidity requirement(s);     (2) The investment must continue to be included in your Sec.   652.15 investment portfolio limit calculation; and     (3) You must develop a plan to reduce the investment's risk to you.

0 7. Add Sec.  652.27 to read as follows:

Sec.  652.27  Reservation of authority for investment activities.

    FCA retains the authority to require you to divest of any investment at any time for failure to comply with applicable regulations, for safety and soundness reasons, or failure to comply with written conditions of approval. The timeframe set by FCA for such required divestiture will consider the expected loss on the transaction (or transactions) and the effect on your financial condition and performance. FCA may also, on a case-by-case basis, determine that a particular non-***program*** investment poses inappropriate risk, notwithstanding that it satisfies investment eligibility criteria or received prior approval from us. If so, we will notify you as to the proper treatment of the investment.

0 8. Amend Sec.  652.40 by revising the table in paragraph (c) to read as follows:

Sec.  652.40  Liquidity reserve requirement and supplemental liquidity.

\* \* \* \* \*     (c) \* \* \*

                        Table to Sec.   652.40(c) ------------------------------------------------------------------------                                                             Discount         Liquidity level               Instruments       (multiply market                                                             value by) ------------------------------------------------------------------------ Level 1.......................  Cash, including cash    100 percent.                                  due from traded but                                  not yet settled debt.                                 Overnight money market  100 percent.                                  instruments,                                  including repurchase                                  agreements secured                                  exclusively by Level                                  1 investments.                                 Obligations of U.S      97 percent.                                  Government agencies                                  with a final                                  remaining maturity of                                  3 ***years*** or less.                                 GSE senior debt         95 percent.                                  securities that                                  mature within 60                                  days, excluding                                  securities issued by                                  the Farm Credit                                  System.                                 Diversified investment  95 percent.                                  funds comprised                                  exclusively of Level                                  1 instruments. Level 2.......................  Additional Level 1      Discount for                                  investments.            each Level 1                                                          investment                                                          applies.                                 Obligations of U.S      97 percent.                                  Government agencies                                  with a final                                  remaining maturity of                                  more than 3 ***years***.                                 MBS that are fully      95 percent.                                  guaranteed by a U.S                                  Government agency.                                 Diversified investment  95 percent.                                  funds comprised                                  exclusively of Level                                  1 and 2 instruments.

[[Page 55099]]

  Level 3.......................  Additional Level 1 or   Discount for                                  Level 2 investments.    each Level 1 or                                                          Level 2                                                          investment                                                          applies.                                 GSE senior debt         93 percent for                                  securities with         all instruments                                  maturities exceeding    in Level 3.                                  60 days, excluding                                  senior debt                                  securities of the                                  Farm Credit System.                                 MBS that are fully                                  guaranteed by a GSE                                  as to the timely                                  repayment of                                  principal and                                  interest.                                 Money market                                  instruments maturing                                  within 90 days.                                 Diversified investment                                  funds comprised                                  exclusively of Levels                                  1, 2, and 3                                  instruments.                                 Qualifying securities                                  backed by Farmer Mac                                  ***program*** assets                                  (loans) guaranteed by                                  the United States                                  Department of                                  ***Agriculture***                                  (excluding the                                  portion that would be                                  necessary to satisfy                                  obligations to                                  creditors and equity                                  holders in Farmer Mac                                  II LLC). Supplemental Liquidity........  Eligible investments    90 percent                                  under Sec.   652.20     except                                  and those approved      discounts for                                  under Sec.   652.23     Level 1, 2 or 3                                                          investments                                                          apply to such                                                          investments                                                          held as                                                          supplemental                                                          liquidity. ------------------------------------------------------------------------

    Dated: October 30, 2018. Dale Aultman, Secretary, Farm Credit Administration Board. [FR Doc. 2018-24045 Filed 11-1-18; 8:45 am] BILLING CODE 6705-01-P

**Load-Date:** November 3, 2018

**End of Document**



[***EU Budget: #CAP beyond 2020***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SGF-VPK1-JCMN-Y2T5-00000-00&context=1516831)

EU Reporter

June 4, 2018 Monday 7:50 AM EST

Copyright 2018 Newstex LLC All Rights Reserved

**Length:** 4898 words

**Byline:** EU Reporter Correspondent

**Body**

Jun 04, 2018( EU Reporter: [*http://www.eureporter.co*](http://www.eureporter.co) Delivered by Newstex) The European Commission has published proposals for regulations modernizing and simplifying the Common ***Agricultural*** Policy (CAP).These proposals are for a regulation on the CAP Strategic Plans (a proposed new way of working covering direct ***payments*** to farmers, rural development support and sectoral support ***programmes***), a regulation on the Single Common Market Organization (CMO) and a horizontal regulation on financing, managing and monitoring the CAP. These proposals give shape to the ideas for the future of the CAP, as outlined in the Communication on the Future of Food and Farming, presented by the Commission in November 2017. Why reform the Common ***Agricultural*** Policy? Since 1962, the Common ***Agricultural*** Policy (CAP) has successfully fulfilled its original objective of providing income support to farmers in order to guarantee the supply of good quality, safe and affordable food for European citizens. The adaptability of the CAP over this time has ensured its continued relevance.

The world is moving fast and so are the challenges facing not only farmers but our society as a whole. Climate change, price volatility, political and economic uncertainty, rural depopulation and the growing importance of global trade: farmers are constantly adapting to changing circumstances and legislators must ensure that they are provided with adequate support based on clear and simplified in the medium and long term. The CAP is leading a transition towards a more sustainable ***agriculture***. It needs to foster the sector's resilience and support farmers' income and viability. It needs to ensure that ***agriculture*** plays its full role in relation to the environment and climate challenge and it needs to fully accommodate digital innovations that make the jobs of farmers easier, reduce red tape and support generational renewal. With over 50% of EU population living in rural areas, efforts are needed to keep them attractive and vital as living spaces in terms of growth and jobs, but also infrastructure, mobility and basic services. By contributing to economic dynamics in rural areas and its socio-cultural life, EU ***agricultural*** plays an important role as does the new CAP by aiming at keeping sustainable farming in place throughout Europe and investing in the development of rural areas and communities. Today's legislative proposals introduce a simplified and modernized policy better fit to meet these challenges and objectives. What budget is available for the CAP 2021-2027? The Commission proposal for the multiannual financial framework (MFF) 2021-2027 includes €365 billion for the CAP (in current prices). This corresponds to an average share of 28.5% of the overall EU budget for the period 2021-2027. Out of this amount for the CAP, €265.2bn is for direct ***payments***, €20bn for market support measures (EAGF) and €78.8bn is for rural development (EAFRD). An additional €10bn will be available through the EU's Horizon Europe research ***programme*** to support specific research and innovation in food, ***agriculture***, rural development and the bio-economy. What are the objectives of the future CAP 2021-2027? The future CAP will focus on nine general objectives reflecting the economic, environmental and social importance of the policy: Support viable farm income and resilience across the EU territory to enhance food security; Enhance market orientation and increase competitiveness including greater focus on research, technology and digitalization; Improve farmers' position in the value chain; Contribute to climate change mitigation and adaptation, as well as sustainable energy; Foster sustainable development and efficient management of natural resources such as water, soil and air; Contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes; Attract young farmers and facilitate business development in rural areas; Promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry; Improve the response of EU ***agriculture*** to societal demands on food and health, including safe, nutritious and sustainable food, as well as animal welfare. Fostering knowledge, innovation and digitalization in ***agriculture*** and rural areas is a cross-cutting objective. How do you expect to achieve these objectives? The future CAP will deliver more benefits for our citizens while significantly simplifying and modernizing the way the policy works, both for farmers and for member states. Rather than rules and compliance, the focus will shift to results and performance. Moving from a one-size-fits-all to a tailor-made approach means the policy will be closer to those who implement it on the ground. This approach will give far greater freedom to member states to decide how best to meet the common objectives at the same time as responding to the specific needs of their farmers, rural communities and society at large. At EU level, the focus will be on: Setting common objectives; Listing necessary interventions and a common 'toolkit' of measures that can be used by Member States to achieve the common objectives; Preserving the single market and a level playing field for all farmers across the Union; Ensuring safeguards to guarantee that the policy does what it sets out to do, and; Providing a set of indicators to assess progress. Member States will be able to tailor the tools to their own specific needs, setting out how they plan to do so in a comprehensive CAP Strategic Plan. These CAP Strategic Plans will set out how each country proposes to meet the overall CAP objectives, mindful of its own specific needs. They will define a strategy and explain how actions under both pillars will contribute to reaching these objectives. The plans will also set the targets for reaching the objectives; progress towards achieving these targets will be assessed at Member State level and verified by the European Commission in a new annual monitoring and review exercise. Each CAP Strategic Plan will need prior approval from the European Commission to ensure that it remains consistent with the EU-wide objectives, maintains the common nature of the policy and does not distort the single market or lead to excessive burdens on beneficiaries or administrations. How will you assess the results? A common set of result indicators will be agreed at EU level to ensure a level playing field for farmers in every Member States. Each ***year***, countries will submit a performance report to the Commission to show the progress they have made, based on these specific result indicators. The Commission will review the reports and consider recommendations for improving performance if necessary. A new system of possible sanctions and rewards will also be introduced to ensure that progress is made. For example, Member States that meet their climate, environment and biodiversity targets will be eligible for a reward of up to 5% of their rural development allocation at the end of the MFF period. At the same time, when the annual performance report indicates that sufficient progress is not being made, the Commission will be able to intervene to ensure that funding is better focused on results. This could involve, for example, imposing a specific action plan to get the national ***programme*** back on track, suspension of ***payments*** and/or re-***programming***, depending on the nature of the underperformance. How does this make it simpler for farmers and national administrations? And how does it modernize the CAP? Farmers know better than anyone what support they need to improve their performance. With the new CAP Strategic Plans, member states can work with farmers to determine what needs to be done at national or regional level to meet the agreed EU objectives, with greater flexibility to choose the most appropriate measures to achieve results. The list of broad measures agreed at EU level will also be streamlined - for example, the new CAP defines eight broad areas for action within rural development (environment ...imate; young farmers; risk management tools; knowledge ...formation, etc.) rather than the current 69 measures and sub-measures. Allowing member states to be more accountable as to how they can best meet the overall goals, rather than an overly prescriptive one-size-fits-all approach will be both simpler and more effective. The Commission will also focus on ensuring that governance systems in each member state work effectively, in turn allowing them to decide whether proposals are eligible for EU support rather than checking the eligibility conditions of each individual project beneficiary as is currently the case. The new CAP will encourage the take-up of new technologies, both by farmers and by national administrations, to help simplify their work. For example, a new monitoring system will be developed based on systematic, ***year***-round remote observation of ***agricultural*** activities. This will, wherever possible, replace traditional control methods such as on-the-spot checks, significantly reducing the control burden. Further use of other digital tools such as the so-called geo-spatial application (GSA), which uses satellite technology to enable farmers to make accurate claims about their land and thus reduce the level of errors in declarations and avoid penalties, will also be encouraged. Farmers' applications for direct support will come pre-filled by Member State administrations with as much up-to-date and reliable information as possible, using existing tools such as the Land Parcel Identification System, saving considerable time for farmers. Under the new CAP, Member States will be required to make available to farmers a system of farm advisory services (FAS), which will cover a wide range of issues detailed in the Regulation itself. These include, among others: advice on all the requirements and conditions at farm level that stem from each country's CAP Strategic Plan; how to ensure compliance with environmental legislation on water, pesticides, clean air, etc.; risk management; and access to innovation and technology. These advisory services will be fully embedded in the wider member states' ***Agricultural*** Knowledge and Innovation Systems (AKIS), which include also researchers, farmer organizations and other relevant stakeholders. Will farmers be treated equally across the EU? The new framework of the CAP provides for further convergence of direct ***payment*** levels among member states by closing 50% of the gap between EU aid levels per hectare and 90% of the EU average. This contributes to the Commission's commitment to ensure a fairer distribution of direct ***payments***. How can you ensure a fairer distribution of ***payments*** to farmers and to smaller and medium-sized farms? Direct ***payments*** will remain an essential part of the policy, as farmers' income needs to be supported to foster a smart and resilient ***agricultural*** sector. The Commission is proposing a reduction of ***payments*** as of €60,000 and compulsory capping for ***payments*** above €100,000 per farm. Labour costs will be taken fully into account. This is designed to ensure a fairer distribution of ***payments***. The amounts freed up will be redistributed within each Member State either through a redistributive direct ***payment*** or rural development, primarily to ensure that a higher share of each country's direct ***payment*** allocation goes to small and medium-sized farms. Member States will also be able to offer to small farmers a round sum per ***year***, a far simpler administrative procedure for recipients who would not have to fill in annual claims to receive their ***payments***. It will be up to each individual member state to define how to classify small farmers, as each country's ***agricultural*** sector is different. Each country will also have to apply more stringent definitions to ensure only genuine farmers receive support. As with small farms, the precise definition will be left up to each Member State to decide (subject to Commission approval in the CAP Strategic Plan), based on a number of factors such as income tests, labour inputs on the farm, the object clause of businesses and/or their inclusion in business registers. The definition must ensure that no support can be granted to those whose ***agricultural*** activity forms only an insignificant part of their overall economic activities or those whose principal business activity is not ***agricultural***. The regulation also stipulates that the definition agreed in each member state must not exclude by definition pluri-active farmers (i.e. those who are actively farming but who are also engaged in non-***agricultural*** activities outside their farm). How will young farmers benefit from the future CAP? Attracting young people into the sector and helping them establish themselves as viable businesses is one of the main priorities of the CAP post-2020. Young farmers will benefit from a number of measures, some mandatory, others voluntary: Member states will have to reserve at least 2% of their national allocation for direct ***payments*** specifically to support young farmers setting up in the profession, either in the form of a top-up ***payment*** in addition to their basic income support or through installation grants; countries are free to set aside a larger sum to encourage young farmers if they identify a specific need to do so. The maximum amount of aid for the installation of young farmers and rural business start-ups will be increased to €100,000. Each country's CAP Strategic Plan will have to present a specific strategy for attracting and supporting young farmers, including how national and EU support can be used more consistently and effectively. Rural development funding can be used to support schemes aimed at improving access to land and land ***transfer***, traditionally a major barrier to young farmers joining the profession. These schemes could include: farm partnerships between generations of farmers; farm succession or transition planning services; brokerage for land acquisition; innovative national or regional organizations engaged in promoting and facilitating matching services between young and old farmers, etc. Young farmers will continue to benefit from investment support and knowledge ***transfer***/training supported by rural development funds. Member states will be allowed to establish financial instruments supporting working capital for young farmers, who often face significant difficulties raising finance given the high investments and low returns of a farm at the start-up phase. The Commission will also enhance cooperation with the European Investment Bank, especially via the fi-compass platform, to learn from experiences and best practices on specific schemes for young farmers. How will the new CAP support environmental and climate action? Three out of the nine specific objectives in the future CAP will concern the environment and climate - covering the issues of climate change, natural resources, biodiversity, habitats and landscapes. In their CAP Strategic Plans, member states will have to spell out how they intend to meet these objectives, ensuring their farmers meet all their requirements with regard to the environment and climate. They will also detail how they will use funding from both CAP pillars to support their strategy. Targets will be set and assessed each ***year*** to gauge progress. Ensuring a high level of ambition with regard to climate, environment and biodiversity will be achieved in a variety of ways: A new system of 'conditionality' will link all farmers' income support (and other area- and animal-based ***payments***) to the application of environment- and climate-friendly farming practices. Making support conditional on enhanced standards is an improvement on the existing rules in the current CAP. A new system of so-called 'eco-schemes', funded from national direct ***payment*** allocations, will be mandatory for member states, although farmers will not be obliged to join them. These eco-schemes will have to address the CAP environment and climate objectives in ways that complement the other relevant tools available and go beyond what is already requested under the conditionality requirements. However, it will be up to each Member State to design them as they see fit. One example could be an eco-scheme to fund zero use of fertilisers in order to improve water quality. The ***payments*** involved could be offered either as 'top-ups' to farmers' direct ***payments***, or as stand-alone schemes whose ***payment*** values are based on the extra costs and income losses involved for farmers. Member states will be required to dedicate at least 30% of their rural development budget to environment and climate measures. Rural development funding will be used to support climate and environment-friendly actions, in particular so-called 'agri-environment-climate commitments' which will again be mandatory for member states to offer but voluntary for farmers. Rural development budgets can also be used to fund a range of other actions such as knowledge ***transfer***, eco-friendly investments, innovation and co-operation. Such support could concern farmers, forest managers and other interested parties in rural areas. Funding for environment-related measures in areas of natural constraints (ANCs) such as mountainous or coastal regions, will now be in addition to the 30% of rural development In line with the Union's commitment to implement the Paris Agreement and the United Nations Sustainable Development Goals, actions under the CAP are expected to contribute 40 per cent of the overall CAP budget to climate action. What is the role of research, innovation and new technologies in the future CAP? The future CAP will encourage increased investment in knowledge and innovation, and enable farmers and rural communities to benefit from it. The main instrument supporting innovation under the new CAP will continue to be the European Innovation Partnership (EIP-AGRI), notably via the support of bottom-up innovation projects carried out by operational groups. The EIP-AGRI innovation approach focuses on knowledge exchange, in which all actors are interactively involved in the process. An additional €10bn funding will be available through the EU's Horizon Europe research ***programme*** to support specific research and innovation in food, ***agriculture***, rural development and the bio-economy. Horizon Europe will have a pivotal role in co-creating the knowledge needed to modernize the ***agricultural*** sector. The synergies established between Horizon Europe (with transnational projects) and the CAP (with projects at regional / local level and the CAP networks) will help build the ***agricultural*** knowledge and innovation system which aims to accelerate the uptake of innovative practices among all actors in rural areas. What is a Common Market Organisation (CMO)? Why are only certain sectors covered by these? A Common Market Organisation (CMO) refers to the set of rules used to organize the single market for ***agricultural*** products. These rules cover a wide range of aspects: the market safety net (public intervention and private storage aid), exceptional measures in case of market disturbance, marketing standards, the school scheme offering milk and fruit ...getables to school children, trade provisions and a number of operational ***programmes*** for a series of sectors: fruit and vegetables, apiculture, wine, hops, and olives. Most of the CMO Regulation will remain unchanged in the future CAP, with a few exceptions. One major change is that the above-mentioned operational ***programmes*** will have to be integrated in each country's CAP Strategic Plan and member states will have the possibility (if they considerate necessary) to design operational ***programmes*** (otherwise called sectoral interventions) for other sectors. These can be all ***agricultural*** sectors - everything from cereals and meat to seeds and live plants and trees - but excluding ethyl alcohol and tobacco. Member states can set aside up to 3% of their pillar 1 budget for these sectoral interventions. These schemes will support producers who come together through producer organisations to take common actions in favour of the environment or fostering a better position in the food chain. Is there specific support for certain sectors? Certain specific product sectors undergoing difficulties will continue to benefit from additional support to improve their competitiveness, sustainability or quality (known as coupled income support, or voluntary coupled support under the current CAP). These sectors must be considered important for economic, social or environmental reasons. The Commission is proposing to maintain the existing list of potentially eligible sectors (in other words, those sectors that have been eligible to receive voluntary coupled support since 2013 - the most recent list is available here[1]). In addition, the Commission is proposing to extend this list to include non-food crops (other than short-rotation coppice and excluding trees) used for the production of products that have the potential to substitute fossil fuels. Eligible member states can allocate a maximum of 10% of their direct ***payments*** to coupled income support. An additional 2% can be set aside to support protein crops. Is there a special regime in place for the EU's outermost regions? Given the particular ***agricultural*** challenges of the EU's outermost regions, additional support for farmers is available under the CAP. Proposed funding for these regions - the French overseas departments (Guadeloupe, French Guiana, Martinique, Runion, Saint-Martin, and Mayotte), the Azores and Madeira, and the Canaries - is set at €627.63 million per ***year*** for the seven-***year*** period. Direct ***payments*** available to farmers in the outermost regions will remain well above the support levels paid in other member states. This figure does not include potential additional funding for these regions from the rural development budget. This can be used to support actions to restore, preserve and enhance biodiversity in ***agriculture*** and forestry, and promote economic development in rural areas in these outermost regions. The EU contribution to rural development schemes in these areas has been raised to 70%, compared to around 40% elsewhere. How will the new CAP help farmers to face crises and risks? The current CAP already helps farmers deal with the uncertainty of their profession, through income support (direct ***payments***), market measures, support for risk management tools, and training and investments under rural development. The new CAP maintains this approach, while introducing further improvements: Current provisions on public intervention, private storage and exceptional measures are unchanged and remain available to support EU farmers in case of need. Member states will in future have the possibility to dedicate up to 3% of their pillar 1 allocation to help support sectors other than those (such as fruits and vegetables, wine or olive oil) already benefiting from sectoral ***programmes***. The aim is to stimulate actions by producer organizations in favour of competitiveness, sustainability and risk/crisis management, among others. The existing practice of setting aside a portion of the overall Pillar 1 funding will be maintained to create an '***agricultural*** reserve', which can be used for market measures and exceptional support measures This reserve will be at least €400 million in total every ***year***, and will be filled by rolling over the crisis reserve from 2020 (i.e. under the current CAP and from the current MFF) into 2021; in the subsequent ***years***, all unused funds will again be rolled over. Rolling over the reserve, rather than opting to fill the reserve anew each ***year*** and reallocate the unused funds to the Member States, will significantly reduce the administrative burden. Member states will have to support risk management tools under rural development to help farmers manage production- and income-related risks which are outside their control. This type of support, which will be in the form of financial contributions to premiums for insurance schemes and mutual funds, encompassing both production and income risks, will be mandatory for all member states. Support for different actions such as investments and training to help farmers prevent risks or to deal with their consequences become mandatory under rural development. An EU-level platform on risk management, in the form of a single multi-stakeholder hub, will be set up to help all the actors involved, from farmers and public authorities to research institutes and the private sector, share knowledge and exchange experience and best practice. It will also be possible to use financial instruments to facilitate access to working capital, for example to help farmers overcome a temporary shortage of liquidity caused by an unexpected crisis. The Horizon 2020 ***programme*** will finance research on risk management, farm digitisation and smart use of big data in ***agriculture***, while the European Innovation Partnership (EIP-AGRI) can also support projects in the field of risk management. How will the new CAP contribute to the future of EU rural areas? With over 50% of the EU population living in rural areas, it is important to ensure that they remain attractive, dynamic and sustainable; with good quality jobs, economic growth, and access to quality infrastructure, mobility and basic services. ***Agriculture*** is at the heart of many rural communities and, through its support for farmers and rural communities, so is the CAP. The simplification of rural development, with broad objectives set at EU level and more flexibility for member states to tailor their actions to their specific needs, will ensure that rural development support remains effective across the EU. Increasing the co-financing rate for member states will allow them to maintain an ambitious level of investment in rural areas. This is also why the future rural development funding will be targeted at where it can bring real added value - the development of the local, rural and ***agricultural*** economy - leaving other EU funds to focus on large infrastructure projects, including broadband. One key element of future rural development policy will be promoting the development of Smart Villages in rural areas alongside improved local infrastructure. What is the difference between current and constant prices and what are the real savings in the future CAP budget? How will the CAP budget be distributed among member states? The Commission has provided unprecedented transparency by presenting for the first time ever its proposal for the new long-term EU budget on 2 May both in current and in constant 2018 prices. However, current prices represent the actual amounts that the final beneficiaries will get from the EU budget. Each annual EU budget is agreed in current prices, and member states contribute to the overall EU budget in current prices. This is the same methodology that has been used in the past for expressing the CAP budget, making the current proposals directly comparable with previous budgets. Constant prices, taking out inflation, are used to compare the economic impact of investments over a longer time span. It is easy to switch from constant to current prices and vice versa because the Commission uses (and has always used) as a proxy for future inflation rates, a fixed annual inflation rate of 2% when making its calculations. As a result, a reduction of around 5% for the CAP budget in current prices is proposed; this is equivalent to a reduction of around 12% in constant 2018 prices without inflation. What are the next steps? The proposals for the three regulations for the new CAP 2021-2027 will be sent to the European Parliament and the Council. The co-legislators will then be responsible for taking their respective positions in relation to the Commission's proposals. A swift agreement on the overall long-term EU budget and its sectoral proposals is essential to ensure that EU funds start delivering results on the ground as soon as possible and that farmers are provided with the necessary certainty and predictability for their business and investment decisions. Delays similar to the ones experienced at the beginning of the current 2014-2020 budgetary period could potentially mean that farmers and national administrations would not benefit from the reduced bureaucracy, greater flexibility and more effective results that the new CAP will bring. Any delays in approval of the future budget would also delay the start of thousands of potential new projects across the EU designed to support farmers and rural communities, tackling issues from strengthening environmental protection to attracting new farmers. An agreement on the next long-term budget in 2019 would provide for a seamless transition between the current long-term budget (2014-2020) and the new one and would ensure predictability and continuity of funding to the benefit of all.The post EU Budget: #CAP beyond 2020[2] appeared first on EU Reporter[3]. [ 1]: [*https://ec.europa.eu/****agriculture****/sites/****agriculture****/files/direct-support/direct-****payments****/docs/voluntary-coupled-support-note-revised\_en.pdf*](https://ec.europa.eu/agriculture/sites/agriculture/files/direct-support/direct-payments/docs/voluntary-coupled-support-note-revised_en.pdf) [ 2]:   [*https://www.eureporter.co/frontpage/2018/06/04/eu-budget-cap-beyond-2020/*](https://www.eureporter.co/frontpage/2018/06/04/eu-budget-cap-beyond-2020/) [ 3]:   [*https://www.eureporter.co*](https://www.eureporter.co)

**Load-Date:** June 4, 2018

**End of Document**



[***Council of the European Union: Annexes to the Commission Decision on non-automatic carryover of appropriatins and decommitted appropriations to be made available again from 2017 to 2018 ST 6011 2018 ADD 1***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RT2-KWM1-F0YC-N1C9-00000-00&context=1516831)

Impact News Service

February 28, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 4386 words

**Body**

Brussels: Council of the European Union has issued the following document:

6011/18 ADD 1 ML/ab DG G 2A EN Council of the European Union Brussels, 8 February 2018 (OR. en) 6011/18 ADD 1 FIN 111 COVER NOTE From: Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director date of receipt: 7 February 2018 To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union No. Cion doc.: C(2018) 776 final - ANNEXES 1 to 4 Subject: Annexes to the Commission Decision on non-automatic carryover of appropriatins and decommitted appropriations to be made available again from 2017 to 2018 Delegations will find attached document C(2018) 776 final - ANNEXES 1 to 4. Encl.: C(2018) 776 final - ANNEXES 1 to 4 EN EN EUROPEAN COMMISSION Brussels, 7.2.2018 C(2018) 776 final ANNEXES 1 to 4 ANNEXES to the COMMISSON DECISION ON NON-AUTOMATIC CARRYOVER OF APPROPRIATIONS AND DECOMMITTED APPROPRIATIONS TO BE MADE AVAILABLE AGAIN FROM 2017 TO 2018 EN 1 EN ANNEX I CARRYOVER OF NON-DIFFERENTIATED APPROPRIATIONS A. Overview N° 2017 Budget Heading 2018 Budget Regulation (EU, Euratom) N°966/2012 Amount to be Carried over (in EUR) 1 05 03 09 Reimbursement of direct ***payments*** to farmers from appropriations carried-over in relation to financial discipline 05 03 09 Article 169(3) 450 500 000,00 Heading 2 - Total 450 500 000,00 Grand Total 450 500 000,00 EN 2 EN B. Amounts in euros to be carried over for each line and justifications 1. 05 03 09 Reimbursement of direct ***payments*** to farmers from appropriations carried-over in relation to financial discipline Appropriation authorised 2017 450 500 000,00 Commitments made at 31.12.2017 0,00 Amount not used at 31.12.2017 450 500 000,00 Carryover 450 500 000,00 Based on Article 169(3) of Regulation (EU, Euratom) No 966/2012 and Article 26 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council1, non-committed appropriations of the European ***Agricultural*** Guarantee Fund (EAGF) under shared management may be carried over to the following financial ***year***, respecting the limit of 2% of the initial appropriations or the amount of the adjustment of direct ***payments*** for financial discipline as referred to in Articles 25 and 26 of Regulation (EU) No 1306/2013 which was applied during the preceding financial ***year***.

In accordance with Article 26(5) of Regulation (EU) No 1306/2013, this amount will be reimbursed to the final recipients who are subject, in the financial ***year*** to which the appropriations are carried over, to the adjustment rate. A total amount of EUR 450 500 000 of non-committed appropriations has been ***transferred*** from article 05 03 10 - Reserve for crises in the ***agricultural*** sector, to article 05 03 09 – Reimbursement of direct ***payments*** to farmers from appropriations carried-over in relation to financial discipline. Commission Implementing Regulation (EU) 2017/21972 sets the amounts that each Member State is to reimburse to farmers and determines that expenditure in relation to this reimbursement is only to be eligible for Union financing if the amounts have been paid to the beneficiaries before 16 October 2018. These amounts correspond to the financial discipline applied during financial ***year*** 2017 for a total amount of EUR 433 300 000. Romania is not included in the Regulation at this stage. An amount will be made available for reimbursement in Romania through an amendment to that Regulation after the competent authorities of Romania have provided reliable figures allowing the Commission to calculate the exact amount in due time. The amount of EUR 450 500 000 from article 05 03 09 needs to be carried over to budget 2018 and made available to the Member States for the reimbursement, covering also a potential reimbursement to Romania at a later stage. 1 Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common ***agricultural*** policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ L 347, 20.12.2013, p. 549). 2 Commission Implementing Regulation (EU) 2017/2197 of 27 November 2017 on the reimbursement, in accordance with Article 26(5) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, of the appropriations carried over from financial ***year*** 2017 (OJ L 312, 28.11.2017, p. 86). EN 3 EN ANNEX II CARRYOVER OF COMMITMENT APPROPRIATIONS A. Overview N° 2017 Budget Heading 2018 Budget Regulation (EU, Euratom) N°966/2012 Amount to be Carried over (in EUR) 1 09 03 04 WiFi4EU -- Support the deployment of free local wifi 09 03 04 Article 13(2)(b) 4 050 000,00 Heading 1.a - Total 4 050 000,00 2 13 03 64 01 European Regional Development Fund (ERDF) -- European territorial cooperation 13 03 64 01 Article 13(2)(a) 21 626 831,00 3 13 05 63 01 Cross-border cooperation (CBC) -- Contribution from Heading 1b 13 05 63 01 Article 13(2)(a) 1 441 028,00 Heading 1.b - Total 23 067 859,00 4 18 02 01 03 Establishing an Entry/Exit System (EES) to register data on the entry, exit and refusal of entry of third country nationals crossing the external borders of the Member States of the European Union 18 02 01 03 Article 13(2)(b) 40 000 000,00 5 18 03 01 01 Strengthening and developing the common European asylum system and enhancing solidarity and responsibility-sharing between the Member States 18 03 01 01 Article 13(2)(a) 157 441 008,28 6 18 03 01 02 Supporting legal migration to the Union and promoting the effective integration of third-country nationals and enhancing fair and effective return strategies 18 03 01 02 Article 13(2)(a) 49 111 969,23 Heading 3 - Total 246 552 977,51 7 13 05 63 02 Cross-border cooperation (CBC) -- Contribution from Heading 4 13 05 63 02 Article 13(2)(a) 1 441 028,00 8 21 02 77 31 Pilot project -- Santé pour tous -- Health for All -- A joint project carried out by Aimes-Afrique (Togo) and Aktion PiT-Togohilfe e.V (Germany) 21 02 77 31 Article 13(2)(a) 500 000,00 Heading 4 - Total 1 941 028,00 9 40 02 42 Emergency aid reserve 40 02 42 Article 13(2)(c) 61 705 366,00 Heading 9 - Total 61 705 366,00 Grand Total 337 317 230,51 EN 4 EN B. Amounts in euros to be carried over for each line and justifications 1. 09 03 04 WiFi4EU -- Support the deployment of free local wifi Appropriation authorised 2017 19 910 000,00 Commitments made at 31.12.2017 15 859 656,34 Amount not used at 31.12.2017 4 050 343,66 Carryover 4 050 000,00 The legal basis, Regulation (EU) 2017/1953 of the European Parliament and of the Council3, was only adopted on 25 October 2017. Therefore, it was not possible to commit and sign all the contracts before the end of the ***year*** and EUR 4 050 000 are proposed to be carried over based on Article 13(2)(b) of Regulation (EU, Euratom) No 966/2012. This budget article ensures the financing of the 'WiFi4EU' initiative, which aims at providing free access to wireless internet in local communities. The largest part of the 2017 commitment has already been committed and will be devoted to WiFi4EU vouchers for local communities in the first call for proposals under this initiative, which is planned for the first half of 2018. The amount proposed to be carried over to 2018 will finance the development of a new Digital Service Infrastructure, which will reinforce the remote monitoring system set up by the Commission and allow users to register only once to any WiFi4EU hotspot, so that they are then automatically authenticated and able to use all other Wifi4EU networks throughout Europe. 2. 13 03 64 01 European Regional Development Fund (ERDF) -- European territorial cooperation Appropriation authorised 2017 1 757 285 371,00 Commitments made at 31.12.2017 1 735 658 540,00 Amount not used at 31.12.2017 21 626 831,00 Carryover 21 626 831,00 The adoption process for the operational ***programmes*** Interreg V-A Spain-Portugal (2014TC16RFCB005) and Interreg V-A Greece-Cyprus (2014TC16RFCB055) could not be finalised before the 2017 ***year***-end. The consultation of the departments concerned has been closed with a positive opinion and therefore the condition that most of the preparatory stages of the commitment procedure had to be completed by 31 December is fulfilled. The corresponding amount in commitment appropriations is proposed to be carried over based on Article 13(2)(a) of Regulation (EU, Euratom) No 966/2012. 3 Regulation (EU) 2017/1953 of the European Parliament and of the Council of 25 October 2017 amending Regulations (EU) No 1316/2013 and (EU) No 283/2014 as regards the promotion of internet connectivity in local communities (OJ L 286, 01.11.2017, p. 1). EN 5 EN 3. 13 05 63 01 Cross-border cooperation (CBC) -- Contribution from Heading 1b Appropriation authorised 2017 55 551 660,00 Commitments made at 31.12.2017 54 110 632,00 Amount not used at 31.12.2017 1 441 028,00 Carryover 1 441 028,00 The adoption process for the cross-border cooperation ***programme*** Greece-Albania 2014-2020 (2014TC16I5CB010) could not be finalised before the 2017 ***year***-end. The consultation of the departments concerned has been closed with a positive opinion and therefore the condition that most of the preparatory stages of the commitment procedure had to be completed by 31 December is fulfilled. The corresponding contribution from Heading 1b in commitment appropriations is proposed to be carried over based on Article 13(2)(a) of Regulation (EU, Euratom) No 966/2012. 4. 18 02 01 03 Establishing an Entry/Exit System (EES) to register data on the entry, exit and refusal of entry of third country nationals crossing the external borders of the Member States of the European Union Appropriation authorised 2017 40 000 000,00 Commitments made at 31.12.2017 0,00 Amount not used at 31.12.2017 40 000 000,00 Carryover 40 000 000,00 Due to the adoption of the new Entry-Exit System Regulation (EU) 2017/2226 only on 30 November 2017, the appropriations could not be committed before the end of the ***year***. As already announced in Draft Amending Budget 6/20174, the carryover of the corresponding amount on line 18 02 01 03 is proposed in accordance with Article 13(2)(b) of Regulation (EU, Euratom) No 966/2012. 4 COM(2017) 597 final of 9 October 2017 EN 6 EN 5. 18 03 01 01 Strengthening and developing the common European asylum system and enhancing solidarity and responsibility-sharing between the Member States Appropriation authorised 2017 946 027 438,07 Commitments made at 31.12.2017 788 586 429,79 Amount not used at 31.12.2017 157 441 008,28 Carryover 157 441 008,28 The proposed carryover corresponds to the Asylum, Migration and Integration Fund (AMIF) and the revision of the national ***programmes*** aiming at adding new resettlement pledges and the corresponding budget to the national ***programmes***. On 4 July 2017, a pledging exercise was launched for the Member States to indicate the number of persons they intend to resettle in accordance with Article 1(2) of Commission Implementing Regulation (EU) No 801/20145. The deadline for the pledges to be submitted was initially set on 15 September 2017. However, following the adoption of the Commission Recommendation of 27 September 2017 on enhancing legal pathways for persons in need of international protection6, Member States were invited to increase the pledges they already made to support the resettlement of 50 000 persons in total. Member States were asked to inform the Commission about their intention to increase or not their pledge by 31 October 2017. Due to their internal procedures, Estonia, Finland, Lithuania, Malta, Portugal, Romania, Spain, the Netherlands and the United Kingdom requested to submit their formal pledges only late November/early December, thus making it impossible for the Commission to complete the revision process of the national ***programmes*** and to commit the corresponding budget before the end of the ***year***. The consultation of the departments concerned has been closed with a positive opinion and therefore the condition that most of the preparatory stages of the commitment procedure had to be completed by 31 December is fulfilled. Therefore, it is proposed to carry over the corresponding commitment appropriations in accordance with Article 13(2)(a) of Regulation (EU, Euratom) No 966/2012. 5 Commission Implementing Regulation (EU) No 801/2014 of 24 July 2014 setting out the timetable and other implementing conditions related to the mechanism for the allocation of resources for the Union Resettlement ***Programme*** under the Asylum, Migration and Integration Fund (OJ L 219, 25.07.2014, p. 19). 6 C(2017) 6504 final of 3 October 2017 EN 7 EN 6. 18 03 01 02 Supporting legal migration to the Union and promoting the effective integration of third-country nationals and enhancing fair and effective return strategies Appropriation authorised 2017 665 960 561,00 Commitments made at 31.12.2017 616 848 320,59 Amount not used at 31.12.2017 49 112 240,41 Carryover 49 111 969,23 The request for carryover corresponds to the Asylum, Migration and Integration Fund (AMIF) and the revision of the national ***programmes*** aiming at adding new resettlement pledges and the corresponding budget to the national ***programmes***. As described in the justification for carryover for line 18 03 01 01, on 4 July 2017 a pledging exercise was launched for the Member States to indicate the number of persons they intend to resettle in accordance with Article 1(2) of Commission Implementing Regulation (EU) No 801/2014. The deadline for the pledges to be submitted was initially set on 15 September 2017. However, following the adoption of the Commission Recommendation of 27 September 2017 on enhancing legal pathways for persons in need of international protection (C(2017) 6504), Member States were invited to increase the pledges they already made to support the resettlement of 50 000 persons in total. Member States were asked to inform the Commission about their intention to increase or not their pledge by 31 October 2017. For some of the Member States, the delay in the submission of formal pledges had an impact as well on the modification of their national ***programmes*** for actions on Integration and Return (line 18 03 01 02). Hence, the corresponding budget could not be committed before the end of the ***year***. The consultation of the departments concerned has been closed with a positive opinion and therefore the condition that most of the preparatory stages of the commitment procedure had to be completed by 31 December is fulfilled. Therefore, it is proposed to carry over the corresponding commitment appropriations in accordance with Article 13(2)(a) of Regulation (EU, Euratom) No 966/2012. 7. 13 05 63 02 Cross-border cooperation (CBC) -- Contribution from Heading 4 Appropriation authorised 2017 55 551 660,00 Commitments made at 31.12.2017 54 110 632,00 Amount not used at 31.12.2017 1 441 028,00 Carryover 1 441 028,00 The adoption process for the cross-border cooperation ***programme*** Greece-Albania 2014-2020 (2014TC16I5CB010) could not be finalised before the 2017 ***year***-end. The consultation of the departments concerned has been closed with a positive opinion and therefore the condition that most of the preparatory stages of the commitment procedure had to be completed by 31 December is fulfilled. Therefore, a carryover of the corresponding contribution from Heading 4 in commitment appropriations is proposed based on Article 13(2)(a) of Regulation (EU, Euratom) No 966/2012. EN 8 EN 8. 21 02 77 31 Pilot project -- Santé pour tous -- Health for All -- A joint project carried out by Aimes-Afrique (Togo) and Aktion PiT-Togohilfe e.V (Germany) Appropriation authorised 2017 500 000,00 Commitments made at 31.12.2017 0,00 Amount not used at 31.12.2017 500 000,00 Carryover 500 000,00 The pilot project is managed by the Togo Delegation. Since this Delegation has no expertise in health, the conception of this project has taken additional time. Moreover, the lack of information concerning the link between the European and the Congolese Non-Governmental Organisations (NGOs) implementing the project required numerous exchanges to finalise the action document before the Inter-Service Consultation could be launched, provoking further delays. The consultation of the departments concerned has been closed with a positive opinion and therefore the condition that most of the preparatory stages of the commitment procedure had to be completed by 31 December is fulfilled. Therefore, it is proposed to carry over the corresponding commitment appropriations on the basis of Article 13(2)(a) of Regulation (EU, Euratom) No 966/2012. 9. 40 02 42 Emergency aid reserve Appropriation authorised 2017 61 705 366,00 Commitments made at 31.12.2017 0,00 Amount not used at 31.12.2017 61 705 366,00 Carryover 61 705 366,00 Council Regulation (EU, Euratom) No 1311/20137 provides that the annual amount of the Emergency Aid Reserve may be used up to ***year*** N+1 in accordance with Regulation (EU, Euratom) No 966/2012. Therefore, a carryover of the unused amount of the Emergency Aid Reserve is proposed based on Article 13(2)(c) of Regulation (EU, Euratom) No 966/2012. 7 Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the ***years*** 2014-2020 (OJ L 347, 20.12.2013, p. 884). EN 9 EN ANNEX III CARRYOVER OF ***PAYMENT*** APPROPRIATIONS A. Overview N° 2017 Budget Heading 2018 Budget Regulation (EU, Euratom) N°966/2012 Amount to be Carried over (in EUR) 1 18 04 01 02 European citizens' initiative 18 04 01 02 Article 13(3) 191 000,00 2 23 03 01 01 Disaster prevention and preparedness within the Union 23 03 01 01 Article 13(3) 4 632 443,00 Heading 3 - Total 4 823 443,00 3 23 03 01 02 Disaster prevention and preparedness in third countries 23 03 01 02 Article 13(3) 1 800 318,00 4 23 04 01 EU Aid Volunteers initiative -- Strengthening the Union's capacity to respond to humanitarian crises 23 04 01 Article 13(3) 392 792,13 Heading 4 - Total 2 193 110,13 5 25 01 77 04 Pilot project -- New technologies and information and communication technology (ICT) tools for the implementation and simplification of European Citizens-- Initiatives (ECI) 25 01 77 04 Article 13(3) 148 000,00 6 26 03 77 04 Pilot project -- Union institutions-- encrypted electronic communications 26 03 77 04 Article 13(3) 564 344,82 7 26 03 77 06 Preparatory action -- Governance and quality of software code -- Auditing of free and open-source software 26 03 77 06 Article 13(3) 157 246,52 Heading 5 - Total 869 591,34 Grand Total 7 886 144,47 EN 10 EN B. Amounts in euros to be carried over for each line and justifications 1. 18 04 01 02 European citizens' initiative Appropriation authorised 2017 640 000,00 ***Payments*** made at 31.12.2017 448 349,86 Amount not used at 31.12.2017 191 650,14 Carryover 191 000,00 Due to a delay in the implementation of 2017 commitment appropriations, ***payments*** planned in 2017 were also delayed. As the legal obligations contracted in 2017 impose the ***payments*** at the beginning of 2018, the ***payment*** appropriations currently available will not be sufficient to meet the total ***payment*** needs of 2018. A carryover of the unused ***payment*** appropriations to 2018 is proposed based on Article 13(3) of Regulation (EU, Euratom) No 966/2012 to allow all the recently signed contracts related to the IT development and communication to be paid in 2018. 2. 23 03 01 01 Disaster prevention and preparedness within the Union Appropriation authorised 2017 27 670 277,00 ***Payments*** made at 31.12.2017 22 015 066,84 Amount not used at 31.12.2017 5 655 210,16 Carryover 4 632 443,00 The tendering and grant awarding processes were integrated in the corporate IT tool (SYGMA/COMPASS) in 2017. This entailed adopting new processes, for instance the validation of beneficiaries. The transition to this new implementation mode led to delays. Consequently, several grants could not be signed in time to allow the processing of the pre-financing in 2017, which as a result will only take place at the beginning of 2018. Therefore, a carryover of EUR 4 632 443 of the unused 2017 ***payment*** appropriations is proposed based on Article 13(3) of Regulation (EU, Euratom) No 966/2012. Without this carryover the ***payment*** appropriations in the 2018 budget would not be sufficient to cover final ***payments*** of ongoing contracts and of grant agreements or the pre-financing of grant agreements finalised at the end of 2017. EN 11 EN 3. 23 03 01 02 Disaster prevention and preparedness in third countries Appropriation authorised 2017 4 785 937,00 ***Payments*** made at 31.12.2017 1 995 374,26 Amount not used at 31.12.2017 2 790 562,74 Carryover 1 800 318,00 The same delays stemming from the introduction of the use of the corporate IT tool SYGMA/COMPASS for the grant awarding process apply also for budget line 23 03 01 02. Therefore, it is proposed to carry over EUR 1 800 318 based on Article 13(3) of Regulation (EU, Euratom) No 966/2012, as the available 2018 ***payment*** appropriations would not be sufficient to cover the new obligations (2018 commitments), the final ***payments*** of ongoing contracts and of grant agreements, as well as the pre-financing of grant agreements finalised at the end of 2017 and to be paid in early 2018. 4. 23 04 01 EU Aid Volunteers initiative -- Strengthening the Union's capacity to respond to humanitarian crises Appropriation authorised 2017 15 970 942,00 ***Payments*** made at 31.12.2017 15 541 609,87 Amount not used at 31.12.2017 429 332,13 Carryover 392 792,13 ***Payment*** of pre-financing on one grant agreement has been postponed to early 2018 due to prolonged negotiation. Following assessment of the ***payment*** needs for 2018, it is estimated that the available 2018 ***payment*** appropriations would not be sufficient to cover the new obligations (2018 commitments), the final ***payments*** of ongoing grant agreements and the pre-financing and therefore it is proposed to carry over EUR 392 792. EN 12 EN 5. 25 01 77 04 Pilot project -- New technologies and information and communication technology (ICT) tools for the implementation and simplification of European Citizens-- Initiatives (ECI) Appropriation authorised 2017 250 000,00 ***Payments*** made at 31.12.2017 101 250,90 Amount not used at 31.12.2017 148 749,10 Carryover 148 000,00 The launching and set-up of the pilot project has been slower than expected and amounts disbursed have been lower than the appropriations allocated in the budget. Commitments concluded in 2017 and commitments under the new appropriations in 2018 are expected to be disbursed above the ***payment*** appropriations available in the budget 2018 (EUR 500 000). Therefore, a carryover of EUR 148 000 is proposed to allow to pay all legal commitments in 2018. 6. 26 03 77 04 Pilot project -- Union institutions-- encrypted electronic communications Appropriation authorised 2017 750 000,00 ***Payments*** made at 31.12.2017 185 655,18 Amount not used at 31.12.2017 564 344,82 Carryover 564 344,82 The 2017 ***payment*** execution was delayed since the contractors initially respected neither deadlines nor expected quality, as they were not familiar with the project. In 2018, the teams will already be in place ensuring full implementation of the project. All remaining ***payments*** are expected in 2018. Since the 2018 voted appropriations (EUR 250 000) will not be sufficient to honour all commitments, it is proposed to carry over the 2017 balance. EN 13 EN 7. 26 03 77 06 Preparatory action -- Governance and quality of software code -- Auditing of free and open-source software Appropriation authorised 2017 200 000,00 ***Payments*** made at 31.12.2017 42 753,48 Amount not used at 31.12.2017 157 246,52 Carryover 157 246,52 The late adoption of the financial decision linked to this new preparatory action delayed the launch of its implementation. As a consequence, most of the actions will be launched as from 2018 and, accordingly, most of the related ***payments*** will take place in 2018. The available ***payment*** appropriations would not be sufficient to pay all the legal commitments in 2018 and therefore a carryover of EUR 157 247 is proposed based on Article 13(3) of Regulation (EU, Euratom) No 966/2012. EN 14 EN ANNEX IV DECOMMITED APPROPRIATIONS TO BE MADE AVAILABLE AGAIN A. Overview N° 2017 Budget Heading 2018 Budget Regulation (EU, Euratom) N°966/2012 Amount to be made available again 1 13 03 16 Completion of European Regional Development Fund (ERDF) -- Convergence 13 03 03 Article 178(2) 96 322 723,98 Heading 1.b - Total 96 322 723,98 Grand Total 96 322 723,98 EN 15 EN B. Amounts in euros to be made available again for each line and justifications In accordance with Article 178 of Regulation (EU, Euratom) No 966/2012, the Commission is automatically to decommit appropriations that have been committed as provided for in the Regulations referred to in Article 175. However, the decommitted appropriations may be made available again in the event of a manifest error attributable solely to the Commission. One such case arises in respect of 2017. 1. 13 03 16 Completion of European Regional Development Fund (ERDF) -- Convergence Decommitments made in 2017 1 367 688 706,95 Amount to be made available again 96 322 723,98 This reconstitution of appropriations corresponds to the impact of the annulled Commission Decision C(2008)8465 by the General Court order T-97/09 of 13 September 2017 for the operational ***programme*** 1994DE161PO004 Sachsen Objective 1. Part of the amount due has already been reconstituted using assigned revenues deriving from new financial corrections for the Funds concerned in accordance with Article 21(3)(c) of Regulation (EU, Euratom) No 966/2012. Due to the limited net financial corrections currently available and expected shortly, the assigned revenues are insufficient in the near future to cover the full amounts at stake after the General Court orders. The Commission considers it has to proceed with the full reimbursement. It is therefore proposed to reconstitute the necessary commitment appropriations following decommitments made in 2017 concerning other operational ***programmes*** of Structural Funds related to other ***programming*** periods that can be re-used in accordance with article 178(2) of Regulation (EU, Euratom) No 966/2012. On this basis, it is proposed that EUR 96 322 724 be made available again.

**Load-Date:** March 5, 2018

**End of Document**



[***STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS (Senate - October 02, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SDH-BDX1-JDG9-Y4NR-00000-00&context=1516831)

Impact News Service

October 3, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 18133 words

**Body**

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

 Mr. SCHUMER. Mr. President, I ask unanimous consent that the text of the bill be printed in the Record. There being no objection, the text of the bill was ordered to be printed in the Record, as follows: By Mr. SCHUMER (for himself, Mr. Durbin, Mrs. Murray, Mr. Menendez, Mrs. Feinstein, Mr. Carper, Ms. Heitkamp, Mr. Warner, Ms. Baldwin, Mr. Murphy, Ms. Cortez Masto, Ms. Duckworth, Mrs. Gillibrand, Ms. Warren, Ms. Hirono, Mr. Wyden, Mr. Booker, Mr. Van Hollen, Mr. Sanders, Mr. Jones, Mr. Bennet, Mr. Blumenthal, Mr. Schatz, Mr. Markey, Ms. Klobuchar, Mr. Cardin, Mr. Udall, Mr. Kaine, Mr. Reed, Mr. Leahy, and Mr. Heinrich): S. 3540. A bill to provide a coordinated regional response to manage effectively the endemic violence and humanitarian crisis in El Salvador, Guatemala, and Honduras; to the Committee on the Judiciary. S. 3540 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [[Page S6440]] SECTION 1. SHORT TITLE; TABLE OF CONTENTS. (a) Short Title.--This Act may be cited as the ``Central America Reform and Enforcement Act''. (b) Table of Contents.--The table of contents for this Act is as follows: Sec. 1. Short title; table of contents.

Sec. 2. Findings. Sec. 3. Sense of Congress. Sec. 4. Definitions. TITLE I--ADVANCING REFORMS IN CENTRAL AMERICA TO ADDRESS THE FACTORS DRIVING MIGRATION Subtitle A--Strengthening the Capacity of Central American Governments To Protect and Provide for Their Own People Sec. 111. United States Strategy for Engagement in Central America. Sec. 112. Authorization of appropriations for United States Strategy for Engagement in Central America. Sec. 113. Strengthening the rule of law and combating corruption. Sec. 114. Combating criminal violence and improving citizen security. Sec. 115. Tackling extreme poverty and advancing economic development. Subtitle B--Conditions, Limitations, and Certifications on United States Assistance Sec. 121. Assistance funding available without condition. Sec. 122. Conditions on assistance related to combating, smuggling, and providing for screening and safety of migrants. Sec. 123. Conditions on assistance related to progress on specific issues. Sec. 124. Additional limitations. Subtitle C--Effectively Coordinating United States Engagement in Central America Sec. 131. United States Coordinator for Engagement in Central America. Subtitle D--United States Leadership for Engaging International Donors and Partners Sec. 141. Requirement for strategy to secure support of international donors and partners. TITLE II--CRACKING DOWN ON CRIMINAL GANGS, CARTELS, AND COMPLICIT OFFICIALS Subtitle A--Strengthening Cooperation Among Law Enforcement Agencies To Target Smugglers and Traffickers Sec. 211. Enhanced international cooperation to combat human smuggling and trafficking. Sec. 212. Enhanced investigation and prosecution of human smuggling and trafficking. Sec. 213. Information campaign on dangers of irregular migration. Subtitle B--Strengthening the Ability of the United States Government To Crack Down on Smugglers, Traffickers, and Drug Cartels Sec. 221. Enhanced penalties for organized smuggling schemes. Sec. 222. Expanding financial sanctions on narcotics trafficking and money laundering. Sec. 223. Support for FBI transnational anti-gang task forces for countering criminal gangs. Sec. 224. Sense of Congress regarding the expansion of targeted sanctions related to corruption and human rights abuses. Subtitle C--Creating New Penalties for Hindering Immigration, Border, and Customs Controls Sec. 231. Hindering immigration, border, and customs controls. TITLE III--MINIMIZING BORDER CROSSINGS BY EXPANDING PROCESSING OF REFUGEE CHILDREN AND FAMILIES IN-COUNTRY AND IN THE REGION AND BY STRENGTHENING REPATRIATION INITIATIVES Subtitle A--Providing Alternative Safe Havens in Mexico and the Region Sec. 311. Strengthening internal asylum systems in Mexico and other countries. Subtitle B--Expanding Refugee Processing in Mexico and Central America for Third Country Resettlement Sec. 321. Expanding refugee processing in Mexico and Central America for third country resettlement. Subtitle C--Establishing Legal Channels to the United States Sec. 331. ***Program*** to adjust the status of certain vulnerable refugees from Central America. TITLE IV--MONITORING AND SUPPORTING UNACCOMPANIED ALIEN CHILDREN AFTER PROCESSING AT THE BORDER Sec. 401. Definitions; authorization of appropriations. Sec. 402. Family reunification. Sec. 403. Authorization of appropriations. Subtitle A--Strengthening the Government's Ability To Oversee the Safety and Well-being of Children and Support Children Forcibly Separated From Their Families Sec. 411. Health care in shelters for unaccompanied alien children. Sec. 412. Services to unaccompanied alien children after placement. Sec. 413. Background checks to ensure the safe placement of unaccompanied alien children. Sec. 414. Responsibility of sponsor for immigration court compliance and child well-being. Sec. 415. Monitoring unaccompanied alien children. Subtitle B--Funding to States and School Districts; Supporting Education and Safety Sec. 421. Funding to States to conduct State criminal checks and child abuse and neglect checks. Sec. 422. Unaccompanied alien children in schools. TITLE V--ENSURING ORDERLY AND HUMANE MANAGEMENT OF CHILDREN AND FAMILIES SEEKING PROTECTION Subtitle A--Providing a Fair and Efficient Legal Process for Children and Vulnerable Families Seeking Asylum Sec. 511. Court appearance compliance and legal orientation. Sec. 512. Fair day in court for kids. Sec. 513. Access to counsel and legal orientation at detention facilities. Sec. 514. Report on access to counsel. Sec. 515. Authorization of appropriations. Subtitle B--Reducing Significant Delays in Immigration Court Sec. 521. Eliminate immigration court backlogs. Sec. 522. Improved training for immigration judges and members of the Board of Immigration Appeals. Sec. 523. New technology to improve court efficiency. Subtitle C--Reducing the Likelihood of Repeated Migration to the United States Sec. 531. Establishing reintegration and monitoring services for repatriating children. SEC. 2. FINDINGS. Congress finds the following: (1) Since 2008, incidents of murder, other violent crime, and corruption perpetrated by criminal networks, armed gangs and groups, and illicit trafficking organizations have remained at alarmingly levels in El Salvador, Guatemala, and Honduras. (2) In 2017, El Salvador and Honduras-- (A) continued to be among the most violent countries in Latin America and the world, with 60 and 42 murders for every 100,000 people, respectively; and (B) were characterized by a high prevalence of gang-related violence and crimes involving sexual and gender-based violence. (3) El Salvador and Honduras are both among the top 3 countries in the world with the highest child homicide rates, with more than 22 and 32 deaths per 100,000 children respectively, according to the nongovernmental organization Save the Children. (4) A November 2017 report by the United Nations Development ***Programme*** and UN Women stated that femicide ``is taking on a devastating magnitude and trend in Central America, where 2 in every 3 women murdered, are killed because of their gender.''. (5) Since 2014, elevated numbers of unaccompanied minors, women, and other vulnerable individuals have fled violence in Central America's Northern Triangle and left for the United States in search of protection. (6) Unaccompanied minors emigrating from El Salvador, Guatemala, and Honduras cite violence, forced gang recruitment, extortion, poverty, and lack of opportunity as reasons for leaving their home countries. (7) Challenges to the rule of law in the Northern Triangle continue to be exacerbated by high levels of impunity related to murders and violent crime. In 2015, approximately 95 percent of murders taking place in Honduras and El Salvador remained unresolved. (8) The presence of major drug trafficking organizations in the Northern Triangle contributes to violence, corruption, and criminality. According to the Department of State's 2017 International Narcotics Control Strategy Report, El Salvador, Guatemala, and Honduras continue to be transit countries for illicit drugs originating from countries in South America that are destined for the United States. (9) In June 2018, the Office of the United Nations High Commissioner for Human Rights found that in El Salvador, a pattern of behavior among security personnel and weak institutional responses may have resulted in extrajudicial executions and excessive use of force, with official figures indicating an alarming increase in the number of persons (alleged gang-members) who have been killed by security personnel. (10) Widespread public sector corruption in the Northern Triangle undermines economic and social development and directly affects regional political stability. (11) Human rights defenders, journalists, trade unionists, social leaders, and LGBT activists in the Northern Triangle face dire conditions, as evidenced by-- (A) the March 2016 murder of the prominent Honduran environmental activist, Berta Caceres; and (B) the ongoing targeted killing of civil society leaders in all 3 countries in the Northern Triangle. (12) The Northern Triangle struggles with high levels of economic insecurity. In 2016, 60.9 percent of Hondurans and 38 percent of Salvadorans lived below the poverty line. In 2014, 59.3 percent of Guatemalans lived below the poverty line. (13) Weak investment climates, low levels of tax collection, and low levels of educational opportunity are barriers to inclusive economic growth and social development in the Northern Triangle. [[Page S6441]] (14) In January 2018 and May 2018, the Trump Administration announced the termination of Temporary Protected Status designations for Honduras and El Salvador, respectively, which would affect more than 500,000 individuals and their United States citizen children who may have to return to dangerous conditions in those countries. (15) In a November 2017 letter to the Department of Homeland Security, then Secretary of State Rex Tillerson warned that as a result of ending Temporary Protected Status, the Governments of El Salvador and Honduras ``may take retaliatory actions counter to our long-standing national security and economic interests like withdrawing their counternarcotics and anti-gang cooperation with the United States, reducing their willingness to accept the return of their deported citizens, or refraining from efforts to control illegal migration.''. SEC. 3. SENSE OF CONGRESS. It is the sense of Congress that-- (1) United States support is necessary to address irregular migration by addressing the violence and humanitarian crisis in the Northern Triangle, which has resulted in the elevated numbers of Central American unaccompanied children, women, and other refugees and migrants arriving at the Southwestern border of the United States; (2) the violence and humanitarian crisis is linked to the severe challenges posed by-- (A) high rates of homicide, sexual and gender-based violence, and violent crime perpetrated by armed criminal actors, including drug trafficking organizations and criminal gangs, such as the MS-13 and 18th Street gangs; (B) endemic corruption carried out by organized networks and the weak rule of law, including the limited institutional capacity of national police forces, public prosecutors, and court systems; and (C) the limited capabilities and lack of political will on the part of Northern Triangle governments to establish the rule of law, guarantee security, and ensure the well-being of their citizens; (3) the United States must work with international partners-- (A) to address the complicated conditions in the Northern Triangle that contribute to the violence and humanitarian crisis; and (B) to guarantee protections for vulnerable populations, particularly women and children, fleeing violence in the region; (4) the Plan of the Alliance for Prosperity in the Northern Triangle, which was developed by the Governments of El Salvador, Guatemala, and Honduras, with the technical assistance of the Inter-American Development Bank, represents a comprehensive approach to address the complex situation in the Northern Triangle; (5) the United States Strategy for Engagement in Central America, as first developed by President Obama and Vice President Biden, provides important support for the Alliance for Prosperity and other United States national security priorities, including rule of law and anti-corruption initiatives; (6) the Trump Administration's proposed cuts in United States foreign assistance for Central America for fiscal ***years*** 2018 and 2019, if implemented, would undermine the United States ability to work with the Governments of El Salvador, Guatemala, and Honduras to address critical United States national security priorities and the factors driving migration to the United States; (7) the Trump Administration must reverse its decision to terminate the Temporary Protected Status designations for El Salvador and Honduras in order to prevent negative consequences to United States foreign policy objectives; (8) the United States should partner with the Government of Mexico-- (A) to strengthen Mexico's internal asylum system; and (B) ensure that Mexico upholds international and humanitarian standards; (9) combating corruption in the Northern Triangle must remain a critical priority and the United States must continue its public and financial support for the United Nation's Commission Against Impunity in Guatemala (CICIG) and the Organization of American States' Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH) as part of this effort; (10) the Government of Guatemala should reverse its efforts-- (A) to terminate CICIG's mandate; and (B) to undermine the effectiveness of CICIG's ongoing operations, including prohibiting the current CICIG Commissioner from entering the country; and (11) it is imperative for the United States to implement a multi-***year*** strategy and sustain a long-term commitment to addressing the underlying factors causing Central Americans to flee their countries by strengthening citizen security, the rule of law, democratic governance, the protection of human rights, and inclusive economic growth in the Northern Triangle. SEC. 4. DEFINITIONS. In this Act: (1) Intelligence community.--The term ``intelligence community'' has the meaning given the term in section 3(4) of the National Security Act of 1947 (50 U.S.C 3003(4)). (2) Northern triangle.--The term ``Northern Triangle'' means El Salvador, Guatemala, and Honduras. (3) Placement.--The term ``placement'' means the placement of an unaccompanied alien child with a sponsor. (4) Plan.--The term ``Plan'' means the Plan of the Alliance for Prosperity in the Northern Triangle. (5) Sponsor.--The term ``sponsor'' means a sponsor referred to in section 462(b)(4) of the Homeland Security Act of 2002 (6 U.S.C 279(b)(4)). (6) Unaccompanied alien child.--The term ``unaccompanied alien child'' has the meaning given the term in section 462(g) of the Homeland Security Act of 2002 (6 U.S.C 279(g)). TITLE I--ADVANCING REFORMS IN CENTRAL AMERICA TO ADDRESS THE FACTORS DRIVING MIGRATION Subtitle A--Strengthening the Capacity of Central American Governments To Protect and Provide for Their Own People SEC. 111. UNITED STATES STRATEGY FOR ENGAGEMENT IN CENTRAL AMERICA. (a) In General.--Not later than 90 days after the date of the enactment of this Act, the Secretary of State shall submit to Congress a 7-***year***, interagency strategy, titled ``the United States Strategy for Engagement in Central America'', to advance reforms in Central American countries that address the factors driving migration. (b) Elements.--The strategy under subsection (a) shall include efforts to-- (1) strengthen the rule of law, improve access to justice, and bolster the effectiveness and independence of judicial systems and public prosecutors' offices, and the effectiveness of civilian police forces; (2) combat corruption and improve public sector transparency; (3) confront and counter the violence and crime perpetrated by armed criminal gangs, illicit trafficking organizations, and organized crime; (4) disrupt money laundering operations and the illicit financial operations of criminal networks, armed gangs, illicit trafficking organizations, and human smugglers; (5) strengthen democratic governance and promote greater respect for internationally recognized human rights, labor rights, fundamental freedoms, and the media, including through the protection of human rights and environmental defenders, other civil society activists, and journalists; (6) enhance the capability of Central American governments to protect and provide for vulnerable and at-risk populations; (7) address the underlying causes of poverty and inequality; (8) address the constraints to inclusive economic growth in Central America; (9) prevent and respond to endemic levels of sexual and gender-based violence; and (10) enhance accountability for government officials, including security force personnel, credibly alleged to have committed gross violations of human rights or other crimes. (c) Coordination and Consultation.--In formulating the strategy under subsection (a), the Secretary of State shall-- (1) coordinate with the Secretary of the Treasury, the Secretary of Defense, the Secretary of Homeland Security, the Attorney General, and the Administrator of the United States Agency for International Development; and (2) consult with the Director of National Intelligence. (d) Support for Central American Efforts.--To the degree feasible, the strategy under subsection (a) shall support or complement efforts being carried out by the Governments of El Salvador, of Guatemala, and of Honduras under the Plan, in coordination with the Inter-American Development Bank and other bilateral and multilateral donors. (e) Prioritization.--The strategy under subsection (a) shall prioritize ***programs*** and initiatives to address the key factors in Central American countries that contribute to the flight of unaccompanied alien children and other individuals to the United States. SEC. 112. AUTHORIZATION OF APPROPRIATIONS FOR UNITED STATES STRATEGY FOR ENGAGEMENT IN CENTRAL AMERICA. There are authorized to be appropriated $1,500,000,000 for fiscal ***year*** 2019 to carry out the strategy described in section 111. SEC. 113. STRENGTHENING THE RULE OF LAW AND COMBATING CORRUPTION. (a) In General.--In advancing the strategy under section 111, of the amounts authorized to be appropriated pursuant to section 112, $550,000,000 are authorized to be made available to the Secretary of State and the Administrator of the United States Agency for International Development to strengthen the rule of law, combat corruption, consolidate democratic governance, and defend human rights. (b) Assistance for Central America.--The Secretary and the Administrator may use the amounts made available under subsection (a) to provide assistance for Central American countries through the activities described in subsection (c). (c) Authorized Activities.--Activities described in this section include-- (1) strengthening the rule of law in Central American countries by providing support for-- (A) the Office of the Attorney General, public prosecutors, judges, and courts in each such country, including the enhancement of their forensics capabilities and services; (B) reforms leading to independent, merit-based, selection processes for judges and prosecutors, independent internal controls, and relevant ethics and professional training, including training on sexual and gender-based violence; (C) the improvement of victim and witness protection and access to justice; and [[Page S6442]] (D) the reform and improvement of prison facilities and management; (2) combating corruption by providing support for-- (A) inspectors general and oversight institutions, including relevant training for inspectors and auditors; (B) international commissions against impunity, including the International Commission Against Impunity in Guatemala and the Support Mission Against Corruption and Impunity in Honduras; (C) civil society watchdogs conducting oversight of executive branch officials and functions, police and security forces, and judicial officials and public prosecutors; and (D) the enhancement of freedom of information mechanisms; (3) consolidating democratic governance by providing support for-- (A) the reform of civil services, related training ***programs***, and relevant career laws and processes that lead to independent, merit-based, selection processes; (B) national legislatures and their capacity to conduct oversight of executive branch functions; (C) the reform and strengthening of political party and campaign finance laws and electoral tribunals; and (D) local governments and their capacity to provide critical safety, education, health, and sanitation services to citizens; and (4) defending human rights by providing support for-- (A) human rights ombudsman offices; (B) government protection ***programs*** that provide physical protection to human rights defenders, journalists, trade unionists, and civil society activists at risk; (C) civil society organizations that promote and defend human rights, freedom of expression, freedom of the press, labor rights, environmental protection, and LGBT rights; and (D) civil society organizations that address sexual, domestic, and inter-partner violence against women and protect victims of such violence. SEC. 114. COMBATING CRIMINAL VIOLENCE AND IMPROVING CITIZEN SECURITY. (a) In General.--In advancing the strategy under section 111, of the amounts authorized to be appropriated pursuant to section 112, $550,000,000 are authorized to be made available to the Secretary of State and the Administrator of the United States Agency for International Development to counter the violence and crime perpetrated by armed criminal gangs, illicit trafficking organizations, and human smugglers. (b) Assistance for Central America.--The Secretary and the Administrator may use the amounts made available under subsection (a) to provide assistance for Central American countries through the activities described in subsection (c). (c) Authorized Activities.--Activities described in this section include-- (1) professionalizing civilian police forces by providing support for-- (A) the reform of personnel recruitment, vetting and dismissal processes, including the enhancement of polygraph capability for use in such processes; (B) inspectors general and oversight offices, including relevant training for inspectors and auditors, and independent oversight mechanisms, as appropriate; (C) community policing policies and ***programs***; (D) the establishment of special vetted units; (E) training and the development of protocols regarding the appropriate use of force and human rights; (F) training on civilian intelligence collection (including safeguards for privacy and basic civil liberties), investigative techniques, forensic analysis, and evidence preservation; (G) training on the management of complex, multi-actor criminal cases; and (H) equipment, such as nonintrusive inspection equipment; (2) countering illicit trafficking by providing assistance to the civilian law enforcement and armed forces of Central American countries, including support for-- (A) the establishment of special vetted units; (B) the enhancement of intelligence collection capacity (including safeguards for privacy and basic civil liberties); (C) the reform of personnel recruitment, vetting, and dismissal processes, including the enhancement of polygraph capability for use in such processes; and (D) port, airport, and border security systems, including-- (i) computer infrastructure and data management systems; (ii) secure communications technologies; (iii) nonintrusive inspection equipment; (iv) radar and aerial surveillance equipment; (v) canine units; and (vi) training on the equipment, technologies, and systems listed in clauses (i) through (v); (3) disrupting illicit financial networks, including by providing support for-- (A) finance ministries, including the enhancement of the capacity to use financial sanctions to block the assets of individuals and organizations involved in money laundering and the financing of armed criminal gangs, illicit trafficking networks, human smugglers, and organized crime; (B) financial intelligence units, including the establishment and enhancement of anti-money laundering ***programs***; and (C) the reform of bank secrecy laws; and (4) improving crime prevention by providing support for-- (A) educational initiatives to reduce sexual and gender- based violence; (B) the enhancement of police and judicial capacity to identify, investigate, and prosecute sexual and gender-based violence; (C) the enhancement of ***programs*** for at-risk and criminal- involved youth, including the improvement of community centers throughout El Salvador, Guatemala, and Honduras; and (D) alternative livelihood ***programs***. (d) Sense of Congress.--It is the sense of Congress that-- (1) operational technology ***transferred*** to governments in Central America for intelligence or law enforcement purposes should be used solely for the purposes for which the technology was intended; (2) the United States should take all necessary steps to ensure that the use of operation technology described in paragraph (1) is consistent with United States law, including protections of freedom of expression, freedom of movement, and freedom of association; and (3) the assistance to Central American armed forces described in subsection (c)(2) should be limited to assistance that relates to-- (A) the armed forces activities to combat illicit maritime and riverine trafficking; and (B) illicit trafficking occurring at national borders. SEC. 115. TACKLING EXTREME POVERTY AND ADVANCING ECONOMIC DEVELOPMENT. (a) In General.--Of the amounts authorized to be appropriated pursuant to section 112, $400,000,000 are authorized to be made available to the Secretary of State and the Administrator of the United States Agency for International Development to improve economic development and the underlying causes of poverty. (b) Assistance for Central America.--The Secretary and the Administrator may use the amounts made available under subsection (a) to provide assistance for Central American countries through the activities described in subsection (c). (c) Authorized Activities.--Activities described in this section include-- (1) strengthening human capital, including by providing support for-- (A) workforce development and entrepreneurship training ***programs*** that are driven by market demand, specifically ***programs*** that prioritize women, at-risk youth, and minorities; (B) improving early-grade literacy and the improvement of primary and secondary school curricula; (C) relevant professional training for teachers and educational administrators; and (D) educational policy reform and improvement of education sector budgeting; (2) enhancing economic competitiveness and investment climate by providing support for-- (A) small business development centers and ***programs*** that strengthen supply chain integration; (B) trade facilitation and customs harmonization ***programs***; (C) reducing energy costs through investments in clean technologies and the reform of energy policies and regulations; (D) the improvement of protections for investors, including dispute resolution and arbitration mechanisms; and (E) the improvement of labor and environmental standards, in accordance with the Dominican Republic-Central America Free Trade Agreement; (3) strengthening food security, including by providing support for-- (A) small-scale ***agriculture***, including-- (i) technical training; (ii) initiatives that facilitate access to credit; and (iii) policies and ***programs*** that incentivize government agencies and private institutions to buy from local producers; (B) ***agricultural*** value chain development for farming communities; (C) nutrition ***programs*** to reduce childhood stunting rates; and (D) investment in scientific research on climate change and climate resiliency; and (4) improving the state of fiscal and financial affairs, including by providing support for-- (A) domestic revenue generation, including ***programs*** to improve tax administration, collection, and enforcement; (B) strengthening public sector financial management, including strategic budgeting and expenditure tracking; and (C) reform of customs and procurement policies and processes. Subtitle B--Conditions, Limitations, and Certifications on United States Assistance SEC. 121. ASSISTANCE FUNDING AVAILABLE WITHOUT CONDITION. The Secretary of State or the Administrator of the United States Agency for International Development, as appropriate, may obligate up to 25 percent of the amounts appropriated pursuant to section 112 that are made available for the Governments of El Salvador, Guatemala, and Honduras to carry out the United States Strategy for Engagement in Central America. [[Page S6443]] SEC. 122. CONDITIONS ON ASSISTANCE RELATED TO COMBATING, SMUGGLING, AND PROVIDING FOR SCREENING AND SAFETY OF MIGRANTS. (a) Notification and Cooperation.--In addition to the amounts authorized to be made available under sections 121 and 123, 25 percent of the amounts appropriated pursuant to section 112 that are made available for assistance for the Governments of El Salvador, of Guatemala, and of Honduras may only be made available after the Secretary of State, in consultation with the Secretary of Homeland Security, consults with, and subsequently certifies and reports to the appropriate congressional committees that such governments are taking effective steps, in addition to steps taken during previous ***years***, to-- (1) combat human smuggling and trafficking, including investigating, prosecuting, and increasing penalties for individuals responsible for such crimes; (2) improve border security and border screening to detect and deter illicit smuggling and trafficking, while respecting the rights of individuals fleeing violence and seeking humanitarian protection asylum, in accordance with international law; (3) cooperate with United States Government agencies and other governments in the region to facilitate the safe and timely repatriation of migrants who do not qualify for refugee or other protected status, in accordance with international law; (4) improve reintegration services, in open partnership with civil society organizations, for repatriated migrants in a manner that ensures the safety and well-being of the individual and reduces the likelihood of repeated migration to the United States; and (5) cooperate with the United Nations High Commissioner for Refugees to improve protections for, and the processing of, vulnerable populations, particularly women and children fleeing violence. SEC. 123. CONDITIONS ON ASSISTANCE RELATED TO PROGRESS ON SPECIFIC ISSUES. (a) Effective Implementation.--In addition to the amounts authorized to be obligated under sections 121 and 122, 50 percent of the amounts appropriated pursuant to section 112 that are made available for assistance for the Governments of El Salvador, of Guatemala, and of Honduras may only be made available after the Secretary consults with, and subsequently certifies and reports to, the appropriate congressional committees that such governments are taking effective steps in their respective countries, in addition to steps taken during the previous ***calendar*** ***year***, to-- (1) establish and ensure the proper functioning of an autonomous, publicly accountable entity to provide oversight of the Plan; (2) combat corruption, including investigating and prosecuting government officials, military personnel, and civilian police officers credibly alleged to be corrupt; (3) implement reforms and strengthen the rule of law, including increasing the capacity and independence of the judiciary and public prosecutors; (4) counter the activities of armed criminal gangs, illicit trafficking networks, and organized crime; (5) establish and implement a plan to create a professional, accountable civilian police force and curtail the role of the military in internal policing; (6) investigate and prosecute, through the civilian justice system, military and police personnel who are credibly alleged to have violated human rights, and to ensure that the military and the police are cooperating in such cases; (7) counter and prevent sexual and gender-based violence; (8) cooperate, as appropriate, with international human rights entities and international commissions against impunity, including the United Nation's Commission Against Impunity in Guatemala (CICIG), the Organization of American States' Mission to Support the Fight Against Corruption and Impunity in Honduras (MACCIH), and any other similar entities that may be established; (9) implement electoral and political reforms, including reforms related to improving the transparency of financing political campaigns and political parties; (10) protect the right of political opposition parties, journalists, trade unionists, human rights defenders, and other civil society activists to operate without interference; (11) increase government revenues, including by enhancing tax collection, strengthening customs agencies, and reforming procurement processes; (12) implement reforms to strengthen educational systems, vocational training ***programs***, and ***programs*** for at-risk youth; (13) resolve commercial disputes, including the confiscation of real property, between United States entities and the respective governments; and (14) implement a policy by which local communities, civil society organizations (including indigenous and marginalized groups), and local governments are consulted in the design, implementation, and evaluation of the activities of the Plan that affect such communities, organizations, or governments. (b) Additional Elements.--The Secretary of State may not certify that the Government of Guatemala is taking effective steps to address the issues listed in subsection (a) until after the Government of Guatemala-- (1) extends the mandate of the International Commission against Impunity in Guatemala (CICIG) beyond 2019; and (2) permits the CICIG Commissioner and CICIG staff to carry out their work with government obstruction. (c) Exception.--The certification and reporting requirements under subsection (a) and section 122(a) shall not apply to the amounts appropriated pursuant to section 112 for assistance to the International Commission against Impunity in Guatemala and the Mission to Support the Fight against Corruption and Impunity in Honduras. SEC. 124. ADDITIONAL LIMITATIONS. (a) Deportations and Repatriations.--None of the amounts authorized to be appropriated pursuant to section 112 may be used to assist in the deportation or repatriation of any foreign person from a third country to his or her country of origin or to another country. (b) Fund ***Transfers***.--Notwithstanding any other provision of law, the Secretary of State may not ***transfer*** amounts appropriated for the Department of State to any account managed by the Department of Homeland Security for the purpose of assisting in the deportation or repatriation of any foreign person from a third country to his or her country of origin or to another country, absent a specific authorization from Congress for such ***transfer***. Subtitle C--Effectively Coordinating United States Engagement in Central America SEC. 131. UNITED STATES COORDINATOR FOR ENGAGEMENT IN CENTRAL AMERICA. (a) Designation.--Not later than 30 days after the date of the enactment of this Act, the President shall designate a senior official to coordinate all of the Federal Government's efforts, including coordination with international partners-- (1) to strengthen citizen security, the rule of law, and economic prosperity in Central America; and (2) to protect vulnerable populations in the region. (b) Supervision.--The official designated under subsection (a) shall report directly to the President. (c) Duties.--The official designated under subsection (a) shall coordinate all of the efforts, activities, and ***programs*** related to United States Strategy for Engagement in Central America, including-- (1) coordinating with the Department of State, the Department of Justice (including the Federal Bureau of Investigation), the Department of Homeland Security, the intelligence community, and international partners regarding United States efforts to dismantle and disrupt armed criminal gangs, illicit trafficking networks, and organized crime responsible for high levels of violence, extortion, and corruption in Central America; (2) coordinating with the Department of State, the United States Agency for International Development, and international partners regarding United States efforts to prevent and mitigate the effects of violent criminal gangs and transnational criminal organizations on vulnerable Central American populations, including women and children; (3) coordinating with the Department of State, the Department of Homeland Security, and international partners regarding United States efforts to counter human smugglers illegally transporting Central American migrants to the United States; (4) coordinating with the Department of State, the Department of Homeland Security, the United States Agency for International Development, and international partners, including the United Nations High Commissioner for Refugees, to increase protections for vulnerable Central American populations, improve refugee processing, and strengthen asylum and migration systems throughout the region; (5) coordinating with the Department of State, the Department of Defense, the Department of Justice (including the Drug Enforcement Administration), the Department of the Treasury, the intelligence community, and international partners regarding United States efforts to combat illicit narcotics traffickers, interdict transshipments of illicit narcotics, and disrupt the financing of the illicit narcotics trade; (6) coordinating with the Department of State, the Department of the Treasury, the Department of Justice, the intelligence community, the United States Agency for International Development, and international partners regarding United States efforts to combat corruption, money laundering, and illicit financial networks; (7) coordinating with the Department of State, the Department of Justice, the United States Agency for International Development, and international partners regarding United States efforts to strengthen the rule of law, democratic governance, and human rights protections; and (8) coordinating with the Department of State, the Department of ***Agriculture***, the United States Agency for International Development, the Overseas Private Investment Corporation, the United States Trade and Development Agency, the Department of Labor, and international partners, including the Inter-American Development Bank, to strengthen the foundation for inclusive economic growth and improve food security, investment climate, and protections for labor rights. (d) Consultation.--The official designated under subsection (a) shall consult with Congress, multilateral organizations and institutions, foreign governments, and domestic [[Page S6444]] and international civil society organizations. Subtitle D--United States Leadership for Engaging International Donors and Partners SEC. 141. REQUIREMENT FOR STRATEGY TO SECURE SUPPORT OF INTERNATIONAL DONORS AND PARTNERS. (a) Defined Term.--In this section, the term ``appropriate congressional committees'' means-- (1) the Committee on Foreign Relations of the Senate; (2) the Committee on Appropriations of the Senate; (3) the Committee on Foreign Affairs of the House of Representatives; and (4) the Committee on Appropriations of the House of Representatives. (b) Strategy.--Not later than 90 days after the date of the enactment of this Act, the Secretary of State shall submit a 3-***year*** strategy to the appropriate congressional committees that-- (1) describes how the United States will secure support from international donors and regional partners (including Colombia and Mexico) for the implementation of the Plan; (2) identifies governments that are willing to provide financial and technical assistance for the implementation of the Plan and a description of such assistance; and (3) identifies the financial and technical assistance to be provided by multilateral institutions, including the Inter- American Development Bank, the World Bank, the International Monetary Fund, the Andean Development Corporation-- Development Bank of Latin America, and the Organization of American States, and a description of such assistance. (c) Diplomatic Engagement and Coordination.--The Secretary of State, in coordination with the Secretary of the Treasury, as appropriate, shall-- (1) carry out diplomatic engagement to secure contributions of financial and technical assistance from international donors and partners in support of the Plan; and (2) take all necessary steps to ensure effective cooperation among international donors and partners supporting the Plan. (d) Report.--Not later than 1 ***year*** after submitting the strategy under subsection (b), and annually thereafter, the Secretary of State shall submit a report to the appropriate congressional committees that describes-- (1) the progress made in implementing the strategy; and (2) the financial and technical assistance provided by international donors and partners, including the multilateral institutions listed in subsection (b)(3). (e) Briefings.--Upon a request from 1 of the appropriate congressional committees, the Secretary of State shall provide a briefing to such committee that describes the progress made in implementing the strategy submitted under subsection (b). TITLE II--CRACKING DOWN ON CRIMINAL GANGS, CARTELS, AND COMPLICIT OFFICIALS Subtitle A--Strengthening Cooperation Among Law Enforcement Agencies To Target Smugglers and Traffickers SEC. 211. ENHANCED INTERNATIONAL COOPERATION TO COMBAT HUMAN SMUGGLING AND TRAFFICKING. The Secretary of State, in coordination with the heads of relevant Federal agencies, shall expand partnership efforts with law enforcement entities in El Salvador, Guatemala, Honduras, and Mexico seeking to combat human smuggling and trafficking in those countries, including-- (1) the creation or expansion of transnational criminal investigative units to identify, disrupt, and prosecute human smuggling and trafficking operations; (2) participation by U.S Immigration and Customs Enforcement and the Department of Justice in the Bilateral Human Trafficking Enforcement Initiative with their Mexican law enforcement counterparts; and (3) advanced training ***programs*** for investigators and prosecutors from El Salvador, Guatemala, Honduras, and Mexico. SEC. 212. ENHANCED INVESTIGATION AND PROSECUTION OF HUMAN SMUGGLING AND TRAFFICKING. (a) In General.--The Attorney General and the Secretary of Homeland Security shall expand collaborative ***programs*** aimed at investigating and prosecuting human smugglers and traffickers targeting Central American children and families and operating at the southwestern border of the United States, including the continuation and expansion of anti- trafficking coordination teams. (b) Homeland Security Investigations.--The Secretary of Homeland Security, in consultation with the Director of U.S Immigration and Customs Enforcement, shall increase the resources available to Homeland Security Investigations to facilitate the expansion of its smuggling and trafficking investigations. (c) Authorization of Appropriations.--There are authorized to be appropriated such sums as may be necessary to carry out subsections (a) and (b). SEC. 213. INFORMATION CAMPAIGN ON DANGERS OF IRREGULAR MIGRATION. (a) In General.--The Secretary of State, in consultation with the heads of relevant Federal agencies, shall design and implement public information campaigns in El Salvador, Guatemala, and Honduras-- (1) to disseminate information about the dangers of travel across Mexico to the United States; and (2) to combat misinformation about United States immigration law or policy; and (3) to provide accurate information about the right to seek asylum. (b) Elements.--The information campaigns implemented pursuant to subsection (a) shall, to the greatest extent possible-- (1) be targeted at populations and localities with high migration rates; (2) be in local languages; (3) employ a variety of communications media; and (4) be developed in consultation with ***program*** officials at the Department of Homeland Security, the Department of State, and other government, nonprofit, or academic entities in close contact with migrant populations from El Salvador, Guatemala, and Honduras, including repatriated migrants. Subtitle B--Strengthening the Ability of the United States Government To Crack Down on Smugglers, Traffickers, and Drug Cartels SEC. 221. ENHANCED PENALTIES FOR ORGANIZED SMUGGLING SCHEMES. (a) In General.--Section 274(a)(1)(B) of the Immigration and Nationality Act (8 U.S.C 1324(a)(1)(B)) is amended-- (1) by redesignating clauses (iii) and (iv) as clauses (iv) and (v), respectively; (2) by inserting after clause (ii) the following: ``(iii) in the case of a violation of subparagraph (A)(i) during and in relation to which the person, while acting for profit or other financial gain, knowingly directs or participates in an effort or scheme to assist or cause 10 or more persons (other than a parent, spouse, sibling, or child of the offender) to enter or to attempt to enter the United States at the same time at a place other than a designated port of entry or place other than designated by the Secretary, be fined under title 18, United States Code, imprisoned not more than 15 ***years***, or both;''; and (3) in clause (iv), as redesignated, by inserting ``commits or attempts to commit sexual assault of,'' after ``section 1365 of title 18, United States Code) to,''. (b) Bulk Cash Smuggling.--Section 5332(b)(1) of title 31, United States Code, is amended-- (1) in the paragraph heading, by striking ``Term of imprisonment'' and inserting ``In general''; and (2) by inserting ``, fined under title 18, or both'' after ``5 ***years***''. SEC. 222. EXPANDING FINANCIAL SANCTIONS ON NARCOTICS TRAFFICKING AND MONEY LAUNDERING. (a) Findings.--Congress finds the following: (1) In July 2011, President Obama released ``Strategy to Combat Transnational Organized Crime'', which articulates a multidimensional response to combat transnational organized crime, including drug trafficking networks, armed criminal gangs, and money laundering. (2) The Strategy calls for expanded efforts to dismantle illicit financial networks, including through maximizing the use of the Foreign Narcotics Kingpin Designation Act (21 U.S.C 1901 et seq.). (b) Financial Sanctions Expansion.-- (1) In general.--The Secretary of the Treasury, the Attorney General, the Secretary of State, the Secretary of Defense, and the Director of Central Intelligence shall expand investigations, intelligence collection, and analysis pursuant to the Foreign Narcotics Kingpin Designation Act to increase the identification and application of sanctions against-- (A) significant foreign narcotics traffickers, their organizations and networks; and (B) foreign persons who provide material, financial, or technological support to such traffickers, organizations, and networks. (2) Targets.--The activities described in paragraph (1) shall specifically target foreign narcotics traffickers, their organizations and networks, and the foreign persons who provide material, financial, or technological support to such traffickers, organizations, and networks that are present and operating in Central America. (c) Authorization of Appropriations.--There are authorized to be appropriated such sums as may be necessary to carry out subsection (b). SEC. 223. SUPPORT FOR FBI TRANSNATIONAL ANTI-GANG TASK FORCES FOR COUNTERING CRIMINAL GANGS. (a) Findings.--Congress finds that the Federal Bureau of Investigation's Transnational Anti-Gang Task Forces established in 2007 in El Salvador, through cooperation between the FBI and the Department of State, to combat criminal gangs, including the MS-13 and 18th Street gangs, should be expanded. (b) Task Force Expansion.--The Director of the Federal Bureau of Investigation, in coordination with the Secretary of State, shall expand the efforts of the Transnational Anti- Gang Task Forces in El Salvador, Guatemala, and Honduras, including by-- (1) expanding transnational criminal investigations focused on criminal gangs in El Salvador, Guatemala, and Honduras, such as MS-13 and 18th Street; (2) expanding training and partnership efforts with Salvadoran, Guatemalan, and Honduran law enforcement entities in order to disrupt and dismantle criminal gangs, both internationally and in their respective countries; (3) establishing or expanding special vetted investigative units; and [[Page S6445]] (4) collecting and disseminating intelligence to support related United States-based investigations. (c) Authorization of Appropriations.--There are authorized to be appropriated, to the Bureau of International Narcotics and Law Enforcement Affairs, such sums as may be necessary to carry out subsection (b). SEC. 224. SENSE OF CONGRESS REGARDING THE EXPANSION OF TARGETED SANCTIONS RELATED TO CORRUPTION AND HUMAN RIGHTS ABUSES. It is the sense of Congress that-- (1) the President should intensify targeting of and impose sanctions regularly on a range of foreign persons from or in Central America determined to be responsible for human rights abuses, corruption-related misconduct, and other misconduct identified pursuant to the Global Magnitsky Human Rights Accountability Act (22 U.S.C 2656 note); (2) the Director of National Intelligence, in coordination with the Director of the Central Intelligence Agency and other United States intelligence agencies, as appropriate, should expand intelligence collection and analysis in support of the efforts described in paragraph (1); and (3) the efforts described in paragraph (1) should specifically target foreign persons, including foreign government officials, complicit in acts that weaken, run counter to, or undermine the strategy described in section 111. Subtitle C--Creating New Penalties for Hindering Immigration, Border, and Customs Controls SEC. 231. HINDERING IMMIGRATION, BORDER, AND CUSTOMS CONTROLS. (a) Immigration and Nationality Act.--The Immigration and Nationality Act (8 U.S.C 1101 et seq.) is amended by inserting after section 274D the following: ``SEC. 274E. HINDERING IMMIGRATION, BORDER, AND CUSTOMS CONTROLS. ``(a) Illicit Spotting.-- ``(1) In general.--It shall be unlawful to knowingly surveil, track, monitor, or transmit the location, movement, or activities of any officer or employee of a Federal, State, or tribal law enforcement agency-- ``(A) with the intent to gain financially; and ``(B) in furtherance of any violation of the immigration laws, the customs and trade laws of the United States (as defined in section 2 of the Trade Facilitation and Trade Enforcement Act of 2015 (Public Law 114-125)), any other Federal law relating to transporting controlled substances, ***agriculture***, or monetary instruments into the United States, or any Federal law relating to border controls measures of the United States. ``(2) Penalty.--Any person who violates paragraph (1) shall be fined under title 18, United States Code, imprisoned for not more than 5 ***years***, or both. ``(b) Destruction of United States Border Controls.-- ``(1) In general.--It shall be unlawful to knowingly and without lawful authorization-- ``(A) destroy or significantly damage any fence, barrier, sensor, camera, or other physical or electronic device deployed by the Federal Government to control an international border of, or a port of entry to, the United States; or ``(B) otherwise seek to construct, excavate, or make any structure intended to defeat, circumvent or evade such a fence, barrier, sensor camera, or other physical or electronic device deployed by the Federal Government to control an international border of, or a port of entry to, the United States. ``(2) Penalty.--Any person who violates paragraph (1) shall be fined under title 18, United States Code, imprisoned for not more than 5 ***years***, or both.''. (b) Clerical Amendment.--The table of contents of such Act (8 U.S.C 1101 et seq.) is amended by inserting after the item relating to section 274D the following: ``Sec. 274E. Hindering immigration, border, and customs controls.''. TITLE III--MINIMIZING BORDER CROSSINGS BY EXPANDING PROCESSING OF REFUGEE CHILDREN AND FAMILIES IN-COUNTRY AND IN THE REGION AND BY STRENGTHENING REPATRIATION INITIATIVES Subtitle A--Providing Alternative Safe Havens in Mexico and the Region SEC. 311. STRENGTHENING INTERNAL ASYLUM SYSTEMS IN MEXICO AND OTHER COUNTRIES. (a) In General.--The Secretary of State, in consultation with the Secretary of Homeland Security, shall work with international partners, including the United Nations High Commissioner for Refugees, to support and provide technical assistance to strengthen the domestic capacity of Mexico and other countries in the region to provide asylum to eligible children and families, in accordance with international law and best practices, by-- (1) establishing and expanding temporary and long-term in- country reception centers and shelter capacity to meet the humanitarian needs of those seeking asylum or other forms of international protection; (2) improving the asylum registration system to ensure that all individuals seeking asylum or other humanitarian protection-- (A) are provided with adequate information about their rights, including their right to seek protection; (B) are properly screened for security, including biographic and biometric capture; (C) receive due process and meaningful access to existing legal protections; and (D) receive proper documents in order to prevent fraud and ensure freedom of movement and access to basic social services; (3) creating or expanding a corps of trained asylum officers capable of evaluating and deciding individual asylum claims consistent with international law and obligations; and (4) developing the capacity to conduct best interest determinations for unaccompanied alien children to ensure that their needs are properly met, which may include family reunification or resettlement in the United States or another country based on international protection needs and the best interests of the child. (b) Report.--Not later than 60 days after the date of the enactment of this Act, the Secretary of State, in consultation with the Secretary of Homeland Security, shall submit a report that describes the plans of the Secretary of State to assist in developing the asylum processing capabilities described in subsection (a) to-- (1) the Committee on Foreign Relations of the Senate; (2) the Committee on Homeland Security and Governmental Affairs of the Senate; (3) the Committee on the Judiciary of the Senate; (4) the Committee on Appropriations of the Senate; (5) the Committee on Foreign Affairs of the House of Representatives; (6) the Committee on Homeland Security of the House of Representatives; (7) the Committee on the Judiciary of the House of Representatives; and (8) the Committee on Appropriations of the House of Representatives. (c) Authorization of Appropriations.--There are authorized to be appropriated such sums as may be necessary to carry out subsection (a). Subtitle B--Expanding Refugee Processing in Mexico and Central America for Third Country Resettlement SEC. 321. EXPANDING REFUGEE PROCESSING IN MEXICO AND CENTRAL AMERICA FOR THIRD COUNTRY RESETTLEMENT. (a) In General.--The Secretary of State, in consultation with the Secretary of Homeland Security, shall coordinate with the United Nations High Commissioner for Refugees to support and provide technical assistance to the Government of Mexico and the governments of other countries in the region to increase access to global resettlement for eligible children and families with protection needs, in accordance with international law and best practices, by-- (1) establishing and expanding in-country refugee reception centers to meet the humanitarian needs of those seeking international protection; (2) improving the refugee registration system to ensure that all refugees-- (A) are provided with adequate information about their rights, including their right to seek protection; (B) are properly screened for security, including biographic and biometric capture; (C) receive due process and meaningful access to existing legal protections; and (D) receive proper documents in order to prevent fraud and ensure freedom of movement and access to basic social services; (3) creating or expanding a corps of trained refugee officers capable of evaluating and deciding individual claims for protection, consistent with international law and obligations; and (4) developing the capacity to conduct best interest determinations for unaccompanied alien children to ensure that-- (A) such children with international protection needs are properly registered; and (B) their needs are properly met, which may include family reunification or resettlement in the United States or another country based on international protection needs and the best interests of the child. (b) Report.--Not later than 60 days after the date of the enactment of this Act, the Secretary of State, in consultation with the Secretary of Homeland Security, shall submit a report to the committees listed in section 311(b) that describes the plans of the Secretary of State to assist in developing the refugee processing capabilities described in subsection (a). (c) Sense of Congress.--It is the sense of Congress that the conditions in Mexico, as of the date of the enactment of this Act, do not meet the necessary threshold for the United States Government to sign a safe third country agreement with the Government of Mexico. (d) Authorization of Appropriations.--There are authorized to be appropriated such sums as may be necessary to carry out subsection (a). Subtitle C--Establishing Legal Channels to the United States SEC. 331. ***PROGRAM*** TO ADJUST THE STATUS OF CERTAIN VULNERABLE REFUGEES FROM CENTRAL AMERICA. (a) Definitions.--In this section: (1) Refugee status.--The term ``refugee status'' has the meaning given the term in section 101(a)(42) of the Immigration and Nationality Act (8 U.S.C 1101(a)(42)), except that the alien may apply inside his or her country of nationality if there is a designated application processing center present. (2) Secretary.--The term ``Secretary'' means the Secretary of Homeland Security. [[Page S6446]] (b) Purpose.--The purpose of this section is to establish a refugee processing ***program*** for nationals of El Salvador, Guatemala, and Honduras to respond to country conditions and the growing need to provide an alternative to the dangerous journey to the United States of America. (c) Admission of Eligible Central American Aliens as Refugees.--Notwithstanding the numerical limitations set forth in section 207 of the Immigration and Nationality Act (8 U.S.C 1157), the Secretary shall adjust the status of an alien who is a national of El Salvador, Guatemala, or Honduras to that of an alien admitted as a refugee if the alien-- (1) applies for such refugee status at a Designated Application Processing Center (as defined in subsection (e)); and (2) is eligible under subsection (d). (d) Central Americans Eligible for Refugee Admission.-- (1) In general.--Admission as a refugee or adjustment of status to that of a refugee shall be available to any alien, or members of the alien's family, if-- (A) the alien is a national of El Salvador, Guatemala, or Honduras; (B) the alien otherwise meets the definition of a refugee, except that the alien may apply from inside his or her country of nationality; (C)(i) the alien presents himself or herself at a Designated Application Processing Center for consideration of refugee status under this section; or (ii) in the case of an alien who is a minor, a parent, legal guardian, the minor, or an adult authorized by the minor to speak on his or her behalf, presents an application for the minor; and (D) the alien passes all relevant medical, national security, and background checks. (2) Effect of denial of refugee status.--The denial of refugee status under the Central American Minors ***Program***-- (A) shall not be held determinative with respect to an adjudication under this section; and (B) shall not prejudice the results of an adjudication under this section. (e) Designated Application Processing Centers.-- (1) Establishment.--Not later than 180 days after the date of the enactment of this Act, the Secretary of State shall establish a minimum of 4 application processing centers in 4 different physical locations, with the consent of the hosting nation, if necessary. (2) Locations.--The Secretary of State shall ensure that 1 application processing center is established-- (A) at each of the American embassies located in El Salvador, Guatemala, and Honduras; and (B) in any other country in Central America selected by the Secretary of State. (3) Application for refugee status.--The Secretary of State shall ensure that any alien who is physically present at the application processing center is permitted-- (A) to apply for refugee status under this section; (B) to include his or her family in the application for refugee status, regardless of such alien's status; and (C) if the alien applying for refugee status is an unaccompanied minor, to have legal counsel present at all interviews. (4) Adjudication.--Applications submitted at application processing centers under this section shall be adjudicated by refugee officers from the Refugee, Asylum and International Operations Directorate at U.S Citizenship and Immigration Services. (f) Exceptions.--Subsections (c)(1) and (d)(1)(C) shall be waived by the Secretary if the alien, or his or her family-- (1) is a national of El Salvador or Honduras; (2) was in temporary protected status under section 244 of the Immigration and Nationality Act (8 U.S.C 1254a) on the date on which his or her country of nationality's designation under subsection (b) of such section was terminated; (3) has maintained physical presence in the United States since the effectiveness date of the most recent designation, extension, or termination; and (4) would be eligible to reapply, under such section 244, if his or her country of nationality's designation had not been terminated. (g) Application Fees.-- (1) In general.--Except as provided in paragraph (2), the Secretary shall ensure that applicants for refugee status are not charged fees in order to apply for humanitarian relief under this section. (2) Previous denial.--The Secretary may charge a reasonable fee to an alien who applies for refugee status under this section after having previously been denied refugee status unless such denial occurred before the alien attained 21 ***years*** of age. (h) Authorization of Appropriations.--There are authorized to be appropriated such sums as may be necessary to carry out this section. TITLE IV--MONITORING AND SUPPORTING UNACCOMPANIED ALIEN CHILDREN AFTER PROCESSING AT THE BORDER SEC. 401. DEFINITIONS; AUTHORIZATION OF APPROPRIATIONS. (a) Definitions.--In this title: (1) Department.--The term ``Department'' means the Department of Health and Human Services. (2) Director.--The term ``Director'' means the Director of the Office of Refugee Resettlement of the Department. (3) Flores settlement agreement.--The term ``Flores settlement agreement'' means the Stipulated Settlement Agreement filed in the United States District Court for the Central District of California on January 17, 1997 (CV 85- 4544-RJK). (4) Local educational agency.--The term ``local educational agency'' has the meaning given the term in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C 7801). (5) Resident adult.--The term ``resident adult'' means any individual who is at least 18 ***years*** of age and regularly lives, shares common areas, and sleeps in a sponsor or prospective sponsor's home. (6) Secretary.--The term ``Secretary'' means the Secretary of Health and Human Services. (7) Specialized instructional support personnel; specialized instructional support services.--The terms ``specialized instructional support personnel'' and ``specialized instructional support services'' have the meanings given such terms in section 8101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C 7801). (8) Zero tolerance policy.--The term ``zero tolerance policy'' means the policy described in the memorandum of the Attorney General entitled ``Zero-Tolerance for Offenses Under 8 U.S.C Sec. 1325(a)'', issued on April 6, 2018. SEC. 402. FAMILY REUNIFICATION. (a) Directives to Federal Agencies.-- (1) Family reunification.--Consistent with section 235 of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (8 U.S.C 1232) and other applicable Federal law, the Secretary shall reallocate resources to facilitate the immediate family reunification of each child separated from his or her parent or guardian at or near a port of entry or within 100 miles of the border or otherwise removed from her or her parent or legal guardian by the Secretary, the Secretary of Homeland Security, the Attorney General, the Director of the Bureau of Prisons, or any agent or agency thereof, if such reunification is in the best interest of the child. (2) Compliance with federal law.--The Secretary, the Secretary of Homeland Security, the Attorney General, the Director of the Bureau of Prisons, and any other head of a Federal agency involved in the proceedings against a parent or guardian separated from the parent or guardian's child (as described in paragraph (1) shall immediately change policies, procedures, and practices-- (A) to reunify the child separated from his or her parent or guardian; and (B) to comply with section 235 of the William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008 (8 U.S.C 1232), the Flores settlement agreement, and other applicable Federal law. (b) Parental Rights.--Consistent with the laws of the State in which the child is located, only an order from a court of competent jurisdiction may terminate the rights of a parent or guardian over an unaccompanied alien child, including any such child separated from the parent or guardian at such a border. SEC. 403. AUTHORIZATION OF APPROPRIATIONS. There are authorized to be appropriated such sums as may be necessary to carry out this title. Subtitle A--Strengthening the Government's Ability To Oversee the Safety and Well-being of Children and Support Children Forcibly Separated From Their Families SEC. 411. HEALTH CARE IN SHELTERS FOR UNACCOMPANIED ALIEN CHILDREN. (a) Access to Services.--The Secretary shall direct the Director, in carrying out the functions ***transferred*** to the Director under section 462(a) of the Homeland Security Act of 2002 (6 U.S.C 279(a))-- (1) to ensure that unaccompanied alien children who have not been placed with a sponsor have access to comprehensive, age-appropriate medical, behavioral, and mental health care services, including evidence-based and trauma-informed treatments, provided by qualified health care professionals with the appropriate certifications, licensure, training, and expertise in treating children, including infants, toddlers, and other children who are younger than 13 ***years*** of age; and (2) to issue guidance to grantees, not later than 60 days after the date of the enactment of this Act, on the procedures for prescribing, reporting, and administration of psychotropic medication. (b) National Child Traumatic Stress Initiative.-- (1) Grants authorized.--Out of amounts appropriated pursuant to section 403 to carry out this section, the Secretary shall award grants, contracts, or cooperative agreements to public and nonprofit private entities and Indian tribes and tribal organizations (as defined in section 4 of the Indian Self-Determination and Educational Assistance Act (25 U.S.C 5304)), for the purpose of developing and maintaining ***programs*** that respond to the needs of unaccompanied alien children in the care of the Office of Refugee Resettlement. (2) Best practices for traumatized children.--The National Child Traumatic Stress Initiative coordinating center described in section 582(a)(1) of the Public Health Service Act (42 U.S.C 290hh-1(a)(1)) shall develop, and make publically available, best practices for providing evidence- based and trauma-informed health care treatment to unaccompanied alien children in the care of the Office [[Page S6447]] of Refugee Resettlement (including such children who are traumatized by separation from parents or guardians by the Federal Government to facilitate enforcement of the zero tolerance policy and other infants, toddlers, and children who are younger than 13 ***years*** of age)-- (A) to carry out ***programs*** under paragraph (1); (B) to provide services under section 412(a); and (C) to conduct assessments under section 412(a)(1)(A). (c) Oversight on Access to Quality Health Care.-- (1) In general.--Not later than 90 days after the date of the enactment of this Act, and every 3 ***years*** thereafter, the Comptroller General of the United States shall conduct an evaluation of the medical, behavioral, and mental health services provided to unaccompanied alien children in the care of the Office of Refugee Resettlement and submit a report and recommendations to the Department, the Committee on Health, Education, Labor, and Pensions of the Senate, the Committee on the Judiciary of the Senate, the Committee on Energy and Commerce of the House of Representatives, and the Committee on the Judiciary of the House of Representatives. (2) Content.--Each report under paragraph (1) shall address-- (A) the extent to which entities with which the Office of Refugee Resettlement contracts meet established standards for ensuring the safety and well-being of alien children in their care; (B) the quality and appropriateness of the health care services provided to such children, including the administration of medications and treatment; (C) the extent to which medical, behavioral, and mental health services address the needs of traumatized children and mitigate the long-term health consequences of trauma exposure; (D) the adequacy of practices to assess the qualifications, including training and licensure, of the professionals administering care, including the expertise of such professionals in providing trauma-informed care; (E) the adequacy of appropriately-trained health care staff at the Office of Refugee Resettlement tasked with assessing the adequacy of care provided to children in their care; and (F) oversight, investigations, and actions taken to address allegations against contracted entities of mistreatment, abuse, or neglect of children under any ***program*** under Federal or State law. SEC. 412. SERVICES TO UNACCOMPANIED ALIEN CHILDREN AFTER PLACEMENT. (a) Trauma-informed, Risk-based, Post-placement Services.-- (1) In general.--Using amounts appropriated pursuant to section 403 to carry out this section, the Secretary shall assist each unaccompanied alien child in a placement with a sponsor by-- (A) completing an individualized assessment of the need for services to be provided after placement; and (B) providing such post-placement services during the pendency of all immigration proceedings or until no longer necessary, whichever is later. (2) Minimum services.--The services referred to in paragraph (1)(B) shall include-- (A) for the unaccompanied alien child, at least 1 post- placement case management services visit not later than 30 days after placement with a sponsor and the referral of the child to service providers in the community; (B) for the family of the child's sponsor, orientation and other functional family support services, as determined to be necessary in the individualized assessment; and (C) for each unaccompanied alien child traumatized by separation of such child from the child's parent or guardian by the Federal Government, comprehensive, trauma-informed services to assist such child. (b) Effective Use of Child Advocates for the Most Vulnerable Unaccompanied Alien Children.--The Secretary shall-- (1) direct the Director-- (A) to identify and track the referral rates of unaccompanied alien children to child advocates by care providers and investigate instances in which such a rate is low; (B) to ensure that the referral criteria established by the Director are appropriately applied when a care provider determines if such a child is eligible for referral to a child advocate; (C) to provide technical assistance to care providers to ensure compliance with such criteria; (D) to establish a process for stakeholders and the public to refer unaccompanied alien children, including those placed with a sponsor, to the child advocate ***program*** to determine if such child meets the referral criteria for appointment of a child advocate; and (E) to refer to a child advocate each unaccompanied alien child described in subsection (a)(2)(C); and (2) ensure that each child advocate for an unaccompanied alien child-- (A) is provided access to materials necessary to advocate effectively for the best interest of the child, including direct access to significant incident reports, home studies, and similar materials and information; and (B) is notified when new materials and information described in subparagraph (A) relating to the child are created or become available. SEC. 413. BACKGROUND CHECKS TO ENSURE THE SAFE PLACEMENT OF UNACCOMPANIED ALIEN CHILDREN. (a) Criminal and Civil Record Checks.-- (1) Requirement.--In carrying out the functions ***transferred*** to the Director under section 462(a) of the Homeland Security Act of 2002 (6 U.S.C 279(a)), from amounts appropriated pursuant to section 401(b) to carry out this section, the Director shall perform, consistent with best practices in the field of child welfare, and a prospective sponsor and all resident adults in the home of the prospective sponsor shall submit to the following record checks (which shall be completed as expeditiously as possible): (A) Fingerprint-based checks (except as described in paragraph (2)) in national crime information databases, as defined in section 534(e)(3) of title 28, United States Code. (B) A search of the State criminal registry or repository for any State (except as described in paragraph (3)) in which the prospective sponsor or resident adult has resided during the 5 ***years*** preceding the search. (C) A search of the National Sex Offender Registry established under section 119 of the Adam Walsh Child Protection and Safety Act of 2006 (42 U.S.C 16919). (D) A search (except as described in paragraphs (2) and (3)) of State-based child abuse and neglect registries and databases for any State in which the prospective sponsor or resident adult has resided during the 5 ***years*** preceding the search. (2) Parents and guardians.--For purposes of paragraph (1), if the prospective sponsor is the parent or guardian of the child involved, the Director shall have discretion to determine whether the Director shall perform, and the prospective sponsor and resident adults described in paragraph (1) shall submit to, a check described in subparagraph (A) or (D) of paragraph (1). (3) Waivers.-- (A) In general.--If the Secretary determines that it is not feasible to conduct the check described in subparagraph (B) or (D) of paragraph (1) for a State, including infeasibility due to a State's refusal or nonresponse in response to a request for related information, or that the average time to receive results from a State for such a check is more than 10 business days, the Secretary may waive the requirements of that subparagraph with respect to the State involved for a period of not more than 1 ***year***. The Secretary may renew the waiver in accordance with this subparagraph. (B) Prohibition on delegation.--The Secretary may not delegate the responsibility under subparagraph (A) to another officer or employee of the Department. (C) States where waivers apply.--The Secretary shall make available, on a website of the Department, the list of States for which the requirements of subparagraph (B) or (D) of paragraph (1) are waived under this paragraph. (4) Use of record checks.--The information revealed by a record check performed pursuant to this section shall be used only by the Director for the purpose of determining whether a potential sponsor is a suitable sponsor for a placement for an unaccompanied alien child. (b) Placement Determinations Generally.-- (1) Denials required for certain crimes.--The Director shall deny any placement for a prospective sponsor (other than the parent or guardian of the child involved), and may deny any placement for a prospective sponsor who is the parent or guardian of the child involved subject to subsection (c), if the record checks performed pursuant to this section reveal that the prospective sponsor or a resident adult in the home of the prospective sponsor was convicted at age 18 or older of a crime that is a felony consisting of any of the following: (A) Domestic violence, stalking, child abuse, child neglect, or child abandonment, if the prospective sponsor or resident adult served at least 1 ***year*** imprisonment for a crime specified in this subparagraph, or if the prospective sponsor or resident adult was convicted of 2 or more crimes specified in this subparagraph, not arising out of a single scheme of criminal misconduct. (B) A crime against a child involving pornography. (C) Human trafficking. (D) Rape or sexual assault. (E) Homicide. (2) Denials considered for certain offenses.--The Director may deny a placement for a prospective sponsor if the record checks performed pursuant to this section reveal that the prospective sponsor or a resident adult in the home of a prospective sponsor was adjudged guilty of a civil offense or was convicted of a crime not covered by paragraph (1). The Director, in making a determination about whether to approve or deny the placement, shall consider all of the following factors: (A) The type of offense. (B) The number of offenses the sponsor or resident adult has been adjudged guilty or convicted of. (C) The length of time that has elapsed since the adjudication or conviction. (D) The nature of the offense. (E) The age of the individual at the time of the adjudication or conviction. (F) The relationship between the offense and the capacity to care for a child. (G) Evidence of rehabilitation of the individual. (H) Opinions of community and family members concerning the individual. [[Page S6448]] (c) Placement Determinations Concerning Parents or Guardians.--The Director may deny a placement for a prospective sponsor who is the parent or guardian of the child involved if the record checks performed pursuant to this section reveal that the prospective sponsor or a resident adult in the home of a prospective sponsor was adjudged guilty of a civil offense or was convicted of a crime. The Director, in making a determination about whether to approve or deny the placement, shall consider all of the factors described in subsection (b)(2). (d) Appeals Process.-- (1) Information.--The Secretary shall provide information to each prospective sponsor on how such sponsor may appeal-- (A) a placement determination under this section, including-- (i) prompt notice of the opportunity to so appeal; and (ii) instructions about how to participate in the appeals process; and (B) the results of a record check performed pursuant to this section or the accuracy or completeness of the information yielded by the record check, as provided in paragraph (2), including-- (i) prompt notice of the opportunity to so appeal; and (ii) instructions about how to participate in the appeals process. (2) Appeal.--Each Federal agency responsible for administering or maintaining the information in a database, registry, or repository used in a record check performed pursuant to this section or responsible for the accuracy or completeness of the information yielded by the record check shall-- (A) establish a process for an appeal concerning the results of that record check, or that accuracy or completeness; and (B) complete such process not later than 30 days after the date on which such an appeal is filed. (e) Rule of Construction.--Nothing in this section shall be construed to prohibit the Director from establishing additional checks or procedures (besides the checks required in this section) for sponsors, to enable the Director to-- (1) oversee and promote the health, safety, and well-being of unaccompanied alien children; or (2) prevent the exploitation, neglect, or abuse of unaccompanied alien children. SEC. 414. RESPONSIBILITY OF SPONSOR FOR IMMIGRATION COURT COMPLIANCE AND CHILD WELL-BEING. (a) In General.--Using amounts appropriated pursuant to section 401(b) to carry out this section, the Secretary, in consultation with the Attorney General, shall establish procedures to ensure that legal orientation ***programs*** regarding immigration court and rights and responsibilities for the well-being of unaccompanied alien children are provided to all prospective sponsors of unaccompanied alien children prior to an unaccompanied alien child's placement with such a sponsor. (b) ***Program*** Elements.--The procedures described in subsection (a) shall include a requirement that each legal orientation ***program*** described in such subsection shall provide information on the sponsor's rights and responsibilities to-- (1) ensure the unaccompanied alien child appears at immigration proceedings and communicate with the court involved regarding the child's change of address and other relevant information; (2) immediately enroll the child in school, and shall provide information and resources if the sponsor encounters difficulty enrolling such child in school; (3) provide access to health care, including mental health care as needed, and any necessary age-appropriate health screening to the child; (4) report potential child traffickers and other persons seeking to victimize or exploit unaccompanied alien children, or otherwise engage such children in criminal, harmful, or dangerous activity; (5) seek assistance from the Department regarding the health, safety, and well-being of the child placed with the sponsor; and (6) file a complaint, if necessary, with the Secretary or the Secretary of Homeland Security regarding treatment of unaccompanied alien children while under the care of the Office of Refugee Resettlement or the Department of Homeland Security, respectively. SEC. 415. MONITORING UNACCOMPANIED ALIEN CHILDREN. (a) Risk-Based Post-Placement Services.-- (1) In general.--Using amounts appropriated pursuant to section 401(b) to carry out this section, the Secretary shall, to assist each unaccompanied alien child in a placement with a sponsor-- (A) complete an individualized assessment of the need for services to be provided after placement; and (B) provide such post-placement services during the pendency of removal proceedings or until no longer necessary. (2) Minimum services.--For the purposes of paragraph (1), the services shall, at a minimum, include-- (A) for the unaccompanied alien child, at least one post- placement case management services visit within 30 days after placement with a sponsor and the referral of unaccompanied alien children to service providers in the community; and (B) for the family of the child's sponsor, orientation and other functional family support services, as determined to be necessary in the individualized assessment. (b) Effective Use of Child Advocates for the Most Vulnerable Unaccompanied Alien Children.--The Secretary shall-- (1) direct the Director-- (A) to identify and track the referral rates of unaccompanied alien children to child advocates by care providers and investigate instances in which such a rate is low; (B) to ensure that the referral criteria established by the Director are appropriately applied when a care provider determines if such a child is eligible for referral to a child advocate; (C) to provide technical assistance to care providers to ensure compliance with such criteria; and (D) to establish a process for stakeholders and the public to refer unaccompanied alien children, including those placed with a sponsor, to the child advocate ***program*** to determine if such child meets the referral criteria for appointment of a child advocate; and (2) ensure that each child advocate for an unaccompanied alien child shall-- (A) be provided access to materials necessary to advocate effectively for the best interest of the child, including direct access to significant incident reports, home studies, and similar materials and information; and (B) be notified when new materials and information described in subparagraph (A) relating to the child are created or become available. Subtitle B--Funding to States and School Districts; Supporting Education and Safety SEC. 421. FUNDING TO STATES TO CONDUCT STATE CRIMINAL CHECKS AND CHILD ABUSE AND NEGLECT CHECKS. (a) Defined Term.--In this section, the term ``State'' means each of the 50 States of the United States and the District of Columbia. (b) ***Payments*** to States To Conduct State Criminal Registry or Repository Searches and To Conduct Child Abuse and Neglect Checks.-- (1) In general.--Using amounts appropriated pursuant to section 401(b) to carry out this section, the Secretary shall, in accordance with this subsection, make ***payments*** to States, through each agency in each State tasked with administering the State criminal registry or repository required under section 411(a)(1)(B) or the State child abuse and neglect registry required under section 411(a)(1)(D), to assist with searches of such registries, repositories, or databases for prospective sponsors of unaccompanied alien children and resident adults in the home of such prospective sponsors, in accordance with section 411. (2) Allotments.-- (A) State criminal registry and repository searches.--In each fiscal ***year***, using amounts appropriated pursuant to section 401(b) to carry out this section with respect to the ***program*** providing ***payments*** to States to assist with criminal registry or repository searches, the Secretary shall allot to each State participating in such ***program***, through the agency in each such State tasked with administering the State criminal registry or repository described in section 411(a)(1)(B), an amount that bears the same relationship to such funds as the number of searches of such State criminal registry or repository conducted in accordance with section 411(a)(1)(B) in the State bears to the total number of such searches in all States participating in the ***program***. (B) Child abuse and neglect checks.--In each fiscal ***year***, using amounts appropriated pursuant to section 401(b) to carry out this section with respect to the ***program*** providing ***payments*** to States to assist with child abuse and neglect registry and database searches, the Secretary shall allot to each State participating in such ***program***, through the agency in each such State tasked with administering the State child abuse and neglect registries and databases described in section 411(a)(1)(D), an amount that bears the same relationship to such funds as the number of searches of such child abuse and neglect registries and databases conducted in accordance with section 411(a)(1)(D) in the State bears to the total number of such searches in all States participating in the ***program***. (C) Transition rule.--In the first fiscal ***year*** in which funds are made available under this title to carry out this section, the Secretary shall make allotments to each State participating in the ***programs*** under this section in accordance with subparagraphs (A) and (B), based on the Secretary's estimate of the number of the searches described in each such subparagraph, respectively, that each of the States are expected to conduct in such fiscal ***year***. (3) State applications.--Each State agency described in paragraph (1) desiring an allotment under subparagraph (A) or (B) of paragraph (2) shall submit an application at such time, in such manner, and containing such information as the Secretary may require, which shall include an assurance that the State agency will respond promptly to all requests from the Director, within a reasonable time period determined by the Director, to conduct a search required under section 411 in a timely manner, and a description of how funds will be used to meet such assurance. SEC. 422. UNACCOMPANIED ALIEN CHILDREN IN SCHOOLS. (a) Immediate Enrollment.--To be eligible for funding under the Elementary and Secondary Education Act of 1965 (20 U.S.C 6301 et seq.), a local educational agency shall-- [[Page S6449]] (1) ensure that unaccompanied alien children in the area served by the local educational agency are immediately enrolled in school following placement with a sponsor, and any available academic or other records are ***transferred*** to such school; and (2) remove barriers to enrollment and full participation in educational ***programs*** and services offered by the local educational agency for unaccompanied alien children (including barriers related to documentation, age, language, and lack of a parent or guardian), which shall include reviewing and revising policies that may have a negative effect on such children. (b) Grants Authorized.--Using amounts appropriated pursuant to section 403 to carry out this section, the Secretary of Education shall award grants, on a competitive basis, to eligible local educational agencies, or consortia of neighboring local educational agencies, described in subsection (c) to enable the local educational agencies or consortia to enhance opportunities for, and provide services to, immigrant children and youth, including unaccompanied alien children, in the area served by the local educational agencies or consortia. (c) Eligible Local Educational Agencies.-- (1) In general.--A local educational agency, or a consortium of neighboring local educational agencies, is eligible for a grant under subsection (b) if, during the fiscal ***year*** for which a grant is awarded under this section, there are 25 or more unaccompanied alien children enrolled in the public schools served by the local educational agency or the consortium, respectively. (2) Determinations of number of unaccompanied alien children.--The Secretary of Education shall determine the number of unaccompanied alien children for purposes of paragraph (1) based on the most accurate data available that is provided to the Secretary of Education by the Director or the Department of Homeland Security. (d) Applications.--A local educational agency, or a consortia of neighboring local educational agencies, desiring a grant under this section shall submit an application to the Secretary of Education, which shall include a description of how the grant will be used to enhance opportunities for, and provide services to, immigrant children and youth (including unaccompanied alien children) and their families, provide trauma-informed services and supports (including mental health care services for such children and youth), improve engagement with the sponsors of such children or youth, and provide specialized instructional support services (which may include hiring specialized instructional support personnel with expertise in providing services to such children and youth). TITLE V--ENSURING ORDERLY AND HUMANE MANAGEMENT OF CHILDREN AND FAMILIES SEEKING PROTECTION Subtitle A--Providing a Fair and Efficient Legal Process for Children and Vulnerable Families Seeking Asylum SEC. 511. COURT APPEARANCE COMPLIANCE AND LEGAL ORIENTATION. (a) Access to Legal Orientation ***Programs*** To Ensure Court Appearance Compliance.-- (1) In general.--The Secretary of Homeland Security, in consultation with the Attorney General, shall establish procedures, consistent with the procedures established pursuant to section 412, to ensure that legal orientation ***programs*** are available for all aliens detained by the Department of Homeland Security. (2) ***Program*** elements.--***Programs*** under paragraph (1) shall inform aliens described in such paragraph regarding-- (A) the basic procedures of immigration hearings; (B) their rights and obligations relating to such hearings under Federal immigration laws to ensure appearance at all immigration proceedings; (C) their rights under Federal immigration laws, including available legal protections and the procedure for requesting such protection; (D) the consequences of filing frivolous legal claims and of failing to appear for proceedings; and (E) any other subject that the Attorney General considers appropriate, such as a contact list of potential legal resources and providers. (3) Eligibility.--An alien shall be given access to legal orientation ***programs*** under this subsection regardless of the alien's current immigration status, prior immigration history, or potential for immigration relief. (b) Pilot Project for Nondetained Aliens in Removal Proceedings.-- (1) In general.--The Attorney General shall develop and administer a 2-***year*** pilot ***program*** at not fewer than 2 immigration courts to provide nondetained aliens with pending asylum claims access to legal information. (2) Report.--At the conclusion of the pilot ***program*** under this subsection, the Attorney General shall submit a report to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives that describes the extent to which nondetained aliens are provided with access to counsel. (c) Authorization of Appropriations.--There is authorized to be appropriated to the Executive Office of Immigration Review of the Department of Justice such sums as may be necessary to carry out this section. SEC. 512. FAIR DAY IN COURT FOR KIDS. (a) Appointment of Counsel in Removal Proceedings; Right to Review Certain Documents in Removal Proceedings.--Section 240(b) of the Immigration and Nationality Act (8 U.S.C 1229a(b)) is amended-- (1) in paragraph (4)-- (A) in subparagraph (A)-- (i) by striking ``, at no expense to the Government,''; and (ii) by striking the comma at the end and inserting a semicolon; (B) by redesignating subparagraphs (B) and (C) as subparagraphs (D) and (E), respectively; (C) by inserting after subparagraph (A) the following: ``(B) the Attorney General may appoint or provide counsel, at Government expense, to aliens in immigration proceedings; ``(C) the alien, or the alien's counsel, not later than 7 days after receiving a notice to appear under section 239(a), shall receive a complete copy of the alien's immigration file (commonly known as an `A-file') in the possession of the Department of Homeland Security (other than documents protected from disclosure under section 552(b) of title 5, United States Code);''; and (D) in subparagraph (D), as redesignated, by striking ``, and'' and inserting ``; and''; and (2) by adding at the end the following: ``(8) Failure to provide alien required documents.--A removal proceeding may not proceed until the alien, or the alien's counsel, if the alien is represented-- ``(A) has received the documents required under paragraph (4)(C); and ``(B) has been provided at least 10 days to review and assess such documents.''. (b) Clarification Regarding the Authority of the Attorney General to Appoint Counsel to Aliens in Immigration Proceedings.-- (1) In general.--Section 292 of the Immigration and Nationality Act (8 U.S.C 1362) is amended to read as follows: ``SEC. 292. RIGHT TO COUNSEL. ``(a) In General.--Except as provided in subsections (b) and (c), in any removal proceeding and in any appeal proceeding before the Attorney General from any such removal proceeding, the subject of the proceeding shall have the privilege of being represented by such counsel as may be authorized to practice in such proceeding as he or she may choose. This subsection shall not apply to screening proceedings described in section 235(b)(1)(A). ``(b) Access to Counsel for Unaccompanied Alien Children.-- ``(1) In general.--In any removal proceeding and in any appeal proceeding before the Attorney General from any such removal proceeding, an unaccompanied alien child (as defined in section 462(g) of the Homeland Security Act on 2002 (6 U.S.C 279(g))) shall be represented by Government-appointed counsel, at Government expense. ``(2) Length of representation.--Once a child is designated as an unaccompanied alien child under paragraph (1), the child shall be represented by counsel at every stage of the proceedings from the child's initial appearance through the termination of immigration proceedings, and any ancillary matters appropriate to such proceedings even if the child attains 18 ***years*** of age or is reunified with a parent or legal guardian while the proceedings are pending. ``(3) Notice.--Not later than 72 hours after an unaccompanied alien child is taken into Federal custody, the alien shall be notified that he or she will be provided with legal counsel in accordance with this subsection. ``(4) Within detention facilities.--The Secretary of Homeland Security shall ensure that unaccompanied alien children have access to counsel inside all detention, holding, and border facilities. ``(c) Pro Bono Representation.-- ``(1) In general.--To the maximum extent practicable, the Attorney General should make every effort to utilize the services of competent counsel who agree to provide representation to such children under subsection (b) without charge. ``(2) Development of necessary infrastructures and systems.--The Attorney General shall develop the necessary mechanisms to identify counsel available to provide pro bono legal assistance and representation to children under subsection (b) and to recruit such counsel. ``(d) Contracts; Grants.--The Attorney General may enter into contracts with, or award grants to, nonprofit agencies with relevant expertise in the delivery of immigration- related legal services to children to carry out the responsibilities under this section, including providing legal orientation, screening cases for referral, recruiting, training, and overseeing pro bono attorneys. Nonprofit agencies may enter into subcontracts with, or award grants to, private voluntary agencies with relevant expertise in the delivery of immigration related legal services to children in order to carry out this section. ``(e) Model Guidelines on Legal Representation of Children.-- ``(1) Development of guidelines.--The Executive Office for Immigration Review, in consultation with voluntary agencies and national experts, shall develop model guidelines for the legal representation of alien children in immigration proceedings, which shall be based on the children's asylum guidelines, the American Bar Association Model Rules of Professional Conduct, and other relevant domestic or international sources. [[Page S6450]] ``(2) Purpose of guidelines.--The guidelines developed under paragraph (1) shall be designed to help protect each child from any individual suspected of involvement in any criminal, harmful, or exploitative activity associated with the smuggling or trafficking of children, while ensuring the fairness of the removal proceeding in which the child is involved. ``(f) Duties of Counsel.--Counsel provided under this section shall-- ``(1) represent the unaccompanied alien child in all proceedings and matters relating to the immigration status of the child or other actions involving the Department of Homeland Security; ``(2) appear in person for all individual merits hearings before the Executive Office for Immigration Review and interviews involving the Department of Homeland Security; ``(3) owe the same duties of undivided loyalty, confidentiality, and competent representation to the child as is due to an adult client; and ``(4) carry out other such duties as may be proscribed by the Attorney General or the Executive Office for Immigration Review. ``(g) Savings Provision.--Nothing in this section may be construed to supersede-- ``(1) any duties, responsibilities, disciplinary, or ethical responsibilities an attorney may have to his or her client under State law; ``(2) the admission requirements under State law; or ``(3) any other State law pertaining to the admission to the practice of law in a particular jurisdiction.''. (2) Rulemaking.--The Attorney General shall promulgate regulations to implement section 292 of the Immigration and Nationality Act, as added by paragraph (1), in accordance with the requirements set forth in section 3006A of title 18, United States Code. SEC. 513. ACCESS TO COUNSEL AND LEGAL ORIENTATION AT DETENTION FACILITIES. The Secretary of Homeland Security shall provide access to counsel for all aliens detained in a facility under the supervision of U.S Immigration and Customs Enforcement, U.S Customs and Border Protection, or the Department of Health and Human Services, or in any private facility that contracts with the Federal Government to house, detain, or hold aliens. SEC. 514. REPORT ON ACCESS TO COUNSEL. (a) Report.--Not later than December 31 of each ***year***, the Secretary of Homeland Security, in consultation with the Attorney General, shall prepare and submit a report to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives regarding the extent to which aliens described in section 292(b) of the Immigration and Nationality Act, as added by section 512(b), have been provided access to counsel. (b) Contents.--Each report submitted under paragraph (a) shall include, for the immediately preceding 1-***year*** period-- (1) the number and percentage of aliens described in section 292(b) of the Immigration and Nationality Act, as added by section 512(b), who were represented by counsel, including information specifying-- (A) the stage of the legal process at which each such alien was represented; (B) whether the alien was in government custody; and (C) the nationality and ages of such aliens; and (2) the number and percentage of aliens who received legal orientation presentations, including the nationality and ages of such aliens. SEC. 515. AUTHORIZATION OF APPROPRIATIONS. (a) In General.--There is authorized to be appropriated to the Executive Office of Immigration Review of the Department of Justice such sums as may be necessary to carry out sections 512 through 514. (b) Budgetary Effects.--The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You- Go-Act of 2010, shall be determined by reference to the latest statement titled ``Budgetary Effects of PAYGO Legislation'' for this Act, submitted for printing in the Congressional Record by the Chairman of the Senate Budget Committee, provided that such statement has been submitted prior to the vote on passage. Subtitle B--Reducing Significant Delays in Immigration Court SEC. 521. ELIMINATE IMMIGRATION COURT BACKLOGS. (a) Annual Increases in Immigration Judges.--The Attorney General shall increase the total number of immigration judges to adjudicate pending cases and efficiently process future cases by at least 75 judges during each of the fiscal ***years*** 2019, 2020, 2021, and 2022. (b) Qualification; Selection.--The Attorney General shall-- (1) ensure that all newly hired immigration judges and Board of Immigration Appeals members are highly qualified and trained to conduct fair, impartial adjudications in accordance with applicable due process requirements; and (2) in selecting immigration judges, may not give any preference to candidates with prior government experience compared to equivalent subject-matter expertise resulting from nonprofit, private bar, or academic experience. (c) Necessary Support Staff for Immigration Judges.--To address the shortage of support staff for immigration judges, the Attorney General shall ensure that each immigration judge has sufficient support staff, adequate technological and security resources, and appropriate courtroom facilities. (d) Annual Increases in Board of Immigration Appeals Personnel.--The Attorney General shall increase the number of Board of Immigration Appeals staff attorneys (including necessary additional support staff) to efficiently process cases by at least-- (1) 23 attorneys during fiscal ***year*** 2019; (2) an additional 23 attorneys during fiscal ***year*** 2020; and (3) an additional 23 attorneys during fiscal ***year*** 2021. (e) GAO Report.--The Comptroller General of the United States shall-- (1) conduct a study of the hurdles to efficient hiring of immigration court judges within the Department of Justice; and (2) propose solutions to Congress for improving the efficiency of the hiring process. SEC. 522. IMPROVED TRAINING FOR IMMIGRATION JUDGES AND MEMBERS OF THE BOARD OF IMMIGRATION APPEALS. (a) In General.--To ensure efficient and fair proceedings, the Director of the Executive Office for Immigration Review shall facilitate robust training ***programs*** for immigration judges and members of the Board of Immigration Appeals. (b) Mandatory Training.--Training facilitated under subsection (a) shall include-- (1) expanding the training ***program*** for new immigration judges and Board members; (2) continuing education regarding current developments in immigration law through regularly available training resources and an annual conference; and (3) methods to ensure that immigration judges are trained on properly crafting and dictating decisions and standards of review, including improved on-bench reference materials and decision templates. SEC. 523. NEW TECHNOLOGY TO IMPROVE COURT EFFICIENCY. The Director of the Executive Office for Immigration Review will modernize its case management and related electronic systems, including allowing for electronic filing, to improve efficiency in the processing of immigration proceedings. Subtitle C--Reducing the Likelihood of Repeated Migration to the United States SEC. 531. ESTABLISHING REINTEGRATION AND MONITORING SERVICES FOR REPATRIATING CHILDREN. (a) Consultation With UNHCR.--The Secretary of Homeland Security, the Secretary of Health and Human Services, and the Secretary of State shall consult with the United Nations High Commissioner for Refugees (referred to in this section as the ``UNHCR''), Central American governments, and nongovernmental organizations with expertise in child welfare and unaccompanied migrant children to develop a child-centered repatriation process for unaccompanied children being returned to their country of origin that requires a determination of the best interest of the child before the child is repatriated to his or her country of origin. (b) Collaboration With Regional Governments and Nongovernmental Organizations.--The Secretary of State and the Administrator of the United States Agency for International Development, in coordination with the Secretary of Homeland Security, shall collaborate with regional governments and international and domestic nongovernmental organizations to reduce children's need to emigrate again by-- (1) establishing and expanding comprehensive long-term reintegration services at the municipal level for repatriated unaccompanied children once returned to their communities of origin; (2) establishing monitoring and verification services to determine the well-being of repatriated children in order to determine if United States protection and screening functioned effectively in identifying persecuted and trafficked children; (3) providing emergency referrals to the UNHCR for registration and safe passage to an established emergency transit center for refugees for any repatriated children who are facing immediate risk of harm; and (4) ensuring that international and domestic civil society organizations with expertise in child welfare, unaccompanied migrant children, and international protection needs have access to government run reception centers for repatriated children-- (A) to identify children with protection needs; and (B) to offer child services following their return to their communities.

**Load-Date:** October 31, 2018

**End of Document**



[***B. Sagintayev sets specific tasks before the Government members related to the implementation of the Address of the President of the Republic of Kazakhstan***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RCS-PCJ1-F19S-P4P6-00000-00&context=1516831)

Emerging Markets Brokers Reports - Russia

January 11, 2018 Thursday 4:18 PM EEST

Copyright 2018 SeeNews All Rights Reserved



**Length:** 3573 words

**Byline:** SeeNews

**Body**

Today in Ukimet Uyi, Prime Minister Bakytzhan Sagintayev chaired a Government meeting on the implementation of the instructions of the Head of State given in his Address to the People of Kazakhstan "New Development Opportunities in the Conditions of the Fourth Industrial Revolution" of January 10, 2018.

In the Address, President N. Nazarbayev sets before the Government a number of tasks in ten key areas.

During the Government meeting, Prime Minister Bakytzhan Sagintayev gave a number of specific instructions.

First, with regards to industrialization and the introduction of new technologies, the Ministry of Investment and Development was instructed to develop new tools aimed at modernizing and digitizing domestic enterprises with emphasis on product export and technology ***transfer***, as well as identifying pilot projects for digitizing a number of industrial enterprises and proceeding to their implementation. Responsibility is placed on Minister of Investments and Development Zh. Kassymbek.

"The Ministry of Information and Communications needs to develop a set of measures to develop digital and innovative solutions on the basis of Nazarbayev University, AIFC and the International IT-Startup Technopark; the functioning of the private venture financing market and ensure the development of appropriate legislative amendments," - the Prime Minister said.

Responsibility is assigned to Minister of Investments and Development Zh. Kassymbek. Responsible - Minister of Information and Communications D. Abayev.

In addition, the Ministry of Investments and Development was tasked to begin drafting the state ***program*** of the third five-***year*** industrialization plan with an emphasis on digital technologies. The on responsible is Minister Zh. Kassymbek.

In connection with the digitalization of the economy, special attention is paid to employment issues. Bakytzhan Sagintayev instructed the Ministry of Labor and Social Protection of Population, in conjunction with the Akimats and concerned Ministries, to assess the risks of the release of workers and to determine a coordinated policy for the employment of the released workers, in general, to speed up work on the flow of labor. Responsibility is assigned to Minister T. Duissenova.

Secondly - further development of the resource potential.

"The Ministries of Investments and Development, Energy, are instructed to take measures to improve approaches to extracting minerals by actively introducing integrated information and technological platforms," - ​​Bakytzhan Sagintayev said.

The Ministries of Investments and Development, Energy, and ***Agriculture*** were instructed to work out the issues of setting energy consumption standards for the production of a unit of output. The Ministry of Energy needs to make proposals on creating conditions for attracting investments in the field of renewable energy sources.

Bakytzhan Sagintayev instructed the Ministry of Energy together with regional Akims to develop:

- In a month's time: roadmaps for the creation of a system of modern-tech utilization and processing of solid waste;

- Relevant amendments to the Environmental Code and other legislative acts.

Responsibility is placed on Minister K. Bozumbayev.

Thirdly, the Prime Minister gave a number of specific instructions on the development of the country's agro-industrial complex.

The Ministry of ***Agriculture*** is instructed to:

- Together with concerned state bodies and regional Akims, to revise the target indicators of the Agro-Industrial Complex Development State ***Program***, to develop a set of measures to achieve them and to submit concrete proposals to the Government before March 1;

- Together with the Ministry of Education and Science and Akims of the regions, to review the role of agrarian science and agrarian universities, the main focus of which should be the ***transfer*** and adapt modern knowledge and technologies;

- Together with Akims of regions to within a month present conceptual approaches to development and measures to support ***agricultural*** cooperation;

- In order to preserve the quality and environmental friendliness of products in conjunction with concerned state bodies and organizations to bring in line with international norms the regulatory legal acts and technical documents on the production and use of biological means of plant protection and other biological products;

- Together with the Ministry of Investments and Development and Atameken, to in a month's time select strategic niches in international markets to promote domestic products, including the brand "Made in Kazakhstan";

- Together with concerned state bodies, to work out the issue of reorienting inefficient subsidies to reduce the cost of bank loans in order to increase the efficiency of state support for the agro-industrial complex.

Responsibility for the block is assigned to U. Shukeyev.

The fourth area concerns the improvement of the efficiency of transport and logistics infrastructure.

The Ministry of Investments and Development together with the Ministries of Information and Communication, Finance and KTZ JSC are instructed to:

- Study and ensure the introduction and use of modern technologies, such as bloc-chain and analysis of Big Data, for cargo monitoring in online mode and simplification of customs procedures;

- To improve the quality of local roads, to bring the total amount of budget funds allocated annually, in the medium term, up to 150 billion tenge,

- Ensure the phased implementation of the Intelligent Transport System.

Responsibility is assigned to Minister Zh. Kassymbek.

Fifth - the introduction of modern technologies in construction and utilities.

"The Ministry of Investment and Development, taking into account the tasks set by the Head of State, is assigned to make concrete proposals in a month's time to bring the indicator of housing provision per resident by 2030 to 30 square meters. If necessary, make suggestions for adjusting the Nurly Zher ***Program***," - Bakytzhan Sagintayev said.

The Ministry of Investment and Development needs to ensure that necessary changes and additions are made to normative legal acts in the field of construction with respect to the application of new construction methods, approaches to designing and planning urban development, the use of modern materials, higher quality requirements, environmental friendliness and energy efficiency of buildings and structures. Also, mechanisms should be developed for equipping the sites under construction and those already commissioned with intelligent management systems. Responsibility is assigned to Minister Zh. Kassymbek.

The Ministry of National Economy, together with regional Akimats, was instructed to develop an appropriate PPP mechanism during the modernization of housing and communal infrastructure and step up measures to implement it. The one responsible is Minister T. Suleimenov.

The Ministry of ***Agriculture*** together with the Ministries of Investments and Development, National Economy and regional Akims was instructed to take measures to annually allocate not less than 100 billion tenge from all sources to provide rural settlements with quality drinking water. Control is assigned to U. Shukeyev.

Sixth. With respect to the "reboot" of the financial sector, most of the issues concern the National Bank. In this regard, Daniyar Akishev will make his proposals to the National Plan for the implementation of the Address.

With regards to the introduction of a bankruptcy system for individuals, the Ministry of Finance must submit relevant draft laws to the Government before the end of April. Responsibility is assigned to Minister B. Sultanov.

The Ministry of National Economy, together with concerned state bodies and organizations, was tasked to ensure further development of the stock market, including the successful transition of shares of National Companies of NWF Samruk-Kazyna to IPO. Responsibility is assigned to Minister T. Suleimenov.

The Astana International Financial Center, in conjunction with the Ministries of Finance, National Economy and Samruk-Kazyna National Welfare Fund, is tasked to ensure the preparation of the AIFC site for IPO. K. Kelimbetov is responsible.

Seventh. In the direction "Human capital - the basis of modernization", a number of instructions have been given with regards to education and healthcare, as well as the social bloc.

The Ministry of Education and Science jointly with the Ministries of Labor, National Economy, Finance, and Akims are instructed to take measures:

- On making a 30% increase to the official salaries of teachers, who switched to the updated curricula, beginning January 1, 2018;

- On the introduction in 2018 of a national qualification test for teachers, with the definition of a new grid of categories according to the level of qualifications;

- Increase from 30% to 50% the teachers' salaries, depending on the confirmed qualification as per the new system.

Together with the concerned state bodies and Akimats, the Ministry of Education and Science needs:

- To make proposals on the improvement of ***programs*** for the early development of children and their implementation from September 1, 2019;

- To review the experience of the CIS and OECD countries and make proposals to reduce the educational burden on students in schools;

- To take measures to develop departments and faculties in pedagogical higher education institutions;

- To improve the quality of teaching of mathematical and natural sciences at all levels of education;

- To continue work on the development of digital educational resources with the placement of video lessons and video lectures on the Internet;

- To provide schools with modern technical support with connection to broadband Internet;

- To introduce per capita financing with attraction of private capital;

- To take measures to create in all regions a network of children's technoparks and business incubators with all the necessary infrastructure on the premises of schoolchildren's palaces;

- To ensure further implementation of the project "Free Vocational Education for All" and to take measures to update the ***programs*** with the involvement of employers and taking into account international requirements and the development of digital skills;

- To revise the ***programs*** of universities with an emphasis on studying new information technologies, and also to take measures to develop university science, including the transition of applied scientific research into English;

- To develop joint projects with leading foreign universities and research centers, large enterprises and TNCs;

- To introduce a mandatory requirement for applied research and development to attract co-financing from the private sector;

- To work out the issues on supporting young scientists with the allocation of quotas within the framework of scientific grants;

- To legislatively fix the academic freedom of universities with the right to create educational ***programs***;

- To take measures on retraining of teachers, attracting foreign managers in high schools, opening campuses of world universities.

Responsibility is assigned to Minister Y. Sagadiyev.

The Prime Minister also gave instructions on the transition of the alphabet to the Latin script.

"The Head of State pays special attention to the issue of terminology in the Kazakh language. There is no need to translate existing international terms and complicate the Kazakh language. When switching to the Latin script, international terms should be used in convenient and rational ways for our language," - Bakytzhan Sagintayev said.

In this connection, the Ministry of Culture and Sport needs to revise the ways of translating global terms with the approval of the society. Responsibility is assigned to Minister A. Mukhamediuly.

With regards to healthcare, it has been instructed to work out and submit to the Government by the end of May this ***year*** the draft state ***program*** for the development of health care and a comprehensive plan to combat oncological diseases.

The Ministry of Healthcare should develop and submit to the Government this ***year*** a new model of the guaranteed amount of free medical care, setting clear boundaries for the state's obligations, as well as a new edition of the Code on People's Health and the Healthcare System.

Ministries of Healthcare, Labor and Social Protection of Population are assigned to carry out thorough preparatory work in order to prepare the society for the implementation of CSMI.

"It is necessary to accelerate the introduction of e-health certificates after pilot operation, to provide citizens with online access to information about their health and to expand the possibility of obtaining health services through various mobile technologies. To this end, the regional Akimats this ***year*** need to ensure that all medical organizations are 100% equipped with information systems," - Bakytzhan Sagintayev noted.

The Nazarbayev University together with the Ministries of Healthcare, Finance need to within this ***year*** solve all organizational issues regarding the construction of a scientific oncology center. Responsibility is assigned to Minister of Healthcare Y. Birtanov.

With respect to the social bloc, the Ministry of Labor, together with the Ministry of Education and Science, and state bodies are instructed to analyze the work on the development of modern professional standards and to submit proposals to the Government in a month's time to develop or update professional standards.

"At the next meeting of the Government, report on the process of formalizing self-employed citizens, and report on the implementation of the new format for providing targeted social assistance, introduced this ***year***" - the Prime Minister said.

The Ministry of Labor also needs to speed up the passage in the Parliament of the draft law providing for the introduction of a single electronic exchange. Until April 1, 2018, the bill should be adopted.

"From July 1 of this ***year***, the system for assigning basic pensions is changing. All agencies of social protection must provide maximum assistance to our citizens in the legalization of their labor activities," - Bakytzhan Sagintayev said.

In this connection, the Ministries of Labor, Finance, National Economy and Justice are instructed to work out the issues of legislative consolidation of the norms for the timely introduction of state assistance for parents caring for 1st category disabled adults. It is also necessary to work out the issues in the social insurance system to strengthen the relationship between the length of service and the size of ***payments***.

The one responsible for the entire block is Minister T. Duissenova.

Eighth. With respect to "effective public administration", Prime Minister Bakytzhan Sagintayev noted that "the development of entrepreneurship is one of the main priorities of the work of the Government".

A number of instructions were given to the Ministry of National Economy:

To take measures on the speedy passage in the Parliament of the bill aimed at further deregulating the business, including the reduction of costs for entrepreneurs.

To take necessary measures to develop a new bill to improve the business climate, support the business and pull it out of the shadows.

Continue work to improve the quality of services provided by natural monopoly entities, to secure the interests of consumers with the establishment of reasonable tariffs for subjects of natural monopolies and energy producers, taking into account their investment ***programs***.

The Ministries of National Economy, Finance, together with concerned state bodies, national holdings and regional Akimats, are to ensure the implementation of the privatization plan, expanding it by reducing the number of subordinate organizations of state bodies, taking into account the Yellow Pages principles.

Regarding the remaining subordinate organizations, it is instructed to work on their consolidation to reduce administrative costs. Responsibility is assigned to Minister T. Suleimenov.

The Ministry of Information and Communication together with the Ministry of National Economy should take measures to optimize business processes and ensure their automation by the end of this ***year***, and in conjunction with state bodies to intensify the work on the integration of information systems to switch to the provision of popular public services on the principle of one application that will avoid repeated inquiries from citizens.

In addition, the Prime Minister drew the attention of the Government members to observance of the principles of information security and establishment of effective feedback with the population for the prompt resolution of emerging issues. Responsibility is assigned to Minister D. Abayev.

In order to improve the business climate in the regions, the Akimats are instructed to strengthen work on the achievement of the established indicators in their detailed plans for the development of entrepreneurship.

The Ministry of Justice, Akimats of Astana and Mangystau region together with the Agency for Civil Service and Anti-Corruption Affairs were instructed to ensure the implementation of a new system of remuneration for civil servants based on a point-factor scale. Control is assigned to E. Dossaev.

Special attention was paid to the development of tourism.

"In order to develop inbound and outbound tourism, the Ministry of Culture and Sport, together with concerned state bodies and regional Akims, are to within a month's time, in accordance with the established procedure, ensure the adoption of the Action Plan for the implementation of the Concept for the Development of the Tourism Industry until 2023. The responsible minister is A. Mukhamediuly," - Bakytzhan Sagintayev noted.

With the aim of increasing the financial independence of cities of regional importance, villages and rural districts with a population of more than 2 thousand people, the Ministry of National Economy, together with the Ministry of Finance and regional Akims, is tasked to ensure full implementation of the fourth level of the budget and municipal property of local self-government, and from January 1, 2020 - in the remaining villages with a population of 2 thousand people or less. Responsibility is assigned to Minister T. Suleimenov.

At the same time, in order to ensure reliable protection of its information systems and devices during the introduction of new technologies, the Ministry of Defense and Aerospace Industry, together with concerned state bodies, needs to continue working in this direction. Responsibility is assigned to Minister B. Atamkulov.

The ninth task.

"With respect to "fighting corruption and the rule of law", all government bodies need to continue battling corruption. The Ministry of Information and Communication are to finalize the available information systems in order to ensure access of citizens to the process of consideration of their appeals," - Bakytzhan Sagintayev noted. Responsibility is assigned to Minister D. Abayev.

The Ministry of Internal Affairs also needs to continue work on humanizing law enforcement.

"The Ministry of Internal Affairs, in conjunction with concerned state bodies, should take additional measures to introduce intelligent systems of video surveillance and identification on the streets and in places of mass congestion of citizens, traffic control," - the Prime Minister said.

Responsibility is assigned to Minister K. Kassymov.

The Ministry of Justice, in agreement with the Prosecutor General's Office and the Supreme Court, must make appropriate proposals for strengthening the guarantees of the constitutional rights of citizens, ensuring the rule of law. Responsibility is assigned to Minister M. Beketayev.

On the tenth task - "Smart Cities" for the "smart nation".

"All the Akimats should continue their work on the integrated implementation of Smart City technologies on the basis of a standard concept and developing the competency of people moving to cities," - Bakytzhan Sagintayev said.

The Ministry of Information and Communication was instructed to coordinate the work of local executive bodies in this direction and provide comprehensive consulting assistance on all issues raised within the framework of the Smart City projects. Responsibility is assigned to Minister D. Abayev.

In conclusion, the Prime Minister instructed the Ministry of National Economy, in accordance with the procedure established by the legislation, to before 12:00 of January 13 of this ***year*** submit to the Government of the Republic of Kazakhstan the coordinated draft Decree of the Government of the Republic of Kazakhstan "On the Draft Decree of the President of the Republic of Kazakhstan" On Approval of the National Plan for the Implementation of the Address of the Head of State to the People of Kazakhstan "New Opportunities for Development in the Conditions of the Fourth Industrial Revolution".

"We will review the progress of the implementation of the instructions of the Head of State in the Government on a regular basis," - Bakytzhan Sagintayev summed up.

[*www.primeminister.kz*](http://www.primeminister.kz)

\* \* \* \* \*

The information contained herein is provided on an "AS IS" basis and to the maximum extent permitted by applicable law. AII Data Processing does not endorse in any way, the views, opinions or recommendations expressed above. The use of the information is subject to the terms and conditions as published by the original source, which you have to read and accept in full prior to the execution of any actions taken in reliance on information contained herein.

**Load-Date:** January 11, 2018

**End of Document**



[***Zimbabwean Reform Process To Proceed But Only Very Slowly***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5T64-Y691-F0J5-83NM-00000-00&context=1516831)

Business Monitor Online

September 4, 2018 Tuesday

Copyright 2018 Business Monitor International Ltd. All Rights Reserved



**Length:** 2538 words

**Highlight:** In order to attract investment, the government of President Emmerson Mnangagwa will need to make significant reforms with the most crucial areas being fiscal policy, property rights, the security sector, corruption and the currency regime.

**Body**

**Key View:** In order to attract investment, the government of President Emmerson Mnangagwa will need to make significant reforms with the most crucial areas being fiscal policy, property rights, the security sector, corruption and the currency regime. We are most positive about the prospects for improved property rights and also expect some progress in reforming fiscal policy. In contrast, we are least optimistic on the prospects for security sector reform given that the military will maintain heavy influence in the new government. Taking the above into account, we believe that there will be enough progress on a two-***year*** time horizon for the repeal of US sanctions, which would pave the way for a return to eligibility for IMF funding. There is no short-term fix for the currency, effective reform of which will depend on progress made in other areas.

The currency system will continue to weigh on the proper functioning of the economy for at least the next 12 months, in our view. Zimbabwe's new government faces a daunting task in reviving the economy, which is labouring under a dearth of FX liquidity, low capacity utilisation and a weak regulatory environment. To get the economy moving again, the authorities will need to make key reforms to revive investor confidence and re-engage with bilateral and multilateral partners. In this piece we discuss these reforms, and provide our take on whether the government of President Emmerson Mnangagwa will make progress on each issue.In short, we believe that the authorities will continue to make rapid progress in addressing property rights while fiscal reforms will proceed steadily despite some headwinds. We are less optimistic about reforms relating to tackling corruption and in the security services.

**Zimbabwe - Key Reform Areas**

|  |  |  |  |
| --- | --- | --- | --- |
| Reform area | Direct Economic Impact | ZDERA Issue | Probability Of Progress\* |
| Property Rights | High - through increasing investor confidence and potentially allowing resettled farmers to borrow against land | Yes | High Probability |
| Fiscal Policy | High - through freeing up bank resources, and improving liquidity and increasing prospects of multilateral re-engagement | No | Medium-High Probability |
| Corruption | High - through increasing investor confidence and freeing up fiscal resources | Yes | Medium-Low Probability |
| Currency | High - through improving liquidity, allow for a unified currency regime and attracting foreign investment | No | Low probability (but more progress likely in the medium term) |
| Security Sector | Medium - progress would not have immediate benefits but would improve long-term political and economic stability | Yes | Low Probability |

Source: Fitch Solutions. \*Probability of Progress is assesed over a 12-24 month time horizon. Taking all of this together, we see it as likely that government will make enough progress over the next two ***years*** to convince the US to repeal the Zimbabwe Democracy and Economic Recovery Act (ZDERA), a piece of American legislation that obligates American representatives at the IMF to vote against ***programs*** for the country. Given that the US has by far the largest vote share at the IMF, a return to eligibility for Fund financing is very dependent on the repeal of ZDERA. A return to eligibility for IMF financing would likely catalyse sufficient inflows to build up reserves to the point where a viable currency plan will be put into place. We stress though that accumulation of sufficient reserves is likely to take 18 months to two ***years*** to play out. As such we see economic growth remaining subdued in the short-term before beginning to accelerate in the medium term.

|  |
| --- |
| Economic Growth To Accelerate As Reforms Gather Momentum |
| Zimbabwe - GDP |
|  |
| *e/f = Fitch Solutions estimate/forecast. Source: Fitch Solutions/UN* |

**Property RightsReform:** Providing an environment in which both domestic and foreign owners of assets have assured property rights, in particular in the ***agriculture*** sector. **Background:** The compulsory and, in many cases violent, acquisition of white-owned farms in the early 2000s and the introduction of an indigenous law in 2008 (which required that all businesses have a majority black Zimbabwean owner) have left both foreign and domestic investors uncertain that property rights will be respected.Improving certainty with respect to ownership of assets in Zimbabwe will encourage both local and much-needed foreign investment. Given that a 'respect for ownership and title to property' is an explicit pre-condition for the repeal of ZDERA, progress in assuring Washington that property will be respected would go a long way towards regaining eligibility for IMF ***programs***. **Outlook:** Efforts to strengthen property rights are already underway and we believe that rapid progress is likely over the coming ***years***. One of Mnangagwa's first actions as interim president was to amend the 2008 indigenisation law, with the 51% local ownership requirement now only applying to the diamond and platinum mining sectors. He has also said that he plans to compensate dispossessed white farmers for improvements they had made to the land, which would help to progress the granting of some form of title to new occupiers of the land. As part of this process, the new government has also said that while ***agriculture*** land will remain owned by the state, occupiers will be granted 99-***year*** leases, which they can use as collateral for bank loans. These processes will take time to complete and may be subject to technical issues (it is not certain that banks will accept 99-***year*** leases as collateral for instance) but we believe that progress will be steady nonetheless. As such we expect to see increased domestic investment into the ***agriculture***, which will provide tailwinds to overall economic growth.

**Fiscal PolicyReform:** Reduce spending and increase revenues to bring fiscal accounts closer to balance. **Background:** Zimbabwe's fiscal position has deteriorated sharply over recent ***years***, largely due to a rapidly rising wage bill and to significant subsidies for farm produce under the Command ***Agriculture*** ***program*** ( *see 'Budget Deficit To Remain Above USD1.0bn Despite Consolidation Efforts', March 7*).

|  |
| --- |
| Large Fiscal Deficit Is A Major Drag On Growth |
| Zimbabwe - Budget Balance |
|  |
| *e/f = Fitch Solutions estimate/forecast. Source: Fitch Solutions/AfDB* |

Reducing the government's financing needs will decrease the extent to which the authorities rely on the domestic banking sector for financing, which will ease liquidity restraints and free up bank resources for private sector lending. Fiscal sustainability is also crucial to creating a credible plan to pay down debt arrears, a necessary step to re-engage with international creditors such as the IMF and World Bank. **Outlook:** The outlook for fiscal reform is mixed. We anticipate some progress will be made at consolidating the public sector wage bill, which will free up some fiscal resources to pay down debt and channel towards more productive areas. However, the political nature of public sector wages means progress will be slow. Furhtermore, we believe that spending consolidation will be more difficult to achieve in other areas, particularly in the government's Command ***Agriculture*** ***program***.President Emmerson Mnangagwa was yet to announce his cabinet at the time of writing, but the man he chose to act as Finance when he assumed power as interim leader in November 2017 until elections in July 2018 was Patrick Chinamasa. Chinamasa had served as head of the finance ministry on and off during former President Robert Mugabe's rule with varying results. In his most recent stint however, he made staunch efforts to rationalise the wage bill and to re-engage with multilateral institutions. While Mugabe and members of a faction opposed to Mnangagwa's ascent to the presidency thwarted these efforts to a large extent, with the factional battle largely settled, Chinamasa or a similar pick will have more room to rationalise employment spending. However, the process will have to be balanced against efforts to contain discontent amongst the large number of Zimbabweans employed by the government. This underpins our view that the public wage bill will decrease only slowly and will continue to eat up a disproportionately large portion of fiscal resourcesMeanwhile, we see little likelihood that there will be reform to subsidised prices for crops under the Command ***Agriculture*** ***program***. The ***program*** entails providing farmers with loans and inputs for the production of maize. Beneficiaries are required to repay the loan by giving a percentage of their product to the state-owned Grain Marketing Board (GMB). The GMB then buys the remainder of the crop at predetermined prices. In the 2016/17 season this price was set at USD390/tonne, well above global prices of USD145/tonne while total output registered a record 2.2mn tonnes. Mnangagwa was a major proponent of the ***program*** during his time as Mugabe's vice-president and it will likely remain a major plank in the government's ***agriculture*** sector policy. The extent of financing required will depend on production levels and global prices, however overall we expect the ***program*** to remain a heavy drag on fiscal resources.

**CorruptionReform:** Enact measures to tackle high levels of corruption in government and the civil service. **Background:** Zimbabwe is ranked 157th out of 180 countries in the 2018 edition of Transparency International's corruption perception index. Graft is seen as prevalent across most levels of government and acts a major drain on fiscal resources as well as an obstacle for both foreign and domestic investment.Tackling graft would free up budget resources to help in the fiscal consolidation process outlined above. It would also be positive for foreign partner perceptions and would support ZDERA repeal. Dealing with corruption would also provide tailwinds for foreign and domestic investment, by reducing costs and uncertainty of doing business in the country. **Outlook:** The outlook for tackling corruption is mixed. Mnangagwa has made it a key priority and during his early days as interim president, several senior ZANU-PF politicians were arrested on charges of corruption. Furthermore, upon coming to power in November his administration immediately removed ubiquitous police roadblocks, which had been essentially extorting money from Zimbabwean motorists for several months previously. While these moves were arguably related to settling factional scores, they nonetheless were a net positive for Zimbabwe's corruption profile. With that said, we see it as unlikely that Mnangagwa will be willing to go after his allies (many of whom are widely perceived to be as corrupt as those who have recently been arrested) given that could threaten his power base. As such, while we see it as likely that the Mnangagwa will continue to implement some measures aimed at tackling corruption, corruption will remain an impediment to doing business in the country, raising costs and increasing uncertainty.

**Security SectorReform:** Ensure that members of the armed forces are non-partisan and do not act in a way that favours a particular political party. **Background:** Zimbabwe's security services are widely believed to be partisan actors in favour of President Emmerson Mnangagwa's ZANU-PF party with senior officers going on record to imply that they would refuse to salute or serve under politicians from parties than ZANU-PF.

|  |
| --- |
| Security Sector Influence Weighs On Characteristics Of Polity |
| Zimbabwe - Long-Term Political Risk Index |
|  |
| *e/f = Fitch Solutions estimate/forecast. Source: Fitch Solutions* |

Security sector reform would go a long way towards levelling the political playing field with an opposition candidate unlikely to win the presidency in the current environment. **Outlook:** Major security sector reform is highly unlikely under the new government. The military was crucial to Mnangagwa's ascent to power after it ousted former President Mugabe in a soft coup in November 2017 ( *see 'Soft Coup Brings Mnangagwa Back Into The Fold', 15 November*), The security forces are therefore widely viewed as the real power behind Mnangagwa. Military leaders were given senior positions in Mnangagwa's interim government including the vice-presidency, ***agriculture*** and foreign affairs ministries and are likely to be strongly represented in the new cabinet.At the time of writing, Mnangagwa has announced on twitter that he has appointed a panel (consisting of respected international and local experts) to investigate the deaths of six civilians killed in an army crackdown during post-election protests. While the announcement is an ostensibly positive sign that tere is some political will to reform the military exists, as its formation suggests that Mnangagwa did not order military intervention, this only raises questions over how much control over the military he actually has. Alternatively, more cynical observers believe that Mnangagwa himself ordered troops on to the streets or at least knew of the plan, which would suggest that the commission of enquiry is more a public relations exercise as opposed a genuine indication of upcoming reforms.

**CurrencyReform:** Introduce a currency regime that improves liquidity flows into the economy while simultaneously remains relatively stable against the currencies of major trading partners. **Background:** The authorities abandoned the Zimbabwean dollar in 2009, adopting a multi-currency regime dominated by the US dollar. Persistent net outflows from the external accounts led to a drying up in the country's liquid FX supplies. The situation has been exacerbated by excessive government borrowing from the domestic banking sector, which has left banks short of cash liquidity, leading to USD cash trading at a premium to ***payments*** made by electronic ***transfer*** or using debit cards even though these are also ostensibly denominated in USD. The authorities introduced a quasi-local currency called bond notes in November 2016, ostensibly pegged at 1:1 to USD cash, in bid to tackle the shortage. However as bond notes cannot be used outside of the country, they also trade at a discount to greenback cash, although to a lesser extent than bank account dollars. The complex multi-currency system has led to rapid inflation in bank dollar and bond note terms.

|  |
| --- |
| Banking Sector's Net Foreign Assets Picture Is Indicative Of Currency Woes |
| Zimbabwe - Net Foreign Assets Of Banking System (Commercial & Central Banks), USDbn |
|  |
| *Source: RBZ, Fitch Solutions* |

Addressing the currency woes would help to improve businesses' access to imported inputs and capital goods. In turn, this would grease the wheels of the economy, bolstering business and consumer confidence. **Outlook:** The prospect of substantive currency reform depends largely on investment and multilateral inflows to build up reserves to ensure sufficient FX liquidity. These flows in turn depend on the factors outlined above (among others) and so progress is likely to be slow. In our view, the authorities have several options with respect to the currency including re-dollarising, de-dollarising (re-introducing a domestic currency) or joining the Common Monetary Union, which consists of South Africa, Swaziland, Lesotho and Namibia with the currencies of the last three being pegged to the South African rand.

**Load-Date:** September 4, 2018

**End of Document**



[***Washington: TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL 8:30 A.M (Eastern) Thursday, August 2, 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SY7-YGX1-JDG9-Y2H2-00000-00&context=1516831)

Impact News Service

August 2, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 3230 words

**Body**

Washington: U.S.Department of Labor has issued the following news release:

adjusted insured unemployment rate was 1.2 percent for the week ending July 21, unchanged from the previous week's unrevised rate. The advance number for seasonally adjusted insured unemployment during the week ending July 21 was 1,724,000, a decrease of 23,000 from the previous week's revised level. The previous week's level was revised up 2,000 from 1,745,000 to 1,747,000. The 4-week moving average was 1,741,750, a decrease of 4,500 from the previous week's revised average. The previous week's average was revised up by 500 from 1,745,750 to 1,746,250. UNADJUSTED DATA The advance number of actual initial claims under state ***programs***, unadjusted, totaled 179,538 in the week ending July 28, a decrease of 21,750 (or -10.8 percent) from the previous week. The seasonal factors had expected a decrease of 22,607 (or -11.2 percent) from the previous week.

There were 198,776 initial claims in the comparable week in 2017. The advance unadjusted insured unemployment rate was 1.2 percent during the week ending July 21, unchanged from the prior week. The advance unadjusted number for persons claiming UI benefits in state ***programs*** totaled 1,708,718, a decrease of 51,786 (or -2.9 percent) from the preceding week. The seasonal factors had expected a decrease of 29,691 (or -1.7 percent) from the previous week. A ***year*** earlier the rate was 1.4 percent and the volume was 1,939,674. The total number of people claiming benefits in all ***programs*** for the week ending July 14 was 1,786,144, a decrease of 12,100 from the previous week. There were 2,006,190 persons claiming benefits in all ***programs*** in the comparable week in 2017. No state was triggered 'on' the Extended Benefits ***program*** during the week ending July 14. Initial claims for UI benefits filed by former Federal civilian employees totaled 738 in the week ending July 21, a decrease of 100 from the prior week. There were 611 initial claims filed by newly discharged veterans, a decrease of 47 from the preceding week. There were 7,652 former Federal civilian employees claiming UI benefits for the week ending July 14, an increase of 205 from the previous week. Newly discharged veterans claiming benefits totaled 7,534, an increase of 34 from the prior week. The highest insured unemployment rates in the week ending July 14 were in New Jersey (2.5), Connecticut (2.3), Puerto Rico (2.3), Pennsylvania (2.1), Alaska (2.0), Rhode Island (2.0), California (1.9), the Virgin Islands (1.9), Illinois (1.6), Massachusetts (1.5), and New York (1.5). The largest increases in initial claims for the week ending July 21 were in Michigan (+3,703), Kentucky (+2,562), Missouri (+1,053), Kansas (+301), and Wyoming (+11), while the largest decreases were in New York (-8,310), Georgia (-3,732), Alabama (-3,361), Pennsylvania (-2,388), and Oregon (-1,884). UNEMPLOYMENT INSURANCE DATA FOR REGULAR STATE ***PROGRAMS*** WEEK ENDING July 28 July 21 Change July 14 Prior Year1 Initial Claims (SA) 218,000 217,000 +1,000 208,000 243,000 Initial Claims (NSA) 179,538 201,288 -21,750 232,238 198,776 4-Wk Moving Average (SA) 214,500 218,000 -3,500 220,750 242,000 WEEK ENDING July 21 July 14 Change July 7 Prior Year1 Insured Unemployment (SA) 1,724,000 1,747,000 -23,000 1,753,000 1,963,000 Insured Unemployment (NSA) 1,708,718 1,760,504 -51,786 1,772,698 1,939,674 4-Wk Moving Average (SA) 1,741,750 1,746,250 -4,500 1,736,250 1,961,750 Insured Unemployment Rate (SA)2 1.2% 1.2% 0.0 1.2% 1.4% Insured Unemployment Rate (NSA)2 1.2% 1.2% 0.0 1.2% 1.4% INITIAL CLAIMS FILED IN FEDERAL ***PROGRAMS*** (UNADJUSTED) WEEK ENDING July 21 July 14 Change Prior Year1 Federal Employees (UCFE) 738 838 -100 731 Newly Discharged Veterans (UCX) 611 658 -47 724 PERSONS CLAIMING UI BENEFITS IN ALL ***PROGRAMS*** (UNADJUSTED) WEEK ENDING July 14 July 7 Change Prior Year1 Regular State 1,758,517 1,770,665 -12,148 1,971,760 Federal Employees 7,652 7,447 +205 8,391 Newly Discharged Veterans 7,534 7,500 +34 10,120 Extended Benefits3 11 21 -10 0 State Additional Benefits4 5,317 5,534 -217 6,042 STC / Workshare 5 7,113 7,077 +36 9,877 TOTAL 1,786,144 1,798,244 -12,100 2,006,190 FOOTNOTES SA - Seasonally Adjusted Data, NSA - Not Seasonally Adjusted Data 1. Prior ***year*** is comparable to most recent data. 2. Most recent week used covered employment of 141,951,699 as denominator. 3. Information on the EB ***program*** can be found here: EB ***Program*** information 4. Some states maintain additional benefit ***programs*** for those claimants who exhaust regular, extended and emergency benefits. Information on states that participate, and the extent of benefits paid, can be found starting on page 4-5 of this link: Extensions and Special ***Programs*** PDF 5. Information on STC/Worksharing can be found starting on page 4-9 of the following link: Extensions and Special ***Programs*** PDF Advance State Claims - Not Seasonally Adjusted Initial Claims Filed During Week Ended July 28 Insured Unemployment For Week Ended July 21 STATE Advance Prior Wk Change Advance Prior Wk Change Alabama 2,095 2,722 -627 18,084 18,784 -700 Alaska 807 684 123 5,793 6,196 -403 Arizona 3,916 4,300 -384 28,573 31,670 -3,097 Arkansas 1,330 1,487 -157 11,865 13,112 -1,247 California 37,125 39,610 -2,485 316,781 321,417 -4,636 Colorado 1,624 1,606 18 19,158 19,331 -173 Connecticut 2,560 2,592 -32 38,529 37,630 899 Delaware 503 475 28 5,503 5,396 107 District of Columbia 559 481 78 8,019 8,178 -159 Florida 6,467 7,519 -1,052 41,456 47,755 -6,299 Georgia 4,543 6,364 -1,821 26,091 28,305 -2,214 Hawaii 1,101 1,100 1 7,266 7,068 198 Idaho 652 736 -84 4,360 4,627 -267 Illinois 6,778 7,446 -668 93,227 95,868 -2,641 Indiana 2,112 1,946 166 14,577 13,965 612 Iowa 2,571 1,502 1,069 14,113 14,096 17 Kansas 1,422 1,739 -317 8,995 8,890 105 Kentucky 5,774 6,453 -679 22,065 22,580 -515 Louisiana 1,997 2,198 -201 17,440 19,196 -1,756 Maine\* 472 707 -235 4,153 4,816 -663 Maryland 3,187 2,932 255 28,608 31,037 -2,429 Massachusetts 4,164 4,356 -192 53,303 53,255 48 Michigan 4,717 10,842 -6,125 45,145 56,582 -11,437 Minnesota 2,188 2,293 -105 26,576 26,203 373 Mississippi 926 1,082 -156 10,974 12,221 -1,247 Missouri 2,679 5,028 -2,349 25,388 26,444 -1,056 Montana 411 430 -19 4,724 4,788 -64 Nebraska 567 545 22 4,502 4,511 -9 Nevada 2,417 2,141 276 17,616 18,846 -1,230 New Hampshire 409 410 -1 3,609 3,969 -360 New Jersey 7,527 8,254 -727 101,144 99,334 1,810 New Mexico 590 724 -134 9,218 9,473 -255 New York 12,066 13,114 -1,048 137,063 138,878 -1,815 North Carolina 2,918 2,856 62 19,987 21,026 -1,039 North Dakota 270 217 53 2,359 2,114 245 Ohio 4,899 5,534 -635 48,009 50,906 -2,897 Oklahoma 1,015 1,239 -224 13,013 13,468 -455 Oregon 2,749 2,591 158 24,663 25,110 -447 Pennsylvania 11,164 11,632 -468 116,561 121,549 -4,988 Puerto Rico 1,275 1,525 -250 18,729 19,357 -628 Rhode Island 767 672 95 9,250 9,310 -60 South Carolina 1,907 3,629 -1,722 16,983 17,812 -829 South Dakota 128 171 -43 1,137 1,097 40 Tennessee 1,926 2,142 -216 21,165 22,751 -1,586 Texas 11,855 12,549 -694 130,329 128,927 1,402 Utah 858 1,039 -181 7,154 7,449 -295 Vermont 303 304 -1 3,323 3,169 154 Virgin Islands 9 17 -8 606 692 -86 Virginia 2,553 2,356 197 22,517 22,603 -86 Washington 4,773 4,807 -34 42,414 42,059 355 West Virginia 656 737 -81 9,274 8,557 717 Wisconsin 3,056 3,215 -159 25,472 26,336 -864 Wyoming 201 238 -37 1,855 1,791 64 US Total 179,538 201,288 -21,750 1,708,718 1,760,504 -51,786 Note: Advance Claims are not directly comparable to claims reported in prior weeks. Advance claims are reported by the state liable for paying the unemployment compensation, whereas previous weeks reported reflect claimants by state of residence. In addition, claims reported as 'workshare equivalent' in the previous week are added to the advance claims as a proxy for the current week's 'workshare equivalent' activity. \*Denotes state estimate. Seasonally Adjusted US Weekly UI Claims (in thousands) Week Ending Initial Claims Change from Prior Week 4-Week Average Insured Unemployment Change from Prior Week 4-Week Average IUR July 22, 2017 242 3 244.00 1,963 1 1,961.75 1.4 July 29, 2017 243 1 242.00 1,954 -9 1,962.50 1.4 August 5, 2017 242 -1 241.50 1,952 -2 1,957.75 1.4 August 12, 2017 236 -6 240.75 1,950 -2 1,954.75 1.4 August 19, 2017 237 1 239.50 1,947 -3 1,950.75 1.4 August 26, 2017 238 1 238.25 1,943 -4 1,948.00 1.4 September 2, 2017 293 55 251.00 1,940 -3 1,945.00 1.4 September 9, 2017 267 -26 258.75 1,965 25 1,948.75 1.4 September 16, 2017 255 -12 263.25 1,923 -42 1,942.75 1.4 September 23, 2017 258 3 268.25 1,913 -10 1,935.25 1.4 September 30, 2017 254 -4 258.50 1,914 1 1,928.75 1.4 October 7, 2017 241 -13 252.00 1,903 -11 1,913.25 1.4 October 14, 2017 230 -11 245.75 1,907 4 1,909.25 1.4 October 21, 2017 234 4 239.75 1,899 -8 1,905.75 1.4 October 28, 2017 234 0 234.75 1,904 5 1,903.25 1.4 November 4, 2017 237 3 233.75 1,890 -14 1,900.00 1.3 November 11, 2017 250 13 238.75 1,916 26 1,902.25 1.4 November 18, 2017 239 -11 240.00 1,945 29 1,913.75 1.4 November 25, 2017 239 0 241.25 1,913 -32 1,916.00 1.4 December 2, 2017 235 -4 240.75 1,896 -17 1,917.50 1.3 December 9, 2017 229 -6 235.50 1,928 32 1,920.50 1.4 December 16, 2017 242 13 236.25 1,936 8 1,918.25 1.4 December 23, 2017 242 0 237.00 1,891 -45 1,912.75 1.3 December 30, 2017 248 6 240.25 1,873 -18 1,907.00 1.3 January 6, 2018 247 -1 244.75 1,944 71 1,911.00 1.4 January 13, 2018 226 -21 240.75 1,922 -22 1,907.50 1.4 January 20, 2018 229 3 237.50 1,940 18 1,919.75 1.4 January 27, 2018 234 5 234.00 1,911 -29 1,929.25 1.4 February 3, 2018 223 -11 228.00 1,935 24 1,927.00 1.4 February 10, 2018 234 11 230.00 1,862 -73 1,912.00 1.3 February 17, 2018 218 -16 227.25 1,922 60 1,907.50 1.4 February 24, 2018 217 -1 223.00 1,862 -60 1,895.25 1.3 March 3, 2018 230 13 224.75 1,877 15 1,880.75 1.3 March 10, 2018 226 -4 222.75 1,836 -41 1,874.25 1.3 March 17, 2018 227 1 225.00 1,876 40 1,862.75 1.3 March 24, 2018 218 -9 225.25 1,818 -58 1,851.75 1.3 March 31, 2018 242 24 228.25 1,878 60 1,852.00 1.3 April 7, 2018 233 -9 230.00 1,866 -12 1,859.50 1.3 April 14, 2018 233 0 231.50 1,834 -32 1,849.00 1.3 April 21, 2018 209 -24 229.25 1,760 -74 1,834.50 1.2 April 28, 2018 211 2 221.50 1,794 34 1,813.50 1.3 May 5, 2018 211 0 216.00 1,712 -82 1,775.00 1.2 May 12, 2018 223 12 213.50 1,742 30 1,752.00 1.2 May 19, 2018 234 11 219.75 1,720 -22 1,742.00 1.2 May 26, 2018 223 -11 222.75 1,746 26 1,730.00 1.2 June 2, 2018 222 -1 225.50 1,701 -45 1,727.25 1.2 June 9, 2018 221 -1 225.00 1,726 25 1,723.25 1.2 June 16, 2018 218 -3 221.00 1,707 -19 1,720.00 1.2 June 23, 2018 228 10 222.25 1,742 35 1,719.00 1.2 June 30, 2018 232 4 224.75 1,743 1 1,729.50 1.2 July 7, 2018 215 -17 223.25 1,753 10 1,736.25 1.2 July 14, 2018 208 -7 220.75 1,747 -6 1,746.25 1.2 July 21, 2018 217 9 218.00 1,724 -23 1,741.75 1.2 July 28, 2018 218 1 214.50 INITIAL CLAIMS FILED DURING WEEK ENDED JULY 21 INSURED UNEMPLOYMENT FOR WEEK ENDED JULY 14 CHANGE FROM CHANGE FROM ALL ***PROGRAMS*** EXCLUDING RAILROAD RETIREMENT STATE NAME STATE LAST WEEK ***YEAR*** AGO UCFE 1 UCX1 STATE (%) 2 LAST WEEK ***YEAR*** AGO UCFE 1 UCX1 Alabama 2722 -3361 -1014 14 13 18784 1.0 -4192 -3496 68 74 18926 Alaska 684 -66 -149 3 1 6196 2.0 -7 -782 58 14 6268 Arizona 4300 -741 -631 15 1 31670 1.2 460 -2543 264 76 32010 Arkansas 1487 -255 -145 1 6 13112 1.1 -623 -1933 68 41 13221 California 39610 -1781 -5356 189 111 321417 1.9 187 -19861 1343 1583 324343 Colorado 1606 -84 -124 9 12 19331 0.8 166 -3053 82 246 19659 Connecticut 2592 -1543 -1392 7 5 37630 2.3 -927 -3551 39 69 37738 Delaware 475 -84 -8 2 2 5396 1.2 -58 -676 16 18 5430 District of Columbia 481 -78 109 15 1 8178 1.4 25 -897 305 11 8494 Florida 7519 -420 -887 22 34 47755 0.6 3167 -5437 141 150 48046 Georgia 6364 -3732 247 28 34 28305 0.7 -4426 -2521 180 246 28731 Hawaii 1100 -198 -2 4 9 7068 1.1 -337 -863 64 79 7211 Idaho 736 -115 20 2 4 4627 0.7 -325 -653 12 11 4650 Illinois 7446 -538 -818 8 11 95868 1.6 2410 -10889 307 222 96397 Indiana 1946 -347 -439 5 7 13965 0.5 -337 -832 22 44 14031 Iowa 1502 -541 -137 5 2 14096 0.9 -3005 -2534 36 24 14156 Kansas 1739 301 87 2 1 8890 0.7 -261 -2060 36 31 8957 Kentucky 6453 2562 3524 1 1 22580 1.2 3395 631 107 132 22819 Louisiana 2198 -327 -502 9 10 19196 1.0 233 -4064 48 14 19258 Maine 707 -310 101 1 0 4816 0.8 -201 64 16 13 4845 Maryland 2932 -293 -389 17 11 31037 1.2 -564 -5623 305 124 31466 Massachusetts 4356 -1190 -170 12 10 53255 1.5 1091 -14631 104 129 53488 Michigan 10842 3703 33 12 8 56582 1.3 14879 -8999 66 89 56737 Minnesota 2293 -1370 -70 1 3 26203 0.9 -3827 -2954 45 58 26306 Mississippi 1082 -374 -255 3 1 12221 1.1 -223 -2495 72 19 12312 Missouri 5028 1053 -1136 23 5 26444 1.0 -1268 -4649 167 44 26655 Montana 430 -130 -75 4 4 4788 1.1 -352 -687 46 19 4853 Nebraska 545 -66 -110 3 3 4511 0.5 -427 -697 16 7 4534 Nevada 2141 -181 -137 1 9 18846 1.4 -1124 -1835 55 60 18961 New Hampshire 410 -114 -70 0 0 3969 0.6 -205 -518 4 6 3979 New Jersey 8254 -918 -1121 13 22 99334 2.5 -322 -6690 218 264 99816 New Mexico 724 -58 -133 0 4 9473 1.2 -9 -1512 129 52 9654 New York 13114 -8310 -1316 33 29 138878 1.5 -10260 -16565 312 342 139532 North Carolina 2856 -136 -158 10 6 21026 0.5 3 -2661 96 166 21288 North Dakota 217 -58 -81 10 0 2114 0.5 -151 -545 200 5 2319 Ohio 5534 -1021 -513 5 20 50906 1.0 -1883 -9261 112 170 51188 Oklahoma 1239 -146 -175 11 10 13468 0.9 -493 -2360 63 80 13611 Oregon 2591 -1884 -519 8 8 25110 1.4 -2577 -1440 152 103 25365 Pennsylvania 11632 -2388 -1042 50 32 121549 2.1 5213 -9340 428 272 122249 Puerto Rico 1525 3 -978 3 2 19357 2.3 815 -13906 45 69 19471 Rhode Island 672 -454 -163 4 0 9310 2.0 -363 -417 28 17 9355 South Carolina 3629 -43 172 3 11 17812 0.9 354 617 49 76 17937 South Dakota 171 8 2 24 0 1097 0.3 -79 -169 258 2 1357 Tennessee 2142 -728 -798 5 10 22751 0.8 -1709 -788 71 83 22905 Texas 12549 -1154 -1058 82 96 128927 1.1 679 -24093 855 1277 131059 Utah 1039 -74 97 36 2 7449 0.5 -43 -388 60 24 7533 Vermont 304 -31 -72 0 0 3169 1.0 -297 -377 7 6 3182 Virgin Islands 17 5 -6 0 0 692 1.9 -10 286 0 2 705 Virginia 2356 -358 -544 11 19 22603 0.6 -423 -3870 213 240 23056 Washington 4807 -1014 -109 5 16 42059 1.3 -1393 -3956 165 573 42797 West Virginia 737 -108 -322 0 2 8557 1.3 -588 -2004 44 34 8635 Wisconsin 3215 -1474 -445 7 3 26336 0.9 -2180 -3648 43 20 26399 Wyoming 238 11 10 0 0 1791 0.7 198 -1148 12 4 1807 Totals 201288 -30950 -19167 738 611 1760504 1.2 -12194 -213273 7652 7534 1775701 Figures Appearing In columns showing Over-The-Week Changes reflect all revisions in data for prior week submitted by State agencies. 1. The Unemployment Compensation ***program*** for Federal Employees (UCFE) and the Unemployment Compensation for Ex-servicemembers (UCX) exclude claims filed jointly under other ***programs*** to avoid duplication. 2. Rate is not seasonally adjusted. The source of US total covered employment is BLS. UNADJUSTED INITIAL CLAIMS FOR WEEK ENDED JULY 21, 2018 STATES WITH AN INCREASE OF MORE THAN 1,000 State Change State Supplied Comment MI +3,703 Layoffs in the wholesale trade industry. KY +2,562 No comment. MO +1,053 Layoffs in the manufacturing, wholesale trade, and ***agriculture***, forestry, fishing, and hunting industries. STATES WITH A DECREASE OF MORE THAN 1,000 State Change State Supplied Comment NY -8,310 Fewer layoffs in the transportation and warehousing, construction, and health care and social assistance industries. GA -3732 Fewer layoffs in the administrative and support and waste management and remediation service, manufacturing, retail trade, and construction industries. AL -3,361 Fewer layoffs in the manufacturing and construction industries. PA -2,388 Fewer layoffs in the manufacturing, transportation and warehousing, administrative and support and waste management and remediation service, and construction industries. OR -1,884 No comment. CA -1,781 No comment. CT -1,543 No comment. WI -1,474 Fewer layoffs in the manufacturing, construction, and transportation and warehousing industries. MN -1,370 No comment. MA -1,190 Fewer layoffs in the transportation and warehousing, accommodation and food service, art, entertainment and recreation, and construction industries. TX -1,154 No comment. OH -1,021 No comment. WA -1,014 No comment. TECHNICAL NOTES This news release presents the weekly unemployment insurance (UI) claims reported by each state's unemployment insurance ***program*** offices. These claims may be used for monitoring workload volume, assessing state ***program*** operations and for assessing labor market conditions. States initially report claims directly taken by the state liable for the benefit ***payments***, regardless of where the claimant who filed the claim resided. These are the basis for the advance initial claims and continued claims reported each week. These data come from ETA 538, Advance Weekly Initial and Continued Claims Report. The following week initial claims and continued claims are revised based on a second reporting by states that reflect the claimants by state of residence. These data come from the ETA 539, Weekly Claims and Extended Benefits Trigger Data Report. A. Initial Claims An initial claim is a claim filed by an unemployed individual after a separation from an employer. The claimant requests a determination of basic eligibility for the UI ***program***. When an initial claim is filed with a state, certain programmatic activities take place and these result in activity counts including the count of initial claims. The count of U.S initial claims for unemployment insurance is a leading economic indicator because it is an indication of emerging labor market conditions in the country. However, these are weekly administrative data which are difficult to seasonally adjust, making the series subject to some volatility. B. Continued Weeks Claimed A person who has already filed an initial claim and who has experienced a week of unemployment then files a continued claim to claim benefits for that week of unemployment. Continued claims are also referred to as insured unemployment. The count of U.S continued weeks claimed is also a good indicator of labor market conditions. Continued claims reflect the current number of insured unemployed workers filing for UI benefits in the nation. While continued claims are not a leading indicator (they roughly coincide with economic cycles at their peaks and lag at cycle troughs), they provide confirming evidence of the direction of the U.S economy. C. Seasonal Adjustments and Annual Revisions Over the course of a ***year***, the weekly changes in the levels of initial claims and continued claims undergo regularly occurring fluctuations. These fluctuations may result from seasonal changes in weather, major holidays, the opening and closing of schools, or other similar events. Because these seasonal events follow a more or less regular pattern each ***year***, their influence on the level of a series can be tempered by adjusting for regular seasonal variation. These adjustments make trend and cycle developments easier to spot. At the beginning of each ***calendar*** ***year***, the Bureau of Labor Statistics provides the Employment and Training Administration (ETA) with a set of seasonal factors to apply to the unadjusted data during that ***year***. Concurrent with the implementation and release of the new seasonal factors, ETA incorporates revisions to the UI claims historical series caused by updates to the unadjusted data.

**Load-Date:** August 3, 2018

**End of Document**



[***Italian companies in Slovakia drew EU-funds worth, 68M***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RX8-SR61-F00C-6144-00000-00&context=1516831)

Slovak Spectator

March 19, 2018 Monday

Copyright 2018 The Rock, s.r.o All Rights Reserved

**Length:** 597 words

**Body**

After the ***Agriculture*** Ministry lifted its embargo, it turned out that the companies of Italians suspected of ties with 'Ndrangheta received subsidies worth millions of euros, through the ***Agricultural*** ***Payment*** Agency (PPA).On March 16, the ***agriculture*** ministry lifted the information embargo on Italian companies operating in eastern Slovakia.

***Agriculture*** Minister Gabriela Matena (an SNS nominee) and general manager of the ***Agricultural*** ***Payment*** Agency (PPA) Juraj Kozuch provided the media with the figures on the ***agricultural*** subsidies paid out in eastern Slovakia, the TASR newswire wrote.Since 2004, companies of the Italian entrepreneurs connected with the Calabria-based 'Ndrangheta gang obtained hefty subsidies from the state, Matena found after analysis.

The biggest beneficiaries were Diego Roda and Antonino Vadala and their family members.The aid involved automatic subsidy ***payments*** which are automatically approved when requests for ***agricultural*** subsidies are made.

The Italians also used state aid schemes and European-Union (EU) funds for the development of the countryside.Italian beneficiariesMost of the money from the subsidies went to firms owned by Diego Roda who is, according to reporter of the Italian daily La Reppublica Giuliano Foschini, directly from a clan which is a mafia member.

Of the total number of 22 companies connected directly to Roda, Antonino Vadala and their relatives, Diego Roda has been mentioned in thirteen, the Sme daily wrote on March 16. These companies have been paid a total of more than Pound 55 million since 2004, with the biggest amount going to Agrokomplex Humenne (more than Pound 10.8 million).Roda is not part of the company anymore: in 2016, he ***transferred*** it to his daughter Elisabetta Roda and another relative, Daniela Valentina Roda.

Elisabetta Roda married another Italian who has enterprises in ***agriculture*** in Slovakia, Antonino Vadala.Vadala is currently in custody, waiting for extradition to Italy there, he will be prosecuted for cocaine smuggling worth Pound 30 million and money laundering in the name of 'Ndrangheta.

Various types of subsidiesThe Agrokomplex Humenne ***agricultural*** co-operative cultivates 80 percent of the farmland around the town of Humenne, according to Sme's information. It receives subisdies without even owning the land but it must cultivate it to be entitled to the ***payments***.

Vadala appears in only two companies belonging to the Italians which have received subsidies since 2004 he has received a total of Pound 1.9 million.

The remaining money went to other companies belonging to relatives of Roda and Vadala.In their case, the PPA refused to accept some of their applications for subsidies, as they failed to fulfil the necessary conditions.

Overall, the companies around Roda and Vadala requested Pound 48.9 million over the 14 ***years*** and received Pound 45.6 million. More money has been paid through other types of aid, e.

. state aid or market grants usually paid to farmers after losses caused by frost or poor production.

A smaller part of the package is for project support, i.e.

subsidies from EU-funds from the rural-development ***programme***.Apart from being investigated in connection with taxes, Roda is has also been charged in a corruption case and is suspected of cocaine smuggling, Sme wrote.

Aktuality.sk reporter Jan Kuciak, murdered recently together with his fiancee, wrote that the companies of these Italian entrepreneurs obtained more than eight million euros in 2015 and 2016 only and challenged their entitlement.

This could be a clue for the investigators of his murder.

**Load-Date:** March 20, 2018

**End of Document**



[***Register of Commission documents: COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking Document date: 2018-01-11 COM\_SWD(2018)0006 SEC documents***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RG2-V641-F0YC-N2B0-00000-00&context=1516831)

Impact News Service

January 20, 2018 Saturday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 24410 words

**Body**

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

EN EN EUROPEAN COMMISSION Brussels, 11.1.2018 SWD(2018) 6 final PART 1/4 COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking {COM(2018) 8 final} - {SWD(2018) 5 final} 2 Table of Contents Preamble ..................................................................................................................................... 5 1. Introduction ....................................................................................................................... 5 1.1 Background ............................................................................................................. 5 1.2 Context .................................................................................................................... 7 2. Problem Definition ........................................................................................................... 8 2.1 A brief introduction to HPC and its strategic value for science and the digital economy .......................................................................................... 8 2.2 What is the problem that requires action and its size .............................................. 8 2.3 What are the problem drivers? .............................................................................. 18 2.4 Who is affected and in what ways? ....................................................................... 20 2.5 How would the problem evolve? ........................................................................... 22 3. Why should the EU act? ................................................................................................. 24 3.1 Why do we need to act now?

................................................................................. 24 3.2 The right to act at EU level ................................................................................... 25 3.3 Subsidiarity ............................................................................................................ 25 3.4 EU added value ..................................................................................................... 26 4. Objectives: What should be achieved? ........................................................................... 27 4.1 Overall objectives of the EuroHPC entity and instrument .................................... 27 4.2 Functionalities of the EuroHPC instrument .......................................................... 27 4.3 Specific Objectives ................................................................................................ 29 5. Available Policy Options ................................................................................................ 30 5.1 Option 0: Baseline from which the policy options are assessed ........................... 30 5.2 Options considered for implementing EuroHPC but discarded at an early stage . 31 5.3 Option 1: ERIC ...................................................................................................... 34 5.4 Option 2: Joint Undertaking .................................................................................. 36 6. What are the Impacts of the Policy Options? ................................................................. 39 6.1 Option 0: Baseline scenario ................................................................................... 39 6.2 Option 1: ERIC ...................................................................................................... 41 6.3 Option 2: Joint Undertaking (JU) .......................................................................... 42 7. How do the Options Compare? ....................................................................................... 44 8. Selection of Preferred Option and how will the EuroHPC JU work .............................. 46 9. How would actual Impacts be monitored and evaluated? .............................................. 47 3 LIST OF ANNEXES  Annex 1: Procedural information  Annex 2: Analysis of the responses received to the targeted Consultation and on the Inception Impact Assessment on the HPC Initiative in Europe  Annex 3: Who is affected by the initiative and how?  Annex 4: Staff and budgetary estimates for the Euro HPC JU option  Annex 5: HPC and its strategic value for the digital economy  Annex 6: Brief review of the funding sources and budgets of HPC initiatives Worldwide and in Europe 4 GLOSSARY The below table explains the key terms or acronyms used in this document. ASCR Advanced Scientific Computing Research CEF Connecting Europe Facility CoE Center of Excellence cPPP Contractual Public-Private Partnership DoE (US) Department of Energy DSM Digital Single Market EC European Commission ECI European Cloud Initiative EEIG European Economic Interest Grouping EIB European Investment Bank ERIC European Research Infrastructure ETP European Technology Platform ETP4HPC European Technology Platform for High-Performance Computing Exascale Computing systems capable of 1018 Floating Point Operations per Second FET Future and Emerging Technologies Flop Floating Point Operations per Second FP7 7th EU Framework ***Programme*** for Research & Innovation FPA Framework Partnership Agreement GDP Gross Domestic Product H2020 Horizon 2020 Framework ***Programme*** for Research & Innovation HPC High-Performance Computing ICT Information and Communication Technology IPCC Intergovernmental Panel on Climate Change IPRs ISV Intellectual Property Rights Independent Software Vendors ITER International Thermonuclear Experimental Reactor JTI Joint Technology Initiative JU Joint Undertaking (as defined by Article 187 TFEU) LEIT Leadership in Enabling and Industrial Technologies MFF Multi-annual Financial Framework NSA (US) National Security Agency NSCI National Strategic Computing Initiative OJ Official Journal of the EU PCP Pre-Commercial Procurement PPI Public Procurement of Innovative solutions PPP Public-Private Partnership PRACE Pre-exascale Partnership for Advanced Computing in Europe Computing power near the exascale performance (i.e 0.1-0.6 exascale) R&D Research and Development R&I Research and Innovation ROI Returns on Investment SME Small- and Medium-sized Enterprise SRA Strategic Research Agenda SSC (PRACE) Scientific Steering Committee TFEU Treaty on the Functioning of the European Union WP Work ***Programme*** 5 PREAMBLE In this document the terms High Performance Computing (HPC) systems, HPC machines and supercomputers are used indistinctly. The terms leading-class/world-class computers or systems refer to supercomputers that are ranked amongst the most powerful in the world. An important point is the level of computing performance of supercomputers: the next HPC computing frontier is the exascale performance, i.e supercomputers capable of executing 1018 or 1 billion billion Floating Point Operations per Second. These systems are expected to be built around 2022. The term pre-exascale is used to refer to performance levels close to exascale (i.e 0.1 to 0.7 exascale). Pre-exascale systems are expected to be available on the market around 2019-2020. 1. INTRODUCTION This document explains that High Performance Computing (HPC) is a strategic priority for Europe. The European Commission (EC) and several Member States (MS) have already taken the decision to co-invest in a joint structure that would allow Europe to reach the strategic goals defined in this domain through optimal use of available public funding. The document explores which form of legal and financial instrument would serve best the objectives of this joint HPC structure (called in the sequel the EuroHPC entity) that would start operating as of 2019 onwards and assesses its impact to implement the EuroHPC strategy in Europe. 1.1 Background Europe's scientific capabilities, industrial competitiveness and sovereignty critically depend on access to world-leading HPC computing and data infrastructures to keep pace with the growing demands and complexity of problems to be solved. In 2012, the Communication 'High performance Computing: Europe's place in a global race'1 highlighted the strategic nature of HPC as a crucial asset for the EU's innovation capacity and called on Member States, industry and the scientific communities, in cooperation with the EC, to step up joint efforts to ensure European leadership in the supply and use of HPC systems and services by 2020. On 19 April 2016, the EC adopted the European Cloud Initiative (ECI)2,3 as part of its Digitising European Industry strategy.4 The Communication invited the EC and the MS to work together in the creation of a leading European HPC and Big Data ecosystem, underpinned by a world-class HPC, data and network infrastructure. Such infrastructure would support the EU to become one of the world's top supercomputing powers by realising exascale supercomputers around 2022, based on European technology, ranking among the first three places in the world. 1 COM(2012) 45 final 2 COM(2016) 180 final 3 SWD(2016) 106, accompanying the ECI Communication 4 COM(2016) 180 final 6 The European HPC Strategy aims at establishing a world-class HPC ecosystem in Europe, acquiring leadership-class supercomputers which secure Europe's own independent HPC technology and system supply, and deploying HPC services for science, industry and SMEs. To be able to implement this strategy we need to coordinate and pool national and European efforts in developing and procuring world-class supercomputers. In May 2016, the Competitiveness Council5 expressed its political support to HPC followed by the European Parliament in January 2017.6 The Competitiveness Council took also note of the intention of France, Italy, Luxembourg and Spain to launch a joint project for developing a commercial offer in HPC and big data serving industrial applications. Moreover, the European Council of 28 June 2016 called for swift and determined progress to create the right conditions for stimulating new business opportunities by coordinating EU efforts on high-performance computing; and looked forward to the launch of an important project of common European interest in this field.7 On 23 March 2017 at the Digital Day in Rome, which was organised as part of the 60th Anniversary celebrations of the Treaty of Rome, seven MS – France, Germany, Italy, Luxembourg, the Netherlands, Portugal and Spain – signed the EuroHPC declaration.8 They were more recently joined by Belgium, Slovenia, Bulgaria, Greece, Croatia and Switzerland. These countries agreed to work together and with the EC for acquiring and deploying by 2022/2023 a pan-European integrated exascale supercomputing infrastructure called EuroHPC. Other MS and Associated Countries (AC)9 are invited to sign the EuroHPC declaration. Several countries have already signalled their intention to do so by the end of 2017. The EuroHPC Declaration is an agreement in which the signatory MS commit to work together and with the EC for acquiring and deploying an integrated world-class HPC infrastructure, which will be made available across the EU for scientific communities as well as public and private partners, no matter where supercomputers are located, upraising Europe's scientific capabilities and industrial competitiveness and for jointly procuring and deploying exascale supercomputers accessible from everywhere in Europe based on competitive European technologies. On 10 May 2017, in the Communication on the Mid-Term Review of the Digital Single Market (DSM) Strategy10, the EC confirmed its plans to invest on HPC and announced its 5 The Competitiveness Council on 29-30 May 2016 adopted conclusions on the ECI Communication, highlighting the role of HPC in the EU's innovation capacity and stressing its strategic importance to the EU's industrial and scientific capabilities as well as to its citizens. 6 European Parliament, Report on the European Cloud Initiative (2016/2145(INI)), Committee on Industry, Research and Energy, Brussels, 26 January 2017. 7 [*http://www.consilium.europa.eu/en/press/press-releases/2016/06/28-euco-conclusions/*](http://www.consilium.europa.eu/en/press/press-releases/2016/06/28-euco-conclusions/) 8   [*http://ec.europa.eu/newsroom/document.cfm?doc\_id=43815*](http://ec.europa.eu/newsroom/document.cfm?doc_id=43815), and   [*https://ec.europa.eu/digital-single-market/en/news/belgium-joins-european-cooperation-high-performance-computing*](https://ec.europa.eu/digital-single-market/en/news/belgium-joins-european-cooperation-high-performance-computing) 9 Countries associated to H2020:   [*https://ec.europa.eu/research/iscp/pdf/policy/h2020\_assoc\_agreement.pdf*](https://ec.europa.eu/research/iscp/pdf/policy/h2020_assoc_agreement.pdf) 10 COM(2017) 228 final 7 intention to propose by end-2017 a legal instrument that provides a procurement framework for an integrated exascale supercomputing and data infrastructure. 1.2 Context The EuroHPC declaration and the communication on the DSM mid-term review have soundly supported the decision on establishing the joint EuroHPC entity that allows the co-investment of the Union with MS and ACs to establish an integrated world-class supercomputing and data infrastructure. The EuroHPC entity would permit to coordinate and pool national and European efforts in a framework to procure jointly between the Union and the MS a world class HPC and data infrastructure and their interconnection. In order to be able to procure such infrastructure based on competitive European technology, the EuroHPC entity will also be used to develop further the European HPC ecosystem, i.e , a reinforced technology supply chain, a richer applications offer in various sectors and the tools necessary to provide these applications as an HPC Cloud service across Europe. This includes support to Research and Innovation (R&I) on both hardware and software required for building competitive exascale machines as well as support to the development of skills needed for reaping the benefits of investing in such leading infrastructure. There is an urgent need to act now, driven by the triple need to: (i) procure and deploy in Europe in competitive timeframes a world-class pre-exascale HPC infrastructure; (ii) make it available to public and private users for developing leading scientific and industrial applications that would foster the development of a broad pre-exascale ecosystem in Europe; and (iii) support the timely development of the next generation European HPC technologies and their integration into exascale systems in order to be ready to procure them in competitive timeframes with respect to our world competitors. These three objectives are within reach if the EuroHPC entity could be set up and start operating in 2019. The entity would not need extra funds from the current Multiannual Financial Framework (MFF), as it will draw funds from the budgets already committed for HPC activities in the different work-***programmes*** (WPs) of the last two ***years*** of Horizon 2020 (H2020) and the Connecting Europe Facility (CEF). A total budget of approximately EUR 1 billion would be available: an EU contribution of around EUR 486 million matched by a similar amount from the MS/AC. This would ensure the operations and ***payments*** of all the activities that the EuroHPC entity would launch at the latest by the end of 2020 until their termination around 2025/2026. The EuroHPC entity may also receive financial support from the next MFF. Should this be the case, the entity would be ready to fulfil further the objectives of the European HPC strategy. This would imply in particular the possibility for the entity to procure exascale HPC systems based on European technology; support the development of a thriving exascale ecosystem in Europe; and prepare for the next generation of HPC technologies and their link to quantum computing. 8 2. PROBLEM DEFINITION 2.1 A brief introduction to HPC and its strategic value for science and the digital economy HPC is a branch of computing that deals with simulation and modelling of scientific and engineering problems and with data analytics that are computationally so demanding that computations cannot be performed using general-purpose computers. Today, these computations typically run on very powerful systems with highly parallelized computing units of hundreds of thousands or millions of processors. Those computers are often referred to as supercomputers. The speed at which computing power increases is so fast that today's state of the art machines are obsolete after five ***years*** of operation on average. As the problems modelled in computer simulations and decision support systems grow in size and complexity (to enable more detailed predictions, to cope with ever larger amounts of data or both), so do the demands on computational resources. In many areas spanning from health, biology and climate change to automotive, aerospace energy and banking general-purpose computers cannot provide a practical solution to address complexity anymore and access to HPC becomes essential. HPC is at the core of major advances and innovations in the digital age, where to out-compute is to out-compete. It is a key technology for science, industry, and society at large. Annex 5 provides data on how impactful HPC is today on the economy and society, provides data on its high returns on investments, and illustrates the importance of HPC with many examples of the most prominent HPC applications in science, industry and the public sector. To fully reap the benefits of HPC, it is necessary to support a full ecosystem comprising hardware and software components, applications, skills, services and interconnections. In fact every new generation of HPC systems pushing further the performance limits is the result of a cooperative effort between suppliers, operators, users and researchers, tailor-made and optimised for the scientific or industrial application users, which HPC systems are intended to serve. Such an interdisciplinary approach leads to a more efficient use of often expensive supercomputing systems and develops training capabilities for ***programming*** such systems. 2.2 What is the problem that requires action and its size The 2012 Communication on 'High-Performance Computing: Europe's place in a Global Race'1, laid down the foundations for a European HPC strategy. The overall objective was the development of the European HPC infrastructure and a pooling of national investments in HPC. This was broken down into the specific objectives to provide a world-class European HPC infrastructure, ensure independent access to HPC technologies, pool enlarged resources, increase efficiency, strategic use of joint and pre-commercial procurement, and ultimately, ensure the EU's position as a global actor. The Communication called on the European Commission, the Member States, the industry and PRACE11 to put in place a number of actions to reach these objectives. As a consequence the following actions were implemented:  The contractual public-private-partnership (cPPP) European Technology Platform ETP4HPC12 was created in 2013. It is an industry-led technology platform of HPC 11 PRACE (   [*http://www.prace-ri.eu/*](http://www.prace-ri.eu/)) offers a pan-European supercomputing infrastructure providing access to computing and data management resources and services for large-scale scientific and engineering applications at the highest performance level. PRACE is an association of 24 member countries. The PRACE top computer systems (so-called Tier-0) are provided by five PRACE hosting members (BSC Spain, CINECA Italy, GCS Germany, GENCI France and CSCS Switzerland. 12   [*http://www.etp4hpc.eu*](http://www.etp4hpc.eu)/ 9 suppliers with the mission to develop a joint research agenda and coordinate its implementation, thereby creating critical mass of R&D in HPC, building a world-class HPC technology supply chain in Europe, increasing the global share of European HPC technology vendors and maximising the benefits that HPC technology brings to the European HPC user community.  The EC made a commitment towards the ETP4HPC to invest EUR 700 million in H2020 for the period 2014-2020. The cPPP should leverage a similar amount of resources on the private side.  PRACE hosting member countries supported the European science community, providing access to most powerful computers in Europe, as well as training facilities and skills development opportunities. The EC supports financially PRACE to facilitate the access to the computing resources. In addition, the EC and the MS are also investing in GÉANT, the pan-European data network for the research and education community linking national research and education networks as well as supercomputing centres across Europe. 13  Centres of Excellence (CoEs)14 were established and funded by the EC for the application of HPC in scientific domains of importance for Europe. They also provide support, competences and training to the user communities.  MS continued to invest in their national HPC capabilities, developing technology and regularly procuring new machines to replace the outdated ones. Lessons learnt in the implementation of the HPC strategy Despite all the above activities that were put in place, the implementation of the HPC strategy is still not very efficient and effective today. The main reason for this is the existing fragmentation of efforts at EU ***programme*** level and between EU and MS level. As reported in the 2016 Communication on the European Cloud Initiative2 and in the accompanying Staff Working Document3, many of the challenges identified in the Communication of 2012 are still largely unresolved:  Provide a world-class European HPC infrastructure: PRACE is an effective tool to provide computing cycles, but the procurement of systems is still done by MS in an uncoordinated way. This situation for example leads to periods of abundance of top-class systems (i.e in 2012, with several MS acquiring top machines) followed by a period of low resources for researchers (i.e in 2016-2017, due to obsolescence of previous machines and lack of further investments). A pan-European vision with a more strategic and rational planning of procurements is necessary.  Fragmentation of European and national efforts: The implementation of the R&I agenda proposed by the cPPP is fragmented: First, MS have their own national ***programmes***. And second, the way the EC implements the HPC strategy is not well-coordinated, since it uses two different ***programmes*** (CEF and H2020) and three different H2020 WPs (FET, LEIT-ICT and Research Infrastructures). This is due to the different nature of the supported activities (R&I, infrastructure development, etc.) and annual budget limitations. Such implementation is complex: it involves discussion with four 13   [*https://www.geant.org*](https://www.geant.org) 14 Centres of Excellence (CoE) ensure EU competitiveness in the application of HPC for addressing scientific, industrial or societal challenges. The Centres are conceived to be user-focused, develop a culture of excellence, both scientific and industrial, and place computational science and the harnessing of “big data” at the centre of scientific discovery and industrial competitiveness. 10 different ***programme*** committees with different delegates often from different entities within each MS, making coordination between committees more difficult. Moreover, as the four different ***programmes*** have their own timing, the synchronisation of the calls addressing the various but interlinked aspects of the European HPC strategy, becomes a real challenge. At EU level, a single R&I ***programme*** is necessary for an efficient production of European HPC technology.  Innovation procurement is not used in HPC: Innovation procurement instruments like the Pre-Commercial Procurement (PCP) and the Public Procurement for Innovation (PPI) have not been used so far by the MS in the area of HPC. In contrast, the USA, China and Japan use legal instruments that ensure a flexible process for the production of national technology in R&D ***programmes*** and their integration in the systems that are acquired by the national agencies. Europe would benefit from a joint structure that would permit to pool national and EU resources and jointly procure HPC systems by making systematic recourse to innovation procurement.  Ensure the EU's position as a global actor: European suppliers face limitations in acceding to public procurements of HPC in USA, China or Japan. In contrast the EU is still the most open market, with no restriction in most of the public procurements on HPC (except e.g for military purpose machines in some countries). Making systematically recourse to mechanisms like the one provided by Article 30.315 of the H2020 model grant agreement (to object under certain conditions to the ***transfer*** of Intellectual Property Rights (IPR) to third countries) and to new procurement and exploitation strategies would permit protecting IPRs produced in the EU and first exploiting in Europe the EU-funded R&I results. The above issues will be analysed in the sections below. In summary, the EU is now confronted with the following situation: The EU does not have the best supercomputers in the world even in areas of key importance; the available supercomputers do not satisfy the demand; the MS spending in HPC is not coordinated and the industrial take-up of HPC technology developments is low. We still fail in turning the technology development into HPC systems that are procured in Europe, i.e we lack an effective link between technology supply, co-design with users, and a joint procurement of systems. Figure 1 provides an overview of the main problems, their drivers and their consequences. 15 [OPTION 1 for EU grants]: The [Commission][Agency] may — up to four ***years*** after the period set out in Article 3 — object to a ***transfer*** of ownership or the exclusive licensing of results, if: (a) it is to a third party established in a non-EU country not associated with Horizon 2020 and (b) the [Commission][Agency] considers that the ***transfer*** or licence is not in line with EU interests regarding competitiveness or is inconsistent with ethical principles or security considerations. 11 Figure 1: Overview of the main problems, their drivers and consequences Problem Nr 1: The EU does not have the best supercomputers in the world but, in addition it is largely dependent on non-European HPC supply chains with the increasing risk of not having access to latest strategic technology even if resources were available. Today, none of the 10 leading supercomputers in the world – i.e supercomputers with a performance level necessary to sustain leading-edge research – is located in the EU (5 are in the USA, 2 in Japan, 1 in Switzerland and the 2 top systems are located in China).16 Figure 2: HPC World Top 20 as of June 2017 and their computing power 16 See:   [*https://www.top500.org*](https://www.top500.org) Public investments for HPC in EU/MS remain uncoordinated and insufficient to cope with the demand Relatively small European system vendors face stiff competition from large foreign competitors Europe does not have the best super-computers in the world integrating European technology Supercomputers available in Europe do not satisfy the demand MS do not have a framework for joint procurement The European HPC technology supply chain is weak and the integration of European technologies into operational HPC machines remains insignificant Science: Digital divide across Europe with regard to access to available resources Public Sector: Risk of insufficient protection of public/financial services, strategic decision making, national security Industry: Loss of innovation due to low use of supercomputers / stiff competition to access to few available resources (particularly for SMEs) Drivers Problems Consequences 12 Figure 3: HPC World Top 20 as of June 2017 Europe's top performing machine is located in Switzerland and it is based on US technology (i.e Cray). A more detailed analysis shows that while the US and the EU machines have similar capacities in terms of number of available computer cores, the performance of the two systems is very different with the average EU being below 30% of the average US performance.17 The main reason for this situation is that Collectively, the EU and the MS are significantly under-investing in HPC technology supply and infrastructures when compared to the investments of USA, China or Japan. The current funding gap with the USA is estimated in at least EUR 700 million per ***year***. So far, the EC invested EUR 330 million on HPC-related activities of H2020 between 2014 and 2017 and further investments of the order of EUR 750 million are foreseen in the period 2018 – 2020. The total EU support in HPC will be over EUR one billion in the period 2014-2020. As for the collective investments of the MS for the same period these are estimated to be at around EUR 1.5 billion. The four PRACE countries hosting the Tier-0 machines made available to European scientists of computing time equivalent to the cost of EUR 400 million. A study conducted for the EC in 201518 on the progress of the implementation of the European HPC strategy concluded that the present pace of growth of European investment in HPC will not be enough to attain and maintain leadership, meaning at minimum parity with best-in-class HPC resources in the USA, Japan, or China. In 2015, the estimations of the study of the public and private investments for Europe to achieve leadership by 2020 were in the order of additional EUR 5.3 billion in 7 ***years*** (2016 to 2022). When compared to current investments of the EU and MS, the gap with the USA can be estimated at least at EUR 700 million per ***year*** (see Annexes 5 and 6 for further details). Moreover, HPC has now become an indispensable technology for supporting policy making and maintaining national sovereignty, supporting strategic decision-making for energy, home security, or climate change, or in the context of national security applications. Access to indigenous world-class HPC machines has become an asset to a country 17 Calculated as the average Rmax and Rpeak from Top500 18 Study IDC SMART number 2014/0021 - High Performance Computing in the EU: Progress on the Implementation of the European HPC Strategy 1China11United Kingdom2China12United States3Switzerland13Spain4United States14Italy5United States15United States6United States16United States7Japan17Germany8Japan18Saudi Arabia9United States19France10United States20United States 13 to an extent that it is considered not only as a strategic resource for its economy, but also a matter of national security. A recent report from the US19 states '… national security requires the best computing available, and loss of leadership in HPC will severely compromise our national security …'. Access to own higher computing power provides a competitive advantage in scientific innovation and industrial competitiveness, and is indispensable technology for supporting policy making and maintaining national sovereignty (see Annex 5 for a detailed analysis of the impact of HPC). The USA, China and Japan have declared HPC to be a strategic priority for their country. They consider HPC as too strategic to be largely dependent on foreign suppliers and put focus on developing indigenous HPC supply chains and ecosystems that are essential for economic development and for security and safety. The top 5 supercomputers installed in the EU are supplied by vendors outside Europe, 3 from the United States (Cray, HPE) and 2 from China (Lenovo). They all integrate Intel processor technologies. Similarly, the technology used to interconnect the system originates from outside Europe (Cray, Intel, Mellanox). If the EU does not have its indigenous supply of supercomputers, it will find difficulties to acquire state-of-the-art machines or the technology to build them, as the supplying regions would not want to lose their competitive advantage to innovate. A recent example is China, which was deprived from the supply of USA state-of-the-art technology and as a consequence developed its own HPC supply chain. As a result China now has the two world-wide fastest supercomputers. The concern that Europe's supercomputing capabilities depend on non-EU suppliers for critical technologies and systems and that Europe is relegated against its global competitors in a field as strategic as supercomputing have been put forward by stakeholders, and in particular by the user industry, in the EuroHPC targeted consultation20 (see Annex 2) to go for a new action at the EU lev

el that goes beyond current actions.21 EU depends on other regions for the supply of critical technology for its HPC infrastructure. EU risks getting technologically deprived of strategic know-how for innovation and competitiveness. The availability of the best supercomputing capacity is strongly linked to the ability to master and produce indigenous HPC technology in Europe. If the EU is not able to produce and integrate leading-edge HPC technology, it will systematically become a mere buyer of foreign systems that are behind the latest HPC technological generation that is produced, used and exploited first elsewhere. Therefore, it is of strategic importance for the EU to be able to produce its own HPC technologies and integrate them into leading-edge HPC machines that it procures. In order to fully reap the benefits of leading-edge HPC machines, it is also necessary to create a full HPC ecosystem. Every new generation of machines pushing further the limits of performance is custom designed. These machines are not off-the-shelf products. On the 19 U.S Leadership in High Performance Computing (HPC) – A Report from the NSA-DOE Technical Meeting on High Performance Computing, December 1, 2016. 20 'Targeted Consultation on the HPC Initiative in Europe and the EuroHPC Inception Impact Assessment' 21 The other one being overall inefficiency resulting from the current fragmentation of efforts. 14 contrary, they are a product of the cooperative effort of the suppliers, operators and users, tailor-made and optimised for the class of applications they are intended to solve and taking into account the boundary conditions (e.g availability of affordable electricity). This last aspect is crucial to develop a sustainable HPC environment. To reap the benefits of the use of a supercomputer requires ownership of the infrastructure. In addition, it is necessary to coordinate the supply of hardware and software components and tailor it to meet scientific and industrial application requirements. This means that such diverse communities as low-power microprocessors designers, resource management software developers, system integrators and computational scientists and engineers have to work together from an early stage of the design and development phases of supercomputing systems. Such an interdisciplinary approach leads to a more efficient use of often expensive supercomputing systems and calls for developing training capabilities for ***programming*** such computers for different user communities. Problem Nr 2: Supercomputers available in Europe do not satisfy the demand Because of the lack of highest performing HPC machines available in the EU, the European scientific and engineering research community prefers to use USA supercomputing facilities rather than PRACE. Two US ***programmes*** provide such opportunity.22 Comparing PRACE with its overseas counterpart in the USA (the Advanced Scientific Computing Research (ASCR) ***programme***) shows the extent to which the European HPC offer is insufficient to satisfy the demand. Access to ASCR supercomputer facilities is open to the scientific and engineering research community including universities, industry, and the US national labs through a peer review process. Data collected for the Fiscal ***Year*** 2015 reveals that the US is the major user of ASCR facilities23 with a total of 25993 users, whilst Europe with 3501 users (UK, Germany, France and Italy in the lead) is their second major user. Not only Europe does not have the best machines but it also cannot sufficiently satisfy the demand. If we compare ASCR and PRACE by the number of awarded projects by both programmes24, we can see that the total number of projects awarded by PRACE in each call (PRACE has 2 calls per ***year***) has never exceeded 60 projects, while solely in the 2016 Fiscal ***Year*** ASCR awarded 921 projects to entities from the European countries.25 This comparison is indicating that the European scientific and engineering research community obtain more support from the US ASCR supercomputing facilities than from the European PRACE. A striking fact is that even the four PRACE members (Germany, France, Spain, Italy) that are providing computer systems to the PRACE association obtained more projects from ASCR than the maximum PRACE could offer. This holds also for some associated members of PRACE like the Czech Republic, Poland, Denmark, and the UK that do not provide computing systems to PRACE. In conclusion, there is a strong demand for HPC access in the EU, a demand which is not sufficiently satisfied by PRACE. Insufficient access to HPC resources was also among the main reasons why respondents to the EuroHPC consultation indicated that there is currently a problem with HPC in Europe (for 22 ASCR facilities available at [*https://science.energy.gov/user-facilities/user-facilities-at-a-glance/ascr/*](https://science.energy.gov/user-facilities/user-facilities-at-a-glance/ascr/) 23   [*https://science.energy.gov/~/media/\_/pdf/user-facilities/Reports/DOE-SC-User-Facilities-FY2015-report.pdf*](https://science.energy.gov/~/media/_/pdf/user-facilities/Reports/DOE-SC-User-Facilities-FY2015-report.pdf) 24 The comparison is indeed relevant since both ***programs*** have a similar allocation mechanism awarding one ***year*** or multi-***year*** core hours. 25 ASCR source data available at   [*https://science.energy.gov/user-facilities/user-statistics/by-project/*](https://science.energy.gov/user-facilities/user-statistics/by-project/) 15 details see Annex 2). Regarding specifically the role of existing EU-funded HPC actions, such as PRACE, ETP4HPC and GEANT, they confirmed that in a future EU initiative on HPC existing actions should be improved, especially PRACE, and collaborate closer to complement each other. While we cannot take it for granted that Europeans can always use the best supercomputers existing in other regions, it is also a fact that the most demanding European applications have to run on the machines provided by the EU competitors, while only less demanding applications can run on the supercomputers available in Europe. This means that data produced by EU research and industry risks getting processed elsewhere for lack of corresponding capabilities in the EU. Ultimately our scientific and industrial leadership will become dependent on the accessibility to the highest-end machines that are outside Europe. The high dependence on the access to non-European supercomputers raises several problems:  The data produced by European scientists and industry is processed outside the EU. This creates problems related to privacy, data protection, commercial trade secrets, and ultimately loss of ownership of critical data. This is particularly critical for sensitive applications, for example in security, health, or engineering, where the data for national security reasons should not leave the EU.  European users do not have the priority to use the machines and are at the mercy of the access policy of the hosting country. Even if the selection of users is based on a peer review process, European users always face the risk that indigenous users get preferred access, computing time or computing power. This is in particular a problem for industrial users that cannot afford to wait for the machines they need.  In the long term, European users, scientific as well as industrial, might move outside the EU to get the same access rights, access conditions and price as the indigenous users. The brain drain from researchers relocating to third countries may not be limited to the loss of excellence in scientific disciplines, but Europe can also lose its competences in developing applications for supercomputers if users no longer co-design the applications with the supercomputing centres.  The demand for more computing power will continue increasing and new applications will soon emerge notably in health, energy, environment, fintech, manufacturing etc. which we cannot satisfy with the computing power of today's HPC machines. The problem will become even more acute in the next 5-7 ***years*** when the development of exascale applications comes to maturity. Problem Nr 3: Member States do not have a framework for joint procurement The PRACE Association provides access to the most powerful supercomputers in Europe (Tier-0 machines). However, it does not cover the coordination of national ***programmes***, nor joint investments for the procurement of systems, e.g there is no common European strategy to develop and acquire pre-exascale or exascale machines. The design, the specifications and the procurement of the machines are done by each of the supercomputing centres on their own and are mainly guided by own or by national interests, without any incentive to coordinate with the other countries. Although most MS share the same interests in advancing science, they try to satisfy as much as possible the requirement of 16 their national scientific communities. This however does not guarantee an optimal coverage of the different scientific communities at European level. In the USA, China and Japan the high-end supercomputing resources are acquired through public procurement of innovation with a national strategy. For example in the USA, there is a federal coordination of procurements between different agencies, like the National Strategic Computing Initiative (NSCI) and the Exascale Computing Project (see Annex 6) to frame the national efforts in a coherent strategy. These initiatives provide a critical mass for procurement, obtaining better value for money in acquisitions, and are also tightly linked to the technology supply, ensuring that national suppliers stay at the forefront of technology advancements. In Europe, the large fragmentation of HPC ***programmes*** and efforts, the non-coordinated activities and the lack of a common procurement framework lead to a waste of resources. This has been identified by stakeholders in the EuroHPC consultation as one of the current two top ranked problems of HPC in Europe (see Annex 2), independent of their type of organisation (i.e scientific user, industrial user, technology supply industry, computing centre). Current funding instruments have limitations when applied to large mission-oriented initiatives. The existing implementation tools are well adapted mainly to support R&D of marketable HPC technologies, but are complicated to coordinate for example several synchronised procurements in different MS with different legislation and rules. Most MS and Associated Countries to Horizon 2020 have their national HPC strategies and investment plans according to their national needs and ***programmes***. In particular those countries that have not the capability to invest in their own leading-class machines are prepared to co-invest to get access to the Tier-0 machines. Most of them participate in the PRACE ***programme***. Europe thus misses the opportunity to take advantage of efficiency gains by aligning the strategies and pooling resources. As for the EC, so far it has provided limited support to a joint procurement of supercomputers, mainly because of the hesitation of the Tier-0 countries to participate in such joint procurement. In 2016, the EC put in place a first call for procurement of innovation with the PRACE hosting countries. In return of the financial support from H2020 (at the level of 35% of the overall costs), the participating countries agreed to provide access to the procured machines. Problem Nr 4: The European HPC technology supply chain is weak and the integration of European technologies into operational HPC machines remains insignificant Today, Europe consumes about 29% of HPC resources worldwide, but the EU industry provides only ~5% of such resources worldwide. In addition, close to one fifth of the top 500 HPC systems are located in the EU, and out of these, ~20% are provided by EU vendors (oscillating between 20% and 25% over the last ***years***).26 Between 2015 and 2016, their exports outside the EU consisted of 3 systems installed in South America and 5 in Asia. 26 French Bull-Atos is the leading European integrator, followed by the Dutch ClusterVision and the German SME Megware. The first system in the top 500 list installed by the European vendor Bull-Atos has rank 38. Bull-Atos has 10 systems in the top 100, all but one installed in Europe. ClusterVision has the first system at rank 329 and SME Megware at rank 357. 17 Figure 4: Contribution of EU vendors to the 500 most performant HPC systems (2011-16) The market share of EU vendors in Europe is even smaller when considering the HPC server market (beyond the top 500 systems), although the growth rates have been largely beating the market average (15% vs 3.4%). This growth raised the EU suppliers' market share from 2.8% in 2013 to 3.7% in 2016. During the same period, EU suppliers' share of the global HPC server market expanded at a robust 16.1% annual growth rate. Although this growth substantially exceeded the market's 5.8% growth rate during this period, it enlarged EU suppliers' share of the global HPC server market merely from a marginal 0.8% in 2013 to an equally marginal 1.1% in 2016. On the global market the European suppliers face unequal treatment on public procurement. The USA and China restrict the development and procurement of the high-end machines to domestic suppliers. As a consequence, non-European suppliers have a clear competitive advantage as they get direct funding support for the development of the national machines that they later on sell on the global market. In Europe there is an open market, without a policy to favour European suppliers. Therefore, in the absence of a prospective lead market and a risk sharing with the public sector, European suppliers hesitate to take the financial risk to develop the technology on their own. Despite the national and European R&D funding ***programmes***, Europe ends up with a weak supply industry, while it has one third of the application markets. As the non-European HPC suppliers participate in the European R&D ***programmes***, the EU ends-up paying non-EU-suppliers twice: for the development of their underlying technology and for the acquisition of their HPC machines built with non-EU technology. It is also to be noted that the functional HPC components and prototypes developed by the projects funded through the European Framework ***Programmes*** for Research (FP7, H2020) are rarely integrated in the machines that are procured. There are three main reasons for that:  Firstly, there is a lack of incentives of the supercomputing centres that specify the machines to be procured to privilege solutions developed by the European R&D ***programmes***. The procurements are in general implemented by the MS according to their national rules and the EC cannot impose measures to favour European suppliers. 18  Secondly, the H2020 rules for participation27 make it difficult to ensure continuity of the investments made between different calls. Each call is an open and competitive process, with the possibility to limit a follow-up call to the successful projects of the previous call only in exceptional cases. This leads to the situation where R&D results are rarely integrated in the subsequent calls addressing the development phase of the supercomputer, and are replaced by a solution that was developed elsewhere, including from a non-European supplier. The R&D investments are then inefficient to ***transfer*** European R&D results into marketable products, or to foster a European supply industry. European companies have then an increased risk of not getting funded in the subsequent call. The problem is further exacerbated by the fact that the H2020 calls are open also to non-EU beneficiaries.  Thirdly, the EC (and MS) do not use the innovation procurement instruments (PCP combined with PPI) to accompany the route from HPC technology development to procurement that would help support a competitive European supply industry and create a lead market in Europe. The main reason so far is the hesitation of the Tier-0 countries to participate in joint procurement actions, even less to ones that may favour procurement of European technologies that may be perceived as not sufficiently competitive. Finally, the development of exascale technologies is not for the sake of having the fastest supercomputer in the world, but the goal is to build 'first of a kind' systems rather than 'one of a kind'. Indeed, HPC technology of today, and in particular low-power processing units and systems, is the mainstream technology that we will find in the next five ***years*** integrated in our cars, homes, factories and personal devices. Not investing in HPC technologies makes it difficult to be present in any digital technology in the future, like the autonomous vehicles, the connected car, or the smart home. The transition to exascale computing is an opportunity for the European supply industry to leverage on technologies in the computing continuum from smart phones, to embedded systems (for example in the future driverless cars), and to servers, feeding the broader ICT market within a few ***years*** of their introduction in high-end HPC – giving a competitive advantage to those developing them at an early stage. The size of these target markets is estimated to EUR 1 trillion. The industrial users who responded to the public consultation identified as their main concern the dependence on non-EU technology. This clearly shows their awareness of the risks related to the dependence of a foreign technology supply-chain for a resource that is a critical for their competitiveness on a global market. 2.3 What are the problem drivers? The following are the main drivers contributing to the problem: Problem Driver Nr 1: Public funding for HPC in EU/MS remains uncoordinated and insufficient to cope with the demand MS investments are insufficient and uncoordinated to acquire enough high end HPC systems that satisfy the demand. According to the 2014 International Data Cooperation study19, Europe started to narrow down the former wide gap separating the most capable US and Japanese supercomputers at the very high end of the supercomputers segment from their European counterparts. Indeed, at first, spending increased substantially in the EU for large 27 OJ L 347 of 20.12.2013, pp. 81-103 19 supercomputers from 2009 (112 million EUR) until 2012 (658 million EUR). However, in 2014, it started to decline again (362 million EUR in 2014). No MS has the capabilities to develop the necessary HPC ecosystem on its own in a competitive timeframe with respect to the USA, China or Japan. The individual MS do not have the full value chain or competences and most lack the necessary funding levels. Lack of sufficient resources is one of the main reasons put forward in the EuroHPC consultation (see Annex 2) to go for a new action at EU level. The leading regions in the world are racing ahead and are massively investing in strategic HPC ***programmes*** to boost their HPC ecosystem and prepare it for the upcoming next generation computing (exascale and beyond). These ***programmes*** are driven by the public authorities with some leverage of private investments (mainly on the technology supply side). If the EU is entirely dependent on non-European supply, this puts at risk our capacity to acquire the latest HPC systems and our capacity to build a digital industry all together given that HPC technology has a spill over effect on all digital technologies. Regaining world-wide leadership in HPC cannot be achieved on the basis of Europe's current HPC industry set-up and market conditions alone. No European industrial player currently has all competences in-house. The required investments levels for industry exceed their capacity and the risks of failure to develop an exascale system are too high to be borne by industry alone. Equally, public funding alone will not be sufficient to finance the broad uptake of HPC in the European industry in coming ***years*** and notably SMEs. Problem Driver Nr 2: European HPC system vendors face stiff competition from large foreign corporations Relatively small European HPC system vendors face stiff competition from large foreign corporations supported by their governments on the open European HPC market. European HPC vendors face asymmetries in major HPC markets outside of Europe due to national regulations e.g for national security. The concern that the EU is relegated against its global competitors in a field as strategic as supercomputing is among the main reasons for respondents to the consultation for a new action at EU level that goes beyond current actions (see Annex 2). Other countries such the USA have long-standing models for R&D collaborations with indigenous HPC vendors, many of which include supercomputer procurements with strong R&D requirements. Building an HPC ecosystem is a significant challenge, because the EU has historically been the most open major HPC market in the world, in part because it has not had an indigenous HPC system vendor large enough to compete with US, Japanese or Chinese vendors. As a result, in 2014, 81.2% of all European HPC server system spending profited US vendors. The only sizeable Europe-based vendor, Atos-Bull, accounted for only ~2% of European HPC server spending in 2014. It has had some successes outside of Europe, but still relies on European sales for a large majority of its HPC revenues. This unsatisfying situation is exacerbated by three factors: i. European HPC system vendors face asymmetries in major HPC markets outside the EU due to national regulations, e.g related to national security. 20 ii. The EU market for HPC hardware systems and parallel software is still too small and fragmented to support EU-based HPC vendors. They cannot thrive and continually fund world-class innovation unless they can match the investments of competitors (especially USA and China) that have strong domestic demand and easier access to the global market. iii. Intellectual property rights developed in EU research projects relevant to HPC often benefit non-EU parents of participating companies as the current EU Framework ***Programme*** for Research and Innovation imposes limited restrictions on the ***transfer*** of rights to affiliates in third countries. Concerning the 1st factor, in the USA the acquisitions of supercomputers by US federal agencies are restricted by the 'Buy American' Act, although purchasing of software and components of non-US origin is often allowed. In China, the fast-growing HPC market has been dominated historically by US supercomputer vendors, because Chinese HPC vendors have not been able to compete effectively. More recently, the Chinese government directed investment banks and other 'critical infrastructure' sites to cease acquiring non-Chinese HPC systems. In Japan, the government market has historically tended to favour Japanese supercomputers, although non-Japanese ones also had some success in this market. Concerning the 2nd factor, the EU has a lower aggregate level of HPC resources compared to other large economies around the world. With regard to the top 500 machines, the USA have ~50% more HPC resources than the EU, and China and Japan together have approximately twice the resources of the EU. These differences are significant as these three global blocs have comparable nominal economic GDP outputs. In other words, there is currently indeed a structural weakness in EU HPC resources. Concerning the 3rd factor, there are provisions in the EU Research Framework ***Programme*** that can contractually oblige an organisation to disclose such ***transfers***. These restrictions are certainly helpful although not as severe as in other countries developing HPC technologies outside the EU. In addition to issues related to IPRs and their ***transfers***, probably an even more important aspect is that a stronger HPC ecosystem in the EU is likely to open up new and attractive career opportunities for top scientists and engineers and reduce the brain drain from the EU. 2.4 Who is affected and in what ways? A joint structure coordinating and pooling the resources at European level will mobilise the necessary resources at European level to provide a world-class pan-European infrastructure and a strong European HPC ecosystem with lasting benefits in Europe. Europe in principle has the human potential and technological know-how to develop such an ecosystem along the whole HPC value chain. The following group of stakeholders are likely to be directly or indirectly affected by the initiative (see Annex 3 for an extended analysis). MEMBER STATES MS are expected to significantly benefit from the initiative. The EuroHPC initiative will enable them to coordinate together with the EC their HPC investments and strategies. The joint initiative will make it possible for them to access a world-class HPC infrastructure that no single country on its own can afford in particular those with little or no significant HPC resources in place. 21 The increased availability and accessibility of top HPC resources will motivate the users to keep their activities and data in Europe, helping to keep critical know-how and human potential in MS. SCIENCE - UNIVERSITIES AND RESEARCH CENTRES Thanks to a joint structure that ensures the sustainability and availability of resources in the short, medium and long terms, EuroHPC will ensure a European-wide access for researchers in Europe's Universities and Research Centres to supercomputers and data with a guaranteed high level of resources, and irrespective of their geographical location or scientific discipline. This factor is critical to ensure that the academic and scientific potential stays in Europe and is not exploited in other regions with more competitive HPC resources. A sustainable joint structure supported by the EC and MS will also consolidate the already existing vibrant mix of national, regional and pan-European initiatives in intra-EU scientific collaboration, and will provide EU-based teams with powerful resources to strengthen the European presence in international scientific endeavours. INDUSTRY INCLUDING SMES The new initiative will revitalise the European HPC ecosystem, where industry and in particular SMEs will benefit as both users and suppliers of HPC technology and applications.  As users; EuroHPC will consolidate European leadership in many HPC-empowered applications by making available more resources for industrial use accessible at EU level, complemented with specific measures to widen the usage of HPC technologies. This is of critical importance to industry and particularly SMEs without in-house capabilities that will benefit from easy to use HPC resources, applications and analytics tools to create new innovative products and processes.  As suppliers; a European-wide initiative with a focus on the supply of a European source of HPC technology and the protection of European IPR will have the necessary critical mass and a catalytic effect on the European suppliers. A clear R&I roadmap at European level provides a unique opportunity for industry, including SMEs, to participate in the co-design and development of such new technologies and systems, and to develop IPR and solutions to be further used in their business endeavours. EUROPEAN COMMISSION (EC) The EuroHPC initiative would solve the current complexity of implementing the HPC activities through two different ***programmes*** (CEF and H2020) and three different H2020 WPs (FET, LEIT-ICT and Research Infrastructures). The EuroHPC entity will provide a single structure and financial framework to coordinate the different activities in synergy. Most importantly, it will provide a single forum for strategic discussions with the MS and leverage EU and national efforts and resources. The EuroHPC entity will also be a privileged interlocutor for institutions, agencies and bodies addressing critical scientific, industrial or social-impact areas. It will become a focal point for better supporting the EU policy development and implementation in areas like digitising industry (DSM), security, and many other related to societal challenges. SUPERCOMPUTING CENTRES The EuroHPC entity will provide the appropriate frame to strategically plan for the further development and the federation of supercomputing centres at European, national and regional 22 level. The joint structure will avoid redundancies and will exploit complementarities with a European-wide planning of the different architectures across Europe (for example avoiding isolated and uncoordinated procurements that may end up in dependencies on single vendors and technological suppliers). EuroHPC also provides the opportunity to fully exploit the world-class HPC infrastructure and human resources of the European supercomputing centres in a synergetic way, encompassing the co-design and integration of technology with a coordinated procurement of supercomputers at European level. CITIZENS EuroHPC will ensure that world-class HPC resources and data are available for applications that are of direct interest for citizens. Given the inter-disciplinary nature of HPC and the wide range of scientific and industrial applications that will be made available at EU level, citizens will benefit from an increased level of resources provided by EuroHPC in areas like:  Health, demographic change and wellbeing  Secure, clean and efficient energy  Smart, green and integrated urban planning  Cybersecurity  Weather forecasting and Climate change  Food security THIRD COUNTRY ACTORS Successfully building a European HPC ecosystem will have an effect on the non-EU supply industry. The focus on the new instrument to produce, co-design and take-up of European technology in the next generations of European supercomputers will make EU technology more competitive. This will eventually decrease the market share of non-EU HPC components and systems in Europe, potentially worldwide. The increased protection of European IPR resulting from the R&I ***programmes*** supported by the EuroHPC, may stop the current situation of non-EU suppliers taking advantage of EU ***programmes*** to export the resulting IPR and improving their domestic developments. Provided access conditions on equal terms becomes a global practice, the European HPC resources could become attractive for scientists from outside the EU, sending their data for processing to Europe. The risk Europe currently faces with losing its data sovereignty may thus be reversed. 2.5 How would the problem evolve? There is an arms-race world-wide to develop and operate ever more powerful supercomputers. This is driven by the strategic importance for a nation and an economy for top-level computational power, but also driven by the growing demands of the scientists to solve ever more complex problems. The renewal of a machine every 5 ***years*** at the end of its lifetime increases the costs for the development, installation and operation of the machine by a factor two. The costs have now grown to an extent that they have become prohibitive for most market actors, including for most national governments in Europe. The effect has started to show as Europe is slowly dropping out of the first league of supercomputers. After a height of four machines ranking in the top 10 most performing supercomputers worldwide in 2012, the number has been steadily decreasing since, until EU based machines dropped out altogether from the top 10 list in 2017, despite recent acquisitions/upgrades at several sites across the EU. Without an increased effort to invest more or more efficiently, for example by pooling 23 resources in Europe and coordinating acquisition planning, this trend will continue and accelerate. According to the IDC study on High Performance Computing in the EU: Progress on the Implementation of the European HPC Strategy19 '… High-end supercomputers at national centres in Europe, the U.S , and Japan (but not China) are regularly oversubscribed – the demand for computing cycles typically exceeds the supply by a factor of two to three. European high-end supercomputers are no exception…'. The demand for HPC is expected to increase considerably in the coming ***years***, for example as more and more users, in particular SMEs, become part of the digital economy and make use of HPC for their business processes. This is paired with a hunger for higher computing power as the applications increase in complexity and include big data analysis. The gap between demand and supply of the most performant computing facilities will thus increase. A growing gap of available computing performance will motivate more and more European scientists to implement their calculations outside Europe. Europe thus runs the risk of losing control of its scientific data, but eventually also the brain drain of its scientists as they move closer to the computing facilities. The situation is similar for the industrial users who will not renew their service contracts with European supercomputing centres, but replace them with contracts outside the EU in order to stay competitive on a global market. The move of the users outside Europe would have a cascading effect on the supercomputing skills in Europe. Indeed, the supercomputing centres work closely with the users, equipment suppliers and ***program*** developers to adapt the applications to the architecture of the supercomputers and optimize the use of computing resources. This co-design approach is essential for an effective exploitation of the supercomputers and requires a profound understanding of the machine's architecture and behaviour. Breaking this co-design chain will gradually erode the skills of the supercomputing centres to offer competitive computing services as they would not be involved in the design of the most powerful machines. Ultimately, Europe runs the risk to lack the competences to design and operate exascale machines and offer computing services to the most demanding applications. The European suppliers with the competences and financial resources to provide the European market with the required machines, without public intervention hesitate to take the risk to invest in this field. Indeed, the market size of high-end machines is very small, maximum 100 machines per ***year*** worldwide but mostly in very closed and inaccessible markets for European vendors. The situation is identical for the European competitors in the USA, China and Japan. Those countries have already declared HPC to be a strategic priority for their country. As a consequence their governments fund ***programmes*** to develop national HPC ecosystems and work on the deployment of exascale supercomputers. As a consequence USA vendors (with new Chinese players) will continue to dominate the market. If no effective measures are taken to bring the EU back in the HPC race with EU technology, the dependency of Europe on non-EU suppliers will continue to grow. Otherwise the industrial base of European suppliers will continue to decrease as the companies either stop their HPC products (e.g Eurotech), or do not find sufficient market share to survive. As a consequence the European HPC ecosystem will further erode. The dominant suppliers like Intel, due to their market share, are dictating the prices and are gradually pushing European competitors out of the market. Initially those suppliers were in essence supplying the cores of the supercomputers, giving European suppliers the possibility to provide the other components (e.g interconnects) and integrate them in the computing boards. Gradually the dominant suppliers started to provide the other components too, proposing complete solutions. The procurers of the machines on one hand have less and less 24 the choice to include components from European suppliers as the solutions offered by dominant suppliers provide less and less integration possibilities. In the absence of a European supplier of the computing cores, the procurers are becoming more and more dependent on complete packages, limiting their possibility to co-design the machines according to their needs. Moreover, there is a risk that due to certain strategic or political decisions, such as export restrictions, sooner or later Europe will not have access to the most competitive and innovative technology, exacerbating the gaps described above. Therefore, to mediate the risks, the European HPC strategy has identified an action to develop one of the critical components of the exascale machines, i.e the multipurpose low power processor. 3. WHY SHOULD THE EU ACT? 3.1 Why do we need to act now? The problems and risks detailed in the previous section require urgent action at European level. Our world competitors massively fund ***programmes*** to develop national HPC ecosystems and work on the deployment of exascale supercomputers, with a particular focus on the development of indigenous HPC supply chains that are essential for economic development and for security and safety. To stay competitive in the HPC race Europe needs to acquire exascale supercomputers by 2022/23 and develop its technology supply chain that guarantees access to latest HPC systems. To reach the target the work has to start now, since a development cycle typically takes 5 ***years***. USA, China and Japan have also set 2022/23 as a target date. From the drawing board to the operational machine, the different components have to be developed and then integrated into the machine. An intermediate, key milestone is the development of the pre-exascale machines by 2020, where the initial design will be validated and the prospects of reaching the exascale target will be assessed. Any delay in the acquisition of the pre-exascale would equally delay the development of the exascale targets. Without more investments in the ***years*** 2018-2020 there is the risk that the pre-exascale target cannot be met, jeopardizing the longer term objective of the exascale machines. The EU funds to acquire the pre-exascale machines and develop its ecosystem are available now (EUR 486 million, already committed in H2020 and CEF WPs 2019-2020 to HPC activities). There is also evidence from several MS/AC (at least those which signed the EuroHPC declaration) that they are prepared to commit similar funding levels in the same period to implement the joint EuroHPC activities. Setting up a self-standing EuroHPC entity in 2019 will ensure that Europe takes action in a timely and coordinated way, with joint investments in leading-edge HPC technology and infrastructures. It would allow Europe to acquire world-class pre-exascale machines and stay competitive in leading scientific and industrial applications for the period 2020 to 2025; and, equally important, to build in Europe the necessary ecosystem to develop competitive European technology for the pre- and full exascale computing era. In an eventual support of the EuroHPC entity under the next MFF, this would allow to continue its operations and in particular to: procure and deploy two world-class exascale machines (based on European-funded technology); support the development of ambitious extreme scale applications for public and private users and of HPC skills; and, continue to support R&I activities, notably a competitive low-power European microprocessor and post-exascale HPC machines and their linking to the first quantum computing infrastructures that would have been developed under the Quantum Technologies FET Flagship. 25 3.2 The right to act at EU level The fragmentation of public HPC services across the EU and within MS leads to inefficient use of resources and only partial cross-border exchange of expertise. The increasing costs of building and maintaining HPC infrastructures require stronger governance at EU level and the rationalisation of HPC resources to reduce the current fragmentation. HPC is an essential instrument to address societal challenges like health and security. Both are policies of shared European interest, as exemplified in the NIS Directive28 or the Cybersecurity Communication29, addressing issues that do not stop at national borders. The level of security or the quality of public health in one MS depends from the situation in the rest of the EU. HPC is fundamental to build the data economy. Controlling how the data is used, who has the ownership and right for exploitation, where it is stored, and who has access to it are sensitive issues. It touches commercial and copyright issues, but also data protection and privacy issues. All these issues have been identified as political priorities in the Digital Single Market (DSM). Sending sensitive European data for processing in other regions of the world, where the high European standards of privacy, data protection, copyright, etc. are not necessarily respected, undermines the intention to gain sovereignty on European data and its exploitation. The scale of the resources that are needed to realise a sustainable exascale level HPC infrastructure and ecosystem is beyond what national governments can nowadays afford to invest. No single Member State has the financial means to acquire exascale computing capabilities and develop, acquire and operate the necessary exascale HPC ecosystem on its own and in competitive time frames with respect to the USA, China or Japan. Member States and national actors have now realised that they will only be able to remain competitive through a joint and coordinated EU-wide effort – c.f the EuroHPC declaration of 23.03.2017 This justifies the right for the EU to act in the field of HPC under Article 179 that states that 'The Union shall have the objective of strengthening its scientific and technological bases by achieving a European research area in which researchers, scientific knowledge and technology circulate freely, and encouraging it to become more competitive, including in its industry, while promoting all the research activities deemed necessary by virtue of other Chapters of the Treaties'. In addition, Article 187 TFEU gives authorisation to 'set up joint undertakings or any other structure necessary for the efficient execution of Union research, technological development and demonstration ***programmes***'. 3.3 Subsidiarity Knowledge and resources available in Europe need to be put together for the building of a leading edge HPC ecosystem across all value chain segments. National resources alone are insufficient. EU coordination of investments and resulting services is necessary in order to have HPC computing and data infrastructures as well as a full HPC ecosystem in Europe on a par with the USA, China or Japan. The importance of HPC for science, and the public and private sectors has grown in recent ***years*** together with the exponential rise in the investments required to stay globally competitive. This has led to a common understanding that the 'Europeanisation' of this domain via a shared infrastructure and common use of existing capabilities would benefit everyone. This also applies to Member States with difficulties in creating self-sufficient 28 OJ L 194, 19.7.2016, p. 1–30 29 JOIN(2017) 450 final 26 national HPC infrastructures whereas they can make valuable contributions to and benefit from federated and interconnected EU-level HPC capabilities. Cooperation exists already in some areas among Member States, industry and science actors. Examples include PRACE, the HPC cPPP, the Big Data PPP and GÉANT. EuroHPC builds on them as the key investors in the EuroHPC signatory countries are already represented there. There is however a need for a legal and financial framework closing the chain from R&D to the delivery and operation of the exascale HPC systems co-designed between users and suppliers. Such new framework would support the development of a pan-European HPC and data infrastructure built on European technologies, allowing the blending of different EU financing sources with national and private funding. It would stimulate joint investment to cover the ever increasing costs of building and maintaining world class HPC and data infrastructures and to optimise a number of important procurement factors, such as strategic planning for funding of top-level systems, user's coverage, diversity of systems architecture, etc. Ultimately, it would permit to build-up a critical mass in the HPC market to foster a true European HPC ecosystem that encourages and supports a competitive European HPC supply industry. As described in the introduction, political support from Member States on EuroHPC has already been explicitly given by the Council, by the signatories of the EuroHPC Declaration, and by the European Parliament. 3.4 EU added value The proposed initiative represents a natural candidate for European action with the EU and Member States implementing the EuroHPC strategy via the most appropriate legal instrument. It is only by acting at EU level that we will be able to pool together the necessary effort and create the critical mass needed to acquire leading next generation exascale systems which are in the order of hundreds of millions of Euros. Only by working at EU-level and combining investments, knowledge and skills Europe has a chance to keep-up to its competitors. At the same time, pooling the investments to jointly acquire exascale machines will create significantly higher return-on-investment (ROI) for each of the partial-owners of the machines, than the ROI of the full ownership of a lesser performing machine.30 Availability of top class HPC systems would enable European players to further develop a whole range of present and future scientific and industrial applications that would require exascale performance. It would permit funding the HPC related research and developing the necessary expertise, skills and capabilities for ***programming*** such systems efficiently and exploiting their full potential. And, most importantly, it will enable all European scientists, public administrations and industry to access this infrastructure and foster a wide range of cross-border collaboration and new products and services. Finally, by pooling the fragmented knowledge and the expertise existing all around, Europe can build the full supply chain for HPC systems: from technology components and systems to full machines. These are at the same time essential technologies in a variety of other mass markets (such as automotive, consumer electronics, servers, etc.). The transition to exascale computing, supported by joint EU/MS investments acting as lead market users, would provide 30 IDC special study 2016 'Investigation of the Ripple Effects of Developing and Utilizing Leadership Supercomputers in Japan: The Scientific and Financial Returns from the K Computer and Possibilities from the Post-K Computer' 27 an opportunity for the European supply industry to leverage on such investments and get access to new markets estimated to EUR 1 trillion. Overall, the creation of a globally competitive HPC environment in Europe, triggered by public intervention, creates goods and services that are of a truly public value for European science and industry: It will help the private and the public sectors to create leading-edge science, technologies and solutions benefiting all areas of the economy and society, contributing to the EU's objectives of economic growth, jobs and competitiveness. 4. OBJECTIVES: WHAT SHOULD BE ACHIEVED? 4.1 Overall objectives of the EuroHPC entity and instrument To address the problems identified in section 2, we propose to establish a new legal and financial instrument that would permit to implement the joint EuroHPC entity. Its overall mission would be to provide European scientists, industry and the public sector with the latest HPC and data infrastructure and support the development of its technologies and applications across a wide range of fields. The (EuroHPC) instrument would have to address the following three overall objectives: 1. Support a joint procurement framework for an integrated world-class exascale supercomputing and data infrastructure in Europe. Such infrastructure will be accessible on a non-economic basis to public and private users for publicly funded research purposes31; 2. Ensure a EU level coordination and adequate financial resources to support the development, procurement and operation of such a public infrastructure; 3. Support the research and development of an integrated European HPC ecosystem, covering all scientific and industrial value chain segments (hardware, software, applications, services, interconnections and skills). 4.2 Functionalities of the EuroHPC instrument To reach its objectives, the EuroHPC instrument has to meet several functional requirements: [Pooling together public and private resources] The legal instrument would have to support the joint procurement and operation of a European HPC infrastructure as well as R&I activities for the development of European HPC technology and excellence in applications. To reach the necessary investment levels to meet its objectives, the instrument has to make possible the pooling of public funds (from the EU and the MS/AC), as well as financial or in-kind contributions from the private sector. The Union's financial contribution would come from the budgets already allocated to H2020 and CEF WPs in 2019 and 2020. Those funds would have to be matched by a similar amount from the MS and AC, as well as by the private sector. [Procuring HPC machines] The legal instrument should enable the EuroHPC entity to launch calls for tender to acquire the pre-exascale machines and select the successful tenderers. As EuroHPC is a joint initiative it would act as trusted manager of the procurement process on behalf of all participating countries. To reduce the administrative burden the legal instrument should permit the application of European procurement rules. Ideally, the legal instrument should allow an exemption from VAT to reduce the overall cost of the systems to be procured. [Openness to new partners] The legal instrument would have to allow new MS/AC to join 31 HPC services to industry for private use may also be provide under commercial conditions. 28 the EuroHPC entity upon their request, subject to their financial commitment. EuroHPC could then start with a core group of participants that are ready at the launch of the instrument and gradually accept new members. [Enabling participation of the private sector] for defining and implementing the EuroHPC strategic R&I and application development agenda, stimulating large private investments in the field… while mitigating any eventual conflicts of interest in public procurement processes: While enabling private participation would be fundamental, the EuroHPC instrument would also have to make possible to include provisions for avoiding conflicts of interest, notably by making sure that there is no interference of the participating technology supply industry neither in the joint public procurement process of the pre-exascale machines nor on how the public funds are spent. [Implementing a R&I ***programme*** which can address the present ***programme*** coordination inefficiencies in implementing the HPC strategy], in particular the difficult coordination and synchronisation of the different H2020 and CEF HPC WPs. This could be addressed by delegating the implementation of the related budget to the EuroHPC (legal) entity. Its governing body could then align the content and the respective timings of the different calls with the HPC strategic agenda; ensure coherence between the topics of the different calls; and put in place the appropriate funding instruments to reach the objectives, in particular innovation procurement for accompanying the route from European HPC technology development to the procurement of European machines. Furthermore, by using the H2020 rules, the EuroHPC instrument should make it possible to introduce provisions to protect the economic and strategic interests of the Union, i.e protecting IPRs produced in the EU and first exploiting in Europe all EU-funded R&I results. [Safeguarding the Union's interest through EC participation] The EuroHPC instrument should foresee the possibility for the EU represented by the Commission to be part of its governance. That would ensure that the EC can play a significant role in the definition of the strategic orientation and priorities of the EuroHPC entity, and take part in the decisions on how its budget is allocated and spent. In essence, the legal instrument would have to permit a delegation of the EC funds to the legal entity, rather than a co-fund. [Lifetime] The EuroHPC instrument would have to exist until the termination of all its activities that would be launched in 2019 and 2020. Considering the typical duration of the H2020 grants and the typical lifetime of an HPC machine, the legal instrument would have to operate until approximately end 2026. To summarise, the EuroHPC instrument would have to address the following functionalities: Pool public and private funds Execute joint procurements while operating under EU-law (e.g VAT exemption, procurement rules, …) Implement a R&I ***programme*** which can address the present coordination inefficiencies in implementing the HPC strategy Remain open to incorporate new MS/AC willing to join Enable participation of the private sector Safeguard the Union's interest (the Union will be represented by the Commission) 29 4.3 Specific Objectives Considering the general objectives of the previous section within the broader context of the European HPC Strategy, the EuroHPC entity and its related instrument should achieve the following specific objectives, grouped in three pillars. The overall EuroHPC objectives can only be achieved if all the three pillars are implemented, as each of them is necessary to create the European HPC ecosystem. Pillar 1: Infrastructure development, acquisition and operations T1 Procurement and operation of world-class HPC and data infrastructures for European use, in particular aiming at procuring and operating two pre-exascale HPC machines (2020). T2 Interconnecting regional, national and European HPC resources (pre-exascale machines, data centres and associated software and applications) through an HPC and Big Data service infrastructure facility. T3 Providing access to HPC-based infrastructures and services to a wide range of users (scientific and industrial users including SMEs, and the public sector) for new and emerging data and compute-intensive applications and services. Pillar 2: Applications and skills development and a wide use of HPC T4 Achieving excellence in HPC applications through, for example, development and optimisation of codes and applications in a co-design approach, support to Centres of Excellence in HPC applications, and large-scale HPC-enabled pilot demonstrators and test-beds for big data applications and services in a wide range of scientific and industrial areas. T5 Increasing the innovation potential of industry, and in particular of SMEs, using advanced HPC infrastructures and services, for example via dedicated digital innovation hubs. T6 Outreach and training actions for attracting human resources to HPC and increasing skills and engineering know-how of the EuroHPC ecosystem. Pillar 3: Research & Innovation agenda for European technology & know-how development T7 Developing the next generation of key HPC technologies and systems towards exascale addressing the whole European technology spectrum from low-power microprocessors and related technologies to software, algorithms, ***programming*** models and tools, to novel architectures and their system integration through a co-design approach. 5. AVAILABLE POLICY OPTIONS 5.1 Option 0: Baseline from which the policy options are assessed The HPC strategy is implemented at EU level mainly via H2020 and CEF: 30  The development of the European HPC technology is addressed in the H2020 FET and LEIT-ICT WPs, from the research of the underlying concepts up to their integration; including the co-design and prototyping of HPC machines. The EC is supported by the cPPP (ETP4HPC) which submits every ***year*** its strategic research agenda (SRA) to the EC. The SRA provides the long term planning of activities necessary each ***year*** to reach the objectives of building a world-class HPC technology supply chain in Europe, including an estimate of the required budgets. Based on this input the EC then drafts the relevant work-***programmes***.  The development of the HPC infrastructure is addressed in the H2020 Research Infrastructures and CEF WPs. The EC provides funding to facilitate access of European scientists to the Tier-0 machines operated by PRACE. This includes financial support to the additional services PRACE provides to the user communities, complementing the work of the HPC Centres of Excellence (CoE).14 While PRACE is an organisation independent from the EC, the CoEs are a creation of the EC and are almost exclusively funded from the H2020 budget. Due to the different nature of the HPC activities funded by the EC, their difference in scope, and annual budget limitations, the activities are implemented in four different WPs: FET, LEIT-ICT, Research Infrastructures and CEF, each with its own selection process and timing. The EC publishes open and competitive calls for proposals. Any beneficiary eligible for H2020 funding can apply, irrespective of whether it is member of the HPC cPPP. For the period 2018-2020, around EUR 110 million have been committed for HPC activities in CEF and another EUR 640 million in H2020. The R&D projects funded through the H2020 calls are generally reaching their objectives (as this is acknowledged by the project reviews carried out by independent experts) and contribute to establishing the European HPC ecosystem. However, as mentioned in section 2.2, today the EC has difficulties in implementing coherently and effectively the HPC research roadmap because its activities are funded through four different WPs of H2020 and CEF; and there is a lack of continuity in supporting research teams from R&D components to systems development and integration and ultimately to innovation. The current implementation has also weaknesses with respect to the protection of the IPRs. The H2020 calls are open to any legally established legal entity, based in a MS or third country. As non-European entities can participate in H2020 grants, either directly, or through their European subsidiaries, R&I results are often ***transferred*** and exploited out of the EU. The H2020 Grant Agreement includes optional provisions to protect the European interests such as Article 30.3 which requires beneficiaries to notify the EC before they ***transfer*** the results and gives the EC the right to object. This option is validated by default for the running and upcoming H2020 HPC projects. Any further measure to protect the European IPR is unlikely to be implemented before the end of H2020, as this would require an amendment of the H2020 rules for participation. Could the shortcomings of the baseline scenario be effectively addressed by revising the existing instruments, i.e amend the mandate of the HPC cPPP, extend the mission of PRACE, or evolve the H2020 rules and procedures? PRACE provides the most powerful supercomputers in Europe but PRACE does not aim to coordinate national ***programmes*** or investments in the procurement of HPC systems. PRACE was created in 2010 and a new agreement entered into force in 2016/2017. With the new agreement, there is a small financial contribution to PRACE of the members not hosting a Tier-0 machine. Eventually a new agreement could be negotiated to include the Union, represented by the EC, as a member; a coordination of the procurement; and a revision of the 31 governance. However this is unlikely to happen because: (i) the hosting countries will continue to protect their national interests and not lose control over their Tier-0 supercomputers; and (ii) the PRACE machines are owned by the Tier-0 hosting countries and are designed and developed to primarily satisfy national research needs, in accordance with the relevant national strategies and ***programmes*** and do not necessarily cover wider European user needs. The mandate of the HPC cPPP is limited in time and is foreseen to be revised after 2020. The cPPP is playing a valuable role in defining and implementing the HPC strategic research agenda and leveraging private funding. One of its weaknesses is that its membership is open to non-EU actors. As a result the dominant, non-EU suppliers are today part of it, influencing the definition of the H2020 workprogrammes. This makes it more difficult for European market actors to develop European technology that finds its way into the subsequent procurement of machines. Finally, the use of different H2020 and CEF WPs for HPC and their challenging coordination can only be resolved by a revision of the H2020 Regulation, by integrating them into a single pillar. Such revision is not feasible any more. Even if it this was the case, it would resolve coordination of H2020 activities but not the coordination with CEF. Therefore, this option does not allow neither the pooling and efficient synchronisation of the EU investments (as they are split across multiple ***programmes*** and areas), nor the coordination of the EU activities funded by the EU budget with those of the MS. This kind of approach already proved to be insufficient in bringing about an EU-wide HPC ecosystem as this is also reflected in the 2017 EuroHPC Declaration by MS and further validated by the findings of the EuroHPC targeted consultation. Fragmentation of HPC ***programmes*** and efforts in Europe and the lack of coordination of activities was the main problem for the computing centres and the scientific users that responded to the public consultation. 5.2 Options considered for implementing EuroHPC but discarded at an early stage Option: EEIG The European Economic Interest Grouping (EEIG)32 is a cooperation form, similar to national consortia, but ruled mainly by European law. That means its core rules are common throughout the whole EU, and national rules are required only for a few issues (e.g nullity, dissolution, some profiles of a grouping's administration). An EEIG is a type of legal entity designed to make it easier for companies in different countries to do business together or to form consortia to take part in EU ***programmes***. A main usage of this supranational type of enterprise is to facilitate co-operation in European ***programmes*** especially for small and medium-sized enterprises (SMEs). The EEIG differs from other companies first and foremost in its purpose. It is supposed to help its members to develop or improve their own fields of activity. Thus, the EEIG can be used to develop certain common activities which would be too expensive for single members. Because of this auxiliary nature the activity of an EEIG has to be connected to the economic activity of its members. Not only SMEs, but basically every company or firm and all institutions governed by public or private law can be a member of an EEIG. 32 Legal basis for the EEIG is Regulation No. 2137/85. The implementation of some provisions was deferred to Member States; each state passed implementation laws which rule certain matters relating to groupings and set up the necessary rules for the registration of groupings. EEIGs thus are harmonised as they refer to one single law, the EC Regulation, which is equal for all Member States. 32 The EEIG is eligible to participate in procurement procedures. However, the EEIG can only participate as a beneficiary. It cannot coordinate the procurements of the EC and the MS, nor can it implement a joint procurement. The procurement would still have to be implemented by the MS and/or the EC. As the EEIG has full legal capacity, its participation in EU R&I projects as partner or coordinator is possible. The EEIG is eligible to receive community funds. However, this option does not effectively address the problem of fostering the supply of European technology. As in the baseline scenario, the EEIG would be in competition with non-European applicants for the H2020 calls. Also the problem of ensuring continuity of the actions between subsequent calls remains as well as the problem that the EC has with the synchronisation of HPC investments under different H2020 and CEF WPs. Option: Galileo-type ***programme*** In a Galileo-like ***programme*** the EU has the sole ownership of the ***programme*** and delegates its implementation to a separate legal entity. In discussions with the EuroHPC signatory countries, they have clearly expressed their preference for a legal instrument where they would have co-ownership of the activities, in particular for the procurement and operation of the EuroHPC machines. The legal basic act setting up the Galileo-like ***programme*** would have to be followed by a delegated act to a legal entity for its implementation. The overall process is expected to take around 3 ***years***. Such timing is incompatible with the EuroHPC plans as discussed above, making it impossible for the EuroHPC to reach the targets set for jointly procured pre-exascale systems by 2019-2020. It would also highly compromise all the longer term plans in developing and procuring exascale systems based on European technology by 2022/2023. Option: Intergovernmental organisations An intergovernmental organisation like the European Space Agency (ESA) is an agency established by a convention between its participating states, establishing a joint ***programme*** between Member States. The Member States signing EuroHPC have not proposed the creation of an intergovernmental organisation and the EC does not have the right in the Treaty to put forward such a legal form in a regulation. The EC can only participate in joint activities after negotiating a Cooperation Framework. As the EC would not be part of the governance the EC would have a limited influence on the definition of the calls for funding the joint activities, nor would the EC have a say on the acquisition and operation of the supercomputers. Finally, establishing such an organisation is unlikely to be operational by 2019, when the activities of the new legal entity have to start, as discussed above. In summary, this option would not lead to a legal entity that can jointly procure and operate HPC machines. The following table compares the baseline scenario and the discarded options against the functionalities which the new legal instrument should fulfil. As can be seen, none of them fulfils all the functionalities. 33 Baseline Scenario EEIG Galileo-type Intergovernmental Organisation Pool public and private funds 0 0 0 0 Execute joint procurements while operating under EU-law 0 0 OK 0 Implement a R&I ***programme*** OK maybe 0 OK Remain open to incorporate new MS/AC willing to join OK 0 0 OK Enable participation of the private sector OK OK OK 0 Safeguard the Union's interest through EC participation OK 0 OK 0 5.3 Option 1: ERIC The Community legal framework for a European Research Infrastructure Consortium (ERIC) is a specific legal form to facilitate the establishment and operation of research infrastructures33 with a clear European interest and the involvement of several European countries.34 The principal task of an ERIC is to establish and operate a research infrastructure on a non-economic basis. An ERIC can be used for establishing new research infrastructures or for operating existing research infrastructures which consider it useful to change their legal structure to become an ERIC. The ERIC can thus interconnect and federate regional, national and European HPC resources provided the research infrastructure meets the requirements set out in the ERIC regulation. The ERIC can provide the management of the coordination between the infrastructure and existing national computation resources and also, if agreed, regional computation resources. The ERIC framework has been developed primarily for new high-profile research infrastructures with a European dimension.35 Complementing national and inter-governmental schemes, the ERIC Regulation provides a common legal framework based on Article 187 TFEU. The ERIC has legal personality and full legal capacity recognised in all MS. Although an ERIC can be the beneficiary of H2020 grants, its current mandate does not allow it to get delegation to implement part of the H2020 ***programme***. Therefore the ERIC would 33 According to Article 2(a) 'Research infrastructure' means facilities, resources and related services that are used by the scientific community to conduct top‑level research in their respective fields and covers major scientific equipment or sets of instruments; knowledge‑based resources such as collections, archives or structures for scientific information; enabling Information and Communication Technology based infrastructures such as Grid, computing, software and communication, or any other entity of a unique nature essential to achieve excellence in research. 34 Council Regulation (EC) No 723/2009 of 25 June 2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC), OJ L 206, 8.8.2009, p.1 35 ERIC examples are the Integrated Carbon Observation System (ICOS ERIC), the European Multidisciplinary Seafloor and Water Column Observatory (EMSO ERIC), the Central European Research Infrastructure Consortium (CERIC ERIC). 34 not be able to define a strategic R&I agenda and implement it, but would depend on the H2020 WPs defined and implemented by the EC. ERIC's basic internal structure is flexible, leaving the members to define the statutes, membership rights and obligations, as well as the bodies of the ERIC and their competences, while complying with the essential requirements provided for in the ERIC Regulation. The members of an ERIC can be MS, ACs, third countries other than the AC and intergovernmental organisations. The EU represented by the Commission may participate in an ERIC. However, the EU participation as a full member in the ERIC and the way it would make available its financial contribution are currently not foreseen36 and would have to be defined in some way. While the ERIC Regulation leaves open the possibility of the EC (as an international organisation) to become a member of an ERIC and to contribute through its membership to the ERIC, this has not been the case in any of the 17 ERICs that have been established until now. In practice, the participation of the EC in an ERIC in whatever form would create a situation of conflict of interest whenever the ERIC would participate in calls from EU ***programmes***, as the EU would both be allocating budgets for the ERIC from EU ***programmes*** (notably H2020 and CEF) and would be co-responsible in a wise spending of such funds. The participation of industry is not foreseen in an ERIC. An ERIC as such is also closed to private funding, in turn restraining the participation and financial contribution by industry players to any future initiative. This is because the principal task of the ERIC is to establish and operate on a non-economic basis37. In principle, ERICs are not designed to pool resources from the EU and MS but mainly from the MS themselves. Likewise, it would make it difficult for an ERIC to implement a joint EU/MS procurement. An ERIC is recognised by the country hosting its seat as an international body or organisation for the purposes of the directives on VAT and excise duties.38 It also qualifies as international organisation for the purpose of the directive on public procurement.39 An ERIC may therefore, 36 Council Regulation (EC) No. 723/2009 of 25 June 2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC) – Recital (6): 'In contrast to Joint Technology Initiatives (JTI) constituted as Joint Undertakings of which the Community is a member and to which it makes financial contributions, a European Research Infrastructure Consortium (hereinafter referred to as ‘ERIC’) should not be conceived as a Community body within the meaning of Article 185 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ( 1 ) (the Financial Regulation), but as a legal entity of which the Community is not necessarily a member and to which it does not make financial contributions within the meaning of Article 108(2)(f), of the Financial Regulation. 37 See Recital (8) of Council Regulation (EC) No. 723/2009: 'An ERIC set up under this Regulation should have as its principal task the establishment and operation of a research infrastructure on a non-economic basis and should devote most of its resources to this principal task. In order to promote innovation and knowledge and technology ***transfer***, the ERIC should be allowed to carry out some limited economic activities if they are closely related to its principal task and they do not jeopardise its achievement. The establishment of research infrastructures as ERICs does not exclude that research infrastructures of pan-European interest that have another legal form can equally be recognised as contributing to the progress of European research, including to the implementation of the roadmap developed by ESFRI. The Commission should ensure that ESFRI members and other interested parties are informed about these alternative legal forms. 38 Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to 39 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC 35 under certain limits and conditions, benefit from exemptions from VAT and excise duties on its purchases in all EU MS and it may adopt procurement procedures respecting the principles of transparency, non-discrimination and competition but not subject to the directive on public procurement as implemented in national law. The advantage of the ERIC is that it can be setup with a rather lightweight and fast process. This would give confidence that by 2019 the ERIC would be operational and could implement, at least partially, the objectives of the HPC strategy. However, this would not solve some of the present shortcomings of the baseline scenario, like the difficult synchronisation of calls. To include in the mandate of the ERIC the possibility to implement H2020 calls on behalf of the EC this would require a revision of the ERIC regulation, which in turn is a lengthy process. Based on the above arguments, the table below summarises how the ERIC responds to the functional requirements the EuroHPC instrument should fulfil: ERIC Pool public and private funds ERICs are designed to pool resources mainly from the MS Execute joint procurements while operating under EU-law The EU participation as a full member in an ERIC is not foreseen, but under certain conditions the EC may participate. Joint EC/MS procurement is difficult Implement a R&I ***programme*** Current mandate does not allow ERIC to get delegation to implement part of the H2020 ***programme*** Remain open to incorporate new MS/AC willing to join OK Enable participation of the private sector Industry cannot become member of an ERIC Safeguard the Union's interest through EC participation The EU participation as a full member in an ERIC is not foreseen, but under certain conditions the EU may participate 5.4 Option 2: Joint Undertaking A Joint Undertaking (JU) is a Union Body established under Art 187 TFEU40, which can be used for the indirect management of the EU budget.41 A JU is therefore an autonomous EU legal entity, with its own staff, budget, structure, rules and governance that can be tasked to implement actions under ***programmes*** such as H2020 and CEF. It can combine EU budget with other sources of funding (national, private, etc.), allowing the implementation of R&I and demonstration ***programmes*** in an integrated way. Public authorities at different levels from the MS (national, regional), the Union represented by the EC and other stakeholders like industry can become members of a JU. JUs have been used in FP7 and H2020 to establish the Joint Technology Initiatives (JTIs): Public-Private Partnerships (PPPs) that define and implement the Strategic Research Agendas (SRAs) of a limited number of areas where the scale and scope of the objectives is such that 40 A JU is established by a Council Regulation, taking into account the opinion of the European Parliament and the European Economic and Social Committee. 41 In accordance with Art 58.1(c)(iv) of the Financial Regulation (FR) 36 loose co-ordination through European Technology Platforms (ETPs) and support through the regular instruments of the Union's Research Framework ***Programme*** are not sufficient. According to their founding regulations JUs have their own governance structure but can also share some functions (e.g internal audit) with other already existing JUs for efficiency reasons. Each JU includes a Governing Board, an Executive Director as well as other bodies, including advisory bodies, depending on its specific operational and governance needs. JUs have a dedicated budget and staff and provide a framework for the public and, when appropriate, private players to work and take decisions together. They can organise calls for proposals and put in place implementation arrangements. They thus allow funds from different sources to be jointly managed and they are responsible for the related planning, monitoring and reporting activities. JUs can also carry out procurement procedures. Each JU has its own procurement and financial rules adopted by the Governing Board, based on the Union's model Financial Regulation. Established as a Union body, a JU can benefit from VAT and excise duties on its purchases in all EU MS and may adopt procurement procedures not subject to the Directive on public procurement as implemented in national law. JUs provide the legal, contractual and organisational framework to structure the joint commitments of public and private stakeholders and monitor the implementation against agreed Key Performance indicators (KPIs). In addition, they offer a firm governance structure and budgetary certainty to all stakeholders. JUs offer the possibility of joint activities between MS and the EU, allowing to keep e.g MS/AC participation flexible according to country-specific priorities. Nevertheless, there is co-responsibility in the strategies and modes of implementation chosen. A report of the Estonian presidency42 reflected the very positive view that industry partners and researchers express on this kind of PPPs. The report indicates that such partnerships are a good instrument for strengthening the industrial base of Europe by connecting the European ecosystem to global companies and by encouraging good quality industry-led research which enables the EU to remain competitive and a leader in innovation and technology. There are several good reasons to establish a JU in the area of HPC: (i) the added value of the combining EU and national funding; (ii) the coordination and rationalisation of procurement and R&I investments at European level; (iii) the possibility to safeguard the Union's interests as the EU can be member of the JU, by exerting its decisional powers in the JU Governing Board; (iv) the possibility to combine innovation procurement instruments (PCP and PPI) to fund the development of innovative European technology and procure afterwards this technology; (v) the possibility to protect the Union's economic interests (by activating the option provided for in Article 30.3 of the H2020 Model Grant Agreementrestricting the ***transfer*** of IPRs and Article 28 to first exploit the project results in the Union). The ECSEL JU43 is a good example for establishing and operating a JU in HPC. ECSEL has just been the object of an interim evaluation by an independent expert panel which concluded that the combination of EU, national and private investments under a single R&I scheme optimises the leverage of public funding and ensures a strong alignment of effort along a 42 'Increased coherence and openness of European Union research and innovation partnerships'. Final Report, Republic of Estonia Government Office, Technopolis group, June 2017,   [*http://www.technopolis-group.com/report/increased-coherence-openness-european-union-research-innovation-partnerships/*](http://www.technopolis-group.com/report/increased-coherence-openness-european-union-research-innovation-partnerships/) 43 ECSEL (   [*http://www.ecsel-ju.eu/*](http://www.ecsel-ju.eu/)) attracts the industry and research community in the semiconductor and embedded systems domains, OJ L 169, 7.6.2014, p. 152–178. 37 unified European strategy. Over the ***years*** 2014-2016, the EU has invested in ECSEL EUR 460 million out of a total of EUR 1.2 billion until 2020. This has leveraged roughly the same amount of national funding and a double amount of funding from industry (corresponding to an EU funding leverage factor of 4.26). ECSEL JU is clearly recognised as successful in attracting the best European players in the semiconductor and electronic components and systems domains and has so far been instrumental in structuring the sector in Europe around a common SRA. A similar effect is expected with the EuroHPC JU. It is to be noted that the EC (DG CNECT) has an extensive experience acquired in the establishment and operation of the ECSEL JU, which can be used in setting up and running the EuroHPC JU. Based on the arguments presented above the table below summarises how the JU responds to the functional requirements of the EuroHPC legal and financial instrument: Joint Undertaking Pool public and private funds Can combine EU budget with other sources of public and private funding Execute joint procurements while operating under EU-law Can carry out joint procurement - is recognised by the country hosting its seat as an international body or organisation for the purposes of the directives on VAT and excise duties Implement a R&I ***programme*** JU is a Union Body established under article 187 TFEU and can be tasked to implement actions under ***programmes*** such as H2020 and CEF Remain open to incorporate new MS/AC willing to join OK Enable participation of the private sector Industry can participate in the JU Safeguard the Union's interest through EC participation The EU represented by the Commission can be member of the JU and exert its decisional powers in the JU Governing Board 38 6. WHAT ARE THE IMPACTS OF THE POLICY OPTIONS? This section analyses the economic, environmental and social impact of the options in line with the Better Regulation Guidelines together with the coherence with other policy and the views of stakeholders. 6.1 Option 0: Baseline scenario Effectiveness Pillar 1: Infrastructure development, acquisition and operations H2020 has a dedicated instrument for innovation procurement that sets the EU financial support at maximum 35% of the cost of a procurement action. The experience that the EC has developed when using this instrument for procuring HPC machines in H2020 is that the procurement process should be attractive for the Tier-0 supercomputing centres of the PRACE hosting countries, since these centres are always mandated by the MS to do the national HPC procurements. The following procurement principles were thus agreed and put in place: General specifications of the HPC machines were collectively defined by the supercomputing centres. Customised 'local specifications' were then added by each supercomputing centre to address the specific national user needs of the hosting country. Then these became the basis for each centre to procure its machine. The procured machines are then co-designed with national scientific communities to optimize performance. Overall, such procurement process, while attractive for the supercomputing centres, is not suitable for the European agenda. It is optimized to serve national scientific needs and it results in procuring machines that may not be the most performing ones required at EU level. A different design would not attract supercomputing centres to participate in the procurement process. Once in operation, access to procured PRACE Tier-0 machines is essentially reserved to those MS hosting the machines (~60 to 90% of machine time). The other MSs pay a contribution to the operating costs of the machines to get access, but their scientists have to participate in a peer-review process based on excellence. As already explained in previous sections, there is a high demand and only a small number of applications are satisfied. Furthermore, this peer-review process is not adapted to industrial users because their applications are not necessarily driven by scientific excellence. In conclusion, the baseline scenario is not effective for implementing Pillar 1. Pillars 2 and 3: Research and Innovation and Applications and skills development The H2020 WP 2018-2020 supports well actions for HPC application and skills development through: (i) the HPC CoEs14; (ii) large-scale HPC-enabled industrial pilot test-beds for big data applications and services; and (iii) the Fortissimo-2 project44, providing access of user SMEs to HPC resources. In addition, the CEF WPs support application development for the public sector. The baseline scenario is effective in developing applications and skills and supporting user SMEs (Pillar 2). The H2020 WP 2018-2020 also supports technology and knowhow development through a different set of activities, ranging from fundamental research to the development of prototype systems. The funded R&D projects are generally reaching their objectives and contribute to establishing the European HPC ecosystem. However, as already explained in previous sections, the present way in implementing Pillar 3 is not effective as the funding of its activities is fragmented in two different ***programmes*** (CEF and H2020) and in three different 44   [*https://www.fortissimo-project.eu/*](https://www.fortissimo-project.eu/). Fortissimo Marketplace offers to SMEs a self-service of HPC resources, software applications, expertise and tools, delivered by Europe’s major HPC technology providers. 39 WPs of H2020 (FET, LEIT-ICT and Research Infrastructures). Even if the individual projects are successful and deliver functional components and prototypes, these are rarely integrated later on in the machines that are procured. As a result, the Union's R&D investment does not result in the development of European HPC machines that could be further supported through a lead market perspective. The baseline scenario is thus not effective to implement the EuroHPC strategy and to develop the world-class supercomputers based on European technology. Efficiency / Impact on economy, competitiveness, competition and SMEs The baseline scenario fails to foster a European supply industry of HPC technology and the take-up of the R&D results into commercial products is too limited compared to the R&D investments the Union is making. Moreover, due to the open nature of the H2020 calls non-European industry can directly benefit from the H2020 activities, increasing their competitiveness, which helps them to keep or expand their market share in Europe. The baseline scenario can foster the innovation potential of user SMEs (see above). However, it fails to provide the computing facilities European industry users need. As supported by the stakeholders' survey findings, industry users either have to turn towards machines of lower computing performance than their non-EU competitors, resulting in longer development processes or products of lower quality, or they take their product developments outside the EU to access the computing power they need to stay competitive. In conclusion, the baseline scenario has a limited impact on the economy and on competitiveness, competition and the technology supply SMEs. Social and Environmental Impact The availability of world-class computing capabilities and a high accessibility would accelerate the research on topics of environmental relevance like weather forecast, climate change, ***agriculture***, urban planning, renewable energy production, natural hazard prevention, traffic management, etc. The baseline scenario can have only a limited social and environmental impact since it cannot provide the performance levels and accessibility required to make advances in these fields in pace with the non-EU competitors. Stakeholder support More than 80% of the respondents to the consultation indicated that the current implementation model is insufficient to address the challenges Europe currently faces in HPC and advocate for a new instrument. on the basis of two main arguments:  The level of EU-wide coordination and cooperation of HPC initiatives is currently insufficient in a qualitative and quantitative sense, resulting in a strong fragmentation of individual efforts across Member States, across different stakeholders (e.g industry/science) as well as across current EU-wide initiatives.  Continuing in the current mode of fragmented and insufficient efforts, the EU is relegated against its global competitors (USA, China) in a field as strategic as supercomputing. 6.2 Option 1: ERIC Effectiveness Pillar 1: Infrastructure development, acquisition and operations 40 ERIC was conceived as an instrument for the MS to jointly establish and operate pan-European research infrastructures on a non-economic basis. Potentially, an ERIC can become a very effective instrument for procuring and operating world-class HPC and data infrastructures for European use. The statutes of the ERIC would also guarantee that all MS will have open access to the ERIC procured machines under conditions announced from the beginning.45 The ERIC would provide free access for researchers and the public sector to the ERIC machines. Access to industry for private purposes would have to be done on a pay-per-use basis at market prices, since ERICs are established to work on a non-economical basis.46 Overall, the effectiveness of an ERIC for procuring and operating HPC machines would depend on how MS would put it in place. As there are already many ERICs operating since several ***years***, the established experience would help MS to set up the HPC ERIC in an effective way.47 In conclusion, ERIC can be an effective instrument for implementing Pillar 1. Pillars 2 & 3: Research and Innovation; and Applications and skills development ERIC was not conceived as an instrument for the MS to jointly plan and support R&D activities and for application development. Its current mandate does not give it the possibility of defining and developing a strategic R&I agenda; and, it does not allow it to get delegation to implement part of the H2020 ***programme***. The ERIC cannot implement itself calls for R&I proposals and would have to be combined either with the baseline scenario for financing such activities or with another legal and financial instrument supporting such activities. An alternative scenario for an ERIC could be to participate in the co-design of world-class HPC machines, if it sets up a consortium including the relevant industrial and academic partners. This is possible, provided its mission is defined in its statutes in very broad terms, so that it can be a beneficiary of H2020 grants. However, this would require altering in a rather fundamental way the ERIC's mandate; it would also require for the ERIC to assemble the right consortium (academia and industry partners) in an open and transparent way to participate in an open H2020 R&I call on co-designing HPC systems; and, finally, to make sure it is selected in the call. This last would mean that MS are involved both in defining the respective call priorities and budgets and in bidding for getting the funds. In conclusion, ERIC is not an effective standalone instrument to achieve excellence in applications, or for technology and innovation development that would be integrated in world class HPC machines. Efficiency / Impact on economy, competitiveness, competition and SMEs The ERIC would have an effect on the coordination of the national HPC strategies. It would lead to the joint procurement and management of a world-class HPC infrastructure. It would 45 According to Article 4 of the ERIC regulation, the research infrastructure must meet the requirement of an '… (c) effective access, in accordance with the rules established in its statutes, is granted to the European research community, composed of researchers from Member States and from associated countries …' 46 Up to 20% of an ERIC activity can be run on market conditions. If the demand is higher, it would require the establishment of a spin-off entity to manage such activities. 47 As an ERIC is an international organisation (within the meaning of the procurement directive), it can choose to adopt its own procurement policy respecting the principles of transparency, non-discrimination and competition. It is expected that the MS would be represented in the ERIC by their national supercomputing centre. Relying on these centres for the HPC machine procurement would add value, as they are the most experienced organisations in handling procurement of supercomputers. This might though compromise the possibility of cooperation of these centres in the procurement process as the centre will be both a member of the ERIC and participate at the same time in the co-design process of the HPC machines to procure. 41 achieve a better allocation of resources at European level, avoiding duplication of efforts, and optimisation of spending focusing on the relevant areas. The ERIC could set clear targets for the development of the world class HPC machines, creating a lead market. This would incentivise to some degree the research centres and HPC technology suppliers to develop and integrate, at least part of, the European HPC technology. The ERIC would thus permit to support to some extent the European suppliers to develop technology and sell it giving them opportunities to become more competitive. This would in particular benefit the SMEs, as the majority of European HPC suppliers are SMEs. However, as the ERIC cannot implement a R&I agenda and guarantee the integration of European technology developments into future HPC machines, its impact on economy and on European industry competitiveness is expected to be rather limited. Social and Environmental Impact The availability of world class computing performance and a high accessibility that the ERIC would achieve would permit accelerating the research on topics of social and environmental relevance like health, environment (weather forecast, climate change), ***agriculture***, renewable energy production, safety (e.g , natural hazard prevention), smart cities and traffic management, etc. The ERIC would thus have a clear societal and environmental impact. Stakeholder support The respondents to the consultation (see Annex 2) ranked the current state of interaction between industry and academia on the exploitation of high-end computing systems, application codes and services as a key problem area, in particular the respondents from the technology supply industry. The choice of an ERIC would not permit to improve drastically this situation. 6.3 Option 2: Joint Undertaking (JU) Effectiveness Pillar 1: Infrastructure development, acquisition and operations A JU can define its own procurement and financial rules and carry out its procurement procedures following rules to be agreed by its governing board that need to be based on the Union's model Financial Regulation. By being responsible for the HPC machine procurement process (with the help of experienced national experts), the JU will open the possibility for future hosting supercomputing centres to cooperate in this process and in particular to participate in the co-design activities of the JU machines. This is a very effective way to benefit from the supercomputing centres in designing and procuring a leading HPC and data infrastructure in Europe. Within the competences established by the statutes of the JU, the JU governing board would define the access conditions for the users of the JU machines. The JU governing board would have to define and manage the access of public and private users to the machines under similar conditions as the ones mentioned above for ERICs. In conclusion, the JU is an effective instrument for jointly procuring world-class HPC and data infrastructures for European use. Pillars 2&3: Research and Innovation; and applications and skills development A JU can be used for the indirect management of the EU budget. It is an autonomous EU legal 42 entity that can be tasked to implement actions under ***programmes*** such as H2020 or CEF. It can combine EU budget with other sources of funding (national, private, etc.), allowing the implementation of research, technological development, pilot application and demonstration ***programmes*** in an integrated way. The JU would be tasked to implement all those HPC activities foreseen in the CEF and H2020 WP 2018-2020 through the launch of competitive open calls. Firstly, it would ensure a seamless continuation of the present calls, serving different scientific and industrial user and technology supply communities. Secondly, it would implement calls for R&I proposals according to the H2020 rules that would be open to any eligible beneficiary. The JU would provide transparency and openness in its operations. The JU would include in its governance structure a scientific advisory board bringing together scientific and industrial users and technology suppliers, supercomputing centres, CoE representatives and other researchers to define the long term strategic research agenda (SRA) of the JU and give advise on the draft ***yearly*** Work Plans to implement this SRA. The latter would be decided and adopted by the governing board of the JU. This will ensure coordination with national ***programmes*** and will permit to plan and synchronise the different calls and activities towards the achievement of the overall goal of the JU, i.e the development of a European HPC ecosystem. Each subsequent call would build on the results of previous calls ensuring continuity. In particular calls for innovation procurement would be planned that make the participation to the procurement conditional to the successful conclusion of prior European R&D projects and/or specify a preference for the integration of R&D results previously developed by the European R&D ***programmes***. The JU can thus become a very effective instrument to achieve excellence in applications, and for technology and innovation development that would be integrated in world class HPC machines based on European technology. Efficiency / Impact on economy, competitiveness, competition and SMEs As in the case of ERIC, a JU would have a clear positive effect on the coordination of national HPC strategies, enabling the joint procurement of leading HPC infrastructure and avoiding duplication of efforts and waste of resources. Its possibility to pull together funds from different public and private sources, including the structural funds, to be jointly managed combined with its possibility to implement a stakeholder-defined strategic R&I agenda would permit: (i) to increase the JU's overall ***programme*** efficiency; (ii) to achieve a better allocation of resources at European level; (iii) to optimise the spending on the relevant European priority areas; and (iv) industry players to contribute to defining the JU's strategic R&I agenda and annual calls, in line with their own strategic developments in the field. Furthermore, by procuring innovation, the JU can set clear targets for the development of HPC machines integrating European-based technology, creating a lead market. This would permit to further incentivise the European HPC suppliers to work with research centres and invest into HPC technology development and into integrated machines which could be acquired by the JU. Through its activities, the JU could thus achieve a significant leverage effect on private investment and related economic activity. It could lead to a larger market share of European suppliers, and impact directly the competitiveness of European industry. These are confirmed by the findings of the recent study on partnerships of the Estonian presidency38 and those of the interim evaluation of the ECSEL JU confirm such potential economic impact of the JUs: 43 every one Euro invested by the public sector leverages two Euros from the private sector. In conclusion, the JU can have a clear positive impact on economy, competitiveness, competition and SMEs, much higher than that of the baseline scenario or ERICs. Social and Environmental Impact Similar to an ERIC, the JU would also enable the availability of world class computing performance and a high accessibility and would permit accelerating the research on topics of social and environmental relevance. Furthermore, as the JU would have a direct positive impact on the competitiveness of European industry, this in turn is expected to be translated on a positive effect on jobs. Stakeholder support There is a large majority of respondents to the targeted consultation arguing in favour of setting up a new instrument for the implementation of a truly European, integrated, HPC strategy (see Annex 2). Indeed, the respondents to the consultation ranked the current state of interaction between industry and academia on the exploitation of high-end computing systems, application codes and services as a key problem area. A JU would certainly set the basis for improving the present situation in the future. The possibility that the JU offers to industry to directly participate in the definition of the JU's strategic R&I agenda and annual calls is also considered to be of key importance for the European supply industry for increasing its technological edge versus competing global companies. A clear industry support can thus be concluded for the JU instrument. The recent study on R&I partnerships of the Estonian presidency seems to confirm this.48 In addition, from the non-polemic responses to the publication of the EuroHPC Inception Impact Assessment (see Annex 2) a clear support can be concluded not only for a new initiative but also explicitly for a JU as the best instrument. 7. HOW DO THE OPTIONS COMPARE? This section presents a comparison of the options in the light of the impacts identified. The options are assessed against the core criteria of effectiveness, efficiency and coherence, as well as taking into account the support expressed by the different stakeholders. Effectiveness of the instrument Both the ERIC and the JU would have a positive impact compared to the baseline scenario. However, while the JU would have a positive impact on the 3 pillars, the ERIC is not an effective instrument to implement a research ***programme*** with the aim to develop the technology that would be integrated in leading European HPC machines. The ERIC is an effective instrument only for the development, acquisition and operation of the HPC infrastructure. Impact on economy, competitiveness, competition and SMEs Both instruments, ERIC and JU, would have a positive economic impact as compared to the baseline scenario. However, the impact of the ERIC is expected to be much lower than that of 48 'Industry partners and researchers express very positive views on JTIs. A common research agenda is implemented and there is a large emphasis on partnerships and collaboration to ensure that EU remains competitive and a leader in innovation and technology', Section 3.2 of the Estonian Presidency study.42 44 the JU. This is mainly due to the fact that the ERIC cannot be tasked to implement a R&I ***programme***. Its economic impact would thus be more indirect, originating in essence from the increased availability and accessibility of world-leading HPC infrastructure. Furthermore, the JU can pull together funds not only from public sources (like ERICs do) but also from private ones. The JU also gives the possibility to industry players to steer the JU's R&I agenda which can lead to a significant leverage effect on private investment and related economic activity and impact directly the competitiveness of European industry. Social and environmental Impact Both instruments, ERIC and JU, have a clear positive almost identical societal and environmental impact. Stakeholder opinion According to the outcome of the public consultation (see Annex 2) there is a clear demand for a more effective instrument to implement the European HPC strategy. However, as the respondents to the consultation ranked the current state of interaction between industry and academia on the exploitation of high-end computing systems, application codes and services as key problem area, the choice of a JU would certainly set the basis for improving this situation in the future. Based upon the impact analysis performed in Section 6, the following table compares the merits of a new EU-wide collaborative effort on HPC (i.e options 1 or 2) against the baseline scenario (0): Impacts Option 0: Baseline Scenario Option 1: ERIC Option 2: JU Effectiveness x (Pillar 1: Infrastructure) x (Pillars 2&3: Applications and R&I agenda) √ (Pillar 1: Infrastructure) x (Pillars 2&3: Applications and R&I agenda) √ (Pillar 1: Infrastructure) √ (Pillars 2&3: Applications and R&I agenda) Impact on economy, competitiveness, competition and SMEs √ √√ √√√√ Social and Environmental Impact √ √√ √√ Safeguarding Union interests through EC participation √ 0 √ TOTAL √ √√√√ √√√√√√√√√ Table 1: Comparing the Impact of the different options. The symbols 'x' and '√' indicate respectively positive (√) and negative (x) impacts, the number of the symbols is the net result of the summing-up of the respective individual ratings of the policy option and indicates the magnitude of the change. The above comparison demonstrates that an EU-wide collaborative effort on HPC (i.e Options 1 or 2) offers indeed significant added value for the European economy, society and environment vis-à-vis the baseline scenario option. 45 8. SELECTION OF PREFERRED OPTION AND HOW WILL THE EUROHPC JU WORK The above analysis has shown that a Joint Undertaking (JU) represents the best instrument capable to implement the goals of EuroHPC while offering the highest economic, societal, and environmental impact while best safeguarding the Union’s interests. The business-as-usual option does not address the 4 key problems of the current European HPC strategy implementation model as identified in Section 2.2 Therefore, the business-as-usual option is considered as inappropriate to build up the EuroHPC strategy. In summary, the main arguments in favour of a JU as the preferred policy option to implement the EuroHPC entity are:  It fulfils all functional requirements of the legal entity to implement the objectives.  It provides a visible legal, contractual and organisational common framework to structure the joint commitments of the public and private stakeholders.  It provides of a firm governance structure and budgetary certainty to all stakeholders.  It can implement a joint procurement and operate world-class HPC systems via promotion of technology, particularly European one.  It can launch R&I ***programmes*** for developing technologies and their subsequent integration in European exascale supercomputing systems and contribute to developing a competitive European technology supply industry.  It has a positive impact on all 3 pillars, for developing a thriving European HPC and Big Data ecosystem. In addition, the following arguments speak in favour of the chosen option: The EC already has experience on setting-up and managing JUs. In particular the experience gained from implementing the ECSEL JU will be helpful. First, it is a tripartite agreement, bringing together the EC, the MS and the private sector, as would be the case for EuroHPC. The governance and the administrative processes are well understood, the strengths and weaknesses well known. The EuroHPC would build on the ECSEL structure taking over its strength and mitigating its weaknesses. In particular, EuroHPC would benefit from the revision of the ECSEL regulation that is going on, addressing the shortcomings that have been identified in the day-to-day operations of ECSEL. How will the EuroHPC JU operate? The members of the JU will be the Union (represented by the EC), the MS and AC, and the HPC and Big Data stakeholders, including academia and industry. Only the public partners of the JU will be responsible for its Pillar 1 activities (Infrastructure development, acquisition and operations) in order to avoid any conflicts of interest of the private partners in the procurement process of the JU machines. The governance of the Joint Undertaking will be structured in the following way:  The Governing Board will be composed of representatives of the public partners of the JU. It will be responsible for strategic policy making and for the funding decisions related to the activities of all the three JU pillars. Voting rights and procedures will be, in principle, proportional to the financial contributions of its members.  The Industrial and Scientific Advisory Board will be composed of representatives of the HPC and Big Data stakeholders. It will have an advisory role and will include two advisory groups: 46 (i) The Research and Innovation Advisory Group will include representatives of academia and industry users and technology suppliers. It will be responsible for elaborating a medium- to long-term research and innovation agenda on technology and applications, covering the research, innovation, applications and skills development activities of the JU (Pillars 2&3). (ii) The Infrastructure Advisory Group will include experienced academia and user industry experts selected by the Governing Board. They will provide independent advice to the Governing Board on the procurement and operation of the machines owned by the JU (Pillars 1&4). The JU machines will be interconnected with the existing Tier-0 PRACE and other existing national machines (via the GEANT network) and be made available to the public and private users. The Governing Board will have the responsibility of defining and assuring the overall monitoring of the access and use rules of the JU machines. The EuroHPC JU will procure and own those HPC machines funded mainly by the Union, so that these machines are jointly owned by the JU members contributing to their procurement. For simplicity, the JU would not operate the procured machines itself but delegate their operation to a hosting entity (ideally to be selected by the JU following a competitive Call for Expression of Interest). The selection of the hosting entity would have to be done according to well defined criteria. The JU would remain the owner of the procured machines until they are depreciated (typically after 4 to 5 ***years*** of operation). Then ownership would be ***transferred*** to the hosting entity for machine decommissioning and disposal or any other use. The budget of the JU will be of the order of approximately EUR 1 billion (composed of an EU contribution of around EUR 486 million matched by a similar amount from the MS/AC). It is also expected that the private stakeholders will significantly contribute to the JU activities related to Pillars 2 and 3. The JU budget would ensure the operations and ***payments*** of all the activities that the JU would have launched at the latest by the end of 2020 until their termination around 2025/2026. It could then be wound up. 9. HOW WOULD ACTUAL IMPACTS BE MONITORED AND EVALUATED? Monitoring will start with the establishment of the new legal instrument. An explicit clause to monitor on an annual basis the key performance indicators (KPIs) will be included in the legal instrument. The first assessment will take place with the publication of the call for tender for the pre-exascale machines. An explicit evaluation and review clause, by which the EC will conduct an independent evaluation, will be included in the legal instrument. The EC will subsequently report to the European Parliament and the Council on its evaluation accompanied where appropriate by a proposal for its review, in order to measure the impact of the instrument and its added value. The Commission Better Regulation methodology on evaluation will be applied. These evaluations will be conducted with the help of targeted, expert discussions, studies and wide stakeholder consultations. The Executive Director of the legal entity should present to the Governing Board an ex-post evaluation of EuroHPC's activities every two ***years***. The legal entity should also prepare a follow-up action plan regarding the conclusions of retrospective evaluations and report on progress bi-annually to the Commission. The Governing Board should be responsible to monitor the adequate follow-up of such conclusions. Alleged instances of maladministration in the activities of the legal body may be subject to inquiries by the European Ombudsman in accordance with the provisions of Article 228 of the Treaty. 47 The list of KPIs that could be used to monitor progress towards meeting the objectives, impact and success of the JU is as follows:  At least two pre-exascale machines jointly procured.  Computing hours made available for European researchers increase with respect to the hours currently available through PRACE.  Oversubscription of the machines made available at European level decrease well below the current levels.  The number of user communities served and number of researchers getting access to the European pre-exascale machines increases when compared to the number of those having to look for computing resources outside Europe.  Competitiveness of European suppliers starts increasing, measured in terms of global market share of European HPC systems, components and tools, and in terms of share of European R&D results taken up by industry.  Contribution to next generation HPC technologies, measured in terms of patents, scientific publications and commercial products.  Number of European applications adapted to pre- and exascale systems.  Number of scientists, students, users (industrial and public administrations) trained.

**Load-Date:** January 22, 2018

**End of Document**



[***Council of the European Union: COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking ST 5282 2018 ADD 2***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RGX-Y7T1-F0YC-N3JX-00000-00&context=1516831)

Impact News Service

January 25, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 24524 words

**Body**

Brussels: Council of the European Union has issued the following document:

5282/18 ADD 3 MI/lv DG G 3 C EN Council of the European Union Brussels, 12 January 2018 (OR. en) 5282/18 ADD 3 […] COVER NOTE From: Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director date of receipt: 11 January 2018 To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union No. Cion doc.: SWD(2018) 6 final - Part 1/4 Subject: COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking Delegations will find attached document SWD(2018) 6 final - Part 1/4. Encl.: SWD(2018) 6 final - Part 1/4 EN EN EUROPEAN COMMISSION Brussels, 11.1.2018 SWD(2018) 6 final PART 1/4 COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking {COM(2018) 8 final} - {SWD(2018) 5 final} 2 Table of Contents Preamble ..................................................................................................................................... 5 1. Introduction ....................................................................................................................... 5 1.1 Background ............................................................................................................. 5 1.2 Context .................................................................................................................... 7 2. Problem Definition ........................................................................................................... 8 2.1 A brief introduction to HPC and its strategic value for science and the digital economy .......................................................................................... 8 2.2 What is the problem that requires action and its size .............................................. 8 2.3 What are the problem drivers?

.............................................................................. 18 2.4 Who is affected and in what ways? ....................................................................... 20 2.5 How would the problem evolve? ........................................................................... 22 3. Why should the EU act? ................................................................................................. 24 3.1 Why do we need to act now? ................................................................................. 24 3.2 The right to act at EU level ................................................................................... 25 3.3 Subsidiarity ............................................................................................................ 25 3.4 EU added value ..................................................................................................... 26 4. Objectives: What should be achieved? ........................................................................... 27 4.1 Overall objectives of the EuroHPC entity and instrument .................................... 27 4.2 Functionalities of the EuroHPC instrument .......................................................... 27 4.3 Specific Objectives ................................................................................................ 29 5. Available Policy Options ................................................................................................ 30 5.1 Option 0: Baseline from which the policy options are assessed ........................... 30 5.2 Options considered for implementing EuroHPC but discarded at an early stage . 31 5.3 Option 1: ERIC ...................................................................................................... 34 5.4 Option 2: Joint Undertaking .................................................................................. 36 6. What are the Impacts of the Policy Options? ................................................................. 39 6.1 Option 0: Baseline scenario ................................................................................... 39 6.2 Option 1: ERIC ...................................................................................................... 41 6.3 Option 2: Joint Undertaking (JU) .......................................................................... 42 7. How do the Options Compare? ....................................................................................... 44 8. Selection of Preferred Option and how will the EuroHPC JU work .............................. 46 9. How would actual Impacts be monitored and evaluated? .............................................. 47 3 LIST OF ANNEXES − Annex 1: Procedural information − Annex 2: Analysis of the responses received to the targeted Consultation and on the Inception Impact Assessment on the HPC Initiative in Europe − Annex 3: Who is affected by the initiative and how? − Annex 4: Staff and budgetary estimates for the Euro HPC JU option − Annex 5: HPC and its strategic value for the digital economy − Annex 6: Brief review of the funding sources and budgets of HPC initiatives Worldwide and in Europe 4 GLOSSARY The below table explains the key terms or acronyms used in this document. ASCR Advanced Scientific Computing Research CEF Connecting Europe Facility CoE Center of Excellence cPPP Contractual Public-Private Partnership DoE (US) Department of Energy DSM Digital Single Market EC European Commission ECI European Cloud Initiative EEIG European Economic Interest Grouping EIB European Investment Bank ERIC European Research Infrastructure ETP European Technology Platform ETP4HPC European Technology Platform for High-Performance Computing Exascale Computing systems capable of 1018 Floating Point Operations per Second FET Future and Emerging Technologies Flop Floating Point Operations per Second FP7 7th EU Framework ***Programme*** for Research & Innovation FPA Framework Partnership Agreement GDP Gross Domestic Product H2020 Horizon 2020 Framework ***Programme*** for Research & Innovation HPC High-Performance Computing ICT Information and Communication Technology IPCC Intergovernmental Panel on Climate Change IPRs ISV Intellectual Property Rights Independent Software Vendors ITER International Thermonuclear Experimental Reactor JTI Joint Technology Initiative JU Joint Undertaking (as defined by Article 187 TFEU) LEIT Leadership in Enabling and Industrial Technologies MFF Multi-annual Financial Framework NSA (US) National Security Agency NSCI National Strategic Computing Initiative OJ Official Journal of the EU PCP Pre-Commercial Procurement PPI Public Procurement of Innovative solutions PPP Public-Private Partnership PRACE Pre-exascale Partnership for Advanced Computing in Europe Computing power near the exascale performance (i.e 0.1-0.6 exascale) R&D Research and Development R&I Research and Innovation ROI Returns on Investment SME Small- and Medium-sized Enterprise SRA Strategic Research Agenda SSC (PRACE) Scientific Steering Committee TFEU Treaty on the Functioning of the European Union WP Work ***Programme*** 5 PREAMBLE In this document the terms High Performance Computing (HPC) systems, HPC machines and supercomputers are used indistinctly. The terms leading-class/world-class computers or systems refer to supercomputers that are ranked amongst the most powerful in the world. An important point is the level of computing performance of supercomputers: the next HPC computing frontier is the exascale performance, i.e supercomputers capable of executing 1018 or 1 billion billion Floating Point Operations per Second. These systems are expected to be built around 2022. The term pre-exascale is used to refer to performance levels close to exascale (i.e 0.1 to 0.7 exascale). Pre-exascale systems are expected to be available on the market around 2019-2020. 1. INTRODUCTION This document explains that High Performance Computing (HPC) is a strategic priority for Europe. The European Commission (EC) and several Member States (MS) have already taken the decision to co-invest in a joint structure that would allow Europe to reach the strategic goals defined in this domain through optimal use of available public funding. The document explores which form of legal and financial instrument would serve best the objectives of this joint HPC structure (called in the sequel the EuroHPC entity) that would start operating as of 2019 onwards and assesses its impact to implement the EuroHPC strategy in Europe. 1.1 Background Europe's scientific capabilities, industrial competitiveness and sovereignty critically depend on access to world-leading HPC computing and data infrastructures to keep pace with the growing demands and complexity of problems to be solved. In 2012, the Communication 'High performance Computing: Europe's place in a global race'1 highlighted the strategic nature of HPC as a crucial asset for the EU's innovation capacity and called on Member States, industry and the scientific communities, in cooperation with the EC, to step up joint efforts to ensure European leadership in the supply and use of HPC systems and services by 2020. On 19 April 2016, the EC adopted the European Cloud Initiative (ECI)2,3 as part of its Digitising European Industry strategy.4 The Communication invited the EC and the MS to work together in the creation of a leading European HPC and Big Data ecosystem, underpinned by a world-class HPC, data and network infrastructure. Such infrastructure would support the EU to become one of the world's top supercomputing powers by realising exascale supercomputers around 2022, based on European technology, ranking among the first three places in the world. 1 COM(2012) 45 final 2 COM(2016) 180 final 3 SWD(2016) 106, accompanying the ECI Communication 4 COM(2016) 180 final 6 The European HPC Strategy aims at establishing a world-class HPC ecosystem in Europe, acquiring leadership-class supercomputers which secure Europe's own independent HPC technology and system supply, and deploying HPC services for science, industry and SMEs. To be able to implement this strategy we need to coordinate and pool national and European efforts in developing and procuring world-class supercomputers. In May 2016, the Competitiveness Council5 expressed its political support to HPC followed by the European Parliament in January 2017.6 The Competitiveness Council took also note of the intention of France, Italy, Luxembourg and Spain to launch a joint project for developing a commercial offer in HPC and big data serving industrial applications. Moreover, the European Council of 28 June 2016 called for swift and determined progress to create the right conditions for stimulating new business opportunities by coordinating EU efforts on high-performance computing; and looked forward to the launch of an important project of common European interest in this field.7 On 23 March 2017 at the Digital Day in Rome, which was organised as part of the 60th Anniversary celebrations of the Treaty of Rome, seven MS – France, Germany, Italy, Luxembourg, the Netherlands, Portugal and Spain – signed the EuroHPC declaration.8 They were more recently joined by Belgium, Slovenia, Bulgaria, Greece, Croatia and Switzerland. These countries agreed to work together and with the EC for acquiring and deploying by 2022/2023 a pan-European integrated exascale supercomputing infrastructure called EuroHPC. Other MS and Associated Countries (AC)9 are invited to sign the EuroHPC declaration. Several countries have already signalled their intention to do so by the end of 2017. The EuroHPC Declaration is an agreement in which the signatory MS commit to work together and with the EC for acquiring and deploying an integrated world-class HPC infrastructure, which will be made available across the EU for scientific communities as well as public and private partners, no matter where supercomputers are located, upraising Europe's scientific capabilities and industrial competitiveness and for jointly procuring and deploying exascale supercomputers accessible from everywhere in Europe based on competitive European technologies. On 10 May 2017, in the Communication on the Mid-Term Review of the Digital Single Market (DSM) Strategy10, the EC confirmed its plans to invest on HPC and announced its 5 The Competitiveness Council on 29-30 May 2016 adopted conclusions on the ECI Communication, highlighting the role of HPC in the EU's innovation capacity and stressing its strategic importance to the EU's industrial and scientific capabilities as well as to its citizens. 6 European Parliament, Report on the European Cloud Initiative (2016/2145(INI)), Committee on Industry, Research and Energy, Brussels, 26 January 2017. 7 [*http://www.consilium.europa.eu/en/press/press-releases/2016/06/28-euco-conclusions/*](http://www.consilium.europa.eu/en/press/press-releases/2016/06/28-euco-conclusions/) 8   [*http://ec.europa.eu/newsroom/document.cfm?doc\_id=43815*](http://ec.europa.eu/newsroom/document.cfm?doc_id=43815), and   [*https://ec.europa.eu/digital-single-market/en/news/belgium-joins-european-cooperation-high-performance-computing*](https://ec.europa.eu/digital-single-market/en/news/belgium-joins-european-cooperation-high-performance-computing) 9 Countries associated to H2020:   [*https://ec.europa.eu/research/iscp/pdf/policy/h2020\_assoc\_agreement.pdf*](https://ec.europa.eu/research/iscp/pdf/policy/h2020_assoc_agreement.pdf) 10 COM(2017) 228 final 7 intention to propose by end-2017 a legal instrument that provides a procurement framework for an integrated exascale supercomputing and data infrastructure. 1.2 Context The EuroHPC declaration and the communication on the DSM mid-term review have soundly supported the decision on establishing the joint EuroHPC entity that allows the co-investment of the Union with MS and ACs to establish an integrated world-class supercomputing and data infrastructure. The EuroHPC entity would permit to coordinate and pool national and European efforts in a framework to procure jointly between the Union and the MS a world class HPC and data infrastructure and their interconnection. In order to be able to procure such infrastructure based on competitive European technology, the EuroHPC entity will also be used to develop further the European HPC ecosystem, i.e , a reinforced technology supply chain, a richer applications offer in various sectors and the tools necessary to provide these applications as an HPC Cloud service across Europe. This includes support to Research and Innovation (R&I) on both hardware and software required for building competitive exascale machines as well as support to the development of skills needed for reaping the benefits of investing in such leading infrastructure. There is an urgent need to act now, driven by the triple need to: (i) procure and deploy in Europe in competitive timeframes a world-class pre-exascale HPC infrastructure; (ii) make it available to public and private users for developing leading scientific and industrial applications that would foster the development of a broad pre-exascale ecosystem in Europe; and (iii) support the timely development of the next generation European HPC technologies and their integration into exascale systems in order to be ready to procure them in competitive timeframes with respect to our world competitors. These three objectives are within reach if the EuroHPC entity could be set up and start operating in 2019. The entity would not need extra funds from the current Multiannual Financial Framework (MFF), as it will draw funds from the budgets already committed for HPC activities in the different work-***programmes*** (WPs) of the last two ***years*** of Horizon 2020 (H2020) and the Connecting Europe Facility (CEF). A total budget of approximately EUR 1 billion would be available: an EU contribution of around EUR 486 million matched by a similar amount from the MS/AC. This would ensure the operations and ***payments*** of all the activities that the EuroHPC entity would launch at the latest by the end of 2020 until their termination around 2025/2026. The EuroHPC entity may also receive financial support from the next MFF. Should this be the case, the entity would be ready to fulfil further the objectives of the European HPC strategy. This would imply in particular the possibility for the entity to procure exascale HPC systems based on European technology; support the development of a thriving exascale ecosystem in Europe; and prepare for the next generation of HPC technologies and their link to quantum computing. 8 2. PROBLEM DEFINITION 2.1 A brief introduction to HPC and its strategic value for science and the digital economy HPC is a branch of computing that deals with simulation and modelling of scientific and engineering problems and with data analytics that are computationally so demanding that computations cannot be performed using general-purpose computers. Today, these computations typically run on very powerful systems with highly parallelized computing units of hundreds of thousands or millions of processors. Those computers are often referred to as supercomputers. The speed at which computing power increases is so fast that today's state of the art machines are obsolete after five ***years*** of operation on average. As the problems modelled in computer simulations and decision support systems grow in size and complexity (to enable more detailed predictions, to cope with ever larger amounts of data or both), so do the demands on computational resources. In many areas spanning from health, biology and climate change to automotive, aerospace energy and banking general-purpose computers cannot provide a practical solution to address complexity anymore and access to HPC becomes essential. HPC is at the core of major advances and innovations in the digital age, where to out-compute is to out-compete. It is a key technology for science, industry, and society at large. Annex 5 provides data on how impactful HPC is today on the economy and society, provides data on its high returns on investments, and illustrates the importance of HPC with many examples of the most prominent HPC applications in science, industry and the public sector. To fully reap the benefits of HPC, it is necessary to support a full ecosystem comprising hardware and software components, applications, skills, services and interconnections. In fact every new generation of HPC systems pushing further the performance limits is the result of a cooperative effort between suppliers, operators, users and researchers, tailor-made and optimised for the scientific or industrial application users, which HPC systems are intended to serve. Such an interdisciplinary approach leads to a more efficient use of often expensive supercomputing systems and develops training capabilities for ***programming*** such systems. 2.2 What is the problem that requires action and its size The 2012 Communication on 'High-Performance Computing: Europe's place in a Global Race'1, laid down the foundations for a European HPC strategy. The overall objective was the development of the European HPC infrastructure and a pooling of national investments in HPC. This was broken down into the specific objectives to provide a world-class European HPC infrastructure, ensure independent access to HPC technologies, pool enlarged resources, increase efficiency, strategic use of joint and pre-commercial procurement, and ultimately, ensure the EU's position as a global actor. The Communication called on the European Commission, the Member States, the industry and PRACE11 to put in place a number of actions to reach these objectives. As a consequence the following actions were implemented: • The contractual public-private-partnership (cPPP) European Technology Platform ETP4HPC12 was created in 2013. It is an industry-led technology platform of HPC 11 PRACE (   [*http://www.prace-ri.eu/*](http://www.prace-ri.eu/)) offers a pan-European supercomputing infrastructure providing access to computing and data management resources and services for large-scale scientific and engineering applications at the highest performance level. PRACE is an association of 24 member countries. The PRACE top computer systems (so-called Tier-0) are provided by five PRACE hosting members (BSC Spain, CINECA Italy, GCS Germany, GENCI France and CSCS Switzerland. 12   [*http://www.etp4hpc.eu*](http://www.etp4hpc.eu)/ 9 suppliers with the mission to develop a joint research agenda and coordinate its implementation, thereby creating critical mass of R&D in HPC, building a world-class HPC technology supply chain in Europe, increasing the global share of European HPC technology vendors and maximising the benefits that HPC technology brings to the European HPC user community. • The EC made a commitment towards the ETP4HPC to invest EUR 700 million in H2020 for the period 2014-2020. The cPPP should leverage a similar amount of resources on the private side. • PRACE hosting member countries supported the European science community, providing access to most powerful computers in Europe, as well as training facilities and skills development opportunities. The EC supports financially PRACE to facilitate the access to the computing resources. In addition, the EC and the MS are also investing in GÉANT, the pan-European data network for the research and education community linking national research and education networks as well as supercomputing centres across Europe. 13 • Centres of Excellence (CoEs)14 were established and funded by the EC for the application of HPC in scientific domains of importance for Europe. They also provide support, competences and training to the user communities. • MS continued to invest in their national HPC capabilities, developing technology and regularly procuring new machines to replace the outdated ones. Lessons learnt in the implementation of the HPC strategy Despite all the above activities that were put in place, the implementation of the HPC strategy is still not very efficient and effective today. The main reason for this is the existing fragmentation of efforts at EU ***programme*** level and between EU and MS level. As reported in the 2016 Communication on the European Cloud Initiative2 and in the accompanying Staff Working Document3, many of the challenges identified in the Communication of 2012 are still largely unresolved: • Provide a world-class European HPC infrastructure: PRACE is an effective tool to provide computing cycles, but the procurement of systems is still done by MS in an uncoordinated way. This situation for example leads to periods of abundance of top-class systems (i.e in 2012, with several MS acquiring top machines) followed by a period of low resources for researchers (i.e in 2016-2017, due to obsolescence of previous machines and lack of further investments). A pan-European vision with a more strategic and rational planning of procurements is necessary. • Fragmentation of European and national efforts: The implementation of the R&I agenda proposed by the cPPP is fragmented: First, MS have their own national ***programmes***. And second, the way the EC implements the HPC strategy is not well-coordinated, since it uses two different ***programmes*** (CEF and H2020) and three different H2020 WPs (FET, LEIT-ICT and Research Infrastructures). This is due to the different nature of the supported activities (R&I, infrastructure development, etc.) and annual budget limitations. Such implementation is complex: it involves discussion with four 13   [*https://www.geant.org*](https://www.geant.org) 14 Centres of Excellence (CoE) ensure EU competitiveness in the application of HPC for addressing scientific, industrial or societal challenges. The Centres are conceived to be user-focused, develop a culture of excellence, both scientific and industrial, and place computational science and the harnessing of “big data” at the centre of scientific discovery and industrial competitiveness. 10 different ***programme*** committees with different delegates often from different entities within each MS, making coordination between committees more difficult. Moreover, as the four different ***programmes*** have their own timing, the synchronisation of the calls addressing the various but interlinked aspects of the European HPC strategy, becomes a real challenge. At EU level, a single R&I ***programme*** is necessary for an efficient production of European HPC technology. • Innovation procurement is not used in HPC: Innovation procurement instruments like the Pre-Commercial Procurement (PCP) and the Public Procurement for Innovation (PPI) have not been used so far by the MS in the area of HPC. In contrast, the USA, China and Japan use legal instruments that ensure a flexible process for the production of national technology in R&D ***programmes*** and their integration in the systems that are acquired by the national agencies. Europe would benefit from a joint structure that would permit to pool national and EU resources and jointly procure HPC systems by making systematic recourse to innovation procurement. • Ensure the EU's position as a global actor: European suppliers face limitations in acceding to public procurements of HPC in USA, China or Japan. In contrast the EU is still the most open market, with no restriction in most of the public procurements on HPC (except e.g for military purpose machines in some countries). Making systematically recourse to mechanisms like the one provided by Article 30.315 of the H2020 model grant agreement (to object under certain conditions to the ***transfer*** of Intellectual Property Rights (IPR) to third countries) and to new procurement and exploitation strategies would permit protecting IPRs produced in the EU and first exploiting in Europe the EU-funded R&I results. The above issues will be analysed in the sections below. In summary, the EU is now confronted with the following situation: The EU does not have the best supercomputers in the world even in areas of key importance; the available supercomputers do not satisfy the demand; the MS spending in HPC is not coordinated and the industrial take-up of HPC technology developments is low. We still fail in turning the technology development into HPC systems that are procured in Europe, i.e we lack an effective link between technology supply, co-design with users, and a joint procurement of systems. Figure 1 provides an overview of the main problems, their drivers and their consequences. 15 [OPTION 1 for EU grants]: The [Commission][Agency] may — up to four ***years*** after the period set out in Article 3 — object to a ***transfer*** of ownership or the exclusive licensing of results, if: (a) it is to a third party established in a non-EU country not associated with Horizon 2020 and (b) the [Commission][Agency] considers that the ***transfer*** or licence is not in line with EU interests regarding competitiveness or is inconsistent with ethical principles or security considerations. 11 Figure 1: Overview of the main problems, their drivers and consequences Problem Nr 1: The EU does not have the best supercomputers in the world but, in addition it is largely dependent on non-European HPC supply chains with the increasing risk of not having access to latest strategic technology even if resources were available. Today, none of the 10 leading supercomputers in the world – i.e supercomputers with a performance level necessary to sustain leading-edge research – is located in the EU (5 are in the USA, 2 in Japan, 1 in Switzerland and the 2 top systems are located in China).16 Figure 2: HPC World Top 20 as of June 2017 and their computing power 16 See:   [*https://www.top500.org*](https://www.top500.org) Public investments for HPC in EU/MS remain uncoordinated and insufficient to cope with the demand Relatively small European system vendors face stiff competition from large foreign competitors Europe does not have the best super-computers in the world integrating European technology Supercomputers available in Europe do not satisfy the demand MS do not have a framework for joint procurement The European HPC technology supply chain is weak and the integration of European technologies into operational HPC machines remains insignificant Science: Digital divide across Europe with regard to access to available resources Public Sector: Risk of insufficient protection of public/financial services, strategic decision making, national security Industry: Loss of innovation due to low use of supercomputers / stiff competition to access to few available resources (particularly for SMEs) Drivers Problems Consequences 12 Figure 3: HPC World Top 20 as of June 2017 Europe's top performing machine is located in Switzerland and it is based on US technology (i.e Cray). A more detailed analysis shows that while the US and the EU machines have similar capacities in terms of number of available computer cores, the performance of the two systems is very different with the average EU being below 30% of the average US performance.17 The main reason for this situation is that Collectively, the EU and the MS are significantly under-investing in HPC technology supply and infrastructures when compared to the investments of USA, China or Japan. The current funding gap with the USA is estimated in at least EUR 700 million per ***year***. So far, the EC invested EUR 330 million on HPC-related activities of H2020 between 2014 and 2017 and further investments of the order of EUR 750 million are foreseen in the period 2018 – 2020. The total EU support in HPC will be over EUR one billion in the period 2014-2020. As for the collective investments of the MS for the same period these are estimated to be at around EUR 1.5 billion. The four PRACE countries hosting the Tier-0 machines made available to European scientists of computing time equivalent to the cost of EUR 400 million. A study conducted for the EC in 201518 on the progress of the implementation of the European HPC strategy concluded that the present pace of growth of European investment in HPC will not be enough to attain and maintain leadership, meaning at minimum parity with best-in-class HPC resources in the USA, Japan, or China. In 2015, the estimations of the study of the public and private investments for Europe to achieve leadership by 2020 were in the order of additional EUR 5.3 billion in 7 ***years*** (2016 to 2022). When compared to current investments of the EU and MS, the gap with the USA can be estimated at least at EUR 700 million per ***year*** (see Annexes 5 and 6 for further details). Moreover, HPC has now become an indispensable technology for supporting policy making and maintaining national sovereignty, supporting strategic decision-making for energy, home security, or climate change, or in the context of national security applications. Access to indigenous world-class HPC machines has become an asset to a country 17 Calculated as the average Rmax and Rpeak from Top500 18 Study IDC SMART number 2014/0021 - High Performance Computing in the EU: Progress on the Implementation of the European HPC Strategy 1China11United Kingdom2China12United States3Switzerland13Spain4United States14Italy5United States15United States6United States16United States7Japan17Germany8Japan18Saudi Arabia9United States19France10United States20United States 13 to an extent that it is considered not only as a strategic resource for its economy, but also a matter of national security. A recent report from the US19 states '… national security requires the best computing available, and loss of leadership in HPC will severely compromise our national security …'. Access to own higher computing power provides a competitive advantage in scientific innovation and industrial competitiveness, and is indispensable technology for supporting policy making and maintaining national sovereignty (see Annex 5 for a detailed analysis of the impact of HPC). The USA, China and Japan have declared HPC to be a strategic priority for their country. They consider HPC as too strategic to be largely dependent on foreign suppliers and put focus on developing indigenous HPC supply chains and ecosystems that are essential for economic development and for security and safety. The top 5 supercomputers installed in the EU are supplied by vendors outside Europe, 3 from the United States (Cray, HPE) and 2 from China (Lenovo). They all integrate Intel processor technologies. Similarly, the technology used to interconnect the system originates from outside Europe (Cray, Intel, Mellanox). If the EU does not have its indigenous supply of supercomputers, it will find d

ifficulties to acquire state-of-the-art machines or the technology to build them, as the supplying regions would not want to lose their competitive advantage to innovate. A recent example is China, which was deprived from the supply of USA state-of-the-art technology and as a consequence developed its own HPC supply chain. As a result China now has the two world-wide fastest supercomputers. The concern that Europe's supercomputing capabilities depend on non-EU suppliers for critical technologies and systems and that Europe is relegated against its global competitors in a field as strategic as supercomputing have been put forward by stakeholders, and in particular by the user industry, in the EuroHPC targeted consultation20 (see Annex 2) to go for a new action at the EU level that goes beyond current actions.21 EU depends on other regions for the supply of critical technology for its HPC infrastructure. EU risks getting technologically deprived of strategic know-how for innovation and competitiveness. The availability of the best supercomputing capacity is strongly linked to the ability to master and produce indigenous HPC technology in Europe. If the EU is not able to produce and integrate leading-edge HPC technology, it will systematically become a mere buyer of foreign systems that are behind the latest HPC technological generation that is produced, used and exploited first elsewhere. Therefore, it is of strategic importance for the EU to be able to produce its own HPC technologies and integrate them into leading-edge HPC machines that it procures. In order to fully reap the benefits of leading-edge HPC machines, it is also necessary to create a full HPC ecosystem. Every new generation of machines pushing further the limits of performance is custom designed. These machines are not off-the-shelf products. On the 19 U.S Leadership in High Performance Computing (HPC) – A Report from the NSA-DOE Technical Meeting on High Performance Computing, December 1, 2016. 20 'Targeted Consultation on the HPC Initiative in Europe and the EuroHPC Inception Impact Assessment' 21 The other one being overall inefficiency resulting from the current fragmentation of efforts. 14 contrary, they are a product of the cooperative effort of the suppliers, operators and users, tailor-made and optimised for the class of applications they are intended to solve and taking into account the boundary conditions (e.g availability of affordable electricity). This last aspect is crucial to develop a sustainable HPC environment. To reap the benefits of the use of a supercomputer requires ownership of the infrastructure. In addition, it is necessary to coordinate the supply of hardware and software components and tailor it to meet scientific and industrial application requirements. This means that such diverse communities as low-power microprocessors designers, resource management software developers, system integrators and computational scientists and engineers have to work together from an early stage of the design and development phases of supercomputing systems. Such an interdisciplinary approach leads to a more efficient use of often expensive supercomputing systems and calls for developing training capabilities for ***programming*** such computers for different user communities. Problem Nr 2: Supercomputers available in Europe do not satisfy the demand Because of the lack of highest performing HPC machines available in the EU, the European scientific and engineering research community prefers to use USA supercomputing facilities rather than PRACE. Two US ***programmes*** provide such opportunity.22 Comparing PRACE with its overseas counterpart in the USA (the Advanced Scientific Computing Research (ASCR) ***programme***) shows the extent to which the European HPC offer is insufficient to satisfy the demand. Access to ASCR supercomputer facilities is open to the scientific and engineering research community including universities, industry, and the US national labs through a peer review process. Data collected for the Fiscal ***Year*** 2015 reveals that the US is the major user of ASCR facilities23 with a total of 25993 users, whilst Europe with 3501 users (UK, Germany, France and Italy in the lead) is their second major user. Not only Europe does not have the best machines but it also cannot sufficiently satisfy the demand. If we compare ASCR and PRACE by the number of awarded projects by both programmes24, we can see that the total number of projects awarded by PRACE in each call (PRACE has 2 calls per ***year***) has never exceeded 60 projects, while solely in the 2016 Fiscal ***Year*** ASCR awarded 921 projects to entities from the European countries.25 This comparison is indicating that the European scientific and engineering research community obtain more support from the US ASCR supercomputing facilities than from the European PRACE. A striking fact is that even the four PRACE members (Germany, France, Spain, Italy) that are providing computer systems to the PRACE association obtained more projects from ASCR than the maximum PRACE could offer. This holds also for some associated members of PRACE like the Czech Republic, Poland, Denmark, and the UK that do not provide computing systems to PRACE. In conclusion, there is a strong demand for HPC access in the EU, a demand which is not sufficiently satisfied by PRACE. Insufficient access to HPC resources was also among the main reasons why respondents to the EuroHPC consultation indicated that there is currently a problem with HPC in Europe (for 22 ASCR facilities available at [*https://science.energy.gov/user-facilities/user-facilities-at-a-glance/ascr/*](https://science.energy.gov/user-facilities/user-facilities-at-a-glance/ascr/) 23   [*https://science.energy.gov/~/media/\_/pdf/user-facilities/Reports/DOE-SC-User-Facilities-FY2015-report.pdf*](https://science.energy.gov/~/media/_/pdf/user-facilities/Reports/DOE-SC-User-Facilities-FY2015-report.pdf) 24 The comparison is indeed relevant since both ***programs*** have a similar allocation mechanism awarding one ***year*** or multi-***year*** core hours. 25 ASCR source data available at   [*https://science.energy.gov/user-facilities/user-statistics/by-project/*](https://science.energy.gov/user-facilities/user-statistics/by-project/) 15 details see Annex 2). Regarding specifically the role of existing EU-funded HPC actions, such as PRACE, ETP4HPC and GEANT, they confirmed that in a future EU initiative on HPC existing actions should be improved, especially PRACE, and collaborate closer to complement each other. While we cannot take it for granted that Europeans can always use the best supercomputers existing in other regions, it is also a fact that the most demanding European applications have to run on the machines provided by the EU competitors, while only less demanding applications can run on the supercomputers available in Europe. This means that data produced by EU research and industry risks getting processed elsewhere for lack of corresponding capabilities in the EU. Ultimately our scientific and industrial leadership will become dependent on the accessibility to the highest-end machines that are outside Europe. The high dependence on the access to non-European supercomputers raises several problems: • The data produced by European scientists and industry is processed outside the EU. This creates problems related to privacy, data protection, commercial trade secrets, and ultimately loss of ownership of critical data. This is particularly critical for sensitive applications, for example in security, health, or engineering, where the data for national security reasons should not leave the EU. • European users do not have the priority to use the machines and are at the mercy of the access policy of the hosting country. Even if the selection of users is based on a peer review process, European users always face the risk that indigenous users get preferred access, computing time or computing power. This is in particular a problem for industrial users that cannot afford to wait for the machines they need. • In the long term, European users, scientific as well as industrial, might move outside the EU to get the same access rights, access conditions and price as the indigenous users. The brain drain from researchers relocating to third countries may not be limited to the loss of excellence in scientific disciplines, but Europe can also lose its competences in developing applications for supercomputers if users no longer co-design the applications with the supercomputing centres. • The demand for more computing power will continue increasing and new applications will soon emerge notably in health, energy, environment, fintech, manufacturing etc. which we cannot satisfy with the computing power of today's HPC machines. The problem will become even more acute in the next 5-7 ***years*** when the development of exascale applications comes to maturity. Problem Nr 3: Member States do not have a framework for joint procurement The PRACE Association provides access to the most powerful supercomputers in Europe (Tier-0 machines). However, it does not cover the coordination of national ***programmes***, nor joint investments for the procurement of systems, e.g there is no common European strategy to develop and acquire pre-exascale or exascale machines. The design, the specifications and the procurement of the machines are done by each of the supercomputing centres on their own and are mainly guided by own or by national interests, without any incentive to coordinate with the other countries. Although most MS share the same interests in advancing science, they try to satisfy as much as possible the requirement of 16 their national scientific communities. This however does not guarantee an optimal coverage of the different scientific communities at European level. In the USA, China and Japan the high-end supercomputing resources are acquired through public procurement of innovation with a national strategy. For example in the USA, there is a federal coordination of procurements between different agencies, like the National Strategic Computing Initiative (NSCI) and the Exascale Computing Project (see Annex 6) to frame the national efforts in a coherent strategy. These initiatives provide a critical mass for procurement, obtaining better value for money in acquisitions, and are also tightly linked to the technology supply, ensuring that national suppliers stay at the forefront of technology advancements. In Europe, the large fragmentation of HPC ***programmes*** and efforts, the non-coordinated activities and the lack of a common procurement framework lead to a waste of resources. This has been identified by stakeholders in the EuroHPC consultation as one of the current two top ranked problems of HPC in Europe (see Annex 2), independent of their type of organisation (i.e scientific user, industrial user, technology supply industry, computing centre). Current funding instruments have limitations when applied to large mission-oriented initiatives. The existing implementation tools are well adapted mainly to support R&D of marketable HPC technologies, but are complicated to coordinate for example several synchronised procurements in different MS with different legislation and rules. Most MS and Associated Countries to Horizon 2020 have their national HPC strategies and investment plans according to their national needs and ***programmes***. In particular those countries that have not the capability to invest in their own leading-class machines are prepared to co-invest to get access to the Tier-0 machines. Most of them participate in the PRACE ***programme***. Europe thus misses the opportunity to take advantage of efficiency gains by aligning the strategies and pooling resources. As for the EC, so far it has provided limited support to a joint procurement of supercomputers, mainly because of the hesitation of the Tier-0 countries to participate in such joint procurement. In 2016, the EC put in place a first call for procurement of innovation with the PRACE hosting countries. In return of the financial support from H2020 (at the level of 35% of the overall costs), the participating countries agreed to provide access to the procured machines. Problem Nr 4: The European HPC technology supply chain is weak and the integration of European technologies into operational HPC machines remains insignificant Today, Europe consumes about 29% of HPC resources worldwide, but the EU industry provides only ~5% of such resources worldwide. In addition, close to one fifth of the top 500 HPC systems are located in the EU, and out of these, ~20% are provided by EU vendors (oscillating between 20% and 25% over the last ***years***).26 Between 2015 and 2016, their exports outside the EU consisted of 3 systems installed in South America and 5 in Asia. 26 French Bull-Atos is the leading European integrator, followed by the Dutch ClusterVision and the German SME Megware. The first system in the top 500 list installed by the European vendor Bull-Atos has rank 38. Bull-Atos has 10 systems in the top 100, all but one installed in Europe. ClusterVision has the first system at rank 329 and SME Megware at rank 357. 17 Figure 4: Contribution of EU vendors to the 500 most performant HPC systems (2011-16) The market share of EU vendors in Europe is even smaller when considering the HPC server market (beyond the top 500 systems), although the growth rates have been largely beating the market average (15% vs 3.4%). This growth raised the EU suppliers' market share from 2.8% in 2013 to 3.7% in 2016. During the same period, EU suppliers' share of the global HPC server market expanded at a robust 16.1% annual growth rate. Although this growth substantially exceeded the market's 5.8% growth rate during this period, it enlarged EU suppliers' share of the global HPC server market merely from a marginal 0.8% in 2013 to an equally marginal 1.1% in 2016. On the global market the European suppliers face unequal treatment on public procurement. The USA and China restrict the development and procurement of the high-end machines to domestic suppliers. As a consequence, non-European suppliers have a clear competitive advantage as they get direct funding support for the development of the national machines that they later on sell on the global market. In Europe there is an open market, without a policy to favour European suppliers. Therefore, in the absence of a prospective lead market and a risk sharing with the public sector, European suppliers hesitate to take the financial risk to develop the technology on their own. Despite the national and European R&D funding ***programmes***, Europe ends up with a weak supply industry, while it has one third of the application markets. As the non-European HPC suppliers participate in the European R&D ***programmes***, the EU ends-up paying non-EU-suppliers twice: for the development of their underlying technology and for the acquisition of their HPC machines built with non-EU technology. It is also to be noted that the functional HPC components and prototypes developed by the projects funded through the European Framework ***Programmes*** for Research (FP7, H2020) are rarely integrated in the machines that are procured. There are three main reasons for that: • Firstly, there is a lack of incentives of the supercomputing centres that specify the machines to be procured to privilege solutions developed by the European R&D ***programmes***. The procurements are in general implemented by the MS according to their national rules and the EC cannot impose measures to favour European suppliers. 18 • Secondly, the H2020 rules for participation27 make it difficult to ensure continuity of the investments made between different calls. Each call is an open and competitive process, with the possibility to limit a follow-up call to the successful projects of the previous call only in exceptional cases. This leads to the situation where R&D results are rarely integrated in the subsequent calls addressing the development phase of the supercomputer, and are replaced by a solution that was developed elsewhere, including from a non-European supplier. The R&D investments are then inefficient to ***transfer*** European R&D results into marketable products, or to foster a European supply industry. European companies have then an increased risk of not getting funded in the subsequent call. The problem is further exacerbated by the fact that the H2020 calls are open also to non-EU beneficiaries. • Thirdly, the EC (and MS) do not use the innovation procurement instruments (PCP combined with PPI) to accompany the route from HPC technology development to procurement that would help support a competitive European supply industry and create a lead market in Europe. The main reason so far is the hesitation of the Tier-0 countries to participate in joint procurement actions, even less to ones that may favour procurement of European technologies that may be perceived as not sufficiently competitive. Finally, the development of exascale technologies is not for the sake of having the fastest supercomputer in the world, but the goal is to build 'first of a kind' systems rather than 'one of a kind'. Indeed, HPC technology of today, and in particular low-power processing units and systems, is the mainstream technology that we will find in the next five ***years*** integrated in our cars, homes, factories and personal devices. Not investing in HPC technologies makes it difficult to be present in any digital technology in the future, like the autonomous vehicles, the connected car, or the smart home. The transition to exascale computing is an opportunity for the European supply industry to leverage on technologies in the computing continuum from smart phones, to embedded systems (for example in the future driverless cars), and to servers, feeding the broader ICT market within a few ***years*** of their introduction in high-end HPC – giving a competitive advantage to those developing them at an early stage. The size of these target markets is estimated to EUR 1 trillion. The industrial users who responded to the public consultation identified as their main concern the dependence on non-EU technology. This clearly shows their awareness of the risks related to the dependence of a foreign technology supply-chain for a resource that is a critical for their competitiveness on a global market. 2.3 What are the problem drivers? The following are the main drivers contributing to the problem: Problem Driver Nr 1: Public funding for HPC in EU/MS remains uncoordinated and insufficient to cope with the demand MS investments are insufficient and uncoordinated to acquire enough high end HPC systems that satisfy the demand. According to the 2014 International Data Cooperation study19, Europe started to narrow down the former wide gap separating the most capable US and Japanese supercomputers at the very high end of the supercomputers segment from their European counterparts. Indeed, at first, spending increased substantially in the EU for large 27 OJ L 347 of 20.12.2013, pp. 81-103 19 supercomputers from 2009 (112 million EUR) until 2012 (658 million EUR). However, in 2014, it started to decline again (362 million EUR in 2014). No MS has the capabilities to develop the necessary HPC ecosystem on its own in a competitive timeframe with respect to the USA, China or Japan. The individual MS do not have the full value chain or competences and most lack the necessary funding levels. Lack of sufficient resources is one of the main reasons put forward in the EuroHPC consultation (see Annex 2) to go for a new action at EU level. The leading regions in the world are racing ahead and are massively investing in strategic HPC ***programmes*** to boost their HPC ecosystem and prepare it for the upcoming next generation computing (exascale and beyond). These ***programmes*** are driven by the public authorities with some leverage of private investments (mainly on the technology supply side). If the EU is entirely dependent on non-European supply, this puts at risk our capacity to acquire the latest HPC systems and our capacity to build a digital industry all together given that HPC technology has a spill over effect on all digital technologies. Regaining world-wide leadership in HPC cannot be achieved on the basis of Europe's current HPC industry set-up and market conditions alone. No European industrial player currently has all competences in-house. The required investments levels for industry exceed their capacity and the risks of failure to develop an exascale system are too high to be borne by industry alone. Equally, public funding alone will not be sufficient to finance the broad uptake of HPC in the European industry in coming ***years*** and notably SMEs. Problem Driver Nr 2: European HPC system vendors face stiff competition from large foreign corporations Relatively small European HPC system vendors face stiff competition from large foreign corporations supported by their governments on the open European HPC market. European HPC vendors face asymmetries in major HPC markets outside of Europe due to national regulations e.g for national security. The concern that the EU is relegated against its global competitors in a field as strategic as supercomputing is among the main reasons for respondents to the consultation for a new action at EU level that goes beyond current actions (see Annex 2). Other countries such the USA have long-standing models for R&D collaborations with indigenous HPC vendors, many of which include supercomputer procurements with strong R&D requirements. Building an HPC ecosystem is a significant challenge, because the EU has historically been the most open major HPC market in the world, in part because it has not had an indigenous HPC system vendor large enough to compete with US, Japanese or Chinese vendors. As a result, in 2014, 81.2% of all European HPC server system spending profited US vendors. The only sizeable Europe-based vendor, Atos-Bull, accounted for only ~2% of European HPC server spending in 2014. It has had some successes outside of Europe, but still relies on European sales for a large majority of its HPC revenues. This unsatisfying situation is exacerbated by three factors: i. European HPC system vendors face asymmetries in major HPC markets outside the EU due to national regulations, e.g related to national security. 20 ii. The EU market for HPC hardware systems and parallel software is still too small and fragmented to support EU-based HPC vendors. They cannot thrive and continually fund world-class innovation unless they can match the investments of competitors (especially USA and China) that have strong domestic demand and easier access to the global market. iii. Intellectual property rights developed in EU research projects relevant to HPC often benefit non-EU parents of participating companies as the current EU Framework ***Programme*** for Research and Innovation imposes limited restrictions on the ***transfer*** of rights to affiliates in third countries. Concerning the 1st factor, in the USA the acquisitions of supercomputers by US federal agencies are restricted by the 'Buy American' Act, although purchasing of software and components of non-US origin is often allowed. In China, the fast-growing HPC market has been dominated historically by US supercomputer vendors, because Chinese HPC vendors have not been able to compete effectively. More recently, the Chinese government directed investment banks and other 'critical infrastructure' sites to cease acquiring non-Chinese HPC systems. In Japan, the government market has historically tended to favour Japanese supercomputers, although non-Japanese ones also had some success in this market. Concerning the 2nd factor, the EU has a lower aggregate level of HPC resources compared to other large economies around the world. With regard to the top 500 machines, the USA have ~50% more HPC resources than the EU, and China and Japan together have approximately twice the resources of the EU. These differences are significant as these three global blocs have comparable nominal economic GDP outputs. In other words, there is currently indeed a structural weakness in EU HPC resources. Concerning the 3rd factor, there are provisions in the EU Research Framework ***Programme*** that can contractually oblige an organisation to disclose such ***transfers***. These restrictions are certainly helpful although not as severe as in other countries developing HPC technologies outside the EU. In addition to issues related to IPRs and their ***transfers***, probably an even more important aspect is that a stronger HPC ecosystem in the EU is likely to open up new and attractive career opportunities for top scientists and engineers and reduce the brain drain from the EU. 2.4 Who is affected and in what ways? A joint structure coordinating and pooling the resources at European level will mobilise the necessary resources at European level to provide a world-class pan-European infrastructure and a strong European HPC ecosystem with lasting benefits in Europe. Europe in principle has the human potential and technological know-how to develop such an ecosystem along the whole HPC value chain. The following group of stakeholders are likely to be directly or indirectly affected by the initiative (see Annex 3 for an extended analysis). MEMBER STATES MS are expected to significantly benefit from the initiative. The EuroHPC initiative will enable them to coordinate together with the EC their HPC investments and strategies. The joint initiative will make it possible for them to access a world-class HPC infrastructure that no single country on its own can afford in particular those with little or no significant HPC resources in place. 21 The increased availability and accessibility of top HPC resources will motivate the users to keep their activities and data in Europe, helping to keep critical know-how and human potential in MS. SCIENCE - UNIVERSITIES AND RESEARCH CENTRES Thanks to a joint structure that ensures the sustainability and availability of resources in the short, medium and long terms, EuroHPC will ensure a European-wide access for researchers in Europe's Universities and Research Centres to supercomputers and data with a guaranteed high level of resources, and irrespective of their geographical location or scientific discipline. This factor is critical to ensure that the academic and scientific potential stays in Europe and is not exploited in other regions with more competitive HPC resources. A sustainable joint structure supported by the EC and MS will also consolidate the already existing vibrant mix of national, regional and pan-European initiatives in intra-EU scientific collaboration, and will provide EU-based teams with powerful resources to strengthen the European presence in international scientific endeavours. INDUSTRY INCLUDING SMES The new initiative will revitalise the European HPC ecosystem, where industry and in particular SMEs will benefit as both users and suppliers of HPC technology and applications. • As users; EuroHPC will consolidate European leadership in many HPC-empowered applications by making available more resources for industrial use accessible at EU level, complemented with specific measures to widen the usage of HPC technologies. This is of critical importance to industry and particularly SMEs without in-house capabilities that will benefit from easy to use HPC resources, applications and analytics tools to create new innovative products and processes. • As suppliers; a European-wide initiative with a focus on the supply of a European source of HPC technology and the protection of European IPR will have the necessary critical mass and a catalytic effect on the European suppliers. A clear R&I roadmap at European level provides a unique opportunity for industry, including SMEs, to participate in the co-design and development of such new technologies and systems, and to develop IPR and solutions to be further used in their business endeavours. EUROPEAN COMMISSION (EC) The EuroHPC initiative would solve the current complexity of implementing the HPC activities through two different ***programmes*** (CEF and H2020) and three different H2020 WPs (FET, LEIT-ICT and Research Infrastructures). The EuroHPC entity will provide a single structure and financial framework to coordinate the different activities in synergy. Most importantly, it will provide a single forum for strategic discussions with the MS and leverage EU and national efforts and resources. The EuroHPC entity will also be a privileged interlocutor for institutions, agencies and bodies addressing critical scientific, industrial or social-impact areas. It will become a focal point for better supporting the EU policy development and implementation in areas like digitising industry (DSM), security, and many other related to societal challenges. SUPERCOMPUTING CENTRES The EuroHPC entity will provide the appropriate frame to strategically plan for the further development and the federation of supercomputing centres at European, national and regional 22 level. The joint structure will avoid redundancies and will exploit complementarities with a European-wide planning of the different architectures across Europe (for example avoiding isolated and uncoordinated procurements that may end up in dependencies on single vendors and technological suppliers). EuroHPC also provides the opportunity to fully exploit the world-class HPC infrastructure and human resources of the European supercomputing centres in a synergetic way, encompassing the co-design and integration of technology with a coordinated procurement of supercomputers at European level. CITIZENS EuroHPC will ensure that world-class HPC resources and data are available for applications that are of direct interest for citizens. Given the inter-disciplinary nature of HPC and the wide range of scientific and industrial applications that will be made available at EU level, citizens will benefit from an increased level of resources provided by EuroHPC in areas like: • Health, demographic change and wellbeing • Secure, clean and efficient energy • Smart, green and integrated urban planning • Cybersecurity • Weather forecasting and Climate change • Food security THIRD COUNTRY ACTORS Successfully building a European HPC ecosystem will have an effect on the non-EU supply industry. The focus on the new instrument to produce, co-design and take-up of European technology in the next generations of European supercomputers will make EU technology more competitive. This will eventually decrease the market share of non-EU HPC components and systems in Europe, potentially worldwide. The increased protection of European IPR resulting from the R&I ***programmes*** supported by the EuroHPC, may stop the current situation of non-EU suppliers taking advantage of EU ***programmes*** to export the resulting IPR and improving their domestic developments. Provided access conditions on equal terms becomes a global practice, the European HPC resources could become attractive for scientists from outside the EU, sending their data for processing to Europe. The risk Europe currently faces with losing its data sovereignty may thus be reversed. 2.5 How would the problem evolve? There is an arms-race world-wide to develop and operate ever more powerful supercomputers. This is driven by the strategic importance for a nation and an economy for top-level computational power, but also driven by the growing demands of the scientists to solve ever more complex problems. The renewal of a machine every 5 ***years*** at the end of its lifetime increases the costs for the development, installation and operation of the machine by a factor two. The costs have now grown to an extent that they have become prohibitive for most market actors, including for most national governments in Europe. The effect has started to show as Europe is slowly dropping out of the first league of supercomputers. After a height of four machines ranking in the top 10 most performing supercomputers worldwide in 2012, the number has been steadily decreasing since, until EU based machines dropped out altogether from the top 10 list in 2017, despite recent acquisitions/upgrades at several sites across the EU. Without an increased effort to invest more or more efficiently, for example by pooling 23 resources in Europe and coordinating acquisition planning, this trend will continue and accelerate. According to the IDC study on High Performance Computing in the EU: Progress on the Implementation of the European HPC Strategy19 '… High-end supercomputers at national centres in Europe, the U.S , and Japan (but not China) are regularly oversubscribed – the demand for computing cycles typically exceeds the supply by a factor of two to three. European high-end supercomputers are no exception…'. The demand for HPC is expected to increase considerably in the coming ***years***, for example as more and more users, in particular SMEs, become part of the digital economy and make use of HPC for their business processes. This is paired with a hunger for higher computing power as the applications increase in complexity and include big data analysis. The gap between demand and supply of the most performant computing facilities will thus increase. A growing gap of available computing performance will motivate more and more European scientists to implement their calculations outside Europe. Europe thus runs the risk of losing control of its scientific data, but eventually also the brain drain of its scientists as they move closer to the computing facilities. The situation is similar for the industrial users who will not renew their service contracts with European supercomputing centres, but replace them with contracts outside the EU in order to stay competitive on a global market. The move of the users outside Europe would have a cascading effect on the supercomputing skills in Europe. Indeed, the supercomputing centres work closely with the users, equipment suppliers and ***program*** developers to adapt the applications to the architecture of the supercomputers and optimize the use of computing resources. This co-design approach is essential for an effective exploitation of the supercomputers and requires a profound understanding of the machine's architecture and behaviour. Breaking this co-design chain will gradually erode the skills of the supercomputing centres to offer competitive computing services as they would not be involved in the design of the most powerful machines. Ultimately, Europe runs the risk to lack the competences to design and operate exascale machines and offer computing services to the most demanding applications. The European suppliers with the competences and financial resources to provide the European market with the required machines, without public intervention hesitate to take the risk to invest in this field. Indeed, the market size of high-end machines is very small, maximum 100 machines per ***year*** worldwide but mostly in very closed and inaccessible markets for European vendors. The situation is identical for the European competitors in the USA, China and Japan. Those countries have already declared HPC to be a strategic priority for their country. As a consequence their governments fund ***programmes*** to develop national HPC ecosystems and work on the deployment of exascale supercomputers. As a consequence USA vendors (with new Chinese players) will continue to dominate the market. If no effective measures are taken to bring the EU back in the HPC race with EU technology, the dependency of Europe on non-EU suppliers will continue to grow. Otherwise the industrial base of European suppliers will continue to decrease as the companies either stop their HPC products (e.g Eurotech), or do not find sufficient market share to survive. As a consequence the European HPC ecosystem will further erode. The dominant suppliers like Intel, due to their market share, are dictating the prices and are gradually pushing European competitors out of the market. Initially those suppliers were in essence supplying the cores of the supercomputers, giving European suppliers the possibility to provide the other components (e.g interconnects) and integrate them in the computing boards. Gradually the dominant suppliers started to provide the other components too, proposing complete solutions. The procurers of the machines on one hand have less and less 24 the choice to include components from European suppliers as the solutions offered by dominant suppliers provide less and less integration possibilities. In the absence of a European supplier of the computing cores, the procurers are becoming more and more dependent on complete packages, limiting their possibility to co-design the machines according to their needs. Moreover, there is a risk that due to certain strategic or political decisions, such as export restrictions, sooner or later Europe will not have access to the most competitive and innovative technology, exacerbating the gaps described above. Therefore, to mediate the risks, the European HPC strategy has identified an action to develop one of the critical components of the exascale machines, i.e the multipurpose low power processor. 3. WHY SHOULD THE EU ACT? 3.1 Why do we need to act now? The problems and risks detailed in the previous section require urgent action at European level. Our world competitors massively fund ***programmes*** to develop national HPC ecosystems and work on the deployment of exascale supercomputers, with a particular focus on the development of indigenous HPC supply chains that are essential for economic development and for security and safety. To stay competitive in the HPC race Europe needs to acquire exascale supercomputers by 2022/23 and develop its technology supply chain that guarantees access to latest HPC systems. To reach the target the work has to start now, since a development cycle typically takes 5 ***years***. USA, China and Japan have also set 2022/23 as a target date. From the drawing board to the operational machine, the different components have to be developed and then integrated into the machine. An intermediate, key milestone is the development of the pre-exascale machines by 2020, where the initial design will be validated and the prospects of reaching the exascale target will be assessed. Any delay in the acquisition of the pre-exascale would equally delay the development of the exascale targets. Without more investments in the ***years*** 2018-2020 there is the risk that the pre-exascale target cannot be met, jeopardizing the longer term objective of the exascale machines. The EU funds to acquire the pre-exascale machines and develop its ecosystem are available now (EUR 486 million, already committed in H2020 and CEF WPs 2019-2020 to HPC activities). There is also evidence from several MS/AC (at least those which signed the EuroHPC declaration) that they are prepared to commit similar funding levels in the same period to implement the joint EuroHPC activities. Setting up a self-standing EuroHPC entity in 2019 will ensure that Europe takes action in a timely and coordinated way, with joint investments in leading-edge HPC technology and infrastructures. It would allow Europe to acquire world-class pre-exascale machines and stay competitive in leading scientific and industrial applications for the period 2020 to 2025; and, equally important, to build in Europe the necessary ecosystem to develop competitive European technology for the pre- and full exascale computing era. In an eventual support of the EuroHPC entity under the next MFF, this would allow to continue its operations and in particular to: procure and deploy two world-class exascale machines (based on European-funded technology); support the development of ambitious extreme scale applications for public and private users and of HPC skills; and, continue to support R&I activities, notably a competitive low-power European microprocessor and post-exascale HPC machines and their linking to the first quantum computing infrastructures that would have been developed under the Quantum Technologies FET Flagship. 25 3.2 The right to act at EU level The fragmentation of public HPC services across the EU and within MS leads to inefficient use of resources and only partial cross-border exchange of expertise. The increasing costs of building and maintaining HPC infrastructures require stronger governance at EU level and the rationalisation of HPC resources to reduce the current fragmentation. HPC is an essential instrument to address societal challenges like health and security. Both are policies of shared European interest, as exemplified in the NIS Directive28 or the Cybersecurity Communication29, addressing issues that do not stop at national borders. The level of security or the quality of public health in one MS depends from the situation in the rest of the EU. HPC is fundamental to build the data economy. Controlling how the data is used, who has the ownership and right for exploitation, where it is stored, and who has access to it are sensitive issues. It touches commercial and copyright issues, but also data protection and privacy issues. All these issues have been identified as political priorities in the Digital Single Market (DSM). Sending sensitive European data for processing in other regions of the world, where the high European standards of privacy, data protection, copyright, etc. are not necessarily respected, undermines the intention to gain sovereignty on European data and its exploitation. The scale of the resources that are needed to realise a sustainable exascale level HPC infrastructure and ecosystem is beyond what national governments can nowadays afford to invest. No single Member State has the financial means to acquire exascale computing capabilities and develop, acquire and operate the necessary exascale HPC ecosystem on its own and in competitive time frames with respect to the USA, China or Japan. Member States and national actors have now realised that they will only be able to remain competitive through a joint and coordinated EU-wide effort – c.f the EuroHPC declaration of 23.03.2017 This justifies the right for the EU to act in the field of HPC under Article 179 that states that 'The Union shall have the objective of strengthening its scientific and technological bases by achieving a European research area in which researchers, scientific knowledge and technology circulate freely, and encouraging it to become more competitive, including in its industry, while promoting all the research activities deemed necessary by virtue of other Chapters of the Treaties'. In addition, Article 187 TFEU gives authorisation to 'set up joint undertakings or any other structure necessary for the efficient execution of Union research, technological development and demonstration ***programmes***'. 3.3 Subsidiarity Knowledge and resources available in Europe need to be put together for the building of a leading edge HPC ecosystem across all value chain segments. National resources alone are insufficient. EU coordination of investments and resulting services is necessary in order to have HPC computing and data infrastructures as well as a full HPC ecosystem in Europe on a par with the USA, China or Japan. The importance of HPC for science, and the public and private sectors has grown in recent ***years*** together with the exponential rise in the investments required to stay globally competitive. This has led to a common understanding that the 'Europeanisation' of this domain via a shared infrastructure and common use of existing capabilities would benefit everyone. This also applies to Member States with difficulties in creating self-sufficient 28 OJ L 194, 19.7.2016, p. 1–30 29 JOIN(2017) 450 final 26 national HPC infrastructures whereas they can make valuable contributions to and benefit from federated and interconnected EU-level HPC capabilities. Cooperation exists already in some areas among Member States, industry and science actors. Examples include PRACE, the HPC cPPP, the Big Data PPP and GÉANT. EuroHPC builds on them as the key investors in the EuroHPC signatory countries are already represented there. There is however a need for a legal and financial framework closing the chain from R&D to the delivery and operation of the exascale HPC systems co-designed between users and suppliers. Such new framework would support the development of a pan-European HPC and data infrastructure built on European technologies, allowing the blending of different EU financing sources with national and private funding. It would stimulate joint investment to cover the ever increasing costs of building and maintaining world class HPC and data infrastructures and to optimise a number of important procurement factors, such as strategic planning for funding of top-level systems, user's coverage, diversity of systems architecture, etc. Ultimately, it would permit to build-up a critical mass in the HPC market to foster a true European HPC ecosystem that encourages and supports a competitive European HPC supply industry. As described in the introduction, political support from Member States on EuroHPC has already been explicitly given by the Council, by the signatories of the EuroHPC Declaration, and by the European Parliament. 3.4 EU added value The proposed initiative represents a natural candidate for European action with the EU and Member States implementing the EuroHPC strategy via the most appropriate legal instrument. It is only by acting at EU level that we will be able to pool together the necessary effort and create the critical mass needed to acquire leading next generation exascale systems which are in the order of hundreds of millions of Euros. Only by working at EU-level and combining investments, knowledge and skills Europe has a chance to keep-up to its competitors. At the same time, pooling the investments to jointly acquire exascale machines will create significantly higher return-on-investment (ROI) for each of the partial-owners of the machines, than the ROI of the full ownership of a lesser performing machine.30 Availability of top class HPC systems would enable European players to further develop a whole range of present and future scientific and industrial applications that would require exascale performance. It would permit funding the HPC related research and developing the necessary expertise, skills and capabilities for ***programming*** such systems efficiently and exploiting their full potential. And, most importantly, it will enable all European scientists, public administrations and industry to access this infrastructure and foster a wide range of cross-border collaboration and new products and services. Finally, by pooling the fragmented knowledge and the expertise existing all around, Europe can build the full supply chain for HPC systems: from technology components and systems to full machines. These are at the same time essential technologies in a variety of other mass markets (such as automotive, consumer electronics, servers, etc.). The transition to exascale computing, supported by joint EU/MS investments acting as lead market users, would provide 30 IDC special study 2016 'Investigation of the Ripple Effects of Developing and Utilizing Leadership Supercomputers in Japan: The Scientific and Financial Returns from the K Computer and Possibilities from the Post-K Computer' 27 an opportunity for the European supply industry to leverage on such investments and get access to new markets estimated to EUR 1 trillion. Overall, the creation of a globally competitive HPC environment in Europe, triggered by public intervention, creates goods and services that are of a truly public value for European science and industry: It will help the private and the public sectors to create leading-edge science, technologies and solutions benefiting all areas of the economy and society, contributing to the EU's objectives of economic growth, jobs and competitiveness. 4. OBJECTIVES: WHAT SHOULD BE ACHIEVED? 4.1 Overall objectives of the EuroHPC entity and instrument To address the problems identified in section 2, we propose to establish a new legal and financial instrument that would permit to implement the joint EuroHPC entity. Its overall mission would be to provide European scientists, industry and the public sector with the latest HPC and data infrastructure and support the development of its technologies and applications across a wide range of fields. The (EuroHPC) instrument would have to address the following three overall objectives: 1. Support a joint procurement framework for an integrated world-class exascale supercomputing and data infrastructure in Europe. Such infrastructure will be accessible on a non-economic basis to public and private users for publicly funded research purposes31; 2. Ensure a EU level coordination and adequate financial resources to support the development, procurement and operation of such a public infrastructure; 3. Support the research and development of an integrated European HPC ecosystem, covering all scientific and industrial value chain segments (hardware, software, applications, services, interconnections and skills). 4.2 Functionalities of the EuroHPC instrument To reach its objectives, the EuroHPC instrument has to meet several functional requirements: [Pooling together public and private resources] The legal instrument would have to support the joint procurement and operation of a European HPC infrastructure as well as R&I activities for the development of European HPC technology and excellence in applications. To reach the necessary investment levels to meet its objectives, the instrument has to make possible the pooling of public funds (from the EU and the MS/AC), as well as financial or in-kind contributions from the private sector. The Union's financial contribution would come from the budgets already allocated to H2020 and CEF WPs in 2019 and 2020. Those funds would have to be matched by a similar amount from the MS and AC, as well as by the private sector. [Procuring HPC machines] The legal instrument should enable the EuroHPC entity to launch calls for tender to acquire the pre-exascale machines and select the successful tenderers. As EuroHPC is a joint initiative it would act as trusted manager of the procurement process on behalf of all participating countries. To reduce the administrative burden the legal instrument should permit the application of European procurement rules. Ideally, the legal instrument should allow an exemption from VAT to reduce the overall cost of the systems to be procured. [Openness to new partners] The legal instrument would have to allow new MS/AC to join 31 HPC services to industry for private use may also be provide under commercial conditions. 28 the EuroHPC entity upon their request, subject to their financial commitment. EuroHPC could then start with a core group of participants that are ready at the launch of the instrument and gradually accept new members. [Enabling participation of the private sector] for defining and implementing the EuroHPC strategic R&I and application development agenda, stimulating large private investments in the field… while mitigating any eventual conflicts of interest in public procurement processes: While enabling private participation would be fundamental, the EuroHPC instrument would also have to make possible to include provisions for avoiding conflicts of interest, notably by making sure that there is no interference of the participating technology supply industry neither in the joint public procurement process of the pre-exascale machines nor on how the public funds are spent. [Implementing a R&I ***programme*** which can address the present ***programme*** coordination inefficiencies in implementing the HPC strategy], in particular the difficult coordination and synchronisation of the different H2020 and CEF HPC WPs. This could be addressed by delegating the implementation of the related budget to the EuroHPC (legal) entity. Its governing body could then align the content and the respective timings of the different calls with the HPC strategic agenda; ensure coherence between the topics of the different calls; and put in place the appropriate funding instruments to reach the objectives, in particular innovation procurement for accompanying the route from European HPC technology development to the procurement of European machines. Furthermore, by using the H2020 rules, the EuroHPC instrument should make it possible to introduce provisions to protect the economic and strategic interests of the Union, i.e protecting IPRs produced in the EU and first exploiting in Europe all EU-funded R&I results. [Safeguarding the Union's interest through EC participation] The EuroHPC instrument should foresee the possibility for the EU represented by the Commission to be part of its governance. That would ensure that the EC can play a significant role in the definition of the strategic orientation and priorities of the EuroHPC entity, and take part in the decisions on how its budget is allocated and spent. In essence, the legal instrument would have to permit a delegation of the EC funds to the legal entity, rather than a co-fund. [Lifetime] The EuroHPC instrument would have to exist until the termination of all its activities that would be launched in 2019 and 2020. Considering the typical duration of the H2020 grants and the typical lifetime of an HPC machine, the legal instrument would have to operate until approximately end 2026. To summarise, the EuroHPC instrument would have to address the following functionalities: Pool public and private funds Execute joint procurements while operating under EU-law (e.g VAT exemption, procurement rules, …) Implement a R&I ***programme*** which can address the present coordination inefficiencies in implementing the HPC strategy Remain open to incorporate new MS/AC willing to join Enable participation of the private sector Safeguard the Union's interest (the Union will be represented by the Commission) 29 4.3 Specific Objectives Considering the general objectives of the previous section within the broader context of the European HPC Strategy, the EuroHPC entity and its related instrument should achieve the following specific objectives, grouped in three pillars. The overall EuroHPC objectives can only be achieved if all the three pillars are implemented, as each of them is necessary to create the European HPC ecosystem. Pillar 1: Infrastructure development, acquisition and operations T1 Procurement and operation of world-class HPC and data infrastructures for European use, in particular aiming at procuring and operating two pre-exascale HPC machines (2020). T2 Interconnecting regional, national and European HPC resources (pre-exascale machines, data centres and associated software and applications) through an HPC and Big Data service infrastructure facility. T3 Providing access to HPC-based infrastructures and services to a wide range of users (scientific and industrial users including SMEs, and the public sector) for new and emerging data and compute-intensive applications and services. Pillar 2: Applications and skills development and a wide use of HPC T4 Achieving excellence in HPC applications through, for example, development and optimisation of codes and applications in a co-design approach, support to Centres of Excellence in HPC applications, and large-scale HPC-enabled pilot demonstrators and test-beds for big data applications and services in a wide range of scientific and industrial areas. T5 Increasing the innovation potential of industry, and in particular of SMEs, using advanced HPC infrastructures and services, for example via dedicated digital innovation hubs. T6 Outreach and training actions for attracting human resources to HPC and increasing skills and engineering know-how of the EuroHPC ecosystem. Pillar 3: Research & Innovation agenda for European technology & know-how development T7 Developing the next generation of key HPC technologies and systems towards exascale addressing the whole European technology spectrum from low-power microprocessors and related technologies to software, algorithms, ***programming*** models and tools, to novel architectures and their system integration through a co-design approach. 5. AVAILABLE POLICY OPTIONS 5.1 Option 0: Baseline from which the policy options are assessed The HPC strategy is implemented at EU level mainly via H2020 and CEF: 30 • The development of the European HPC technology is addressed in the H2020 FET and LEIT-ICT WPs, from the research of the underlying concepts up to their integration; including the co-design and prototyping of HPC machines. The EC is supported by the cPPP (ETP4HPC) which submits every ***year*** its strategic research agenda (SRA) to the EC. The SRA provides the long term planning of activities necessary each ***year*** to reach the objectives of building a world-class HPC technology supply chain in Europe, including an estimate of the required budgets. Based on this input the EC then drafts the relevant work-***programmes***. • The development of the HPC infrastructure is addressed in the H2020 Research Infrastructures and CEF WPs. The EC provides funding to facilitate access of European scientists to the Tier-0 machines operated by PRACE. This includes financial support to the additional services PRACE provides to the user communities, complementing the work of the HPC Centres of Excellence (CoE).14 While PRACE is an organisation independent from the EC, the CoEs are a creation of the EC and are almost exclusively funded from the H2020 budget. Due to the different nature of the HPC activities funded by the EC, their difference in scope, and annual budget limitations, the activities are implemented in four different WPs: FET, LEIT-ICT, Research Infrastructures and CEF, each with its own selection process and timing. The EC publishes open and competitive calls for proposals. Any beneficiary eligible for H2020 funding can apply, irrespective of whether it is member of the HPC cPPP. For the period 2018-2020, around EUR 110 million have been committed for HPC activities in CEF and another EUR 640 million in H2020. The R&D projects funded through the H2020 calls are generally reaching their objectives (as this is acknowledged by the project reviews carried out by independent experts) and contribute to establishing the European HPC ecosystem. However, as mentioned in section 2.2, today the EC has difficulties in implementing coherently and effectively the HPC research roadmap because its activities are funded through four different WPs of H2020 and CEF; and there is a lack of continuity in supporting research teams from R&D components to systems development and integration and ultimately to innovation. The current implementation has also weaknesses with respect to the protection of the IPRs. The H2020 calls are open to any legally established legal entity, based in a MS or third country. As non-European entities can participate in H2020 grants, either directly, or through their European subsidiaries, R&I results are often ***transferred*** and exploited out of the EU. The H2020 Grant Agreement includes optional provisions to protect the European interests such as Article 30.3 which requires beneficiaries to notify the EC before they ***transfer*** the results and gives the EC the right to object. This option is validated by default for the running and upcoming H2020 HPC projects. Any further measure to protect the European IPR is unlikely to be implemented before the end of H2020, as this would require an amendment of the H2020 rules for participation. Could the shortcomings of the baseline scenario be effectively addressed by revising the existing instruments, i.e amend the mandate of the HPC cPPP, extend the mission of PRACE, or evolve the H2020 rules and procedures? PRACE provides the most powerful supercomputers in Europe but PRACE does not aim to coordinate national ***programmes*** or investments in the procurement of HPC systems. PRACE was created in 2010 and a new agreement entered into force in 2016/2017. With the new agreement, there is a small financial contribution to PRACE of the members not hosting a Tier-0 machine. Eventually a new agreement could be negotiated to include the Union, represented by the EC, as a member; a coordination of the procurement; and a revision of the 31 governance. However this is unlikely to happen because: (i) the hosting countries will continue to protect their national interests and not lose control over their Tier-0 supercomputers; and (ii) the PRACE machines are owned by the Tier-0 hosting countries and are designed and developed to primarily satisfy national research needs, in accordance with the relevant national strategies and ***programmes*** and do not necessarily cover wider European user needs. The mandate of the HPC cPPP is limited in time and is foreseen to be revised after 2020. The cPPP is playing a valuable role in defining and implementing the HPC strategic research agenda and leveraging private funding. One of its weaknesses is that its membership is open to non-EU actors. As a result the dominant, non-EU suppliers are today part of it, influencing the definition of the H2020 workprogrammes. This makes it more difficult for European market actors to develop European technology that finds its way into the subsequent procurement of machines. Finally, the use of different H2020 and CEF WPs for HPC and their challenging coordination can only be resolved by a revision of the H2020 Regulation, by integrating them into a single pillar. Such revision is not feasible any more. Even if it this was the case, it would resolve coordination of H2020 activities but not the coordination with CEF. Therefore, this option does not allow neither the pooling and efficient synchronisation of the EU investments (as they are split across multiple ***programmes*** and areas), nor the coordination of the EU activities funded by the EU budget with those of the MS. This kind of approach already proved to be insufficient in bringing about an EU-wide HPC ecosystem as this is also reflected in the 2017 EuroHPC Declaration by MS and further validated by the findings of the EuroHPC targeted consultation. Fragmentation of HPC ***programmes*** and efforts in Europe and the lack of coordination of activities was the main problem for the computing centres and the scientific users that responded to the public consultation. 5.2 Options considered for implementing EuroHPC but discarded at an early stage Option: EEIG The European Economic Interest Grouping (EEIG)32 is a cooperation form, similar to national consortia, but ruled mainly by European law. That means its core rules are common throughout the whole EU, and national rules are required only for a few issues (e.g nullity, dissolution, some profiles of a grouping's administration). An EEIG is a type of legal entity designed to make it easier for companies in different countries to do business together or to form consortia to take part in EU ***programmes***. A main usage of this supranational type of enterprise is to facilitate co-operation in European ***programmes*** especially for small and medium-sized enterprises (SMEs). The EEIG differs from other companies first and foremost in its purpose. It is supposed to help its members to develop or improve their own fields of activity. Thus, the EEIG can be used to develop certain common activities which would be too expensive for single members. Because of this auxiliary nature the activity of an EEIG has to be connected to the economic activity of its members. Not only SMEs, but basically every company or firm and all institutions governed by public or private law can be a member of an EEIG. 32 Legal basis for the EEIG is Regulation No. 2137/85. The implementation of some provisions was deferred to Member States; each state passed implementation laws which rule certain matters relating to groupings and set up the necessary rules for the registration of groupings. EEIGs thus are harmonised as they refer to one single law, the EC Regulation, which is equal for all Member States. 32 The EEIG is eligible to participate in procurement procedures. However, the EEIG can only participate as a beneficiary. It cannot coordinate the procurements of the EC and the MS, nor can it implement a joint procurement. The procurement would still have to be implemented by the MS and/or the EC. As the EEIG has full legal capacity, its participation in EU R&I projects as partner or coordinator is possible. The EEIG is eligible to receive community funds. However, this option does not effectively address the problem of fostering the supply of European technology. As in the baseline scenario, the EEIG would be in competition with non-European applicants for the H2020 calls. Also the problem of ensuring continuity of the actions between subsequent calls remains as well as the problem that the EC has with the synchronisation of HPC investments under different H2020 and CEF WPs. Option: Galileo-type ***programme*** In a Galileo-like ***programme*** the EU has the sole ownership of the ***programme*** and delegates its implementation to a separate legal entity. In discussions with the EuroHPC signatory countries, they have clearly expressed their preference for a legal instrument where they would have co-ownership of the activities, in particular for the procurement and operation of the EuroHPC machines. The legal basic act setting up the Galileo-like ***programme*** would have to be followed by a delegated act to a legal entity for its implementation. The overall process is expected to take around 3 ***years***. Such timing is incompatible with the EuroHPC plans as discussed above, making it impossible for the EuroHPC to reach the targets set for jointly procured pre-exascale systems by 2019-2020. It would also highly compromise all the longer term plans in developing and procuring exascale systems based on European technology by 2022/2023. Option: Intergovernmental organisations An intergovernmental organisation like the European Space Agency (ESA) is an agency established by a convention between its participating states, establishing a joint ***programme*** between Member States. The Member States signing EuroHPC have not proposed the creation of an intergovernmental organisation and the EC does not have the right in the Treaty to put forward such a legal form in a regulation. The EC can only participate in joint activities after negotiating a Cooperation Framework. As the EC would not be part of the governance the EC would have a limited influence on the definition of the calls for funding the joint activities, nor would the EC have a say on the acquisition and operation of the supercomputers. Finally, establishing such an organisation is unlikely to be operational by 2019, when the activities of the new legal entity have to start, as discussed above. In summary, this option would not lead to a legal entity that can jointly procure and operate HPC machines. The following table compares the baseline scenario and the discarded options against the functionalities which the new legal instrument should fulfil. As can be seen, none of them fulfils all the functionalities. 33 Baseline Scenario EEIG Galileo-type Intergovernmental Organisation Pool public and private funds 0 0 0 0 Execute joint procurements while operating under EU-law 0 0 OK 0 Implement a R&I ***programme*** OK maybe 0 OK Remain open to incorporate new MS/AC willing to join OK 0 0 OK Enable participation of the private sector OK OK OK 0 Safeguard the Union's interest through EC participation OK 0 OK 0 5.3 Option 1: ERIC The Community legal framework for a European Research Infrastructure Consortium (ERIC) is a specific legal form to facilitate the establishment and operation of research infrastructures33 with a clear European interest and the involvement of several European countries.34 The principal task of an ERIC is to establish and operate a research infrastructure on a non-economic basis. An ERIC can be used for establishing new research infrastructures or for operating existing research infrastructures which consider it useful to change their legal structure to become an ERIC. The ERIC can thus interconnect and federate regional, national and European HPC resources provided the research infrastructure meets the requirements set out in the ERIC regulation. The ERIC can provide the management of the coordination between the infrastructure and existing national computation resources and also, if agreed, regional computation resources. The ERIC framework has been developed primarily for new high-profile research infrastructures with a European dimension.35 Complementing national and inter-governmental schemes, the ERIC Regulation provides a common legal framework based on Article 187 TFEU. The ERIC has legal personality and full legal capacity recognised in all MS. Although an ERIC can be the beneficiary of H2020 grants, its current mandate does not allow it to get delegation to implement part of the H2020 ***programme***. Therefore the ERIC would 33 According to Article 2(a) 'Research infrastructure' means facilities, resources and related services that are used by the scientific community to conduct top‑level research in their respective fields and covers major scientific equipment or sets of instruments; knowledge‑based resources such as collections, archives or structures for scientific information; enabling Information and Communication Technology based infrastructures such as Grid, computing, software and communication, or any other entity of a unique nature essential to achieve excellence in research. 34 Council Regulation (EC) No 723/2009 of 25 June 2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC), OJ L 206, 8.8.2009, p.1 35 ERIC examples are the Integrated Carbon Observation System (ICOS ERIC), the European Multidisciplinary Seafloor and Water Column Observatory (EMSO ERIC), the Central European Research Infrastructure Consortium (CERIC ERIC). 34 not be able to define a strategic R&I agenda and implement it, but would depend on the H2020 WPs defined and implemented by the EC. ERIC's basic internal structure is flexible, leaving the members to define the statutes, membership rights and obligations, as well as the bodies of the ERIC and their competences, while complying with the essential requirements provided for in the ERIC Regulation. The members of an ERIC can be MS, ACs, third countries other than the AC and intergovernmental organisations. The EU represented by the Commission may participate in an ERIC. However, the EU participation as a full member in the ERIC and the way it would make available its financial contribution are currently not foreseen36 and would have to be defined in some way. While the ERIC Regulation leaves open the possibility of the EC (as an international organisation) to become a member of an ERIC and to contribute through its membership to the ERIC, this has not been the case in any of the 17 ERICs that have been established until now. In practice, the participation of the EC in an ERIC in whatever form would create a situation of conflict of interest whenever the ERIC would participate in calls from EU ***programmes***, as the EU would both be allocating budgets for the ERIC from EU ***programmes*** (notably H2020 and CEF) and would be co-responsible in a wise spending of such funds. The participation of industry is not foreseen in an ERIC. An ERIC as such is also closed to private funding, in turn restraining the participation and financial contribution by industry players to any future initiative. This is because the principal task of the ERIC is to establish and operate on a non-economic basis37. In principle, ERICs are not designed to pool resources from the EU and MS but mainly from the MS themselves. Likewise, it would make it difficult for an ERIC to implement a joint EU/MS procurement. An ERIC is recognised by the country hosting its seat as an international body or organisation for the purposes of the directives on VAT and excise duties.38 It also qualifies as international organisation for the purpose of the directive on public procurement.39 An ERIC may therefore, 36 Council Regulation (EC) No. 723/2009 of 25 June 2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC) – Recital (6): 'In contrast to Joint Technology Initiatives (JTI) constituted as Joint Undertakings of which the Community is a member and to which it makes financial contributions, a European Research Infrastructure Consortium (hereinafter referred to as ‘ERIC’) should not be conceived as a Community body within the meaning of Article 185 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ( 1 ) (the Financial Regulation), but as a legal entity of which the Community is not necessarily a member and to which it does not make financial contributions within the meaning of Article 108(2)(f), of the Financial Regulation. 37 See Recital (8) of Council Regulation (EC) No. 723/2009: 'An ERIC set up under this Regulation should have as its principal task the establishment and operation of a research infrastructure on a non-economic basis and should devote most of its resources to this principal task. In order to promote innovation and knowledge and technology ***transfer***, the ERIC should be allowed to carry out some limited economic activities if they are closely related to its principal task and they do not jeopardise its achievement. The establishment of research infrastructures as ERICs does not exclude that research infrastructures of pan-European interest that have another legal form can equally be recognised as contributing to the progress of European research, including to the implementation of the roadmap developed by ESFRI. The Commission should ensure that ESFRI members and other interested parties are informed about these alternative legal forms. 38 Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to 39 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC 35 under certain limits and conditions, benefit from exemptions from VAT and excise duties on its purchases in all EU MS and it may adopt procurement procedures respecting the principles of transparency, non-discrimination and competition but not subject to the directive on public procurement as implemented in national law. The advantage of the ERIC is that it can be setup with a rather lightweight and fast process. This would give confidence that by 2019 the ERIC would be operational and could implement, at least partially, the objectives of the HPC strategy. However, this would not solve some of the present shortcomings of the baseline scenario, like the difficult synchronisation of calls. To include in the mandate of the ERIC the possibility to implement H2020 calls on behalf of the EC this would require a revision of the ERIC regulation, which in turn is a lengthy process. Based on the above arguments, the table below summarises how the ERIC responds to the functional requirements the EuroHPC instrument should fulfil: ERIC Pool public and private funds ERICs are designed to pool resources mainly from the MS Execute joint procurements while operating under EU-law The EU participation as a full member in an ERIC is not foreseen, but under certain conditions the EC may participate. Joint EC/MS procurement is difficult Implement a R&I ***programme*** Current mandate does not allow ERIC to get delegation to implement part of the H2020 ***programme*** Remain open to incorporate new MS/AC willing to join OK Enable participation of the private sector Industry cannot become member of an ERIC Safeguard the Union's interest through EC participation The EU participation as a full member in an ERIC is not foreseen, but under certain conditions the EU may participate 5.4 Option 2: Joint Undertaking A Joint Undertaking (JU) is a Union Body established under Art 187 TFEU40, which can be used for the indirect management of the EU budget.41 A JU is therefore an autonomous EU legal entity, with its own staff, budget, structure, rules and governance that can be tasked to implement actions under ***programmes*** such as H2020 and CEF. It can combine EU budget with other sources of funding (national, private, etc.), allowing the implementation of R&I and demonstration ***programmes*** in an integrated way. Public authorities at different levels from the MS (national, regional), the Union represented by the EC and other stakeholders like industry can become members of a JU. JUs have been used in FP7 and H2020 to establish the Joint Technology Initiatives (JTIs): Public-Private Partnerships (PPPs) that define and implement the Strategic Research Agendas (SRAs) of a limited number of areas where the scale and scope of the objectives is such that 40 A JU is established by a Council Regulation, taking into account the opinion of the European Parliament and the European Economic and Social Committee. 41 In accordance with Art 58.1(c)(iv) of the Financial Regulation (FR) 36 loose co-ordination through European Technology Platforms (ETPs) and support through the regular instruments of the Union's Research Framework ***Programme*** are not sufficient. According to their founding regulations JUs have their own governance structure but can also share some functions (e.g internal audit) with other already existing JUs for efficiency reasons. Each JU includes a Governing Board, an Executive Director as well as other bodies, including advisory bodies, depending on its specific operational and governance needs. JUs have a dedicated budget and staff and provide a framework for the public and, when appropriate, private players to work and take decisions together. They can organise calls for proposals and put in place implementation arrangements. They thus allow funds from different sources to be jointly managed and they are responsible for the related planning, monitoring and reporting activities. JUs can also carry out procurement procedures. Each JU has its own procurement and financial rules adopted by the Governing Board, based on the Union's model Financial Regulation. Established as a Union body, a JU can benefit from VAT and excise duties on its purchases in all EU MS and may adopt procurement procedures not subject to the Directive on public procurement as implemented in national law. JUs provide the legal, contractual and organisational framework to structure the joint commitments of public and private stakeholders and monitor the implementation against agreed Key Performance indicators (KPIs). In addition, they offer a firm governance structure and budgetary certainty to all stakeholders. JUs offer the possibility of joint activities between MS and the EU, allowing to keep e.g MS/AC participation flexible according to country-specific priorities. Nevertheless, there is co-responsibility in the strategies and modes of implementation chosen. A report of the Estonian presidency42 reflected the very positive view that industry partners and researchers express on this kind of PPPs. The report indicates that such partnerships are a good instrument for strengthening the industrial base of Europe by connecting the European ecosystem to global companies and by encouraging good quality industry-led research which enables the EU to remain competitive and a leader in innovation and technology. There are several good reasons to establish a JU in the area of HPC: (i) the added value of the combining EU and national funding; (ii) the coordination and rationalisation of procurement and R&I investments at European level; (iii) the possibility to safeguard the Union's interests as the EU can be member of the JU, by exerting its decisional powers in the JU Governing Board; (iv) the possibility to combine innovation procurement instruments (PCP and PPI) to fund the development of innovative European technology and procure afterwards this technology; (v) the possibility to protect the Union's economic interests (by activating the option provided for in Article 30.3 of the H2020 Model Grant Agreementrestricting the ***transfer*** of IPRs and Article 28 to first exploit the project results in the Union). The ECSEL JU43 is a good example for establishing and operating a JU in HPC. ECSEL has just been the object of an interim evaluation by an independent expert panel which concluded that the combination of EU, national and private investments under a single R&I scheme optimises the leverage of public funding and ensures a strong alignment of effort along a 42 'Increased coherence and openness of European Union research and innovation partnerships'. Final Report, Republic of Estonia Government Office, Technopolis group, June 2017,   [*http://www.technopolis-group.com/report/increased-coherence-openness-european-union-research-innovation-partnerships/*](http://www.technopolis-group.com/report/increased-coherence-openness-european-union-research-innovation-partnerships/) 43 ECSEL (   [*http://www.ecsel-ju.eu/*](http://www.ecsel-ju.eu/)) attracts the industry and research community in the semiconductor and embedded systems domains, OJ L 169, 7.6.2014, p. 152–178. 37 unified European strategy. Over the ***years*** 2014-2016, the EU has invested in ECSEL EUR 460 million out of a total of EUR 1.2 billion until 2020. This has leveraged roughly the same amount of national funding and a double amount of funding from industry (corresponding to an EU funding leverage factor of 4.26). ECSEL JU is clearly recognised as successful in attracting the best European players in the semiconductor and electronic components and systems domains and has so far been instrumental in structuring the sector in Europe around a common SRA. A similar effect is expected with the EuroHPC JU. It is to be noted that the EC (DG CNECT) has an extensive experience acquired in the establishment and operation of the ECSEL JU, which can be used in setting up and running the EuroHPC JU. Based on the arguments presented above the table below summarises how the JU responds to the functional requirements of the EuroHPC legal and financial instrument: Joint Undertaking Pool public and private funds Can combine EU budget with other sources of public and private funding Execute joint procurements while operating under EU-law Can carry out joint procurement - is recognised by the country hosting its seat as an international body or organisation for the purposes of the directives on VAT and excise duties Implement a R&I ***programme*** JU is a Union Body established under article 187 TFEU and can be tasked to implement actions under ***programmes*** such as H2020 and CEF Remain open to incorporate new MS/AC willing to join OK Enable participation of the private sector Industry can participate in the JU Safeguard the Union's interest through EC participation The EU represented by the Commission can be member of the JU and exert its decisional powers in the JU Governing Board 38 6. WHAT ARE THE IMPACTS OF THE POLICY OPTIONS? This section analyses the economic, environmental and social impact of the options in line with the Better Regulation Guidelines together with the coherence with other policy and the views of stakeholders. 6.1 Option 0: Baseline scenario Effectiveness Pillar 1: Infrastructure development, acquisition and operations H2020 has a dedicated instrument for innovation procurement that sets the EU financial support at maximum 35% of the cost of a procurement action. The experience that the EC has developed when using this instrument for procuring HPC machines in H2020 is that the procurement process should be attractive for the Tier-0 supercomputing centres of the PRACE hosting countries, since these centres are always mandated by the MS to do the national HPC procurements. The following procurement principles were thus agreed and put in place: General specifications of the HPC machines were collectively defined by the supercomputing centres. Customised 'local specifications' were then added by each supercomputing centre to address the specific national user needs of the hosting country. Then these became the basis for each centre to procure its machine. The procured machines are then co-designed with national scientific communities to optimize performance. Overall, such procurement process, while attractive for the supercomputing centres, is not suitable for the European agenda. It is optimized to serve national scientific needs and it results in procuring machines that may not be the most performing ones required at EU level. A different design would not attract supercomputing centres to participate in the procurement process. Once in operation, access to procured PRACE Tier-0 machines is essentially reserved to those MS hosting the machines (~60 to 90% of machine time). The other MSs pay a contribution to the operating costs of the machines to get access, but their scientists have to participate in a peer-review process based on excellence. As already explained in previous sections, there is a high demand and only a small number of applications are satisfied. Furthermore, this peer-review process is not adapted to industrial users because their applications are not necessarily driven by scientific excellence. In conclusion, the baseline scenario is not effective for implementing Pillar 1. Pillars 2 and 3: Research and Innovation and Applications and skills development The H2020 WP 2018-2020 supports well actions for HPC application and skills development through: (i) the HPC CoEs14; (ii) large-scale HPC-enabled industrial pilot test-beds for big data applications and services; and (iii) the Fortissimo-2 project44, providing access of user SMEs to HPC resources. In addition, the CEF WPs support application development for the public sector. The baseline scenario is effective in developing applications and skills and supporting user SMEs (Pillar 2). The H2020 WP 2018-2020 also supports technology and knowhow development through a different set of activities, ranging from fundamental research to the development of prototype systems. The funded R&D projects are generally reaching their objectives and contribute to establishing the European HPC ecosystem. However, as already explained in previous sections, the present way in implementing Pillar 3 is not effective as the funding of its activities is fragmented in two different ***programmes*** (CEF and H2020) and in three different 44   [*https://www.fortissimo-project.eu/*](https://www.fortissimo-project.eu/). Fortissimo Marketplace offers to SMEs a self-service of HPC resources, software applications, expertise and tools, delivered by Europe’s major HPC technology providers. 39 WPs of H2020 (FET, LEIT-ICT and Research Infrastructures). Even if the individual projects are successful and deliver functional components and prototypes, these are rarely integrated later on in the machines that are procured. As a result, the Union's R&D investment does not result in the development of European HPC machines that could be further supported through a lead market perspective. The baseline scenario is thus not effective to implement the EuroHPC strategy and to develop the world-class supercomputers based on European technology. Efficiency / Impact on economy, competitiveness, competition and SMEs The baseline scenario fails to foster a European supply industry of HPC technology and the take-up of the R&D results into commercial products is too limited compared to the R&D investments the Union is making. Moreover, due to the open nature of the H2020 calls non-European industry can directly benefit from the H2020 activities, increasing their competitiveness, which helps them to keep or expand their market share in Europe. The baseline scenario can foster the innovation potential of user SMEs (see above). However, it fails to provide the computing facilities European industry users need. As supported by the stakeholders' survey findings, industry users either have to turn towards machines of lower computing performance than their non-EU competitors, resulting in longer development processes or products of lower quality, or they take their product developments outside the EU to access the computing power they need to stay competitive. In conclusion, the baseline scenario has a limited impact on the economy and on competitiveness, competition and the technology supply SMEs. Social and Environmental Impact The availability of world-class computing capabilities and a high accessibility would accelerate the research on topics of environmental relevance like weather forecast, climate change, ***agriculture***, urban planning, renewable energy production, natural hazard prevention, traffic management, etc. The baseline scenario can have only a limited social and environmental impact since it cannot provide the performance levels and accessibility required to make advances in these fields in pace with the non-EU competitors. Stakeholder support More than 80% of the respondents to the consultation indicated that the current implementation model is insufficient to address the challenges Europe currently faces in HPC and advocate for a new instrument. on the basis of two main arguments: • The level of EU-wide coordination and cooperation of HPC initiatives is currently insufficient in a qualitative and quantitative sense, resulting in a strong fragmentation of individual efforts across Member States, across different stakeholders (e.g industry/science) as well as across current EU-wide initiatives. • Continuing in the current mode of fragmented and insufficient efforts, the EU is relegated against its global competitors (USA, China) in a field as strategic as supercomputing. 6.2 Option 1: ERIC Effectiveness Pillar 1: Infrastructure development, acquisition and operations 40 ERIC was conceived as an instrument for the MS to jointly establish and operate pan-European research infrastructures on a non-economic basis. Potentially, an ERIC can become a very effective instrument for procuring and operating world-class HPC and data infrastructures for European use. The statutes of the ERIC would also guarantee that all MS will have open access to the ERIC procured machines under conditions announced from the beginning.45 The ERIC would provide free access for researchers and the public sector to the ERIC machines. Access to industry for private purposes would have to be done on a pay-per-use basis at market prices, since ERICs are established to work on a non-economical basis.46 Overall, the effectiveness of an ERIC for procuring and operating HPC machines would depend on how MS would put it in place. As there are already many ERICs operating since several ***years***, the established experience would help MS to set up the HPC ERIC in an effective way.47 In conclusion, ERIC can be an effective instrument for implementing Pillar 1. Pillars 2 & 3: Research and Innovation; and Applications and skills development ERIC was not conceived as an instrument for the MS to jointly plan and support R&D activities and for application development. Its current mandate does not give it the possibility of defining and developing a strategic R&I agenda; and, it does not allow it to get delegation to implement part of the H2020 ***programme***. The ERIC cannot implement itself calls for R&I proposals and would have to be combined either with the baseline scenario for financing such activities or with another legal and financial instrument supporting such activities. An alternative scenario for an ERIC could be to participate in the co-design of world-class HPC machines, if it sets up a consortium including the relevant industrial and academic partners. This is possible, provided its mission is defined in its statutes in very broad terms, so that it can be a beneficiary of H2020 grants. However, this would require altering in a rather fundamental way the ERIC's mandate; it would also require for the ERIC to assemble the right consortium (academia and industry partners) in an open and transparent way to participate in an open H2020 R&I call on co-designing HPC systems; and, finally, to make sure it is selected in the call. This last would mean that MS are involved both in defining the respective call priorities and budgets and in bidding for getting the funds. In conclusion, ERIC is not an effective standalone instrument to achieve excellence in applications, or for technology and innovation development that would be integrated in world class HPC machines. Efficiency / Impact on economy, competitiveness, competition and SMEs The ERIC would have an effect on the coordination of the national HPC strategies. It would lead to the joint procurement and management of a world-class HPC infrastructure. It would 45 According to Article 4 of the ERIC regulation, the research infrastructure must meet the requirement of an '… (c) effective access, in accordance with the rules established in its statutes, is granted to the European research community, composed of researchers from Member States and from associated countries …' 46 Up to 20% of an ERIC activity can be run on market conditions. If the demand is higher, it would require the establishment of a spin-off entity to manage such activities. 47 As an ERIC is an international organisation (within the meaning of the procurement directive), it can choose to adopt its own procurement policy respecting the principles of transparency, non-discrimination and competition. It is expected that the MS would be represented in the ERIC by their national supercomputing centre. Relying on these centres for the HPC machine procurement would add value, as they are the most experienced organisations in handling procurement of supercomputers. This might though compromise the possibility of cooperation of these centres in the procurement process as the centre will be both a member of the ERIC and participate at the same time in the co-design process of the HPC machines to procure. 41 achieve a better allocation of resources at European level, avoiding duplication of efforts, and optimisation of spending focusing on the relevant areas. The ERIC could set clear targets for the development of the world class HPC machines, creating a lead market. This would incentivise to some degree the research centres and HPC technology suppliers to develop and integrate, at least part of, the European HPC technology. The ERIC would thus permit to support to some extent the European suppliers to develop technology and sell it giving them opportunities to become more competitive. This would in particular benefit the SMEs, as the majority of European HPC suppliers are SMEs. However, as the ERIC cannot implement a R&I agenda and guarantee the integration of European technology developments into future HPC machines, its impact on economy and on European industry competitiveness is expected to be rather limited. Social and Environmental Impact The availability of world class computing performance and a high accessibility that the ERIC would achieve would permit accelerating the research on topics of social and environmental relevance like health, environment (weather forecast, climate change), ***agriculture***, renewable energy production, safety (e.g , natural hazard prevention), smart cities and traffic management, etc. The ERIC would thus have a clear societal and environmental impact. Stakeholder support The respondents to the consultation (see Annex 2) ranked the current state of interaction between industry and academia on the exploitation of high-end computing systems, application codes and services as a key problem area, in particular the respondents from the technology supply industry. The choice of an ERIC would not permit to improve drastically this situation. 6.3 Option 2: Joint Undertaking (JU) Effectiveness Pillar 1: Infrastructure development, acquisition and operations A JU can define its own procurement and financial rules and carry out its procurement procedures following rules to be agreed by its governing board that need to be based on the Union's model Financial Regulation. By being responsible for the HPC machine procurement process (with the help of experienced national experts), the JU will open the possibility for future hosting supercomputing centres to cooperate in this process and in particular to participate in the co-design activities of the JU machines. This is a very effective way to benefit from the supercomputing centres in designing and procuring a leading HPC and data infrastructure in Europe. Within the competences established by the statutes of the JU, the JU governing board would define the access conditions for the users of the JU machines. The JU governing board would have to define and manage the access of public and private users to the machines under similar conditions as the ones mentioned above for ERICs. In conclusion, the JU is an effective instrument for jointly procuring world-class HPC and data infrastructures for European use. Pillars 2&3: Research and Innovation; and applications and skills development A JU can be used for the indirect management of the EU budget. It is an autonomous EU legal 42 entity that can be tasked to implement actions under ***programmes*** such as H2020 or CEF. It can combine EU budget with other sources of funding (national, private, etc.), allowing the implementation of research, technological development, pilot application and demonstration ***programmes*** in an integrated way. The JU would be tasked to implement all those HPC activities foreseen in the CEF and H2020 WP 2018-2020 through the launch of competitive open calls. Firstly, it would ensure a seamless continuation of the present calls, serving different scientific and industrial user and technology supply communities. Secondly, it would implement calls for R&I proposals according to the H2020 rules that would be open to any eligible beneficiary. The JU would provide transparency and openness in its operations. The JU would include in its governance structure a scientific advisory board bringing together scientific and industrial users and technology suppliers, supercomputing centres, CoE representatives and other researchers to define the long term strategic research agenda (SRA) of the JU and give advise on the draft ***yearly*** Work Plans to implement this SRA. The latter would be decided and adopted by the governing board of the JU. This will ensure coordination with national ***programmes*** and will permit to plan and synchronise the different calls and activities towards the achievement of the overall goal of the JU, i.e the development of a European HPC ecosystem. Each subsequent call would build on the results of previous calls ensuring continuity. In particular calls for innovation procurement would be planned that make the participation to the procurement conditional to the successful conclusion of prior European R&D projects and/or specify a preference for the integration of R&D results previously developed by the European R&D ***programmes***. The JU can thus become a very effective instrument to achieve excellence in applications, and for technology and innovation development that would be integrated in world class HPC machines based on European technology. Efficiency / Impact on economy, competitiveness, competition and SMEs As in the case of ERIC, a JU would have a clear positive effect on the coordination of national HPC strategies, enabling the joint procurement of leading HPC infrastructure and avoiding duplication of efforts and waste of resources. Its possibility to pull together funds from different public and private sources, including the structural funds, to be jointly managed combined with its possibility to implement a stakeholder-defined strategic R&I agenda would permit: (i) to increase the JU's overall ***programme*** efficiency; (ii) to achieve a better allocation of resources at European level; (iii) to optimise the spending on the relevant European priority areas; and (iv) industry players to contribute to defining the JU's strategic R&I agenda and annual calls, in line with their own strategic developments in the field. Furthermore, by procuring innovation, the JU can set clear targets for the development of HPC machines integrating European-based technology, creating a lead market. This would permit to further incentivise the European HPC suppliers to work with research centres and invest into HPC technology development and into integrated machines which could be acquired by the JU. Through its activities, the JU could thus achieve a significant leverage effect on private investment and related economic activity. It could lead to a larger market share of European suppliers, and impact directly the competitiveness of European industry. These are confirmed by the findings of the recent study on partnerships of the Estonian presidency38 and those of the interim evaluation of the ECSEL JU confirm such potential economic impact of the JUs: 43 every one Euro invested by the public sector leverages two Euros from the private sector. In conclusion, the JU can have a clear positive impact on economy, competitiveness, competition and SMEs, much higher than that of the baseline scenario or ERICs. Social and Environmental Impact Similar to an ERIC, the JU would also enable the availability of world class computing performance and a high accessibility and would permit accelerating the research on topics of social and environmental relevance. Furthermore, as the JU would have a direct positive impact on the competitiveness of European industry, this in turn is expected to be translated on a positive effect on jobs. Stakeholder support There is a large majority of respondents to the targeted consultation arguing in favour of setting up a new instrument for the implementation of a truly European, integrated, HPC strategy (see Annex 2). Indeed, the respondents to the consultation ranked the current state of interaction between industry and academia on the exploitation of high-end computing systems, application codes and services as a key problem area. A JU would certainly set the basis for improving the present situation in the future. The possibility that the JU offers to industry to directly participate in the definition of the JU's strategic R&I agenda and annual calls is also considered to be of key importance for the European supply industry for increasing its technological edge versus competing global companies. A clear industry support can thus be concluded for the JU instrument. The recent study on R&I partnerships of the Estonian presidency seems to confirm this.48 In addition, from the non-polemic responses to the publication of the EuroHPC Inception Impact Assessment (see Annex 2) a clear support can be concluded not only for a new initiative but also explicitly for a JU as the best instrument. 7. HOW DO THE OPTIONS COMPARE? This section presents a comparison of the options in the light of the impacts identified. The options are assessed against the core criteria of effectiveness, efficiency and coherence, as well as taking into account the support expressed by the different stakeholders. Effectiveness of the instrument Both the ERIC and the JU would have a positive impact compared to the baseline scenario. However, while the JU would have a positive impact on the 3 pillars, the ERIC is not an effective instrument to implement a research ***programme*** with the aim to develop the technology that would be integrated in leading European HPC machines. The ERIC is an effective instrument only for the development, acquisition and operation of the HPC infrastructure. Impact on economy, competitiveness, competition and SMEs Both instruments, ERIC and JU, would have a positive economic impact as compared to the baseline scenario. However, the impact of the ERIC is expected to be much lower than that of 48 'Industry partners and researchers express very positive views on JTIs. A common research agenda is implemented and there is a large emphasis on partnerships and collaboration to ensure that EU remains competitive and a leader in innovation and technology', Section 3.2 of the Estonian Presidency study.42 44 the JU. This is mainly due to the fact that the ERIC cannot be tasked to implement a R&I ***programme***. Its economic impact would thus be more indirect, originating in essence from the increased availability and accessibility of world-leading HPC infrastructure. Furthermore, the JU can pull together funds not only from public sources (like ERICs do) but also from private ones. The JU also gives the possibility to industry players to steer the JU's R&I agenda which can lead to a significant leverage effect on private investment and related economic activity and impact directly the competitiveness of European industry. Social and environmental Impact Both instruments, ERIC and JU, have a clear positive almost identical societal and environmental impact. Stakeholder opinion According to the outcome of the public consultation (see Annex 2) there is a clear demand for a more effective instrument to implement the European HPC strategy. However, as the respondents to the consultation ranked the current state of interaction between industry and academia on the exploitation of high-end computing systems, application codes and services as key problem area, the choice of a JU would certainly set the basis for improving this situation in the future. Based upon the impact analysis performed in Section 6, the following table compares the merits of a new EU-wide collaborative effort on HPC (i.e options 1 or 2) against the baseline scenario (0): Impacts Option 0: Baseline Scenario Option 1: ERIC Option 2: JU Effectiveness x (Pillar 1: Infrastructure) x (Pillars 2&3: Applications and R&I agenda) √ (Pillar 1: Infrastructure) x (Pillars 2&3: Applications and R&I agenda) √ (Pillar 1: Infrastructure) √ (Pillars 2&3: Applications and R&I agenda) Impact on economy, competitiveness, competition and SMEs √ √√ √√√√ Social and Environmental Impact √ √√ √√ Safeguarding Union interests through EC participation √ 0 √ TOTAL √ √√√√ √√√√√√√√√ Table 1: Comparing the Impact of the different options. The symbols 'x' and '√' indicate respectively positive (√) and negative (x) impacts, the number of the symbols is the net result of the summing-up of the respective individual ratings of the policy option and indicates the magnitude of the change. The above comparison demonstrates that an EU-wide collaborative effort on HPC (i.e Options 1 or 2) offers indeed significant added value for the European economy, society and environment vis-à-vis the baseline scenario option. 45 8. SELECTION OF PREFERRED OPTION AND HOW WILL THE EUROHPC JU WORK The above analysis has shown that a Joint Undertaking (JU) represents the best instrument capable to implement the goals of EuroHPC while offering the highest economic, societal, and environmental impact while best safeguarding the Union’s interests. The business-as-usual option does not address the 4 key problems of the current European HPC strategy implementation model as identified in Section 2.2 Therefore, the business-as-usual option is considered as inappropriate to build up the EuroHPC strategy. In summary, the main arguments in favour of a JU as the preferred policy option to implement the EuroHPC entity are: • It fulfils all functional requirements of the legal entity to implement the objectives. • It provides a visible legal, contractual and organisational common framework to structure the joint commitments of the public and private stakeholders. • It provides of a firm governance structure and budgetary certainty to all stakeholders. • It can implement a joint procurement and operate world-class HPC systems via promotion of technology, particularly European one. • It can launch R&I ***programmes*** for developing technologies and their subsequent integration in European exascale supercomputing systems and contribute to developing a competitive European technology supply industry. • It has a positive impact on all 3 pillars, for developing a thriving European HPC and Big Data ecosystem. In addition, the following arguments speak in favour of the chosen option: The EC already has experience on setting-up and managing JUs. In particular the experience gained from implementing the ECSEL JU will be helpful. First, it is a tripartite agreement, bringing together the EC, the MS and the private sector, as would be the case for EuroHPC. The governance and the administrative processes are well understood, the strengths and weaknesses well known. The EuroHPC would build on the ECSEL structure taking over its strength and mitigating its weaknesses. In particular, EuroHPC would benefit from the revision of the ECSEL regulation that is going on, addressing the shortcomings that have been identified in the day-to-day operations of ECSEL. How will the EuroHPC JU operate? The members of the JU will be the Union (represented by the EC), the MS and AC, and the HPC and Big Data stakeholders, including academia and industry. Only the public partners of the JU will be responsible for its Pillar 1 activities (Infrastructure development, acquisition and operations) in order to avoid any conflicts of interest of the private partners in the procurement process of the JU machines. The governance of the Joint Undertaking will be structured in the following way: • The Governing Board will be composed of representatives of the public partners of the JU. It will be responsible for strategic policy making and for the funding decisions related to the activities of all the three JU pillars. Voting rights and procedures will be, in principle, proportional to the financial contributions of its members. • The Industrial and Scientific Advisory Board will be composed of representatives of the HPC and Big Data stakeholders. It will have an advisory role and will include two advisory groups: 46 (i) The Research and Innovation Advisory Group will include representatives of academia and industry users and technology suppliers. It will be responsible for elaborating a medium- to long-term research and innovation agenda on technology and applications, covering the research, innovation, applications and skills development activities of the JU (Pillars 2&3). (ii) The Infrastructure Advisory Group will include experienced academia and user industry experts selected by the Governing Board. They will provide independent advice to the Governing Board on the procurement and operation of the machines owned by the JU (Pillars 1&4). The JU machines will be interconnected with the existing Tier-0 PRACE and other existing national machines (via the GEANT network) and be made available to the public and private users. The Governing Board will have the responsibility of defining and assuring the overall monitoring of the access and use rules of the JU machines. The EuroHPC JU will procure and own those HPC machines funded mainly by the Union, so that these machines are jointly owned by the JU members contributing to their procurement. For simplicity, the JU would not operate the procured machines itself but delegate their operation to a hosting entity (ideally to be selected by the JU following a competitive Call for Expression of Interest). The selection of the hosting entity would have to be done according to well defined criteria. The JU would remain the owner of the procured machines until they are depreciated (typically after 4 to 5 ***years*** of operation). Then ownership would be ***transferred*** to the hosting entity for machine decommissioning and disposal or any other use. The budget of the JU will be of the order of approximately EUR 1 billion (composed of an EU contribution of around EUR 486 million matched by a similar amount from the MS/AC). It is also expected that the private stakeholders will significantly contribute to the JU activities related to Pillars 2 and 3. The JU budget would ensure the operations and ***payments*** of all the activities that the JU would have launched at the latest by the end of 2020 until their termination around 2025/2026. It could then be wound up. 9. HOW WOULD ACTUAL IMPACTS BE MONITORED AND EVALUATED? Monitoring will start with the establishment of the new legal instrument. An explicit clause to monitor on an annual basis the key performance indicators (KPIs) will be included in the legal instrument. The first assessment will take place with the publication of the call for tender for the pre-exascale machines. An explicit evaluation and review clause, by which the EC will conduct an independent evaluation, will be included in the legal instrument. The EC will subsequently report to the European Parliament and the Council on its evaluation accompanied where appropriate by a proposal for its review, in order to measure the impact of the instrument and its added value. The Commission Better Regulation methodology on evaluation will be applied. These evaluations will be conducted with the help of targeted, expert discussions, studies and wide stakeholder consultations. The Executive Director of the legal entity should present to the Governing Board an ex-post evaluation of EuroHPC's activities every two ***years***. The legal entity should also prepare a follow-up action plan regarding the conclusions of retrospective evaluations and report on progress bi-annually to the Commission. The Governing Board should be responsible to monitor the adequate follow-up of such conclusions. Alleged instances of maladministration in the activities of the legal body may be subject to inquiries by the European Ombudsman in accordance with the provisions of Article 228 of the Treaty. 47 The list of KPIs that could be used to monitor progress towards meeting the objectives, impact and success of the JU is as follows: • At least two pre-exascale machines jointly procured. • Computing hours made available for European researchers increase with respect to the hours currently available through PRACE. • Oversubscription of the machines made available at European level decrease well below the current levels. • The number of user communities served and number of researchers getting access to the European pre-exascale machines increases when compared to the number of those having to look for computing resources outside Europe. • Competitiveness of European suppliers starts increasing, measured in terms of global market share of European HPC systems, components and tools, and in terms of share of European R&D results taken up by industry. • Contribution to next generation HPC technologies, measured in terms of patents, scientific publications and commercial products. • Number of European applications adapted to pre- and exascale systems. • Number of scientists, students, users (industrial and public administrations) trained.

**Load-Date:** January 26, 2018

**End of Document**



[***FEDERAL REGISTER: Inviting Applications for Rural Cooperative Development Grants Pages 24726 - 24735 [FR DOC # 2018-11482]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SFK-8TH1-F0YC-N44F-00000-00&context=1516831)

Impact News Service

May 30, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 10224 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

DEPARTMENT OF ***AGRICULTURE*** Rural Business-Cooperative Service Inviting Applications for Rural Cooperative Development Grants AGENCY: Rural Business-Cooperative Service, USDA. ACTION: Notice. ----------------------------------------------------------------------- SUMMARY: This Notice announces that the Rural Business-Cooperative Service (Agency) is accepting fiscal ***year*** (FY) 2018 applications for the Rural Cooperative Development Grant (RCDG) ***program***. The RCDG ***program*** is authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (CONACT). The purpose of this ***program*** is to provide financial assistance to improve the economic condition of rural areas through cooperative development. Eligible applicants include a non-profit corporation or an institution of higher education.

[[Page 24727]] DATES: Completed applications must be submitted on paper or electronically according to the following deadlines: Paper applications must be postmarked and mailed, shipped, or sent overnight no later than July 30, 2018. You may also hand carry your application to one of our field offices, but it must be received by close of business on the deadline date. Late applications are not eligible for funding under this Notice and will not be evaluated. Electronic applications must be received by July 24, 2018, to be eligible for grant funding. Please review the Grants.gov website at [*http://grants.gov/applicants/organization\_registration.jsp*](http://grants.gov/applicants/organization_registration.jsp) For instructions on the process of registering your organization as soon as possible to ensure you are able to meet the electronic application deadline. Late applications are not eligible for funding under this Notice and will not be evaluated. ADDRESSES: You should contact a USDA Rural Development State Office (State Office) if you have questions. You are encouraged to contact your State Office well in advance of the application deadline to discuss your project and ask any questions about the application process. Contact information for State Offices can be found at   [*http://www.rd.usda.gov/contact-us/state-offices*](http://www.rd.usda.gov/contact-us/state-offices). ***Program*** guidance as well as application and matching funds templates may be obtained at   [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program). If you want to submit an electronic application, follow the instructions for the RCDG funding announcement located at   [*http://www.grants.gov*](http://www.grants.gov) If you want to submit a paper application, send it to the State Office located in the State where you are headquartered. If you are headquartered in Washington, DC please contact the Grants Division, Cooperative ***Programs***, Rural Business-Cooperative Service, at (202) 690-1374 for guidance on where to submit your application. FOR FURTHER INFORMATION CONTACT: Grants Division, Cooperative ***Programs***, Rural Business-Cooperative Service, United States Department of ***Agriculture***, 1400 Independence Avenue SW, Mail Stop-3253, Room 4208- South, Washington, DC 20250-3253, (202) 690-1374. SUPPLEMENTARY INFORMATION Preface The Agency encourages applications that will support recommendations made in the Rural Prosperity Task Force report to help improve life in rural America.   [*www.usda.gov/ruralprosperity*](http://www.usda.gov/ruralprosperity). Applicants are encouraged to consider projects that provide measurable results in helping rural communities build robust and sustainable economies through strategic investments in infrastructure, partnerships and innovation. Key strategies include:  Achieving e-Connectivity for rural America  Developing the Rural Economy  Harnessing Technological Innovation  Supporting a Rural Workforce  Improving Quality of Life

Overview

    Federal Agency: Rural Business-Cooperative Service.     Funding Opportunity Title: Rural Cooperative Development Grants.     Announcement Type: Initial Notice.     Catalog of Federal Domestic Assistance Number: 10.771     Date: Application Deadline. Paper applications must be postmarked, mailed, shipped, or sent overnight no later than July 30, 2018, or it will not be considered for funding. You may also hand carry your application to one of our field offices, but it must be received by close of business on the deadline date. Electronic applications must be received by [*http://www.grants.gov*](http://www.grants.gov) no later than midnight Eastern Time July 24, 2018, or it will not be considered for funding.

Paperwork Reduction Act

    In accordance with the Paperwork Reduction Act, the paperwork burden associated with this Notice has been approved by the Office of Management and Budget (OMB) under OMB Control Number 0570-0006.

A. ***Program*** Description

    The RCDG ***program*** is authorized under section 310B(e) of the Consolidated Farm and Rural Development Act (CONACT) (7 U.S.C 1932(e)) as amended by the ***Agricultural*** Act of 2014 (Pub. L. 113-79). You are required to comply with the regulations for this ***program*** published at 7 CFR part 4284, subparts A and F, which are incorporated by reference in this Notice. Therefore, you should become familiar with these regulations. The primary objective of the RCDG ***program*** is to improve the economic condition of rural areas through cooperative development. Grants are awarded on a competitive basis. The maximum award amount per grant is $200,000. Grants are available for non-profit corporations or higher education institutions only. Grant funds may be used to pay for up to 75 percent of the cost of establishing and operating centers for rural cooperative development. Grant funds may be used to pay for 95 percent of the cost of establishing and operating centers for rural cooperative development, when the applicant is a 1994 Institution as defined by 7 U.S.C 301. The 1994 Institutions are commonly known as Tribal Land Grant Institutions. Centers may have the expertise on staff or they can contract out for the expertise, to assist individuals or entities in the startup, expansion or operational improvement of rural businesses, especially cooperative or mutually-owned businesses. Definitions     The terms you need to understand are defined and published at 7 CFR 4284.3 and 7 CFR 4284.504 In addition, the terms ``rural'' and ``rural area,'' defined at section 343(a)(13) of the CONACT (7 U.S.C 1991(a)), are incorporated by reference, and will be used for this ***program*** instead of those terms currently published at 7 CFR 4284.3 The term ``you'' referenced throughout this Notice should be understood to mean ``you'' the applicant. Finally, there has been some confusion on the Agency's meaning of the terms ``conflict of interest'' and ``mutually- owned business,'' because they are not defined in the CONACT or in the regulations used for the ***program***. Therefore, the terms are clarified and should be understood as follows.     Conflict of interest--A situation in which a person or entity has competing personal, professional, or financial interests that make it difficult for the person or business to act impartially. Regarding use of both grant and matching funds, Federal procurement standards prohibit transactions that involve a real or apparent conflict of interest for owners, employees, officers, agents, or their immediate family members having a financial or other interest in the outcome of the project; or that restrict open and free competition for unrestrained trade. Specifically, project funds may not be used for services or goods going to, or coming from, a person or entity with a real or apparent conflict of interest, including, but not limited to, owner(s) and their immediate family members. An example of conflict of interest occurs when the grantee's employees, board of directors, or the immediate family of either, have the appearance of a professional or personal financial interest in the recipients receiving the benefits or services of the grant.     Mutually-owned business--An organization owned and governed by

[[Page 24728]]

members who either are its consumers, producers, employees, or suppliers.

B. Federal Award Information

    Type of Award: Competitive Grant.     Fiscal ***Year*** Funds: FY 2018.     Total Funding: $5,800,000     Maximum Award: $200,000.     Anticipated Award Date: September 28, 2018.

C. Eligibility Information

    Applicants must meet all of the following eligibility requirements. Applications which fail to meet any of these requirements by the application deadline will be deemed ineligible and will not be evaluated further. 1. Eligible Applicants     You must be a nonprofit corporation or an institution of higher education to apply for this ***program***. Public bodies and individuals cannot apply for this ***program***. See 7 CFR 4284.507 You must also meet the following requirements:     a. An applicant is ineligible if they have been debarred or suspended or otherwise excluded from or ineligible for participation in Federal assistance ***programs*** under Executive Order 12549, ``Debarment and Suspension.'' The Agency will check the System for Award Management (SAM) to determine if the applicant has been debarred or suspended. In addition, an applicant will be considered ineligible for a grant due to an outstanding judgment obtained by the U.S in a Federal Court (other than U.S Tax Court), is delinquent on the ***payment*** of Federal income taxes, or is delinquent on Federal debt. See 7 CFR 4284.6 The applicant must certify as part of the application that they do not have an outstanding judgment against them. The Agency will check the Credit Alert Interactive Voice Response System (CAIVRS) to verify this.     b. Any corporation that has been convicted of a felony criminal violation under any Federal law within the past 24 months or that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability, is not eligible for financial assistance provided with funds appropriated by the Consolidated Appropriations Act, 2018 (Pub. L. 115- 141), unless a Federal agency has considered suspension or debarment of the corporation and has made a determination that this further action is not necessary to protect the interests of the Government. Applicants will be required to complete Form AD-3030, ``Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate Applicants,'' if you are a corporation. Institutions of Higher Education are not required to submit this form.     c. Applications will be deemed ineligible if the application includes any funding restrictions identified under Section D.6.a and b. Inclusion of funding restrictions outlined in Section D.6.a and b. preclude the Agency from making a federal award.     d. Applications will be deemed ineligible if the application is not complete in accordance with the requirements stated in Section C.3.e 2. Cost Sharing or Matching     Your matching funds requirement is 25 percent of the total project cost (5 percent for 1994 Institutions). See 7 CFR 4284.508 When you calculate your matching funds requirement, please round up or down to whole dollars as appropriate. An example of how to calculate your matching funds is as follows:     a. Take the amount of grant funds you are requesting and divide it by .75 This will give you your total project cost.     Example: $200,000 (grant amount)/.75 (percentage for use of grant funds) = $266,667 (total project cost).     b. Subtract the amount of grant funds you are requesting from your total project cost. This will give you your matching funds requirement.     Example: $266,667 (total project cost) - $200,000 (grant amount) = $66,667 (matching funds requirement).     c. A quick way to double check that you have the correct amount of matching funds is to take your total project cost and multiply it by .25     Example: $266,667 (total project cost) x .25 (maximum percentage of matching funds requirement) = $66,667 (matching funds requirement).     You must verify that all matching funds are available during the grant period and provide this documentation with your application in accordance with requirements identified in Section D.2.e.8 If you are awarded a grant, additional verification documentation may be required to confirm the availability of matching funds.     Other rules for matching funds that you must follow are listed below.      They must be spent on eligible expenses during the grant period.      They must be from eligible sources.      They must be spent in advance or as a pro-rata portion of grant funds being spent.      They must be provided by either the applicant or a third party in the form of cash or an in-kind contribution.      They cannot include board/advisory council members' time.      They cannot include other Federal grants unless provided by authorizing legislation.      They cannot include cash or in-kind contributions donated outside the grant period.      They cannot include over-valued, in-kind contributions.      They cannot include any project costs that are ineligible under the RCDG ***program***.      They cannot include any project costs that are unallowable under the applicable grant ``Cost Principles,'' including 2 CFR part 200, subpart E, and the Federal Acquisition Regulation (for-profits) or successor regulation.      They can include loan funds from a Federal source.      They can include travel and incidentals for board/advisory council members if you have established written policies explaining how these costs are normally reimbursed, including rates. You must include an explanation of this policy in your application or the contributions will not be considered as eligible matching funds.      You must be able to document and verify the number of hours worked and the value associated with any in-kind contribution being used to meet a matching funds requirement.      In-kind contributions provided by individuals, businesses, or cooperatives which are being assisted by you cannot be provided for the direct benefit of their own projects as USDA Rural Development considers this to be a conflict of interest or the appearance of a conflict of interest. 3. Other Eligibility Requirements a. Purpose Eligibility     Your application must propose the establishment or continuation of a cooperative development center concept. You must use project funds, including grant and matching funds for eligible purposes only (see 7 CFR 4284.508). In addition, project funds may be used for ***programs*** providing for the coordination of services and sharing of information among the centers (see 7 U.S.C 1932(e) (4) (C) (vi)). b. Project Eligibility     All project activities must be for the benefit of a rural area. c. Multiple Application Eligibility     Only one application can be submitted per applicant. If two applications are submitted (regardless of

[[Page 24729]]

the applicant name) that include the same Executive Director and/or advisory boards or committees of an existing center, both applications will be determined not eligible for funding. d. Grant Period     Your application must include a one-***year*** grant period, or it will not be considered for funding. The grant period should begin no earlier than October 1, 2018, and no later than January 1, 2019. Applications that request funds for a time period ending after December 31, 2019, will not be considered for funding. Projects must be completed within a one-***year*** timeframe. Prior approval is needed from the Agency if you are awarded a grant and desire the grant period to begin earlier or later than previously discussed.     The Agency may approve requests to extend the grant period for up to an additional 12 months at its discretion. However, you may not have more than one active RCDG during the same grant period. Further guidance on grant period extensions will be provided in the award document. e. Completeness     Your application will not be considered for funding if it fails to meet an eligibility criterion by time of application deadline and does not provide sufficient information to determine eligibility and scoring. You must include all of the forms and proposal elements as discussed in the regulation and as clarified further in this Notice. Incomplete applications will not be reviewed by the Agency. For more information on what is required for an application, see 7 CFR 4284.510 f. Satisfactory Performance     You must be performing satisfactorily on any outstanding RCDG award to be considered eligible for a new award. Satisfactory performance includes being up-to-date on all financial and performance reports as prescribed in the grant award, and current on tasks and timeframes for utilizing grant and matching funds as approved in the work plan and budget. If you have any unspent grant funds on RCDG awards prior to fiscal ***year*** 2017, your application will not be considered for funding. If your fiscal ***year*** 2017 award has unspent funds of 50 percent or more than what your approved work plan and budget projected, at the time that your fiscal ***year*** 2018 application is being evaluated, your application will not be considered for funding. The Agency will verify the performance status of FY 2017 awards and make a determination after the FY 2018 application period closes. g. Duplication of Current Services     Your application must demonstrate that you are providing services to new customers or new services to current customers. If your work plan and budget is duplicative of your existing award, your application will not be considered for funding. If your workplan and budget is duplicative of a previous or existing RCDG and/or Socially Disadvantaged Groups Grant (SDGG) award, your application will not be considered for funding. The Agency will make this determination. h. Indirect Costs     Your negotiated indirect cost rate approval does not need to be included in your application, but you will be required to provide it if a grant is awarded. Approval for indirect costs that are requested in an application without an approved indirect cost rate agreement is at the discretion of the Agency.

D. Application and Submission Information

1. Address to Request Application Package     For further information, you should contact your State Office at [*http://www.rd.usda.gov/contact-us/state-offices*](http://www.rd.usda.gov/contact-us/state-offices). ***Program*** materials may also be obtained at   [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program). You may also obtain a copy by calling 202-690-1374. 2. Content and Form of Application Submission     You may submit your application in paper form or electronically through Grants.gov If you submit in paper form, any forms requiring signatures must include an original signature. a. Electronic Submission     To apply electronically, you must use the Grants.gov website at   [*http://www.Grants.gov*](http://www.grants.gov) You may not apply electronically in any way other than through Grants.gov     You can locate the Grants.gov downloadable application package for this ***program*** by using a keyword, the ***program*** name, or the Catalog of Federal Domestic Assistance Number for this ***program***.     When you enter the Grants.gov website, you will find information about applying electronically through the site, as well as the hours of operation.     To use Grants.gov, you must already have a DUNS number and you must also be registered and maintain registration in SAM. We strongly recommend that you do not wait until the application deadline date to begin the application process through Grants.gov     You must submit all your application documents electronically through Grants.gov Applications must include electronic signatures. Original signatures may be required if funds are awarded.     After electronically applying through Grants.gov, you will receive an automatic acknowledgement from Grants.gov that contains a Grants.gov tracking number. b. Paper Submission     If you want to submit a paper application, send it to the State Office located in the State where your project will primarily take place. You can find State Office Contact information at:   [*http://www.rd.usda.gov/contact-us/state-offices*](http://www.rd.usda.gov/contact-us/state-offices). An optional-use Agency application template is available online at   [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program). c. Supplemental Information     Your application must contain all the required forms and proposal elements described in 7 CFR 4284.510 and as otherwise clarified in this Notice. Specifically, your application must include: (1) The required forms as described in 7 CFR 4284.510(b) and (2) the required proposal elements as described in 7 CFR 4284.510(c). If your application is incomplete, it is ineligible to compete for funds. Applications lacking sufficient information to determine eligibility and scoring will be considered ineligible. Information submitted after the application deadline will not be accepted. You are encouraged, but not required to utilize the application template found at   [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program). d. Clarifications on Forms      Standard Form (SF) 424--Your DUNS number should be identified in the ``Organizational DUNS'' field on SF 424, ``Application for Federal Assistance.'' In addition, you should provide the DUNS number and the Commercial and Government Entity (CAGE) code and expiration date under the applicant eligibility discussion in your proposal narrative. If you do not include the CAGE code and expiration date and the DUNS number in your application, it will not be considered for funding.      Form AD-3030, ``Representations Regarding Felony Conviction and Tax Delinquent Status for Corporate

[[Page 24730]]

Applicants,'' if you are a corporation. A corporation is any entity that has filed articles of incorporation in one of the 50 States, the District of Columbia, the Federated States of Micronesia, the Republic of Palau, and the Republic of the Marshall Islands, or the various territories of the United States including American Samoa, Guam, Midway Islands, the Commonwealth of the Northern Mariana Islands, Puerto Rico, or the U.S Virgin Islands. Corporations include both for profit and non-profit entities. Institutions of Higher Education are not required to submit this form.      You can voluntarily fill out and submit the ``Survey on Ensuring Equal Opportunity for Applicants,'' as part of your application if you are a nonprofit organization. e. Clarifications on Proposal Elements     1. You must include the title of the project as well as any other relevant identifying information on the Title Page.     2. You must include a Table of Contents with page numbers for each component of the application to facilitate review.     3. Your Executive Summary must include the items in 7 CFR 4284.510(c) (3), and discuss the percentage of work that will be performed among organizational staff, consultants, or other contractors. It should not exceed two pages.     4. Your Eligibility Discussion must not exceed two pages and cover how you meet the eligibility requirements for applicant, matching funds, and other eligibility requirements.     5. Your Proposal Narrative must not exceed 40 pages and should describe the essential aspects of the project.     i. You are only required to have one title page for the proposal.     ii. If you list the evaluation criteria on the Table of Contents and specifically and individually address each criterion in narrative form, then it is not necessary for you to include an Information Sheet. Otherwise, the Information Sheet is required under 7 CFR 4284.510(c)(ii).     iii. You must include the following under Goals of the Project:     A. A statement that substantiates that the Center will effectively serve rural areas in the United States;     B. A statement that the primary objective of the Center will be to improve the economic condition of rural areas through cooperative development;     C. A description of the contributions that the proposed activities are likely to make to the improvement of the economic conditions of the rural areas for which the Center will provide services. Expected economic impacts should be tied to tasks included in the work plan and budget; and     D. A statement that the Center, in carrying out its activities, will seek, where appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the Federal government, and State and local governments.     iv. The Agency has established annual performance evaluation measures to evaluate the RCDG ***program***. You must provide estimates on the following performance evaluation measures.      Number of groups who are not legal entities assisted.      Number of businesses that are not cooperatives assisted.      Number of cooperatives assisted.      Number of businesses incorporated that are not cooperatives.      Number of cooperatives incorporated.      Total number of jobs created as a result of assistance.      Total number of jobs saved as a result of assistance.      Number of jobs created for the Center as a result of RCDG funding.      Number of jobs saved for the Center as a result of RCDG funding.     It is permissible to have a zero in a performance element. When you calculate jobs created, estimates should be based upon actual jobs to be created by your organization because of the RCDG funding or actual jobs to be created by cooperative businesses or other businesses as a result of assistance from your organization. When you calculate jobs saved, estimates should be based only on actual jobs that would have been lost if your organization did not receive RCDG funding or actual jobs that would have been lost without assistance from your organization.     v. You can also suggest additional performance elements for example where job creation or jobs saved may not be a relevant indicator (e.g housing). These additional criteria should be specific, measurable performance elements that could be included in an award document.     vi. You must describe in the application how you will undertake to do each of the following. We would prefer if you described these undertakings within proposal evaluation criteria to reduce duplication in your application. The specific proposal evaluation criterion where you should address each undertaking is noted below.     A. Take all practicable steps to develop continuing sources of financial support for the Center, particularly from sources in the private sector (should be presented under proposal evaluation criterion j., utilizing the specific requirements of Section E.1.j );     B. Make arrangements for the Center's activities to be monitored and evaluated (should be addressed under proposal evaluation criterion number h. utilizing the specific requirements of Section E.1.h ); and     C. Provide an accounting for the money received by the grantee in accordance with 7 CFR part 4284, subpart F. This should be addressed under proposal evaluation criterion number a., utilizing the specific requirements of Section E.1.a     vii. You should present the Work Plan and Budget proposal element under proposal evaluation criterion number h., utilizing the specific requirements of Section E.1.h of this Notice to reduce duplication in your application.     viii. You should present the Delivery of Cooperative development assistance proposal element under proposal evaluation criterion number b., utilizing the specific requirements of Section E.1.b of this Notice.     ix. You should present the Qualifications of Personnel proposal element under proposal evaluation criterion number i., utilizing the specific requirements of Section E.1.i of this Notice.     x. You should present the Local Support and Future Support proposal elements under proposal evaluation criterion number j., utilizing the requirements of Section E.1.j of this Notice.     xi. Your application will not be considered for funding if you do not address all the proposal evaluation criteria. See Section E.1 of this Notice for a description of the proposal evaluation criteria.     xii. Only appendices A-C will be considered when evaluating your application. You must not include resumes of staff or consultants in the application.     6. You must certify that there are no current outstanding Federal judgments against your property and that you will not use grant funds to pay for any judgment obtained by the United States. To satisfy the Certification requirement, you should include this statement in your application: ``[INSERT NAME OF APPLICANT] certifies that the United States has not obtained an unsatisfied judgment against its property, is not delinquent on the ***payment*** of Federal income taxes, or any Federal debt, and will not use grant funds to pay any judgments obtained by the United

[[Page 24731]]

States.'' A separate signature is not required.     7. You must certify that matching funds will be available at the same time grant funds are anticipated to be spent and that expenditures of matching funds are pro-rated or spent in advance of grant funding, such that for every dollar of the total project cost, not less than the required amount of matching funds will be expended. Please note that this Certification is a separate requirement from the Verification of Matching Funds requirement. To satisfy the Certification requirement, you should include this statement in your application: ``[INSERT NAME OF APPLICANT] certifies that matching funds will be available at the same time grant funds are anticipated to be spent and that expenditures of matching funds shall be pro-rated or spent in advance of grant funding, such that for every dollar of the total project cost, at least 25 cents (5 cents for 1994 Institutions) of matching funds will be expended.'' A separate signature is not required.     8. You must provide documentation in your application to verify all of your proposed matching funds. The documentation must be included in Appendix A of your application and will not count towards the 40-page limitation. Template letters are available for each type of matching funds contribution at [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program).     a. If matching funds are to be provided in cash, you must meet the following requirements.      You: The application must include a statement verifying (1) the amount of the cash and (2) the source of the cash. You may also provide a bank statement dated 30 days or less from the application deadline date to verify your cash match.      Third-party: The application must include a signed letter from the third party verifying (1) how much cash will be donated and (2) that it will be available corresponding to the proposed grant period or donated on a specific date within the grant period.     b. If matching funds are to be provided by an in-kind donation, you must meet the following requirements.      You: The application must include a signed letter from you or your authorized representative verifying (1) the nature of the goods and/or services to be donated and how they will be used, (2) when the goods and/or services will be donated (i.e , corresponding to the proposed grant period or to specific dates within the grant period), and (3) the value of the goods and/or services. Please note that most applicant contributions for the RCDG ***program*** are considered applicant cash match in accordance with this Notice. If you are unsure, please contact your State Office because identifying your matching funds improperly can affect your scoring.      Third-Party: The application must include a signed letter from the third party verifying (1) the nature of the goods and/or services to be donated and how they will be used, (2) when the goods and/or services will be donated (i.e , corresponding to the proposed grant period or to specific dates within the grant period), and (3) the value of the goods and/or services.     To ensure that you are identifying and verifying your matching funds appropriately, please note the following:      If you are paying for goods and/or services as part of the matching funds requirement, the expenditure is considered a cash match, and you must verify it as such. Universities must verify the goods and services they are providing to the project as a cash match and the verification must be approved by the appropriate approval official (i.e , sponsored ***programs*** office or equivalent).      If you have already received cash from a third-party (i.e , Foundation) before the start of your proposed grant period, you must verify this as your own cash match and not as a third-party cash match. If you are receiving cash from a third-party during the grant period, then you must be verifying the cash as a third-party cash match.      Board resolutions for a cash match must be approved at the time of application.      You can only consider goods or services for which no expenditure is made as an in-kind contribution.      If a non-profit or another organization contributes the services of affiliated volunteers, they must follow the third-party, in-kind donation verification requirement for each individual volunteer.      Expected ***program*** income may not be used to fulfill your matching funds requirement at the time you submit your application. However, if you have a contract to provide services in place at the time you submit your application, you can verify the amount of the contract as a cash match.      The valuation processes you use for in-kind contributions does not need to be included in your application, but you must be able to demonstrate how the valuation was derived if you are awarded a grant. The grant award may be withdrawn, or the amount of the grant reduced if you cannot demonstrate how the valuation was derived.     Successful applicants must comply with requirements identified in Section F, Federal Award Administration. 3. Dun and Bradstreet Data Universal Numbering System (DUNS) and System for Awards Management (SAM)     To be eligible (unless you are excepted under 2 CFR 25.110(b), (c) or (d), you are required to:     (a) Provide a valid DUNS number in your application, which can be obtained at no cost via a toll-free request line at (866) 705-5711;     (b) Register in SAM before submitting your application. You may register in SAM at no cost at   [*https://www.sam.gov/portal/public/SAM/*](https://www.sam.gov/portal/public/SAM/). You must provide your SAM CAGE Code and expiration date or evidence that you have begun the SAM registration process at time of application, and     (c) Continue to maintain an active SAM registration with current information at all times during which you have an active Federal award or an application or plan under consideration by a Federal awarding agency.     If you have not fully complied with all applicable DUNS and SAM requirements, the Agency may determine that the applicant is not qualified to receive a Federal award and the Agency may use that determination as a basis for making an award to another applicant. Please refer to Section F.2 for additional submission requirements that apply to grantees selected for this ***program***. 4. Submission Dates and Times     Application Deadline Date: July 30, 2018.     Explanation of Deadlines: Complete applications must be submitted on paper or electronically according to the following deadlines:     Paper applications must be postmarked and mailed, shipped, or sent overnight no later than July 30, 2018, to be eligible for grant funding. The Agency will determine whether your application is late based on the date shown on the postmark or shipping invoice. You may also hand carry your application to one of our field offices, but it must be received by close of business on the deadline date. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day. Late applications will automatically be deemed ineligible.     Electronic applications must be received by   [*http://www.grants.gov*](http://www.grants.gov) no later than midnight Eastern Time July 24, 2018, to be eligible for grant funding. Please review the Grants.gov website at http:// grants.gov/applicants/

[[Page 24732]]

organization\_registration.jsp for instructions on the process of registering your organization as soon as possible to ensure you can meet the electronic application deadline. Grants.gov will not accept applications submitted after the deadline. 5. Intergovernmental Review of Applications     Executive Order (E.O ) 12372, ``Intergovernmental Review of Federal ***Programs***,'' applies to this ***program***. This E.O requires that Federal agencies provide opportunities for consultation on proposed assistance with State and local governments. Many States have established a Single Point of Contact (SPOC) to facilitate this consultation. For a list of States that maintain a SPOC, please see the White House website: [*https://www.whitehouse.gov/wp-content/uploads/2017/11/SPOC-Feb.-2018.pdf*](https://www.whitehouse.gov/wp-content/uploads/2017/11/SPOC-Feb.-2018.pdf) If your State has an SPOC, you may submit a copy of the application directly for review. Any comments obtained through the SPOC must be provided to your State Office for consideration as part of your application. If your State has not established an SPOC, or if you do not want to submit a copy of the application, our State Offices will submit your application to the SPOC or other appropriate agency or agencies. 6. Funding Restrictions     a. Project funds, including grant and matching funds, cannot be used for ineligible grant purposes (see 7 CFR 4284.10). Also, you shall not use project funds for the following:      To purchase, rent, or install laboratory equipment or processing machinery;      To pay for the operating costs of any entity receiving assistance from the Center;      To pay costs of the project where a conflict of interest exists;      To fund any activities prohibited by 2 CFR part 200; or      To fund any activities considered unallowable by 2 CFR part 200, subpart E, ``Cost Principles,'' and the Federal Acquisition Regulation (for-profits) or successor regulations.     b. In addition, your application will not be considered for funding if it does any of the following:      Focuses assistance on only one cooperative or mutually- owned business;      Requests more than the maximum grant amount; or      Proposes ineligible costs that equal more than 10 percent of total project costs. The ineligible costs will NOT be removed at this stage to proceed with application processing. For purposes of this determination, the grant amount requested plus the matching funds amount constitutes the total project costs.     We will consider your application for funding if it includes ineligible costs of 10 percent or less of total project costs, if the remaining costs are determined eligible otherwise. However, if your application is successful, those ineligible costs must be removed and replaced with eligible costs before the Agency will make the grant award, or the amount of the grant award will be reduced accordingly. If we cannot determine the percentage of ineligible costs, your application will not be considered for funding. 7. Other Submission Requirements     a. You should not submit your application in more than one format. You must choose whether to submit your application in paper or electronically. Applications submitted on paper must be mailed or hand- delivered to the State Office located in the State where you are headquartered. You can find State Office contact information at:   [*http://www.rd.usda.gov/contact-us/state-offices*](http://www.rd.usda.gov/contact-us/state-offices). To submit an application electronically, you must follow the instruction for this funding announcement at   [*http://www.grants.gov*](http://www.grants.gov) A password is not required to access the website.     b. National Environmental Policy Act.     All recipients under this Notice are subject to the requirements of 7 CFR part 1970. However, technical assistance awards under this Notice are classified as a Categorical Exclusion according to 7 CFR 1970.53(b), and usually do not require any additional documentation.     The Agency will review each grant application to determine its compliance with 7 CFR part 1970. The applicant may be asked to provide additional information or documentation to assist the Agency with this determination.     c. Civil Rights Compliance Requirements.     All grants made under this Notice are subject to Title VI of the Civil Rights Act of 1964 as required by the USDA (7 CFR part 15, subpart A) and Section 504 of the Rehabilitation Act of 1973.

E. Application Review Information

    The State Offices will review applications to determine if they are eligible for assistance based on requirements in 7 CFR part 4284, subparts A and F, this Notice, and other applicable Federal regulations. If determined eligible, your application will be scored by a panel of USDA employees in accordance with the point allocation specified in this Notice. Applications will be funded in rank order until the funding limitation has been reached. Applications that cannot be fully funded may be offered partial funding at the Agency's discretion. 1. Scoring Criteria     Scoring criteria will follow criteria published at 7 CFR 4284.513 as supplemented below including any amendments made by the Section 6013 of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-234), which is incorporated by reference in this Notice. The regulatory and statutory criteria are clarified and supplemented below. You should also include information as described in Section D.2.e.5.vi if you choose to address these items under the scoring criteria. Evaluators will base scores only on the information provided or cross-referenced by page number in each individual evaluation criterion. The maximum amount of points available is 110. Newly established or proposed Centers that do not yet have a track record on which to evaluate the following criteria should refer to the expertise and track records of staff or consultants expected to perform tasks related to the respective criteria. Proposed or newly established Centers must be organized well-enough at time of application to address its capabilities for meeting these criteria.     a. Administrative capabilities (maximum score of 10 points). A panel of USDA employees will evaluate your demonstrated track record in carrying out activities in support of development assistance to cooperatively and mutually owned businesses. At a minimum, you must discuss the following administrative capabilities:     1. Financial systems and audit controls;     2. Personnel and ***program*** administration performance measures;     3. Clear written rules of governance; and     4. Experience administering Federal grant funding no later than the last 5 ***years***, including but not limited to past RCDGs. Please list the name of the Federal grant ***program***(s), the amount(s), and the date(s) of funding received.     You will score higher on this criterion if you can demonstrate that the Center has independent governance. For applicants that are universities or parent organizations, you should demonstrate that there is a separate board of directors for the Center.     b. Technical assistance and other services (maximum score of 10 points). A panel of USDA employees will evaluate your demonstrated expertise no later than the last 5 ***years*** in providing

[[Page 24733]]

technical assistance and accomplishing effective outcomes in rural areas to promote and assist the development of cooperatively and mutually owned businesses. You must discuss at least:     1. Your potential for delivering effective technical assistance;     2. The types of assistance provided;     3. The expected effects of that assistance;     4. The sustainability of organizations receiving the assistance; and     5. The transferability of your cooperative development strategies and focus to other areas of the U.S     A chart or table showing the outcomes of your demonstrated expertise based upon the performance elements listed in Section D.2.e.5.iv or as identified in your award document on previous RCDG awards. At a minimum, please provide information for FY 2014-FY 2016 awards. We prefer that you provide one chart or table separating out award ***years***. The intention here is for you to provide actual performance numbers based upon award ***years*** (fiscal ***year***) even though your grant period for the award was for the next ***calendar*** or fiscal ***year***. Please provide a narrative explanation if you have not received a RCDG award.     You will score higher on this criterion if you provide more than 3 ***years*** of outcomes and can demonstrate that the organizations you assisted within the last 5 ***years*** are sustainable. Additional outcome information should be provided on RCDG grants awarded before FY 2014. Please describe specific project(s) when addressing 1-5 of this paragraph. To reduce duplication, descriptions of specific projects and their impacts, outcomes and roles can be discussed once under criterion b or c. However, you must cross-reference the information under the other criterion.     c. Economic development (maximum score of 10 points). A panel of USDA employees will evaluate your demonstrated ability to facilitate:     1. Establishment of cooperatives or mutually owned businesses;     2. New cooperative approaches (i.e , organizing cooperatives among underserved individuals or communities; an innovative market approach; a type of cooperative currently not in your service area; a new cooperative structure; novel ways to raise member equity or community capitalization; conversion of an existing business to cooperative ownership); and     3. Retention of businesses, generation of employment opportunities or other factors, as applicable, that will otherwise improve the economic conditions of rural areas.     You will score higher on this criterion if you provide economic measurements showing the impacts of your past development projects no later than 5 ***years*** old and identify your role in the economic development outcomes.     d. Past performance in establishing legal business entities (maximum score of 10 points). A panel of USDA employees will evaluate your demonstrated past performance in establishing legal cooperative business entities and other legal business entities during January 1, 2015-December 31, 2017. Provide the name of the organization(s) established, the date of formation and your role in assisting with the incorporation(s) under this criterion. In addition, documentation verifying the establishment of legal business entities must be included in Appendix C of your application and will not count against the 40- page limit for the narrative. The documentation must include proof that organizational documents were filed with the Secretary of State's Office (i.e , Certificate of Incorporation or information from the State's official website naming the entity established and the date of establishment); or if the business entity is not required to register with the Secretary of State, a certification from the business entity that a legal business entity has been established and when. Please note that you are not required to submit articles of incorporation to receive points under this criterion. You will score higher on this criterion if you have established legal cooperative businesses. If your State does not incorporate cooperative business entities, please describe how the established business entity operates like a cooperative.     e. Networking and regional focus (maximum score of 10 points). A panel of USDA employees will evaluate your demonstrated commitment to:     1. Networking with other cooperative development centers, and other organizations involved in rural economic development efforts, and     2. Developing multi-organization and multi-State approaches to addressing the economic development and cooperative needs of rural areas.     You will score higher on this criterion if you can demonstrate the outcomes of your multi-organizational and multi-State approaches. Please describe the project(s), partners and the outcome(s) that resulted from the approach.     f. Commitment (maximum score of 10 points). A panel of USDA employees will evaluate your commitment to providing technical assistance and other services to under-served and economically distressed areas in rural areas of the United States. You will score higher on this criterion if you define and describe the underserved and economically distressed areas within your service area, provide economic statistics, and identify past or current projects within or affecting these areas, as appropriate.     g. Matching Funds (maximum score of 10 points). A panel of USDA employees will evaluate your commitment for the 25 percent (5 percent for 1994 Institutions) matching funds requirement. A chart or table should be provided to describe all matching funds being committed to the project. However, formal documentation to verify all the matching funds must be included in Appendix A of your application. You will be scored on how you identify your matching funds.     1. If you met the 25 percent (5 percent for 1994 Institutions) matching requirement, points will be assigned as follows:      In-kind only--1 point,      Mix of in-kind and cash--3-4 points (maximum points will be awarded if the ratio of cash to in-kind is 30 percent and above of matching funds), or      Cash only--5 points.     2. If you exceeded the 25 percent (5 percent for 1994 Institutions) matching requirement, points will be assigned as follows:      In-kind only--2 points,      Mix of in-kind and cash--6-7 points (maximum points will be awarded if the ratio of cash to in-kind is 30 percent and above of matching funds), or      Cash only--10 points.     h. Work Plan/Budget (maximum score of 10 points). A panel of USDA employees will evaluate your work plan for detailed actions and an accompanying timetable for implementing the proposal. The budget must present a breakdown of the estimated costs associated with cooperative and business development activities as well as the operation of the Center and allocate these costs to each of the tasks to be undertaken. Matching funds as well as grant funds must be accounted for in the budget.     You must discuss at a minimum:     1. Specific tasks (whether it be by type of service or specific project) to be completed using grant and matching funds;     2. How customers will be identified;     3. Key personnel; and     4. The evaluation methods to be used to determine the success of specific tasks and overall objectives of Center operations. Please provide qualitative methods of evaluation. For example,

[[Page 24734]]

evaluation methods should go beyond quantitative measurements of completing surveys or number of evaluations.     You will score higher on this criterion if you present a clear, logical, realistic, and efficient work plan and budget.     i. Qualifications of those Performing the Tasks (maximum score of 10 points). A panel of USDA employees will evaluate your application to determine if the personnel expected to perform key tasks have a track record of:     1. Positive solutions for complex cooperative development and/or marketing problems; or     2. A successful record of conducting accurate feasibility studies, business plans, marketing analysis, or other activities relevant to your success as determined by the tasks identified in the work plan; and     3. Whether the personnel expected to perform the tasks are full/ part-time employees of your organization or are contract personnel.     You will score higher on this criterion if you demonstrate commitment and availability of qualified personnel expected to perform the tasks.     j. Local and Future Support (maximum score of 10 points). A panel of USDA employees will evaluate your application for local and future support. Support should be discussed directly within the response to this criterion.     1. Discussion on local support should include previous and/or expected local support and plans for coordinating with other developmental organizations in the proposed service area or with state and local government institutions. You will score higher if you demonstrate strong support from potential beneficiaries and formal evidence of intent to coordinate with other developmental organizations. You may also submit a maximum of 10 letters of support or intent to coordinate with the application to verify your discussion. These letters should be included in Appendix B of your application and will not count against the 40-page limit for the narrative.     2. Discussion on future support will include your vision for funding operations in future ***years***. You should document:     (i) New and existing funding sources that support your goals;     (ii) Alternative funding sources that reduce reliance on Federal, State, and local grants; and     (iii) The use of in-house personnel for providing services versus contracting out for that expertise. Please discuss your strategy for building in-house technical assistance capacity.     You will score higher if you can demonstrate that your future support will result in long-term sustainability of the Center.     k. Administrator Discretionary Points (maximum of 10 points). The Administrator may choose to award up to 10 points to an eligible non- profit corporation or institution of higher education who has never previously been awarded an RCDG grant; and whose workplan and budget seeks to help rural communities build robust and sustainable economies through strategic investments in infrastructure, partnerships and innovation. Eligible applicants who want to be considered for discretionary points must discuss how their workplan and budget supports one or more of the five following key strategies:     Achieving e-Connectivity for Rural America;     Improving Quality of Life;     Supporting a Rural Workforce;     Harnessing Technological Innovation; and     Economic Development. 2. Review and Selection Process     The State Offices will review applications to determine if they are eligible for assistance based on requirements in 7 CFR part 4284, subparts A and F, this Notice, and other applicable Federal regulations. If determined eligible, your application will be scored by a panel of USDA employees in accordance with the point allocation specified in this Notice. The Administrator may choose to award up to 10 Administrator priority points based on criterion (k) in section E.1 of this Notice. These points will be added to the cumulative score for a total possible score of 110. Applications will be funded in highest ranking order until the funding limitation has been reached. Applications that cannot be fully funded may be offered partial funding at the Agency's discretion. If your application is evaluated, but not funded, it will not be carried forward into the next competition.

F. Federal Award Administration Information

1. Federal Award Notices     If you are selected for funding, you will receive a signed notice of Federal award by postal mail from the State Office where your application was submitted, containing instructions on requirements necessary to proceed with execution and performance of the award.     If you are not selected for funding, you will be notified in writing via postal mail and informed of any review and appeal rights. You must comply with all applicable statutes, regulations, and notice requirements before the grant award will be approved. There will be no available funds for successful appellants once all FY 2018 funds are awarded and obligated. See 7 CFR part 11 for USDA National Appeals Division procedures. 2. Administrative and National Policy Requirements     Additional requirements that apply to grantees selected for this ***program*** can be found in 7 CFR part 4284, subpart F; the Grants and Agreements regulations of the Department of ***Agriculture*** codified in 2 CFR parts 180, 400, 415, 417, 418, 421; 2 CFR parts 25 and 170; and 48 CFR 31.2, and successor regulations to these parts.     In addition, all recipients of Federal financial assistance are required to report information about first-tier subawards and executive compensation (see 2 CFR part 170). You will be required to have the necessary processes and systems in place to comply with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282) reporting requirements (see 2 CFR 170.200(b), unless you are exempt under 2 CFR 170.110(b)).     The following additional requirements apply to grantees selected for this ***program***:      Agency-approved Grant Agreement.      Letter of Conditions.      Form RD 1940-1, ``Request for Obligation of Funds.''      Form RD 1942-46, ``Letter of Intent to Meet Conditions.''      Form AD-1047, ``Certification Regarding Debarment, Suspension, and Other Responsibility Matters-Primary Covered Transactions.''      Form AD-1048, ``Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions.''      Form AD-1049, ``Certification Regarding Drug-Free Workplace Requirements (Grants).''      Form RD 400-4, ``Assurance Agreement.''      SF LLL, ``Disclosure of Lobbying Activities,'' if applicable.      Form AD-3031, ``Assurance Regarding Felony Conviction or Tax Delinquent Status for Corporate Applicants.'' Must be signed by corporate applicants who receive an award under this Notice. Institutions of Higher Education do not need to submit this form.

[[Page 24735]]

3. Reporting     After grant approval and through grant completion, you will be required to provide the following:     a. An SF-425, ``Federal Financial Report,'' and a project performance report will be required on a semiannual basis (due 30 working days after end of the semiannual period). The project performance reports shall include the following: A comparison of actual accomplishments to the objectives established for that period;     b. Reasons why established objectives were not met, if applicable;     c. Reasons for any problems, delays, or adverse conditions, if any, which have affected or will affect attainment of overall project objectives, prevent meeting time schedules or objectives, or preclude the attainment of particular objectives during established time periods. This disclosure shall be accompanied by a statement of the action taken or planned to resolve the situation; and     d. Objectives and timetable established for the next reporting period.     e. Provide a final project and financial status report within 60 days after the expiration or termination of the grant.     f. Provide outcome project performance reports and final deliverables.

G. Agency Contacts

    If you have questions about this Notice, please contact the appropriate State Office at [*http://www.rd.usda.gov/contact-us/state-offices*](http://www.rd.usda.gov/contact-us/state-offices). ***Program*** guidance as well as application and matching funds templates may be obtained at   [*http://www.rd.usda.gov/****programs****-services/rural-cooperative-development-grant-****program***](http://www.rd.usda.gov/programs-services/rural-cooperative-development-grant-program). If you want to submit an electronic application, follow the instructions for the RCDG funding announcement located at   [*http://www.grants.gov*](http://www.grants.gov) You may also contact National Office staff: Natalie Melton, RCDG ***Program*** Lead, [*natalie.melton@wdc.usda.gov*](mailto:natalie.melton@wdc.usda.gov), or call the main line at 202-690-1374.

H. Nondiscrimination Statement

    In accordance with Federal civil rights law and U.S Department of ***Agriculture*** (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA ***programs*** are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance ***program***, political beliefs, or reprisal or retaliation for prior civil rights activity, in any ***program*** or activity conducted or funded by USDA (not all bases apply to all ***programs***). Remedies and complaint filing deadlines vary by ***program*** or incident.     Persons with disabilities who require alternative means of communication for ***program*** information (e.g , Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, ***program*** information may be made available in languages other than English.     To file a ***program*** discrimination complaint, complete the USDA ***Program*** Discrimination Complaint Form, AD-3027, found online at [*http://www.ascr.usda.gov/complaint\_filing\_cust.html*](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:     (1) Mail: U.S Department of ***Agriculture***, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue SW, Washington, DC 20250-9410;     (2) Fax: (202) 690-7442; or     (3) Email: [***program****.intake@usda.gov*](mailto:program.intake@usda.gov)

    Dated: May 22, 2018. Bette B. Brand, Administrator, Rural Business-Cooperative Service. [FR Doc. 2018-11482 Filed 5-29-18; 8:45 am]  BILLING CODE 3410-XY-P

**Load-Date:** May 31, 2018

**End of Document**



[***New reinsurance programmes are bolstering coverage against natural disasters in emerging markets***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4Y1-DXYV-70GT-00000-00&context=1516831)

Oxford Business Group: Articles

August 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 1738 words

**Body**

While advanced economies generate the vast majority of insurance and reinsurance business, emerging markets are posting higher rates of growth. Complementing this underlying trend is a strong and expanding interest in catastrophic risk, which by nature tends to pertain to emerging markets. This is coming alongside fast-paced, sector-transforming innovation, which could provide a major boost to industries in less-developed economies.

**By the Numbers**

In terms of simple throughput, insurance remains very much centred in North America, Europe and mature Asian markets. According to insurance group Munich Re, in 2016 North America paid 31.1% of global premium, Western Europe paid 28.8% and the more advanced Asian markets, such as Japan, paid 19.8%. However, the rate of growth in emerging markets outpaces these by far: according to global accountancy EY, life premium in these markets rose by 7.8% in 2014, while advanced markets grew by 4%. Those figures were 13.2% and 3.4% in 2015, 20.1% and 2% in 2016, and an estimated 14.9% against 2.1% in 2017. Particularly strong growth was noted in the life segments in Vietnam, Malaysia and Indonesia. Regarding non-life insurance, the growth of emerging markets has been in the range of 5-8.5% since 2012, while growth in developed markets has remained around 2%.

These trends are leading to a relative decline in the share of business the developed insurance markets possess. Munich Re has estimated that primary premium in North America will fall to 27.8% of the world's total by 2026, Western Europe to 24.5% and mature Asian markets to 17.5%. Meanwhile, emerging Asia's share will jump from 13.3% in 2016 to 21.4%, MENA's will rise from 1.3% to 1.8%, and sub-Saharan Africa's share will stay at 1.1%. Swiss Re, another international reinsurer, forecast the worldwide rate of growth in reinsurance at 1% over the three ***years*** to 2019; by comparison, reinsurance in emerging markets is expanding by about 10% per ***year***.

**Reinsurance Trends**

The global reinsurance market on the whole is on a firm footing, with capital reaching $605bn at the end of the second quarter of 2017. However, according to its "Global Insurance Trends Analysis" for the first half of 2017, EY reported that 2016 was the biggest ***year*** for catastrophe (CAT) claims since 2012, with $54bn in insurance losses reported on $210bn of damage, a coverage rate of 26%. In the first six months of 2017 the proportion of insured losses rose to 42% of the total.

Reinsurance returns are already at or below the cost of capital: Fitch ratings agency expected return on equity to fall from 8.5% in 2016 to 2.1% in 2017, but forecast it would increase to approximately 7.1% in 2018. The cost of capital for companies, meanwhile, is thought to have ranged between 6% and 7% in 2017.

**Micro-insurance**

In August 2017 a global partnership was formally forged between the global insurance industry and the UN, which will help boost the micro-insurance segment. Swiss Re has forecast that the this market could cover as many as 4bn people. As the market increases in size, added capacity will be needed beyond what domestic markets can provide, making international reinsurers vital to expansion, though to date their participation has been limited.

While major reinsurance companies are supportive of micro-insurance - especially in terms of grants, research and promotion - the exact level of their engagement in the risk transference part of the equation remains unclear. This is partly a structural issue: the insured amount is usually so low with micro-insurance that reinsurance rarely kicks in on a per policy basis.

**Index Linking**

For the most part, reinsurance companies are only involved with the micro-segment indirectly via the index-linked market, and a number of ***programmes*** are under way to increase reinsurance participation in this market. For instance, Mongolia's ***Agriculture*** Reinsurance (AgRe), which provides index-based livestock cover, is supported by major international players, including SCOR, Swiss Re and Qatar Re. AgRe was originally formed with the assistance of the World Bank in 2005, becoming a fully fledged corporate entity in 2014. Despite early losses, it has been in positive territory every ***year*** since 2010, according to company data. In 2015 the International Financial Corporation, part of the World Bank Group, opened the Global Index Insurance Facility (GIIF), a donor-funded ***programme*** designed to support index-linked insurance in developing countries, with Swiss Re as its technical partner. In that same ***year***, France's AXA announced it would provide reinsurance capacity for weather-linked products introduced by the World Bank under the GIIF.

**CAT Risk**

One of the main avenues to emerging markets for reinsurers is through CAT coverage, as developing countries often need to go abroad to cover major disasters due to limited domestic capacity. Because of their locations, populations and lack of infrastructure, these countries tend to be most affected by weather-related and seismic events.

Development of the segment is ongoing and a number of ***programmes*** are already in place. For example, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), which is currently owned and operated by 16 governments from the region, was created in 2007 with international assistance. It is the first and only regional fund to date that pays out claims based on statistical parameters rather than actual losses incurred. Reinsurance is a key component of the coverage, as it allows for the purchase of CAT insurance at lower rates than would be available commercially. Payouts from the CCRIF totalled $100m as of late 2017.

Another such entity is the Pacific Catastrophe Risk Insurance Company (PCRIC), which covers the Cook Islands, the Republic of the Marshall Islands, Samoa, Tonga and Vanuatu. The entity was designed to pool risk and tap international reinsurance markets to cover key regional risks, such as tsunamis, earthquakes and cyclones. The PCRIC mobilised $45m of coverage for the 2017/18 cyclone season, up from $38m a ***year*** earlier. To cover the African market, African Risk Capital (ARC) was launched in 2014 as a sovereign CAT fund. The scheme aims to have $1.5bn of coverage available by 2020, though ARC will likely require significant international market support to meet this goal.

**Innovation**

Adding to traditional reinsurance arrangements, CAT bonds and CAT swaps are becoming part of the landscape. These developments allow for the quick identification of risk and deployment of capital, in turn resulting in highly competitive terms. As reinsurance becomes more capital markets oriented, some developing markets may be better served.

For instance, Mexico's Fund for Natural Disasters (Fondo de Desastres Naturales, FONDEN), uses an index based on the Richter scale to provide reinsurance to cover costs after the Mexican earthquake insurance fund is tapped out. In 2017 FONDEN sold a $360m CAT bond, surpassing the $290m that was initially planned.

In the Philippines, a parametric disaster line to cover the 25 most disaster-prone provinces was initiated in 2017. The fund was valued at P1bn ($19.8m), with support provided by the World Bank and risk fully ceded to international reinsurers. In a related development, the World Bank arranged a $206m CAT swap line for the country, which will cover typhoon and earthquake risk.

Globally, the size of the CAT bond market has more than doubled over the past decade. It reached record volumes in 2017, at some $12bn, with more than $30bn outstanding. There are signs that alternative financing is outpacing traditional reinsurance, which could have a major impact on developing economies given the speed and flexibility of market-based solutions.

**Barriers to Risk**

The micro- and index lines have historically faced challenges. Notably, it can be difficult to generate demand for these products. Jakarta's Manggarai Water Gate micro-insurance ***programme***, for example, sold only 50 policies, and as a result was discontinued a ***year*** after its inception in 2009.

In terms of index-linked initiatives, it is not clear whether these securities can be fully self-sustaining, as a majority of them rely on multilateral and donor support. In places like China or India, markets are able to fund the risk internally, but in smaller markets, the mismatch between the potential losses and the critical mass on the ground is substantial.

Poor performance also threatens the sector, and one major loss can shift sentiment, which can freeze markets and make risk difficult to ***transfer***. For instance, an 8.1-magnitude earthquake in Mexico in August 2017 could have wiped out FONDEN's financing. Although the payout ended up being a manageable $150m, it highlighted potential problems.

**Structural Risks**

There are also common structural risks in emerging markets, such as limited data and underwriting experience. However, advances in technology should see these areas improve over time, and some emerging markets already have a substantial amount of detailed information available. For example, Papua New Guinea has 50 ***years*** of cyclone data and Mongolia's livestock census dates to 1918.

Distribution is another widespread issue in emerging markets, as extending coverage to both individuals and corporations can often be challenging. More involvement by reinsurers at the local level is one potential solution; however, this sort of activity is outside the normal field of operations and responsibility.

Globally, the reinsurance market is becoming increasingly concentrated - the top-five players currently control around 90% of activity - but in some cases local markets are becoming too competitive, which can lead to a mismatch in terms of pricing. In Papua New Guinea, foreign exchange restrictions have led to reinsurance ***payment*** challenges, while in other markets, the fall in local currencies has led to a decline in the market size in dollar terms, despite strong business.

**Looking Ahead**

The reinsurance sector is changing in both developing and emerging markets all over the world. Although natural disasters have led to a tightening of the market, new technologies and innovation are assisting insurers and reinsurers in reaching historically underpenetrated areas. Alternative solutions are likely to create uncertainties as well as opportunities, but all indications suggest that reinsurance in emerging markets is set to grow in both absolute and relative terms.

**Load-Date:** March 12, 2020

**End of Document**



[***Council of the European Union: COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking ST 5282 2018 ADD 3***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RGX-Y7T1-F0YC-N3JY-00000-00&context=1516831)

Impact News Service

January 25, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 24524 words

**Body**

Brussels: Council of the European Union has issued the following document:

5282/18 ADD 3 MI/lv DG G 3 C EN Council of the European Union Brussels, 12 January 2018 (OR. en) 5282/18 ADD 3 […] COVER NOTE From: Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director date of receipt: 11 January 2018 To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union No. Cion doc.: SWD(2018) 6 final - Part 1/4 Subject: COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking Delegations will find attached document SWD(2018) 6 final - Part 1/4. Encl.: SWD(2018) 6 final - Part 1/4 EN EN EUROPEAN COMMISSION Brussels, 11.1.2018 SWD(2018) 6 final PART 1/4 COMMISSION STAFF WORKING DOCUMENT IMPACT ASSESSMENT Accompanying the document Proposal for a Council Regulation on establishing the European High Performance Computing Joint Undertaking {COM(2018) 8 final} - {SWD(2018) 5 final} 2 Table of Contents Preamble ..................................................................................................................................... 5 1. Introduction ....................................................................................................................... 5 1.1 Background ............................................................................................................. 5 1.2 Context .................................................................................................................... 7 2. Problem Definition ........................................................................................................... 8 2.1 A brief introduction to HPC and its strategic value for science and the digital economy .......................................................................................... 8 2.2 What is the problem that requires action and its size .............................................. 8 2.3 What are the problem drivers?

.............................................................................. 18 2.4 Who is affected and in what ways? ....................................................................... 20 2.5 How would the problem evolve? ........................................................................... 22 3. Why should the EU act? ................................................................................................. 24 3.1 Why do we need to act now? ................................................................................. 24 3.2 The right to act at EU level ................................................................................... 25 3.3 Subsidiarity ............................................................................................................ 25 3.4 EU added value ..................................................................................................... 26 4. Objectives: What should be achieved? ........................................................................... 27 4.1 Overall objectives of the EuroHPC entity and instrument .................................... 27 4.2 Functionalities of the EuroHPC instrument .......................................................... 27 4.3 Specific Objectives ................................................................................................ 29 5. Available Policy Options ................................................................................................ 30 5.1 Option 0: Baseline from which the policy options are assessed ........................... 30 5.2 Options considered for implementing EuroHPC but discarded at an early stage . 31 5.3 Option 1: ERIC ...................................................................................................... 34 5.4 Option 2: Joint Undertaking .................................................................................. 36 6. What are the Impacts of the Policy Options? ................................................................. 39 6.1 Option 0: Baseline scenario ................................................................................... 39 6.2 Option 1: ERIC ...................................................................................................... 41 6.3 Option 2: Joint Undertaking (JU) .......................................................................... 42 7. How do the Options Compare? ....................................................................................... 44 8. Selection of Preferred Option and how will the EuroHPC JU work .............................. 46 9. How would actual Impacts be monitored and evaluated? .............................................. 47 3 LIST OF ANNEXES − Annex 1: Procedural information − Annex 2: Analysis of the responses received to the targeted Consultation and on the Inception Impact Assessment on the HPC Initiative in Europe − Annex 3: Who is affected by the initiative and how? − Annex 4: Staff and budgetary estimates for the Euro HPC JU option − Annex 5: HPC and its strategic value for the digital economy − Annex 6: Brief review of the funding sources and budgets of HPC initiatives Worldwide and in Europe 4 GLOSSARY The below table explains the key terms or acronyms used in this document. ASCR Advanced Scientific Computing Research CEF Connecting Europe Facility CoE Center of Excellence cPPP Contractual Public-Private Partnership DoE (US) Department of Energy DSM Digital Single Market EC European Commission ECI European Cloud Initiative EEIG European Economic Interest Grouping EIB European Investment Bank ERIC European Research Infrastructure ETP European Technology Platform ETP4HPC European Technology Platform for High-Performance Computing Exascale Computing systems capable of 1018 Floating Point Operations per Second FET Future and Emerging Technologies Flop Floating Point Operations per Second FP7 7th EU Framework ***Programme*** for Research & Innovation FPA Framework Partnership Agreement GDP Gross Domestic Product H2020 Horizon 2020 Framework ***Programme*** for Research & Innovation HPC High-Performance Computing ICT Information and Communication Technology IPCC Intergovernmental Panel on Climate Change IPRs ISV Intellectual Property Rights Independent Software Vendors ITER International Thermonuclear Experimental Reactor JTI Joint Technology Initiative JU Joint Undertaking (as defined by Article 187 TFEU) LEIT Leadership in Enabling and Industrial Technologies MFF Multi-annual Financial Framework NSA (US) National Security Agency NSCI National Strategic Computing Initiative OJ Official Journal of the EU PCP Pre-Commercial Procurement PPI Public Procurement of Innovative solutions PPP Public-Private Partnership PRACE Pre-exascale Partnership for Advanced Computing in Europe Computing power near the exascale performance (i.e 0.1-0.6 exascale) R&D Research and Development R&I Research and Innovation ROI Returns on Investment SME Small- and Medium-sized Enterprise SRA Strategic Research Agenda SSC (PRACE) Scientific Steering Committee TFEU Treaty on the Functioning of the European Union WP Work ***Programme*** 5 PREAMBLE In this document the terms High Performance Computing (HPC) systems, HPC machines and supercomputers are used indistinctly. The terms leading-class/world-class computers or systems refer to supercomputers that are ranked amongst the most powerful in the world. An important point is the level of computing performance of supercomputers: the next HPC computing frontier is the exascale performance, i.e supercomputers capable of executing 1018 or 1 billion billion Floating Point Operations per Second. These systems are expected to be built around 2022. The term pre-exascale is used to refer to performance levels close to exascale (i.e 0.1 to 0.7 exascale). Pre-exascale systems are expected to be available on the market around 2019-2020. 1. INTRODUCTION This document explains that High Performance Computing (HPC) is a strategic priority for Europe. The European Commission (EC) and several Member States (MS) have already taken the decision to co-invest in a joint structure that would allow Europe to reach the strategic goals defined in this domain through optimal use of available public funding. The document explores which form of legal and financial instrument would serve best the objectives of this joint HPC structure (called in the sequel the EuroHPC entity) that would start operating as of 2019 onwards and assesses its impact to implement the EuroHPC strategy in Europe. 1.1 Background Europe's scientific capabilities, industrial competitiveness and sovereignty critically depend on access to world-leading HPC computing and data infrastructures to keep pace with the growing demands and complexity of problems to be solved. In 2012, the Communication 'High performance Computing: Europe's place in a global race'1 highlighted the strategic nature of HPC as a crucial asset for the EU's innovation capacity and called on Member States, industry and the scientific communities, in cooperation with the EC, to step up joint efforts to ensure European leadership in the supply and use of HPC systems and services by 2020. On 19 April 2016, the EC adopted the European Cloud Initiative (ECI)2,3 as part of its Digitising European Industry strategy.4 The Communication invited the EC and the MS to work together in the creation of a leading European HPC and Big Data ecosystem, underpinned by a world-class HPC, data and network infrastructure. Such infrastructure would support the EU to become one of the world's top supercomputing powers by realising exascale supercomputers around 2022, based on European technology, ranking among the first three places in the world. 1 COM(2012) 45 final 2 COM(2016) 180 final 3 SWD(2016) 106, accompanying the ECI Communication 4 COM(2016) 180 final 6 The European HPC Strategy aims at establishing a world-class HPC ecosystem in Europe, acquiring leadership-class supercomputers which secure Europe's own independent HPC technology and system supply, and deploying HPC services for science, industry and SMEs. To be able to implement this strategy we need to coordinate and pool national and European efforts in developing and procuring world-class supercomputers. In May 2016, the Competitiveness Council5 expressed its political support to HPC followed by the European Parliament in January 2017.6 The Competitiveness Council took also note of the intention of France, Italy, Luxembourg and Spain to launch a joint project for developing a commercial offer in HPC and big data serving industrial applications. Moreover, the European Council of 28 June 2016 called for swift and determined progress to create the right conditions for stimulating new business opportunities by coordinating EU efforts on high-performance computing; and looked forward to the launch of an important project of common European interest in this field.7 On 23 March 2017 at the Digital Day in Rome, which was organised as part of the 60th Anniversary celebrations of the Treaty of Rome, seven MS – France, Germany, Italy, Luxembourg, the Netherlands, Portugal and Spain – signed the EuroHPC declaration.8 They were more recently joined by Belgium, Slovenia, Bulgaria, Greece, Croatia and Switzerland. These countries agreed to work together and with the EC for acquiring and deploying by 2022/2023 a pan-European integrated exascale supercomputing infrastructure called EuroHPC. Other MS and Associated Countries (AC)9 are invited to sign the EuroHPC declaration. Several countries have already signalled their intention to do so by the end of 2017. The EuroHPC Declaration is an agreement in which the signatory MS commit to work together and with the EC for acquiring and deploying an integrated world-class HPC infrastructure, which will be made available across the EU for scientific communities as well as public and private partners, no matter where supercomputers are located, upraising Europe's scientific capabilities and industrial competitiveness and for jointly procuring and deploying exascale supercomputers accessible from everywhere in Europe based on competitive European technologies. On 10 May 2017, in the Communication on the Mid-Term Review of the Digital Single Market (DSM) Strategy10, the EC confirmed its plans to invest on HPC and announced its 5 The Competitiveness Council on 29-30 May 2016 adopted conclusions on the ECI Communication, highlighting the role of HPC in the EU's innovation capacity and stressing its strategic importance to the EU's industrial and scientific capabilities as well as to its citizens. 6 European Parliament, Report on the European Cloud Initiative (2016/2145(INI)), Committee on Industry, Research and Energy, Brussels, 26 January 2017. 7 [*http://www.consilium.europa.eu/en/press/press-releases/2016/06/28-euco-conclusions/*](http://www.consilium.europa.eu/en/press/press-releases/2016/06/28-euco-conclusions/) 8   [*http://ec.europa.eu/newsroom/document.cfm?doc\_id=43815*](http://ec.europa.eu/newsroom/document.cfm?doc_id=43815), and   [*https://ec.europa.eu/digital-single-market/en/news/belgium-joins-european-cooperation-high-performance-computing*](https://ec.europa.eu/digital-single-market/en/news/belgium-joins-european-cooperation-high-performance-computing) 9 Countries associated to H2020:   [*https://ec.europa.eu/research/iscp/pdf/policy/h2020\_assoc\_agreement.pdf*](https://ec.europa.eu/research/iscp/pdf/policy/h2020_assoc_agreement.pdf) 10 COM(2017) 228 final 7 intention to propose by end-2017 a legal instrument that provides a procurement framework for an integrated exascale supercomputing and data infrastructure. 1.2 Context The EuroHPC declaration and the communication on the DSM mid-term review have soundly supported the decision on establishing the joint EuroHPC entity that allows the co-investment of the Union with MS and ACs to establish an integrated world-class supercomputing and data infrastructure. The EuroHPC entity would permit to coordinate and pool national and European efforts in a framework to procure jointly between the Union and the MS a world class HPC and data infrastructure and their interconnection. In order to be able to procure such infrastructure based on competitive European technology, the EuroHPC entity will also be used to develop further the European HPC ecosystem, i.e , a reinforced technology supply chain, a richer applications offer in various sectors and the tools necessary to provide these applications as an HPC Cloud service across Europe. This includes support to Research and Innovation (R&I) on both hardware and software required for building competitive exascale machines as well as support to the development of skills needed for reaping the benefits of investing in such leading infrastructure. There is an urgent need to act now, driven by the triple need to: (i) procure and deploy in Europe in competitive timeframes a world-class pre-exascale HPC infrastructure; (ii) make it available to public and private users for developing leading scientific and industrial applications that would foster the development of a broad pre-exascale ecosystem in Europe; and (iii) support the timely development of the next generation European HPC technologies and their integration into exascale systems in order to be ready to procure them in competitive timeframes with respect to our world competitors. These three objectives are within reach if the EuroHPC entity could be set up and start operating in 2019. The entity would not need extra funds from the current Multiannual Financial Framework (MFF), as it will draw funds from the budgets already committed for HPC activities in the different work-***programmes*** (WPs) of the last two ***years*** of Horizon 2020 (H2020) and the Connecting Europe Facility (CEF). A total budget of approximately EUR 1 billion would be available: an EU contribution of around EUR 486 million matched by a similar amount from the MS/AC. This would ensure the operations and ***payments*** of all the activities that the EuroHPC entity would launch at the latest by the end of 2020 until their termination around 2025/2026. The EuroHPC entity may also receive financial support from the next MFF. Should this be the case, the entity would be ready to fulfil further the objectives of the European HPC strategy. This would imply in particular the possibility for the entity to procure exascale HPC systems based on European technology; support the development of a thriving exascale ecosystem in Europe; and prepare for the next generation of HPC technologies and their link to quantum computing. 8 2. PROBLEM DEFINITION 2.1 A brief introduction to HPC and its strategic value for science and the digital economy HPC is a branch of computing that deals with simulation and modelling of scientific and engineering problems and with data analytics that are computationally so demanding that computations cannot be performed using general-purpose computers. Today, these computations typically run on very powerful systems with highly parallelized computing units of hundreds of thousands or millions of processors. Those computers are often referred to as supercomputers. The speed at which computing power increases is so fast that today's state of the art machines are obsolete after five ***years*** of operation on average. As the problems modelled in computer simulations and decision support systems grow in size and complexity (to enable more detailed predictions, to cope with ever larger amounts of data or both), so do the demands on computational resources. In many areas spanning from health, biology and climate change to automotive, aerospace energy and banking general-purpose computers cannot provide a practical solution to address complexity anymore and access to HPC becomes essential. HPC is at the core of major advances and innovations in the digital age, where to out-compute is to out-compete. It is a key technology for science, industry, and society at large. Annex 5 provides data on how impactful HPC is today on the economy and society, provides data on its high returns on investments, and illustrates the importance of HPC with many examples of the most prominent HPC applications in science, industry and the public sector. To fully reap the benefits of HPC, it is necessary to support a full ecosystem comprising hardware and software components, applications, skills, services and interconnections. In fact every new generation of HPC systems pushing further the performance limits is the result of a cooperative effort between suppliers, operators, users and researchers, tailor-made and optimised for the scientific or industrial application users, which HPC systems are intended to serve. Such an interdisciplinary approach leads to a more efficient use of often expensive supercomputing systems and develops training capabilities for ***programming*** such systems. 2.2 What is the problem that requires action and its size The 2012 Communication on 'High-Performance Computing: Europe's place in a Global Race'1, laid down the foundations for a European HPC strategy. The overall objective was the development of the European HPC infrastructure and a pooling of national investments in HPC. This was broken down into the specific objectives to provide a world-class European HPC infrastructure, ensure independent access to HPC technologies, pool enlarged resources, increase efficiency, strategic use of joint and pre-commercial procurement, and ultimately, ensure the EU's position as a global actor. The Communication called on the European Commission, the Member States, the industry and PRACE11 to put in place a number of actions to reach these objectives. As a consequence the following actions were implemented: • The contractual public-private-partnership (cPPP) European Technology Platform ETP4HPC12 was created in 2013. It is an industry-led technology platform of HPC 11 PRACE (   [*http://www.prace-ri.eu/*](http://www.prace-ri.eu/)) offers a pan-European supercomputing infrastructure providing access to computing and data management resources and services for large-scale scientific and engineering applications at the highest performance level. PRACE is an association of 24 member countries. The PRACE top computer systems (so-called Tier-0) are provided by five PRACE hosting members (BSC Spain, CINECA Italy, GCS Germany, GENCI France and CSCS Switzerland. 12   [*http://www.etp4hpc.eu*](http://www.etp4hpc.eu)/ 9 suppliers with the mission to develop a joint research agenda and coordinate its implementation, thereby creating critical mass of R&D in HPC, building a world-class HPC technology supply chain in Europe, increasing the global share of European HPC technology vendors and maximising the benefits that HPC technology brings to the European HPC user community. • The EC made a commitment towards the ETP4HPC to invest EUR 700 million in H2020 for the period 2014-2020. The cPPP should leverage a similar amount of resources on the private side. • PRACE hosting member countries supported the European science community, providing access to most powerful computers in Europe, as well as training facilities and skills development opportunities. The EC supports financially PRACE to facilitate the access to the computing resources. In addition, the EC and the MS are also investing in GÉANT, the pan-European data network for the research and education community linking national research and education networks as well as supercomputing centres across Europe. 13 • Centres of Excellence (CoEs)14 were established and funded by the EC for the application of HPC in scientific domains of importance for Europe. They also provide support, competences and training to the user communities. • MS continued to invest in their national HPC capabilities, developing technology and regularly procuring new machines to replace the outdated ones. Lessons learnt in the implementation of the HPC strategy Despite all the above activities that were put in place, the implementation of the HPC strategy is still not very efficient and effective today. The main reason for this is the existing fragmentation of efforts at EU ***programme*** level and between EU and MS level. As reported in the 2016 Communication on the European Cloud Initiative2 and in the accompanying Staff Working Document3, many of the challenges identified in the Communication of 2012 are still largely unresolved: • Provide a world-class European HPC infrastructure: PRACE is an effective tool to provide computing cycles, but the procurement of systems is still done by MS in an uncoordinated way. This situation for example leads to periods of abundance of top-class systems (i.e in 2012, with several MS acquiring top machines) followed by a period of low resources for researchers (i.e in 2016-2017, due to obsolescence of previous machines and lack of further investments). A pan-European vision with a more strategic and rational planning of procurements is necessary. • Fragmentation of European and national efforts: The implementation of the R&I agenda proposed by the cPPP is fragmented: First, MS have their own national ***programmes***. And second, the way the EC implements the HPC strategy is not well-coordinated, since it uses two different ***programmes*** (CEF and H2020) and three different H2020 WPs (FET, LEIT-ICT and Research Infrastructures). This is due to the different nature of the supported activities (R&I, infrastructure development, etc.) and annual budget limitations. Such implementation is complex: it involves discussion with four 13   [*https://www.geant.org*](https://www.geant.org) 14 Centres of Excellence (CoE) ensure EU competitiveness in the application of HPC for addressing scientific, industrial or societal challenges. The Centres are conceived to be user-focused, develop a culture of excellence, both scientific and industrial, and place computational science and the harnessing of “big data” at the centre of scientific discovery and industrial competitiveness. 10 different ***programme*** committees with different delegates often from different entities within each MS, making coordination between committees more difficult. Moreover, as the four different ***programmes*** have their own timing, the synchronisation of the calls addressing the various but interlinked aspects of the European HPC strategy, becomes a real challenge. At EU level, a single R&I ***programme*** is necessary for an efficient production of European HPC technology. • Innovation procurement is not used in HPC: Innovation procurement instruments like the Pre-Commercial Procurement (PCP) and the Public Procurement for Innovation (PPI) have not been used so far by the MS in the area of HPC. In contrast, the USA, China and Japan use legal instruments that ensure a flexible process for the production of national technology in R&D ***programmes*** and their integration in the systems that are acquired by the national agencies. Europe would benefit from a joint structure that would permit to pool national and EU resources and jointly procure HPC systems by making systematic recourse to innovation procurement. • Ensure the EU's position as a global actor: European suppliers face limitations in acceding to public procurements of HPC in USA, China or Japan. In contrast the EU is still the most open market, with no restriction in most of the public procurements on HPC (except e.g for military purpose machines in some countries). Making systematically recourse to mechanisms like the one provided by Article 30.315 of the H2020 model grant agreement (to object under certain conditions to the ***transfer*** of Intellectual Property Rights (IPR) to third countries) and to new procurement and exploitation strategies would permit protecting IPRs produced in the EU and first exploiting in Europe the EU-funded R&I results. The above issues will be analysed in the sections below. In summary, the EU is now confronted with the following situation: The EU does not have the best supercomputers in the world even in areas of key importance; the available supercomputers do not satisfy the demand; the MS spending in HPC is not coordinated and the industrial take-up of HPC technology developments is low. We still fail in turning the technology development into HPC systems that are procured in Europe, i.e we lack an effective link between technology supply, co-design with users, and a joint procurement of systems. Figure 1 provides an overview of the main problems, their drivers and their consequences. 15 [OPTION 1 for EU grants]: The [Commission][Agency] may — up to four ***years*** after the period set out in Article 3 — object to a ***transfer*** of ownership or the exclusive licensing of results, if: (a) it is to a third party established in a non-EU country not associated with Horizon 2020 and (b) the [Commission][Agency] considers that the ***transfer*** or licence is not in line with EU interests regarding competitiveness or is inconsistent with ethical principles or security considerations. 11 Figure 1: Overview of the main problems, their drivers and consequences Problem Nr 1: The EU does not have the best supercomputers in the world but, in addition it is largely dependent on non-European HPC supply chains with the increasing risk of not having access to latest strategic technology even if resources were available. Today, none of the 10 leading supercomputers in the world – i.e supercomputers with a performance level necessary to sustain leading-edge research – is located in the EU (5 are in the USA, 2 in Japan, 1 in Switzerland and the 2 top systems are located in China).16 Figure 2: HPC World Top 20 as of June 2017 and their computing power 16 See:   [*https://www.top500.org*](https://www.top500.org) Public investments for HPC in EU/MS remain uncoordinated and insufficient to cope with the demand Relatively small European system vendors face stiff competition from large foreign competitors Europe does not have the best super-computers in the world integrating European technology Supercomputers available in Europe do not satisfy the demand MS do not have a framework for joint procurement The European HPC technology supply chain is weak and the integration of European technologies into operational HPC machines remains insignificant Science: Digital divide across Europe with regard to access to available resources Public Sector: Risk of insufficient protection of public/financial services, strategic decision making, national security Industry: Loss of innovation due to low use of supercomputers / stiff competition to access to few available resources (particularly for SMEs) Drivers Problems Consequences 12 Figure 3: HPC World Top 20 as of June 2017 Europe's top performing machine is located in Switzerland and it is based on US technology (i.e Cray). A more detailed analysis shows that while the US and the EU machines have similar capacities in terms of number of available computer cores, the performance of the two systems is very different with the average EU being below 30% of the average US performance.17 The main reason for this situation is that Collectively, the EU and the MS are significantly under-investing in HPC technology supply and infrastructures when compared to the investments of USA, China or Japan. The current funding gap with the USA is estimated in at least EUR 700 million per ***year***. So far, the EC invested EUR 330 million on HPC-related activities of H2020 between 2014 and 2017 and further investments of the order of EUR 750 million are foreseen in the period 2018 – 2020. The total EU support in HPC will be over EUR one billion in the period 2014-2020. As for the collective investments of the MS for the same period these are estimated to be at around EUR 1.5 billion. The four PRACE countries hosting the Tier-0 machines made available to European scientists of computing time equivalent to the cost of EUR 400 million. A study conducted for the EC in 201518 on the progress of the implementation of the European HPC strategy concluded that the present pace of growth of European investment in HPC will not be enough to attain and maintain leadership, meaning at minimum parity with best-in-class HPC resources in the USA, Japan, or China. In 2015, the estimations of the study of the public and private investments for Europe to achieve leadership by 2020 were in the order of additional EUR 5.3 billion in 7 ***years*** (2016 to 2022). When compared to current investments of the EU and MS, the gap with the USA can be estimated at least at EUR 700 million per ***year*** (see Annexes 5 and 6 for further details). Moreover, HPC has now become an indispensable technology for supporting policy making and maintaining national sovereignty, supporting strategic decision-making for energy, home security, or climate change, or in the context of national security applications. Access to indigenous world-class HPC machines has become an asset to a country 17 Calculated as the average Rmax and Rpeak from Top500 18 Study IDC SMART number 2014/0021 - High Performance Computing in the EU: Progress on the Implementation of the European HPC Strategy 1China11United Kingdom2China12United States3Switzerland13Spain4United States14Italy5United States15United States6United States16United States7Japan17Germany8Japan18Saudi Arabia9United States19France10United States20United States 13 to an extent that it is considered not only as a strategic resource for its economy, but also a matter of national security. A recent report from the US19 states '… national security requires the best computing available, and loss of leadership in HPC will severely compromise our national security …'. Access to own higher computing power provides a competitive advantage in scientific innovation and industrial competitiveness, and is indispensable technology for supporting policy making and maintaining national sovereignty (see Annex 5 for a detailed analysis of the impact of HPC). The USA, China and Japan have declared HPC to be a strategic priority for their country. They consider HPC as too strategic to be largely dependent on foreign suppliers and put focus on developing indigenous HPC supply chains and ecosystems that are essential for economic development and for security and safety. The top 5 supercomputers installed in the EU are supplied by vendors outside Europe, 3 from the United States (Cray, HPE) and 2 from China (Lenovo). They all integrate Intel processor technologies. Similarly, the technology used to interconnect the system originates from outside Europe (Cray, Intel, Mellanox). If the EU does not have its indigenous supply of supercomputers, it will find d

ifficulties to acquire state-of-the-art machines or the technology to build them, as the supplying regions would not want to lose their competitive advantage to innovate. A recent example is China, which was deprived from the supply of USA state-of-the-art technology and as a consequence developed its own HPC supply chain. As a result China now has the two world-wide fastest supercomputers. The concern that Europe's supercomputing capabilities depend on non-EU suppliers for critical technologies and systems and that Europe is relegated against its global competitors in a field as strategic as supercomputing have been put forward by stakeholders, and in particular by the user industry, in the EuroHPC targeted consultation20 (see Annex 2) to go for a new action at the EU level that goes beyond current actions.21 EU depends on other regions for the supply of critical technology for its HPC infrastructure. EU risks getting technologically deprived of strategic know-how for innovation and competitiveness. The availability of the best supercomputing capacity is strongly linked to the ability to master and produce indigenous HPC technology in Europe. If the EU is not able to produce and integrate leading-edge HPC technology, it will systematically become a mere buyer of foreign systems that are behind the latest HPC technological generation that is produced, used and exploited first elsewhere. Therefore, it is of strategic importance for the EU to be able to produce its own HPC technologies and integrate them into leading-edge HPC machines that it procures. In order to fully reap the benefits of leading-edge HPC machines, it is also necessary to create a full HPC ecosystem. Every new generation of machines pushing further the limits of performance is custom designed. These machines are not off-the-shelf products. On the 19 U.S Leadership in High Performance Computing (HPC) – A Report from the NSA-DOE Technical Meeting on High Performance Computing, December 1, 2016. 20 'Targeted Consultation on the HPC Initiative in Europe and the EuroHPC Inception Impact Assessment' 21 The other one being overall inefficiency resulting from the current fragmentation of efforts. 14 contrary, they are a product of the cooperative effort of the suppliers, operators and users, tailor-made and optimised for the class of applications they are intended to solve and taking into account the boundary conditions (e.g availability of affordable electricity). This last aspect is crucial to develop a sustainable HPC environment. To reap the benefits of the use of a supercomputer requires ownership of the infrastructure. In addition, it is necessary to coordinate the supply of hardware and software components and tailor it to meet scientific and industrial application requirements. This means that such diverse communities as low-power microprocessors designers, resource management software developers, system integrators and computational scientists and engineers have to work together from an early stage of the design and development phases of supercomputing systems. Such an interdisciplinary approach leads to a more efficient use of often expensive supercomputing systems and calls for developing training capabilities for ***programming*** such computers for different user communities. Problem Nr 2: Supercomputers available in Europe do not satisfy the demand Because of the lack of highest performing HPC machines available in the EU, the European scientific and engineering research community prefers to use USA supercomputing facilities rather than PRACE. Two US ***programmes*** provide such opportunity.22 Comparing PRACE with its overseas counterpart in the USA (the Advanced Scientific Computing Research (ASCR) ***programme***) shows the extent to which the European HPC offer is insufficient to satisfy the demand. Access to ASCR supercomputer facilities is open to the scientific and engineering research community including universities, industry, and the US national labs through a peer review process. Data collected for the Fiscal ***Year*** 2015 reveals that the US is the major user of ASCR facilities23 with a total of 25993 users, whilst Europe with 3501 users (UK, Germany, France and Italy in the lead) is their second major user. Not only Europe does not have the best machines but it also cannot sufficiently satisfy the demand. If we compare ASCR and PRACE by the number of awarded projects by both programmes24, we can see that the total number of projects awarded by PRACE in each call (PRACE has 2 calls per ***year***) has never exceeded 60 projects, while solely in the 2016 Fiscal ***Year*** ASCR awarded 921 projects to entities from the European countries.25 This comparison is indicating that the European scientific and engineering research community obtain more support from the US ASCR supercomputing facilities than from the European PRACE. A striking fact is that even the four PRACE members (Germany, France, Spain, Italy) that are providing computer systems to the PRACE association obtained more projects from ASCR than the maximum PRACE could offer. This holds also for some associated members of PRACE like the Czech Republic, Poland, Denmark, and the UK that do not provide computing systems to PRACE. In conclusion, there is a strong demand for HPC access in the EU, a demand which is not sufficiently satisfied by PRACE. Insufficient access to HPC resources was also among the main reasons why respondents to the EuroHPC consultation indicated that there is currently a problem with HPC in Europe (for 22 ASCR facilities available at [*https://science.energy.gov/user-facilities/user-facilities-at-a-glance/ascr/*](https://science.energy.gov/user-facilities/user-facilities-at-a-glance/ascr/) 23   [*https://science.energy.gov/~/media/\_/pdf/user-facilities/Reports/DOE-SC-User-Facilities-FY2015-report.pdf*](https://science.energy.gov/~/media/_/pdf/user-facilities/Reports/DOE-SC-User-Facilities-FY2015-report.pdf) 24 The comparison is indeed relevant since both ***programs*** have a similar allocation mechanism awarding one ***year*** or multi-***year*** core hours. 25 ASCR source data available at   [*https://science.energy.gov/user-facilities/user-statistics/by-project/*](https://science.energy.gov/user-facilities/user-statistics/by-project/) 15 details see Annex 2). Regarding specifically the role of existing EU-funded HPC actions, such as PRACE, ETP4HPC and GEANT, they confirmed that in a future EU initiative on HPC existing actions should be improved, especially PRACE, and collaborate closer to complement each other. While we cannot take it for granted that Europeans can always use the best supercomputers existing in other regions, it is also a fact that the most demanding European applications have to run on the machines provided by the EU competitors, while only less demanding applications can run on the supercomputers available in Europe. This means that data produced by EU research and industry risks getting processed elsewhere for lack of corresponding capabilities in the EU. Ultimately our scientific and industrial leadership will become dependent on the accessibility to the highest-end machines that are outside Europe. The high dependence on the access to non-European supercomputers raises several problems: • The data produced by European scientists and industry is processed outside the EU. This creates problems related to privacy, data protection, commercial trade secrets, and ultimately loss of ownership of critical data. This is particularly critical for sensitive applications, for example in security, health, or engineering, where the data for national security reasons should not leave the EU. • European users do not have the priority to use the machines and are at the mercy of the access policy of the hosting country. Even if the selection of users is based on a peer review process, European users always face the risk that indigenous users get preferred access, computing time or computing power. This is in particular a problem for industrial users that cannot afford to wait for the machines they need. • In the long term, European users, scientific as well as industrial, might move outside the EU to get the same access rights, access conditions and price as the indigenous users. The brain drain from researchers relocating to third countries may not be limited to the loss of excellence in scientific disciplines, but Europe can also lose its competences in developing applications for supercomputers if users no longer co-design the applications with the supercomputing centres. • The demand for more computing power will continue increasing and new applications will soon emerge notably in health, energy, environment, fintech, manufacturing etc. which we cannot satisfy with the computing power of today's HPC machines. The problem will become even more acute in the next 5-7 ***years*** when the development of exascale applications comes to maturity. Problem Nr 3: Member States do not have a framework for joint procurement The PRACE Association provides access to the most powerful supercomputers in Europe (Tier-0 machines). However, it does not cover the coordination of national ***programmes***, nor joint investments for the procurement of systems, e.g there is no common European strategy to develop and acquire pre-exascale or exascale machines. The design, the specifications and the procurement of the machines are done by each of the supercomputing centres on their own and are mainly guided by own or by national interests, without any incentive to coordinate with the other countries. Although most MS share the same interests in advancing science, they try to satisfy as much as possible the requirement of 16 their national scientific communities. This however does not guarantee an optimal coverage of the different scientific communities at European level. In the USA, China and Japan the high-end supercomputing resources are acquired through public procurement of innovation with a national strategy. For example in the USA, there is a federal coordination of procurements between different agencies, like the National Strategic Computing Initiative (NSCI) and the Exascale Computing Project (see Annex 6) to frame the national efforts in a coherent strategy. These initiatives provide a critical mass for procurement, obtaining better value for money in acquisitions, and are also tightly linked to the technology supply, ensuring that national suppliers stay at the forefront of technology advancements. In Europe, the large fragmentation of HPC ***programmes*** and efforts, the non-coordinated activities and the lack of a common procurement framework lead to a waste of resources. This has been identified by stakeholders in the EuroHPC consultation as one of the current two top ranked problems of HPC in Europe (see Annex 2), independent of their type of organisation (i.e scientific user, industrial user, technology supply industry, computing centre). Current funding instruments have limitations when applied to large mission-oriented initiatives. The existing implementation tools are well adapted mainly to support R&D of marketable HPC technologies, but are complicated to coordinate for example several synchronised procurements in different MS with different legislation and rules. Most MS and Associated Countries to Horizon 2020 have their national HPC strategies and investment plans according to their national needs and ***programmes***. In particular those countries that have not the capability to invest in their own leading-class machines are prepared to co-invest to get access to the Tier-0 machines. Most of them participate in the PRACE ***programme***. Europe thus misses the opportunity to take advantage of efficiency gains by aligning the strategies and pooling resources. As for the EC, so far it has provided limited support to a joint procurement of supercomputers, mainly because of the hesitation of the Tier-0 countries to participate in such joint procurement. In 2016, the EC put in place a first call for procurement of innovation with the PRACE hosting countries. In return of the financial support from H2020 (at the level of 35% of the overall costs), the participating countries agreed to provide access to the procured machines. Problem Nr 4: The European HPC technology supply chain is weak and the integration of European technologies into operational HPC machines remains insignificant Today, Europe consumes about 29% of HPC resources worldwide, but the EU industry provides only ~5% of such resources worldwide. In addition, close to one fifth of the top 500 HPC systems are located in the EU, and out of these, ~20% are provided by EU vendors (oscillating between 20% and 25% over the last ***years***).26 Between 2015 and 2016, their exports outside the EU consisted of 3 systems installed in South America and 5 in Asia. 26 French Bull-Atos is the leading European integrator, followed by the Dutch ClusterVision and the German SME Megware. The first system in the top 500 list installed by the European vendor Bull-Atos has rank 38. Bull-Atos has 10 systems in the top 100, all but one installed in Europe. ClusterVision has the first system at rank 329 and SME Megware at rank 357. 17 Figure 4: Contribution of EU vendors to the 500 most performant HPC systems (2011-16) The market share of EU vendors in Europe is even smaller when considering the HPC server market (beyond the top 500 systems), although the growth rates have been largely beating the market average (15% vs 3.4%). This growth raised the EU suppliers' market share from 2.8% in 2013 to 3.7% in 2016. During the same period, EU suppliers' share of the global HPC server market expanded at a robust 16.1% annual growth rate. Although this growth substantially exceeded the market's 5.8% growth rate during this period, it enlarged EU suppliers' share of the global HPC server market merely from a marginal 0.8% in 2013 to an equally marginal 1.1% in 2016. On the global market the European suppliers face unequal treatment on public procurement. The USA and China restrict the development and procurement of the high-end machines to domestic suppliers. As a consequence, non-European suppliers have a clear competitive advantage as they get direct funding support for the development of the national machines that they later on sell on the global market. In Europe there is an open market, without a policy to favour European suppliers. Therefore, in the absence of a prospective lead market and a risk sharing with the public sector, European suppliers hesitate to take the financial risk to develop the technology on their own. Despite the national and European R&D funding ***programmes***, Europe ends up with a weak supply industry, while it has one third of the application markets. As the non-European HPC suppliers participate in the European R&D ***programmes***, the EU ends-up paying non-EU-suppliers twice: for the development of their underlying technology and for the acquisition of their HPC machines built with non-EU technology. It is also to be noted that the functional HPC components and prototypes developed by the projects funded through the European Framework ***Programmes*** for Research (FP7, H2020) are rarely integrated in the machines that are procured. There are three main reasons for that: • Firstly, there is a lack of incentives of the supercomputing centres that specify the machines to be procured to privilege solutions developed by the European R&D ***programmes***. The procurements are in general implemented by the MS according to their national rules and the EC cannot impose measures to favour European suppliers. 18 • Secondly, the H2020 rules for participation27 make it difficult to ensure continuity of the investments made between different calls. Each call is an open and competitive process, with the possibility to limit a follow-up call to the successful projects of the previous call only in exceptional cases. This leads to the situation where R&D results are rarely integrated in the subsequent calls addressing the development phase of the supercomputer, and are replaced by a solution that was developed elsewhere, including from a non-European supplier. The R&D investments are then inefficient to ***transfer*** European R&D results into marketable products, or to foster a European supply industry. European companies have then an increased risk of not getting funded in the subsequent call. The problem is further exacerbated by the fact that the H2020 calls are open also to non-EU beneficiaries. • Thirdly, the EC (and MS) do not use the innovation procurement instruments (PCP combined with PPI) to accompany the route from HPC technology development to procurement that would help support a competitive European supply industry and create a lead market in Europe. The main reason so far is the hesitation of the Tier-0 countries to participate in joint procurement actions, even less to ones that may favour procurement of European technologies that may be perceived as not sufficiently competitive. Finally, the development of exascale technologies is not for the sake of having the fastest supercomputer in the world, but the goal is to build 'first of a kind' systems rather than 'one of a kind'. Indeed, HPC technology of today, and in particular low-power processing units and systems, is the mainstream technology that we will find in the next five ***years*** integrated in our cars, homes, factories and personal devices. Not investing in HPC technologies makes it difficult to be present in any digital technology in the future, like the autonomous vehicles, the connected car, or the smart home. The transition to exascale computing is an opportunity for the European supply industry to leverage on technologies in the computing continuum from smart phones, to embedded systems (for example in the future driverless cars), and to servers, feeding the broader ICT market within a few ***years*** of their introduction in high-end HPC – giving a competitive advantage to those developing them at an early stage. The size of these target markets is estimated to EUR 1 trillion. The industrial users who responded to the public consultation identified as their main concern the dependence on non-EU technology. This clearly shows their awareness of the risks related to the dependence of a foreign technology supply-chain for a resource that is a critical for their competitiveness on a global market. 2.3 What are the problem drivers? The following are the main drivers contributing to the problem: Problem Driver Nr 1: Public funding for HPC in EU/MS remains uncoordinated and insufficient to cope with the demand MS investments are insufficient and uncoordinated to acquire enough high end HPC systems that satisfy the demand. According to the 2014 International Data Cooperation study19, Europe started to narrow down the former wide gap separating the most capable US and Japanese supercomputers at the very high end of the supercomputers segment from their European counterparts. Indeed, at first, spending increased substantially in the EU for large 27 OJ L 347 of 20.12.2013, pp. 81-103 19 supercomputers from 2009 (112 million EUR) until 2012 (658 million EUR). However, in 2014, it started to decline again (362 million EUR in 2014). No MS has the capabilities to develop the necessary HPC ecosystem on its own in a competitive timeframe with respect to the USA, China or Japan. The individual MS do not have the full value chain or competences and most lack the necessary funding levels. Lack of sufficient resources is one of the main reasons put forward in the EuroHPC consultation (see Annex 2) to go for a new action at EU level. The leading regions in the world are racing ahead and are massively investing in strategic HPC ***programmes*** to boost their HPC ecosystem and prepare it for the upcoming next generation computing (exascale and beyond). These ***programmes*** are driven by the public authorities with some leverage of private investments (mainly on the technology supply side). If the EU is entirely dependent on non-European supply, this puts at risk our capacity to acquire the latest HPC systems and our capacity to build a digital industry all together given that HPC technology has a spill over effect on all digital technologies. Regaining world-wide leadership in HPC cannot be achieved on the basis of Europe's current HPC industry set-up and market conditions alone. No European industrial player currently has all competences in-house. The required investments levels for industry exceed their capacity and the risks of failure to develop an exascale system are too high to be borne by industry alone. Equally, public funding alone will not be sufficient to finance the broad uptake of HPC in the European industry in coming ***years*** and notably SMEs. Problem Driver Nr 2: European HPC system vendors face stiff competition from large foreign corporations Relatively small European HPC system vendors face stiff competition from large foreign corporations supported by their governments on the open European HPC market. European HPC vendors face asymmetries in major HPC markets outside of Europe due to national regulations e.g for national security. The concern that the EU is relegated against its global competitors in a field as strategic as supercomputing is among the main reasons for respondents to the consultation for a new action at EU level that goes beyond current actions (see Annex 2). Other countries such the USA have long-standing models for R&D collaborations with indigenous HPC vendors, many of which include supercomputer procurements with strong R&D requirements. Building an HPC ecosystem is a significant challenge, because the EU has historically been the most open major HPC market in the world, in part because it has not had an indigenous HPC system vendor large enough to compete with US, Japanese or Chinese vendors. As a result, in 2014, 81.2% of all European HPC server system spending profited US vendors. The only sizeable Europe-based vendor, Atos-Bull, accounted for only ~2% of European HPC server spending in 2014. It has had some successes outside of Europe, but still relies on European sales for a large majority of its HPC revenues. This unsatisfying situation is exacerbated by three factors: i. European HPC system vendors face asymmetries in major HPC markets outside the EU due to national regulations, e.g related to national security. 20 ii. The EU market for HPC hardware systems and parallel software is still too small and fragmented to support EU-based HPC vendors. They cannot thrive and continually fund world-class innovation unless they can match the investments of competitors (especially USA and China) that have strong domestic demand and easier access to the global market. iii. Intellectual property rights developed in EU research projects relevant to HPC often benefit non-EU parents of participating companies as the current EU Framework ***Programme*** for Research and Innovation imposes limited restrictions on the ***transfer*** of rights to affiliates in third countries. Concerning the 1st factor, in the USA the acquisitions of supercomputers by US federal agencies are restricted by the 'Buy American' Act, although purchasing of software and components of non-US origin is often allowed. In China, the fast-growing HPC market has been dominated historically by US supercomputer vendors, because Chinese HPC vendors have not been able to compete effectively. More recently, the Chinese government directed investment banks and other 'critical infrastructure' sites to cease acquiring non-Chinese HPC systems. In Japan, the government market has historically tended to favour Japanese supercomputers, although non-Japanese ones also had some success in this market. Concerning the 2nd factor, the EU has a lower aggregate level of HPC resources compared to other large economies around the world. With regard to the top 500 machines, the USA have ~50% more HPC resources than the EU, and China and Japan together have approximately twice the resources of the EU. These differences are significant as these three global blocs have comparable nominal economic GDP outputs. In other words, there is currently indeed a structural weakness in EU HPC resources. Concerning the 3rd factor, there are provisions in the EU Research Framework ***Programme*** that can contractually oblige an organisation to disclose such ***transfers***. These restrictions are certainly helpful although not as severe as in other countries developing HPC technologies outside the EU. In addition to issues related to IPRs and their ***transfers***, probably an even more important aspect is that a stronger HPC ecosystem in the EU is likely to open up new and attractive career opportunities for top scientists and engineers and reduce the brain drain from the EU. 2.4 Who is affected and in what ways? A joint structure coordinating and pooling the resources at European level will mobilise the necessary resources at European level to provide a world-class pan-European infrastructure and a strong European HPC ecosystem with lasting benefits in Europe. Europe in principle has the human potential and technological know-how to develop such an ecosystem along the whole HPC value chain. The following group of stakeholders are likely to be directly or indirectly affected by the initiative (see Annex 3 for an extended analysis). MEMBER STATES MS are expected to significantly benefit from the initiative. The EuroHPC initiative will enable them to coordinate together with the EC their HPC investments and strategies. The joint initiative will make it possible for them to access a world-class HPC infrastructure that no single country on its own can afford in particular those with little or no significant HPC resources in place. 21 The increased availability and accessibility of top HPC resources will motivate the users to keep their activities and data in Europe, helping to keep critical know-how and human potential in MS. SCIENCE - UNIVERSITIES AND RESEARCH CENTRES Thanks to a joint structure that ensures the sustainability and availability of resources in the short, medium and long terms, EuroHPC will ensure a European-wide access for researchers in Europe's Universities and Research Centres to supercomputers and data with a guaranteed high level of resources, and irrespective of their geographical location or scientific discipline. This factor is critical to ensure that the academic and scientific potential stays in Europe and is not exploited in other regions with more competitive HPC resources. A sustainable joint structure supported by the EC and MS will also consolidate the already existing vibrant mix of national, regional and pan-European initiatives in intra-EU scientific collaboration, and will provide EU-based teams with powerful resources to strengthen the European presence in international scientific endeavours. INDUSTRY INCLUDING SMES The new initiative will revitalise the European HPC ecosystem, where industry and in particular SMEs will benefit as both users and suppliers of HPC technology and applications. • As users; EuroHPC will consolidate European leadership in many HPC-empowered applications by making available more resources for industrial use accessible at EU level, complemented with specific measures to widen the usage of HPC technologies. This is of critical importance to industry and particularly SMEs without in-house capabilities that will benefit from easy to use HPC resources, applications and analytics tools to create new innovative products and processes. • As suppliers; a European-wide initiative with a focus on the supply of a European source of HPC technology and the protection of European IPR will have the necessary critical mass and a catalytic effect on the European suppliers. A clear R&I roadmap at European level provides a unique opportunity for industry, including SMEs, to participate in the co-design and development of such new technologies and systems, and to develop IPR and solutions to be further used in their business endeavours. EUROPEAN COMMISSION (EC) The EuroHPC initiative would solve the current complexity of implementing the HPC activities through two different ***programmes*** (CEF and H2020) and three different H2020 WPs (FET, LEIT-ICT and Research Infrastructures). The EuroHPC entity will provide a single structure and financial framework to coordinate the different activities in synergy. Most importantly, it will provide a single forum for strategic discussions with the MS and leverage EU and national efforts and resources. The EuroHPC entity will also be a privileged interlocutor for institutions, agencies and bodies addressing critical scientific, industrial or social-impact areas. It will become a focal point for better supporting the EU policy development and implementation in areas like digitising industry (DSM), security, and many other related to societal challenges. SUPERCOMPUTING CENTRES The EuroHPC entity will provide the appropriate frame to strategically plan for the further development and the federation of supercomputing centres at European, national and regional 22 level. The joint structure will avoid redundancies and will exploit complementarities with a European-wide planning of the different architectures across Europe (for example avoiding isolated and uncoordinated procurements that may end up in dependencies on single vendors and technological suppliers). EuroHPC also provides the opportunity to fully exploit the world-class HPC infrastructure and human resources of the European supercomputing centres in a synergetic way, encompassing the co-design and integration of technology with a coordinated procurement of supercomputers at European level. CITIZENS EuroHPC will ensure that world-class HPC resources and data are available for applications that are of direct interest for citizens. Given the inter-disciplinary nature of HPC and the wide range of scientific and industrial applications that will be made available at EU level, citizens will benefit from an increased level of resources provided by EuroHPC in areas like: • Health, demographic change and wellbeing • Secure, clean and efficient energy • Smart, green and integrated urban planning • Cybersecurity • Weather forecasting and Climate change • Food security THIRD COUNTRY ACTORS Successfully building a European HPC ecosystem will have an effect on the non-EU supply industry. The focus on the new instrument to produce, co-design and take-up of European technology in the next generations of European supercomputers will make EU technology more competitive. This will eventually decrease the market share of non-EU HPC components and systems in Europe, potentially worldwide. The increased protection of European IPR resulting from the R&I ***programmes*** supported by the EuroHPC, may stop the current situation of non-EU suppliers taking advantage of EU ***programmes*** to export the resulting IPR and improving their domestic developments. Provided access conditions on equal terms becomes a global practice, the European HPC resources could become attractive for scientists from outside the EU, sending their data for processing to Europe. The risk Europe currently faces with losing its data sovereignty may thus be reversed. 2.5 How would the problem evolve? There is an arms-race world-wide to develop and operate ever more powerful supercomputers. This is driven by the strategic importance for a nation and an economy for top-level computational power, but also driven by the growing demands of the scientists to solve ever more complex problems. The renewal of a machine every 5 ***years*** at the end of its lifetime increases the costs for the development, installation and operation of the machine by a factor two. The costs have now grown to an extent that they have become prohibitive for most market actors, including for most national governments in Europe. The effect has started to show as Europe is slowly dropping out of the first league of supercomputers. After a height of four machines ranking in the top 10 most performing supercomputers worldwide in 2012, the number has been steadily decreasing since, until EU based machines dropped out altogether from the top 10 list in 2017, despite recent acquisitions/upgrades at several sites across the EU. Without an increased effort to invest more or more efficiently, for example by pooling 23 resources in Europe and coordinating acquisition planning, this trend will continue and accelerate. According to the IDC study on High Performance Computing in the EU: Progress on the Implementation of the European HPC Strategy19 '… High-end supercomputers at national centres in Europe, the U.S , and Japan (but not China) are regularly oversubscribed – the demand for computing cycles typically exceeds the supply by a factor of two to three. European high-end supercomputers are no exception…'. The demand for HPC is expected to increase considerably in the coming ***years***, for example as more and more users, in particular SMEs, become part of the digital economy and make use of HPC for their business processes. This is paired with a hunger for higher computing power as the applications increase in complexity and include big data analysis. The gap between demand and supply of the most performant computing facilities will thus increase. A growing gap of available computing performance will motivate more and more European scientists to implement their calculations outside Europe. Europe thus runs the risk of losing control of its scientific data, but eventually also the brain drain of its scientists as they move closer to the computing facilities. The situation is similar for the industrial users who will not renew their service contracts with European supercomputing centres, but replace them with contracts outside the EU in order to stay competitive on a global market. The move of the users outside Europe would have a cascading effect on the supercomputing skills in Europe. Indeed, the supercomputing centres work closely with the users, equipment suppliers and ***program*** developers to adapt the applications to the architecture of the supercomputers and optimize the use of computing resources. This co-design approach is essential for an effective exploitation of the supercomputers and requires a profound understanding of the machine's architecture and behaviour. Breaking this co-design chain will gradually erode the skills of the supercomputing centres to offer competitive computing services as they would not be involved in the design of the most powerful machines. Ultimately, Europe runs the risk to lack the competences to design and operate exascale machines and offer computing services to the most demanding applications. The European suppliers with the competences and financial resources to provide the European market with the required machines, without public intervention hesitate to take the risk to invest in this field. Indeed, the market size of high-end machines is very small, maximum 100 machines per ***year*** worldwide but mostly in very closed and inaccessible markets for European vendors. The situation is identical for the European competitors in the USA, China and Japan. Those countries have already declared HPC to be a strategic priority for their country. As a consequence their governments fund ***programmes*** to develop national HPC ecosystems and work on the deployment of exascale supercomputers. As a consequence USA vendors (with new Chinese players) will continue to dominate the market. If no effective measures are taken to bring the EU back in the HPC race with EU technology, the dependency of Europe on non-EU suppliers will continue to grow. Otherwise the industrial base of European suppliers will continue to decrease as the companies either stop their HPC products (e.g Eurotech), or do not find sufficient market share to survive. As a consequence the European HPC ecosystem will further erode. The dominant suppliers like Intel, due to their market share, are dictating the prices and are gradually pushing European competitors out of the market. Initially those suppliers were in essence supplying the cores of the supercomputers, giving European suppliers the possibility to provide the other components (e.g interconnects) and integrate them in the computing boards. Gradually the dominant suppliers started to provide the other components too, proposing complete solutions. The procurers of the machines on one hand have less and less 24 the choice to include components from European suppliers as the solutions offered by dominant suppliers provide less and less integration possibilities. In the absence of a European supplier of the computing cores, the procurers are becoming more and more dependent on complete packages, limiting their possibility to co-design the machines according to their needs. Moreover, there is a risk that due to certain strategic or political decisions, such as export restrictions, sooner or later Europe will not have access to the most competitive and innovative technology, exacerbating the gaps described above. Therefore, to mediate the risks, the European HPC strategy has identified an action to develop one of the critical components of the exascale machines, i.e the multipurpose low power processor. 3. WHY SHOULD THE EU ACT? 3.1 Why do we need to act now? The problems and risks detailed in the previous section require urgent action at European level. Our world competitors massively fund ***programmes*** to develop national HPC ecosystems and work on the deployment of exascale supercomputers, with a particular focus on the development of indigenous HPC supply chains that are essential for economic development and for security and safety. To stay competitive in the HPC race Europe needs to acquire exascale supercomputers by 2022/23 and develop its technology supply chain that guarantees access to latest HPC systems. To reach the target the work has to start now, since a development cycle typically takes 5 ***years***. USA, China and Japan have also set 2022/23 as a target date. From the drawing board to the operational machine, the different components have to be developed and then integrated into the machine. An intermediate, key milestone is the development of the pre-exascale machines by 2020, where the initial design will be validated and the prospects of reaching the exascale target will be assessed. Any delay in the acquisition of the pre-exascale would equally delay the development of the exascale targets. Without more investments in the ***years*** 2018-2020 there is the risk that the pre-exascale target cannot be met, jeopardizing the longer term objective of the exascale machines. The EU funds to acquire the pre-exascale machines and develop its ecosystem are available now (EUR 486 million, already committed in H2020 and CEF WPs 2019-2020 to HPC activities). There is also evidence from several MS/AC (at least those which signed the EuroHPC declaration) that they are prepared to commit similar funding levels in the same period to implement the joint EuroHPC activities. Setting up a self-standing EuroHPC entity in 2019 will ensure that Europe takes action in a timely and coordinated way, with joint investments in leading-edge HPC technology and infrastructures. It would allow Europe to acquire world-class pre-exascale machines and stay competitive in leading scientific and industrial applications for the period 2020 to 2025; and, equally important, to build in Europe the necessary ecosystem to develop competitive European technology for the pre- and full exascale computing era. In an eventual support of the EuroHPC entity under the next MFF, this would allow to continue its operations and in particular to: procure and deploy two world-class exascale machines (based on European-funded technology); support the development of ambitious extreme scale applications for public and private users and of HPC skills; and, continue to support R&I activities, notably a competitive low-power European microprocessor and post-exascale HPC machines and their linking to the first quantum computing infrastructures that would have been developed under the Quantum Technologies FET Flagship. 25 3.2 The right to act at EU level The fragmentation of public HPC services across the EU and within MS leads to inefficient use of resources and only partial cross-border exchange of expertise. The increasing costs of building and maintaining HPC infrastructures require stronger governance at EU level and the rationalisation of HPC resources to reduce the current fragmentation. HPC is an essential instrument to address societal challenges like health and security. Both are policies of shared European interest, as exemplified in the NIS Directive28 or the Cybersecurity Communication29, addressing issues that do not stop at national borders. The level of security or the quality of public health in one MS depends from the situation in the rest of the EU. HPC is fundamental to build the data economy. Controlling how the data is used, who has the ownership and right for exploitation, where it is stored, and who has access to it are sensitive issues. It touches commercial and copyright issues, but also data protection and privacy issues. All these issues have been identified as political priorities in the Digital Single Market (DSM). Sending sensitive European data for processing in other regions of the world, where the high European standards of privacy, data protection, copyright, etc. are not necessarily respected, undermines the intention to gain sovereignty on European data and its exploitation. The scale of the resources that are needed to realise a sustainable exascale level HPC infrastructure and ecosystem is beyond what national governments can nowadays afford to invest. No single Member State has the financial means to acquire exascale computing capabilities and develop, acquire and operate the necessary exascale HPC ecosystem on its own and in competitive time frames with respect to the USA, China or Japan. Member States and national actors have now realised that they will only be able to remain competitive through a joint and coordinated EU-wide effort – c.f the EuroHPC declaration of 23.03.2017 This justifies the right for the EU to act in the field of HPC under Article 179 that states that 'The Union shall have the objective of strengthening its scientific and technological bases by achieving a European research area in which researchers, scientific knowledge and technology circulate freely, and encouraging it to become more competitive, including in its industry, while promoting all the research activities deemed necessary by virtue of other Chapters of the Treaties'. In addition, Article 187 TFEU gives authorisation to 'set up joint undertakings or any other structure necessary for the efficient execution of Union research, technological development and demonstration ***programmes***'. 3.3 Subsidiarity Knowledge and resources available in Europe need to be put together for the building of a leading edge HPC ecosystem across all value chain segments. National resources alone are insufficient. EU coordination of investments and resulting services is necessary in order to have HPC computing and data infrastructures as well as a full HPC ecosystem in Europe on a par with the USA, China or Japan. The importance of HPC for science, and the public and private sectors has grown in recent ***years*** together with the exponential rise in the investments required to stay globally competitive. This has led to a common understanding that the 'Europeanisation' of this domain via a shared infrastructure and common use of existing capabilities would benefit everyone. This also applies to Member States with difficulties in creating self-sufficient 28 OJ L 194, 19.7.2016, p. 1–30 29 JOIN(2017) 450 final 26 national HPC infrastructures whereas they can make valuable contributions to and benefit from federated and interconnected EU-level HPC capabilities. Cooperation exists already in some areas among Member States, industry and science actors. Examples include PRACE, the HPC cPPP, the Big Data PPP and GÉANT. EuroHPC builds on them as the key investors in the EuroHPC signatory countries are already represented there. There is however a need for a legal and financial framework closing the chain from R&D to the delivery and operation of the exascale HPC systems co-designed between users and suppliers. Such new framework would support the development of a pan-European HPC and data infrastructure built on European technologies, allowing the blending of different EU financing sources with national and private funding. It would stimulate joint investment to cover the ever increasing costs of building and maintaining world class HPC and data infrastructures and to optimise a number of important procurement factors, such as strategic planning for funding of top-level systems, user's coverage, diversity of systems architecture, etc. Ultimately, it would permit to build-up a critical mass in the HPC market to foster a true European HPC ecosystem that encourages and supports a competitive European HPC supply industry. As described in the introduction, political support from Member States on EuroHPC has already been explicitly given by the Council, by the signatories of the EuroHPC Declaration, and by the European Parliament. 3.4 EU added value The proposed initiative represents a natural candidate for European action with the EU and Member States implementing the EuroHPC strategy via the most appropriate legal instrument. It is only by acting at EU level that we will be able to pool together the necessary effort and create the critical mass needed to acquire leading next generation exascale systems which are in the order of hundreds of millions of Euros. Only by working at EU-level and combining investments, knowledge and skills Europe has a chance to keep-up to its competitors. At the same time, pooling the investments to jointly acquire exascale machines will create significantly higher return-on-investment (ROI) for each of the partial-owners of the machines, than the ROI of the full ownership of a lesser performing machine.30 Availability of top class HPC systems would enable European players to further develop a whole range of present and future scientific and industrial applications that would require exascale performance. It would permit funding the HPC related research and developing the necessary expertise, skills and capabilities for ***programming*** such systems efficiently and exploiting their full potential. And, most importantly, it will enable all European scientists, public administrations and industry to access this infrastructure and foster a wide range of cross-border collaboration and new products and services. Finally, by pooling the fragmented knowledge and the expertise existing all around, Europe can build the full supply chain for HPC systems: from technology components and systems to full machines. These are at the same time essential technologies in a variety of other mass markets (such as automotive, consumer electronics, servers, etc.). The transition to exascale computing, supported by joint EU/MS investments acting as lead market users, would provide 30 IDC special study 2016 'Investigation of the Ripple Effects of Developing and Utilizing Leadership Supercomputers in Japan: The Scientific and Financial Returns from the K Computer and Possibilities from the Post-K Computer' 27 an opportunity for the European supply industry to leverage on such investments and get access to new markets estimated to EUR 1 trillion. Overall, the creation of a globally competitive HPC environment in Europe, triggered by public intervention, creates goods and services that are of a truly public value for European science and industry: It will help the private and the public sectors to create leading-edge science, technologies and solutions benefiting all areas of the economy and society, contributing to the EU's objectives of economic growth, jobs and competitiveness. 4. OBJECTIVES: WHAT SHOULD BE ACHIEVED? 4.1 Overall objectives of the EuroHPC entity and instrument To address the problems identified in section 2, we propose to establish a new legal and financial instrument that would permit to implement the joint EuroHPC entity. Its overall mission would be to provide European scientists, industry and the public sector with the latest HPC and data infrastructure and support the development of its technologies and applications across a wide range of fields. The (EuroHPC) instrument would have to address the following three overall objectives: 1. Support a joint procurement framework for an integrated world-class exascale supercomputing and data infrastructure in Europe. Such infrastructure will be accessible on a non-economic basis to public and private users for publicly funded research purposes31; 2. Ensure a EU level coordination and adequate financial resources to support the development, procurement and operation of such a public infrastructure; 3. Support the research and development of an integrated European HPC ecosystem, covering all scientific and industrial value chain segments (hardware, software, applications, services, interconnections and skills). 4.2 Functionalities of the EuroHPC instrument To reach its objectives, the EuroHPC instrument has to meet several functional requirements: [Pooling together public and private resources] The legal instrument would have to support the joint procurement and operation of a European HPC infrastructure as well as R&I activities for the development of European HPC technology and excellence in applications. To reach the necessary investment levels to meet its objectives, the instrument has to make possible the pooling of public funds (from the EU and the MS/AC), as well as financial or in-kind contributions from the private sector. The Union's financial contribution would come from the budgets already allocated to H2020 and CEF WPs in 2019 and 2020. Those funds would have to be matched by a similar amount from the MS and AC, as well as by the private sector. [Procuring HPC machines] The legal instrument should enable the EuroHPC entity to launch calls for tender to acquire the pre-exascale machines and select the successful tenderers. As EuroHPC is a joint initiative it would act as trusted manager of the procurement process on behalf of all participating countries. To reduce the administrative burden the legal instrument should permit the application of European procurement rules. Ideally, the legal instrument should allow an exemption from VAT to reduce the overall cost of the systems to be procured. [Openness to new partners] The legal instrument would have to allow new MS/AC to join 31 HPC services to industry for private use may also be provide under commercial conditions. 28 the EuroHPC entity upon their request, subject to their financial commitment. EuroHPC could then start with a core group of participants that are ready at the launch of the instrument and gradually accept new members. [Enabling participation of the private sector] for defining and implementing the EuroHPC strategic R&I and application development agenda, stimulating large private investments in the field… while mitigating any eventual conflicts of interest in public procurement processes: While enabling private participation would be fundamental, the EuroHPC instrument would also have to make possible to include provisions for avoiding conflicts of interest, notably by making sure that there is no interference of the participating technology supply industry neither in the joint public procurement process of the pre-exascale machines nor on how the public funds are spent. [Implementing a R&I ***programme*** which can address the present ***programme*** coordination inefficiencies in implementing the HPC strategy], in particular the difficult coordination and synchronisation of the different H2020 and CEF HPC WPs. This could be addressed by delegating the implementation of the related budget to the EuroHPC (legal) entity. Its governing body could then align the content and the respective timings of the different calls with the HPC strategic agenda; ensure coherence between the topics of the different calls; and put in place the appropriate funding instruments to reach the objectives, in particular innovation procurement for accompanying the route from European HPC technology development to the procurement of European machines. Furthermore, by using the H2020 rules, the EuroHPC instrument should make it possible to introduce provisions to protect the economic and strategic interests of the Union, i.e protecting IPRs produced in the EU and first exploiting in Europe all EU-funded R&I results. [Safeguarding the Union's interest through EC participation] The EuroHPC instrument should foresee the possibility for the EU represented by the Commission to be part of its governance. That would ensure that the EC can play a significant role in the definition of the strategic orientation and priorities of the EuroHPC entity, and take part in the decisions on how its budget is allocated and spent. In essence, the legal instrument would have to permit a delegation of the EC funds to the legal entity, rather than a co-fund. [Lifetime] The EuroHPC instrument would have to exist until the termination of all its activities that would be launched in 2019 and 2020. Considering the typical duration of the H2020 grants and the typical lifetime of an HPC machine, the legal instrument would have to operate until approximately end 2026. To summarise, the EuroHPC instrument would have to address the following functionalities: Pool public and private funds Execute joint procurements while operating under EU-law (e.g VAT exemption, procurement rules, …) Implement a R&I ***programme*** which can address the present coordination inefficiencies in implementing the HPC strategy Remain open to incorporate new MS/AC willing to join Enable participation of the private sector Safeguard the Union's interest (the Union will be represented by the Commission) 29 4.3 Specific Objectives Considering the general objectives of the previous section within the broader context of the European HPC Strategy, the EuroHPC entity and its related instrument should achieve the following specific objectives, grouped in three pillars. The overall EuroHPC objectives can only be achieved if all the three pillars are implemented, as each of them is necessary to create the European HPC ecosystem. Pillar 1: Infrastructure development, acquisition and operations T1 Procurement and operation of world-class HPC and data infrastructures for European use, in particular aiming at procuring and operating two pre-exascale HPC machines (2020). T2 Interconnecting regional, national and European HPC resources (pre-exascale machines, data centres and associated software and applications) through an HPC and Big Data service infrastructure facility. T3 Providing access to HPC-based infrastructures and services to a wide range of users (scientific and industrial users including SMEs, and the public sector) for new and emerging data and compute-intensive applications and services. Pillar 2: Applications and skills development and a wide use of HPC T4 Achieving excellence in HPC applications through, for example, development and optimisation of codes and applications in a co-design approach, support to Centres of Excellence in HPC applications, and large-scale HPC-enabled pilot demonstrators and test-beds for big data applications and services in a wide range of scientific and industrial areas. T5 Increasing the innovation potential of industry, and in particular of SMEs, using advanced HPC infrastructures and services, for example via dedicated digital innovation hubs. T6 Outreach and training actions for attracting human resources to HPC and increasing skills and engineering know-how of the EuroHPC ecosystem. Pillar 3: Research & Innovation agenda for European technology & know-how development T7 Developing the next generation of key HPC technologies and systems towards exascale addressing the whole European technology spectrum from low-power microprocessors and related technologies to software, algorithms, ***programming*** models and tools, to novel architectures and their system integration through a co-design approach. 5. AVAILABLE POLICY OPTIONS 5.1 Option 0: Baseline from which the policy options are assessed The HPC strategy is implemented at EU level mainly via H2020 and CEF: 30 • The development of the European HPC technology is addressed in the H2020 FET and LEIT-ICT WPs, from the research of the underlying concepts up to their integration; including the co-design and prototyping of HPC machines. The EC is supported by the cPPP (ETP4HPC) which submits every ***year*** its strategic research agenda (SRA) to the EC. The SRA provides the long term planning of activities necessary each ***year*** to reach the objectives of building a world-class HPC technology supply chain in Europe, including an estimate of the required budgets. Based on this input the EC then drafts the relevant work-***programmes***. • The development of the HPC infrastructure is addressed in the H2020 Research Infrastructures and CEF WPs. The EC provides funding to facilitate access of European scientists to the Tier-0 machines operated by PRACE. This includes financial support to the additional services PRACE provides to the user communities, complementing the work of the HPC Centres of Excellence (CoE).14 While PRACE is an organisation independent from the EC, the CoEs are a creation of the EC and are almost exclusively funded from the H2020 budget. Due to the different nature of the HPC activities funded by the EC, their difference in scope, and annual budget limitations, the activities are implemented in four different WPs: FET, LEIT-ICT, Research Infrastructures and CEF, each with its own selection process and timing. The EC publishes open and competitive calls for proposals. Any beneficiary eligible for H2020 funding can apply, irrespective of whether it is member of the HPC cPPP. For the period 2018-2020, around EUR 110 million have been committed for HPC activities in CEF and another EUR 640 million in H2020. The R&D projects funded through the H2020 calls are generally reaching their objectives (as this is acknowledged by the project reviews carried out by independent experts) and contribute to establishing the European HPC ecosystem. However, as mentioned in section 2.2, today the EC has difficulties in implementing coherently and effectively the HPC research roadmap because its activities are funded through four different WPs of H2020 and CEF; and there is a lack of continuity in supporting research teams from R&D components to systems development and integration and ultimately to innovation. The current implementation has also weaknesses with respect to the protection of the IPRs. The H2020 calls are open to any legally established legal entity, based in a MS or third country. As non-European entities can participate in H2020 grants, either directly, or through their European subsidiaries, R&I results are often ***transferred*** and exploited out of the EU. The H2020 Grant Agreement includes optional provisions to protect the European interests such as Article 30.3 which requires beneficiaries to notify the EC before they ***transfer*** the results and gives the EC the right to object. This option is validated by default for the running and upcoming H2020 HPC projects. Any further measure to protect the European IPR is unlikely to be implemented before the end of H2020, as this would require an amendment of the H2020 rules for participation. Could the shortcomings of the baseline scenario be effectively addressed by revising the existing instruments, i.e amend the mandate of the HPC cPPP, extend the mission of PRACE, or evolve the H2020 rules and procedures? PRACE provides the most powerful supercomputers in Europe but PRACE does not aim to coordinate national ***programmes*** or investments in the procurement of HPC systems. PRACE was created in 2010 and a new agreement entered into force in 2016/2017. With the new agreement, there is a small financial contribution to PRACE of the members not hosting a Tier-0 machine. Eventually a new agreement could be negotiated to include the Union, represented by the EC, as a member; a coordination of the procurement; and a revision of the 31 governance. However this is unlikely to happen because: (i) the hosting countries will continue to protect their national interests and not lose control over their Tier-0 supercomputers; and (ii) the PRACE machines are owned by the Tier-0 hosting countries and are designed and developed to primarily satisfy national research needs, in accordance with the relevant national strategies and ***programmes*** and do not necessarily cover wider European user needs. The mandate of the HPC cPPP is limited in time and is foreseen to be revised after 2020. The cPPP is playing a valuable role in defining and implementing the HPC strategic research agenda and leveraging private funding. One of its weaknesses is that its membership is open to non-EU actors. As a result the dominant, non-EU suppliers are today part of it, influencing the definition of the H2020 workprogrammes. This makes it more difficult for European market actors to develop European technology that finds its way into the subsequent procurement of machines. Finally, the use of different H2020 and CEF WPs for HPC and their challenging coordination can only be resolved by a revision of the H2020 Regulation, by integrating them into a single pillar. Such revision is not feasible any more. Even if it this was the case, it would resolve coordination of H2020 activities but not the coordination with CEF. Therefore, this option does not allow neither the pooling and efficient synchronisation of the EU investments (as they are split across multiple ***programmes*** and areas), nor the coordination of the EU activities funded by the EU budget with those of the MS. This kind of approach already proved to be insufficient in bringing about an EU-wide HPC ecosystem as this is also reflected in the 2017 EuroHPC Declaration by MS and further validated by the findings of the EuroHPC targeted consultation. Fragmentation of HPC ***programmes*** and efforts in Europe and the lack of coordination of activities was the main problem for the computing centres and the scientific users that responded to the public consultation. 5.2 Options considered for implementing EuroHPC but discarded at an early stage Option: EEIG The European Economic Interest Grouping (EEIG)32 is a cooperation form, similar to national consortia, but ruled mainly by European law. That means its core rules are common throughout the whole EU, and national rules are required only for a few issues (e.g nullity, dissolution, some profiles of a grouping's administration). An EEIG is a type of legal entity designed to make it easier for companies in different countries to do business together or to form consortia to take part in EU ***programmes***. A main usage of this supranational type of enterprise is to facilitate co-operation in European ***programmes*** especially for small and medium-sized enterprises (SMEs). The EEIG differs from other companies first and foremost in its purpose. It is supposed to help its members to develop or improve their own fields of activity. Thus, the EEIG can be used to develop certain common activities which would be too expensive for single members. Because of this auxiliary nature the activity of an EEIG has to be connected to the economic activity of its members. Not only SMEs, but basically every company or firm and all institutions governed by public or private law can be a member of an EEIG. 32 Legal basis for the EEIG is Regulation No. 2137/85. The implementation of some provisions was deferred to Member States; each state passed implementation laws which rule certain matters relating to groupings and set up the necessary rules for the registration of groupings. EEIGs thus are harmonised as they refer to one single law, the EC Regulation, which is equal for all Member States. 32 The EEIG is eligible to participate in procurement procedures. However, the EEIG can only participate as a beneficiary. It cannot coordinate the procurements of the EC and the MS, nor can it implement a joint procurement. The procurement would still have to be implemented by the MS and/or the EC. As the EEIG has full legal capacity, its participation in EU R&I projects as partner or coordinator is possible. The EEIG is eligible to receive community funds. However, this option does not effectively address the problem of fostering the supply of European technology. As in the baseline scenario, the EEIG would be in competition with non-European applicants for the H2020 calls. Also the problem of ensuring continuity of the actions between subsequent calls remains as well as the problem that the EC has with the synchronisation of HPC investments under different H2020 and CEF WPs. Option: Galileo-type ***programme*** In a Galileo-like ***programme*** the EU has the sole ownership of the ***programme*** and delegates its implementation to a separate legal entity. In discussions with the EuroHPC signatory countries, they have clearly expressed their preference for a legal instrument where they would have co-ownership of the activities, in particular for the procurement and operation of the EuroHPC machines. The legal basic act setting up the Galileo-like ***programme*** would have to be followed by a delegated act to a legal entity for its implementation. The overall process is expected to take around 3 ***years***. Such timing is incompatible with the EuroHPC plans as discussed above, making it impossible for the EuroHPC to reach the targets set for jointly procured pre-exascale systems by 2019-2020. It would also highly compromise all the longer term plans in developing and procuring exascale systems based on European technology by 2022/2023. Option: Intergovernmental organisations An intergovernmental organisation like the European Space Agency (ESA) is an agency established by a convention between its participating states, establishing a joint ***programme*** between Member States. The Member States signing EuroHPC have not proposed the creation of an intergovernmental organisation and the EC does not have the right in the Treaty to put forward such a legal form in a regulation. The EC can only participate in joint activities after negotiating a Cooperation Framework. As the EC would not be part of the governance the EC would have a limited influence on the definition of the calls for funding the joint activities, nor would the EC have a say on the acquisition and operation of the supercomputers. Finally, establishing such an organisation is unlikely to be operational by 2019, when the activities of the new legal entity have to start, as discussed above. In summary, this option would not lead to a legal entity that can jointly procure and operate HPC machines. The following table compares the baseline scenario and the discarded options against the functionalities which the new legal instrument should fulfil. As can be seen, none of them fulfils all the functionalities. 33 Baseline Scenario EEIG Galileo-type Intergovernmental Organisation Pool public and private funds 0 0 0 0 Execute joint procurements while operating under EU-law 0 0 OK 0 Implement a R&I ***programme*** OK maybe 0 OK Remain open to incorporate new MS/AC willing to join OK 0 0 OK Enable participation of the private sector OK OK OK 0 Safeguard the Union's interest through EC participation OK 0 OK 0 5.3 Option 1: ERIC The Community legal framework for a European Research Infrastructure Consortium (ERIC) is a specific legal form to facilitate the establishment and operation of research infrastructures33 with a clear European interest and the involvement of several European countries.34 The principal task of an ERIC is to establish and operate a research infrastructure on a non-economic basis. An ERIC can be used for establishing new research infrastructures or for operating existing research infrastructures which consider it useful to change their legal structure to become an ERIC. The ERIC can thus interconnect and federate regional, national and European HPC resources provided the research infrastructure meets the requirements set out in the ERIC regulation. The ERIC can provide the management of the coordination between the infrastructure and existing national computation resources and also, if agreed, regional computation resources. The ERIC framework has been developed primarily for new high-profile research infrastructures with a European dimension.35 Complementing national and inter-governmental schemes, the ERIC Regulation provides a common legal framework based on Article 187 TFEU. The ERIC has legal personality and full legal capacity recognised in all MS. Although an ERIC can be the beneficiary of H2020 grants, its current mandate does not allow it to get delegation to implement part of the H2020 ***programme***. Therefore the ERIC would 33 According to Article 2(a) 'Research infrastructure' means facilities, resources and related services that are used by the scientific community to conduct top‑level research in their respective fields and covers major scientific equipment or sets of instruments; knowledge‑based resources such as collections, archives or structures for scientific information; enabling Information and Communication Technology based infrastructures such as Grid, computing, software and communication, or any other entity of a unique nature essential to achieve excellence in research. 34 Council Regulation (EC) No 723/2009 of 25 June 2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC), OJ L 206, 8.8.2009, p.1 35 ERIC examples are the Integrated Carbon Observation System (ICOS ERIC), the European Multidisciplinary Seafloor and Water Column Observatory (EMSO ERIC), the Central European Research Infrastructure Consortium (CERIC ERIC). 34 not be able to define a strategic R&I agenda and implement it, but would depend on the H2020 WPs defined and implemented by the EC. ERIC's basic internal structure is flexible, leaving the members to define the statutes, membership rights and obligations, as well as the bodies of the ERIC and their competences, while complying with the essential requirements provided for in the ERIC Regulation. The members of an ERIC can be MS, ACs, third countries other than the AC and intergovernmental organisations. The EU represented by the Commission may participate in an ERIC. However, the EU participation as a full member in the ERIC and the way it would make available its financial contribution are currently not foreseen36 and would have to be defined in some way. While the ERIC Regulation leaves open the possibility of the EC (as an international organisation) to become a member of an ERIC and to contribute through its membership to the ERIC, this has not been the case in any of the 17 ERICs that have been established until now. In practice, the participation of the EC in an ERIC in whatever form would create a situation of conflict of interest whenever the ERIC would participate in calls from EU ***programmes***, as the EU would both be allocating budgets for the ERIC from EU ***programmes*** (notably H2020 and CEF) and would be co-responsible in a wise spending of such funds. The participation of industry is not foreseen in an ERIC. An ERIC as such is also closed to private funding, in turn restraining the participation and financial contribution by industry players to any future initiative. This is because the principal task of the ERIC is to establish and operate on a non-economic basis37. In principle, ERICs are not designed to pool resources from the EU and MS but mainly from the MS themselves. Likewise, it would make it difficult for an ERIC to implement a joint EU/MS procurement. An ERIC is recognised by the country hosting its seat as an international body or organisation for the purposes of the directives on VAT and excise duties.38 It also qualifies as international organisation for the purpose of the directive on public procurement.39 An ERIC may therefore, 36 Council Regulation (EC) No. 723/2009 of 25 June 2009 on the Community legal framework for a European Research Infrastructure Consortium (ERIC) – Recital (6): 'In contrast to Joint Technology Initiatives (JTI) constituted as Joint Undertakings of which the Community is a member and to which it makes financial contributions, a European Research Infrastructure Consortium (hereinafter referred to as ‘ERIC’) should not be conceived as a Community body within the meaning of Article 185 of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ( 1 ) (the Financial Regulation), but as a legal entity of which the Community is not necessarily a member and to which it does not make financial contributions within the meaning of Article 108(2)(f), of the Financial Regulation. 37 See Recital (8) of Council Regulation (EC) No. 723/2009: 'An ERIC set up under this Regulation should have as its principal task the establishment and operation of a research infrastructure on a non-economic basis and should devote most of its resources to this principal task. In order to promote innovation and knowledge and technology ***transfer***, the ERIC should be allowed to carry out some limited economic activities if they are closely related to its principal task and they do not jeopardise its achievement. The establishment of research infrastructures as ERICs does not exclude that research infrastructures of pan-European interest that have another legal form can equally be recognised as contributing to the progress of European research, including to the implementation of the roadmap developed by ESFRI. The Commission should ensure that ESFRI members and other interested parties are informed about these alternative legal forms. 38 Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to 39 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC 35 under certain limits and conditions, benefit from exemptions from VAT and excise duties on its purchases in all EU MS and it may adopt procurement procedures respecting the principles of transparency, non-discrimination and competition but not subject to the directive on public procurement as implemented in national law. The advantage of the ERIC is that it can be setup with a rather lightweight and fast process. This would give confidence that by 2019 the ERIC would be operational and could implement, at least partially, the objectives of the HPC strategy. However, this would not solve some of the present shortcomings of the baseline scenario, like the difficult synchronisation of calls. To include in the mandate of the ERIC the possibility to implement H2020 calls on behalf of the EC this would require a revision of the ERIC regulation, which in turn is a lengthy process. Based on the above arguments, the table below summarises how the ERIC responds to the functional requirements the EuroHPC instrument should fulfil: ERIC Pool public and private funds ERICs are designed to pool resources mainly from the MS Execute joint procurements while operating under EU-law The EU participation as a full member in an ERIC is not foreseen, but under certain conditions the EC may participate. Joint EC/MS procurement is difficult Implement a R&I ***programme*** Current mandate does not allow ERIC to get delegation to implement part of the H2020 ***programme*** Remain open to incorporate new MS/AC willing to join OK Enable participation of the private sector Industry cannot become member of an ERIC Safeguard the Union's interest through EC participation The EU participation as a full member in an ERIC is not foreseen, but under certain conditions the EU may participate 5.4 Option 2: Joint Undertaking A Joint Undertaking (JU) is a Union Body established under Art 187 TFEU40, which can be used for the indirect management of the EU budget.41 A JU is therefore an autonomous EU legal entity, with its own staff, budget, structure, rules and governance that can be tasked to implement actions under ***programmes*** such as H2020 and CEF. It can combine EU budget with other sources of funding (national, private, etc.), allowing the implementation of R&I and demonstration ***programmes*** in an integrated way. Public authorities at different levels from the MS (national, regional), the Union represented by the EC and other stakeholders like industry can become members of a JU. JUs have been used in FP7 and H2020 to establish the Joint Technology Initiatives (JTIs): Public-Private Partnerships (PPPs) that define and implement the Strategic Research Agendas (SRAs) of a limited number of areas where the scale and scope of the objectives is such that 40 A JU is established by a Council Regulation, taking into account the opinion of the European Parliament and the European Economic and Social Committee. 41 In accordance with Art 58.1(c)(iv) of the Financial Regulation (FR) 36 loose co-ordination through European Technology Platforms (ETPs) and support through the regular instruments of the Union's Research Framework ***Programme*** are not sufficient. According to their founding regulations JUs have their own governance structure but can also share some functions (e.g internal audit) with other already existing JUs for efficiency reasons. Each JU includes a Governing Board, an Executive Director as well as other bodies, including advisory bodies, depending on its specific operational and governance needs. JUs have a dedicated budget and staff and provide a framework for the public and, when appropriate, private players to work and take decisions together. They can organise calls for proposals and put in place implementation arrangements. They thus allow funds from different sources to be jointly managed and they are responsible for the related planning, monitoring and reporting activities. JUs can also carry out procurement procedures. Each JU has its own procurement and financial rules adopted by the Governing Board, based on the Union's model Financial Regulation. Established as a Union body, a JU can benefit from VAT and excise duties on its purchases in all EU MS and may adopt procurement procedures not subject to the Directive on public procurement as implemented in national law. JUs provide the legal, contractual and organisational framework to structure the joint commitments of public and private stakeholders and monitor the implementation against agreed Key Performance indicators (KPIs). In addition, they offer a firm governance structure and budgetary certainty to all stakeholders. JUs offer the possibility of joint activities between MS and the EU, allowing to keep e.g MS/AC participation flexible according to country-specific priorities. Nevertheless, there is co-responsibility in the strategies and modes of implementation chosen. A report of the Estonian presidency42 reflected the very positive view that industry partners and researchers express on this kind of PPPs. The report indicates that such partnerships are a good instrument for strengthening the industrial base of Europe by connecting the European ecosystem to global companies and by encouraging good quality industry-led research which enables the EU to remain competitive and a leader in innovation and technology. There are several good reasons to establish a JU in the area of HPC: (i) the added value of the combining EU and national funding; (ii) the coordination and rationalisation of procurement and R&I investments at European level; (iii) the possibility to safeguard the Union's interests as the EU can be member of the JU, by exerting its decisional powers in the JU Governing Board; (iv) the possibility to combine innovation procurement instruments (PCP and PPI) to fund the development of innovative European technology and procure afterwards this technology; (v) the possibility to protect the Union's economic interests (by activating the option provided for in Article 30.3 of the H2020 Model Grant Agreementrestricting the ***transfer*** of IPRs and Article 28 to first exploit the project results in the Union). The ECSEL JU43 is a good example for establishing and operating a JU in HPC. ECSEL has just been the object of an interim evaluation by an independent expert panel which concluded that the combination of EU, national and private investments under a single R&I scheme optimises the leverage of public funding and ensures a strong alignment of effort along a 42 'Increased coherence and openness of European Union research and innovation partnerships'. Final Report, Republic of Estonia Government Office, Technopolis group, June 2017,   [*http://www.technopolis-group.com/report/increased-coherence-openness-european-union-research-innovation-partnerships/*](http://www.technopolis-group.com/report/increased-coherence-openness-european-union-research-innovation-partnerships/) 43 ECSEL (   [*http://www.ecsel-ju.eu/*](http://www.ecsel-ju.eu/)) attracts the industry and research community in the semiconductor and embedded systems domains, OJ L 169, 7.6.2014, p. 152–178. 37 unified European strategy. Over the ***years*** 2014-2016, the EU has invested in ECSEL EUR 460 million out of a total of EUR 1.2 billion until 2020. This has leveraged roughly the same amount of national funding and a double amount of funding from industry (corresponding to an EU funding leverage factor of 4.26). ECSEL JU is clearly recognised as successful in attracting the best European players in the semiconductor and electronic components and systems domains and has so far been instrumental in structuring the sector in Europe around a common SRA. A similar effect is expected with the EuroHPC JU. It is to be noted that the EC (DG CNECT) has an extensive experience acquired in the establishment and operation of the ECSEL JU, which can be used in setting up and running the EuroHPC JU. Based on the arguments presented above the table below summarises how the JU responds to the functional requirements of the EuroHPC legal and financial instrument: Joint Undertaking Pool public and private funds Can combine EU budget with other sources of public and private funding Execute joint procurements while operating under EU-law Can carry out joint procurement - is recognised by the country hosting its seat as an international body or organisation for the purposes of the directives on VAT and excise duties Implement a R&I ***programme*** JU is a Union Body established under article 187 TFEU and can be tasked to implement actions under ***programmes*** such as H2020 and CEF Remain open to incorporate new MS/AC willing to join OK Enable participation of the private sector Industry can participate in the JU Safeguard the Union's interest through EC participation The EU represented by the Commission can be member of the JU and exert its decisional powers in the JU Governing Board 38 6. WHAT ARE THE IMPACTS OF THE POLICY OPTIONS? This section analyses the economic, environmental and social impact of the options in line with the Better Regulation Guidelines together with the coherence with other policy and the views of stakeholders. 6.1 Option 0: Baseline scenario Effectiveness Pillar 1: Infrastructure development, acquisition and operations H2020 has a dedicated instrument for innovation procurement that sets the EU financial support at maximum 35% of the cost of a procurement action. The experience that the EC has developed when using this instrument for procuring HPC machines in H2020 is that the procurement process should be attractive for the Tier-0 supercomputing centres of the PRACE hosting countries, since these centres are always mandated by the MS to do the national HPC procurements. The following procurement principles were thus agreed and put in place: General specifications of the HPC machines were collectively defined by the supercomputing centres. Customised 'local specifications' were then added by each supercomputing centre to address the specific national user needs of the hosting country. Then these became the basis for each centre to procure its machine. The procured machines are then co-designed with national scientific communities to optimize performance. Overall, such procurement process, while attractive for the supercomputing centres, is not suitable for the European agenda. It is optimized to serve national scientific needs and it results in procuring machines that may not be the most performing ones required at EU level. A different design would not attract supercomputing centres to participate in the procurement process. Once in operation, access to procured PRACE Tier-0 machines is essentially reserved to those MS hosting the machines (~60 to 90% of machine time). The other MSs pay a contribution to the operating costs of the machines to get access, but their scientists have to participate in a peer-review process based on excellence. As already explained in previous sections, there is a high demand and only a small number of applications are satisfied. Furthermore, this peer-review process is not adapted to industrial users because their applications are not necessarily driven by scientific excellence. In conclusion, the baseline scenario is not effective for implementing Pillar 1. Pillars 2 and 3: Research and Innovation and Applications and skills development The H2020 WP 2018-2020 supports well actions for HPC application and skills development through: (i) the HPC CoEs14; (ii) large-scale HPC-enabled industrial pilot test-beds for big data applications and services; and (iii) the Fortissimo-2 project44, providing access of user SMEs to HPC resources. In addition, the CEF WPs support application development for the public sector. The baseline scenario is effective in developing applications and skills and supporting user SMEs (Pillar 2). The H2020 WP 2018-2020 also supports technology and knowhow development through a different set of activities, ranging from fundamental research to the development of prototype systems. The funded R&D projects are generally reaching their objectives and contribute to establishing the European HPC ecosystem. However, as already explained in previous sections, the present way in implementing Pillar 3 is not effective as the funding of its activities is fragmented in two different ***programmes*** (CEF and H2020) and in three different 44   [*https://www.fortissimo-project.eu/*](https://www.fortissimo-project.eu/). Fortissimo Marketplace offers to SMEs a self-service of HPC resources, software applications, expertise and tools, delivered by Europe’s major HPC technology providers. 39 WPs of H2020 (FET, LEIT-ICT and Research Infrastructures). Even if the individual projects are successful and deliver functional components and prototypes, these are rarely integrated later on in the machines that are procured. As a result, the Union's R&D investment does not result in the development of European HPC machines that could be further supported through a lead market perspective. The baseline scenario is thus not effective to implement the EuroHPC strategy and to develop the world-class supercomputers based on European technology. Efficiency / Impact on economy, competitiveness, competition and SMEs The baseline scenario fails to foster a European supply industry of HPC technology and the take-up of the R&D results into commercial products is too limited compared to the R&D investments the Union is making. Moreover, due to the open nature of the H2020 calls non-European industry can directly benefit from the H2020 activities, increasing their competitiveness, which helps them to keep or expand their market share in Europe. The baseline scenario can foster the innovation potential of user SMEs (see above). However, it fails to provide the computing facilities European industry users need. As supported by the stakeholders' survey findings, industry users either have to turn towards machines of lower computing performance than their non-EU competitors, resulting in longer development processes or products of lower quality, or they take their product developments outside the EU to access the computing power they need to stay competitive. In conclusion, the baseline scenario has a limited impact on the economy and on competitiveness, competition and the technology supply SMEs. Social and Environmental Impact The availability of world-class computing capabilities and a high accessibility would accelerate the research on topics of environmental relevance like weather forecast, climate change, ***agriculture***, urban planning, renewable energy production, natural hazard prevention, traffic management, etc. The baseline scenario can have only a limited social and environmental impact since it cannot provide the performance levels and accessibility required to make advances in these fields in pace with the non-EU competitors. Stakeholder support More than 80% of the respondents to the consultation indicated that the current implementation model is insufficient to address the challenges Europe currently faces in HPC and advocate for a new instrument. on the basis of two main arguments: • The level of EU-wide coordination and cooperation of HPC initiatives is currently insufficient in a qualitative and quantitative sense, resulting in a strong fragmentation of individual efforts across Member States, across different stakeholders (e.g industry/science) as well as across current EU-wide initiatives. • Continuing in the current mode of fragmented and insufficient efforts, the EU is relegated against its global competitors (USA, China) in a field as strategic as supercomputing. 6.2 Option 1: ERIC Effectiveness Pillar 1: Infrastructure development, acquisition and operations 40 ERIC was conceived as an instrument for the MS to jointly establish and operate pan-European research infrastructures on a non-economic basis. Potentially, an ERIC can become a very effective instrument for procuring and operating world-class HPC and data infrastructures for European use. The statutes of the ERIC would also guarantee that all MS will have open access to the ERIC procured machines under conditions announced from the beginning.45 The ERIC would provide free access for researchers and the public sector to the ERIC machines. Access to industry for private purposes would have to be done on a pay-per-use basis at market prices, since ERICs are established to work on a non-economical basis.46 Overall, the effectiveness of an ERIC for procuring and operating HPC machines would depend on how MS would put it in place. As there are already many ERICs operating since several ***years***, the established experience would help MS to set up the HPC ERIC in an effective way.47 In conclusion, ERIC can be an effective instrument for implementing Pillar 1. Pillars 2 & 3: Research and Innovation; and Applications and skills development ERIC was not conceived as an instrument for the MS to jointly plan and support R&D activities and for application development. Its current mandate does not give it the possibility of defining and developing a strategic R&I agenda; and, it does not allow it to get delegation to implement part of the H2020 ***programme***. The ERIC cannot implement itself calls for R&I proposals and would have to be combined either with the baseline scenario for financing such activities or with another legal and financial instrument supporting such activities. An alternative scenario for an ERIC could be to participate in the co-design of world-class HPC machines, if it sets up a consortium including the relevant industrial and academic partners. This is possible, provided its mission is defined in its statutes in very broad terms, so that it can be a beneficiary of H2020 grants. However, this would require altering in a rather fundamental way the ERIC's mandate; it would also require for the ERIC to assemble the right consortium (academia and industry partners) in an open and transparent way to participate in an open H2020 R&I call on co-designing HPC systems; and, finally, to make sure it is selected in the call. This last would mean that MS are involved both in defining the respective call priorities and budgets and in bidding for getting the funds. In conclusion, ERIC is not an effective standalone instrument to achieve excellence in applications, or for technology and innovation development that would be integrated in world class HPC machines. Efficiency / Impact on economy, competitiveness, competition and SMEs The ERIC would have an effect on the coordination of the national HPC strategies. It would lead to the joint procurement and management of a world-class HPC infrastructure. It would 45 According to Article 4 of the ERIC regulation, the research infrastructure must meet the requirement of an '… (c) effective access, in accordance with the rules established in its statutes, is granted to the European research community, composed of researchers from Member States and from associated countries …' 46 Up to 20% of an ERIC activity can be run on market conditions. If the demand is higher, it would require the establishment of a spin-off entity to manage such activities. 47 As an ERIC is an international organisation (within the meaning of the procurement directive), it can choose to adopt its own procurement policy respecting the principles of transparency, non-discrimination and competition. It is expected that the MS would be represented in the ERIC by their national supercomputing centre. Relying on these centres for the HPC machine procurement would add value, as they are the most experienced organisations in handling procurement of supercomputers. This might though compromise the possibility of cooperation of these centres in the procurement process as the centre will be both a member of the ERIC and participate at the same time in the co-design process of the HPC machines to procure. 41 achieve a better allocation of resources at European level, avoiding duplication of efforts, and optimisation of spending focusing on the relevant areas. The ERIC could set clear targets for the development of the world class HPC machines, creating a lead market. This would incentivise to some degree the research centres and HPC technology suppliers to develop and integrate, at least part of, the European HPC technology. The ERIC would thus permit to support to some extent the European suppliers to develop technology and sell it giving them opportunities to become more competitive. This would in particular benefit the SMEs, as the majority of European HPC suppliers are SMEs. However, as the ERIC cannot implement a R&I agenda and guarantee the integration of European technology developments into future HPC machines, its impact on economy and on European industry competitiveness is expected to be rather limited. Social and Environmental Impact The availability of world class computing performance and a high accessibility that the ERIC would achieve would permit accelerating the research on topics of social and environmental relevance like health, environment (weather forecast, climate change), ***agriculture***, renewable energy production, safety (e.g , natural hazard prevention), smart cities and traffic management, etc. The ERIC would thus have a clear societal and environmental impact. Stakeholder support The respondents to the consultation (see Annex 2) ranked the current state of interaction between industry and academia on the exploitation of high-end computing systems, application codes and services as a key problem area, in particular the respondents from the technology supply industry. The choice of an ERIC would not permit to improve drastically this situation. 6.3 Option 2: Joint Undertaking (JU) Effectiveness Pillar 1: Infrastructure development, acquisition and operations A JU can define its own procurement and financial rules and carry out its procurement procedures following rules to be agreed by its governing board that need to be based on the Union's model Financial Regulation. By being responsible for the HPC machine procurement process (with the help of experienced national experts), the JU will open the possibility for future hosting supercomputing centres to cooperate in this process and in particular to participate in the co-design activities of the JU machines. This is a very effective way to benefit from the supercomputing centres in designing and procuring a leading HPC and data infrastructure in Europe. Within the competences established by the statutes of the JU, the JU governing board would define the access conditions for the users of the JU machines. The JU governing board would have to define and manage the access of public and private users to the machines under similar conditions as the ones mentioned above for ERICs. In conclusion, the JU is an effective instrument for jointly procuring world-class HPC and data infrastructures for European use. Pillars 2&3: Research and Innovation; and applications and skills development A JU can be used for the indirect management of the EU budget. It is an autonomous EU legal 42 entity that can be tasked to implement actions under ***programmes*** such as H2020 or CEF. It can combine EU budget with other sources of funding (national, private, etc.), allowing the implementation of research, technological development, pilot application and demonstration ***programmes*** in an integrated way. The JU would be tasked to implement all those HPC activities foreseen in the CEF and H2020 WP 2018-2020 through the launch of competitive open calls. Firstly, it would ensure a seamless continuation of the present calls, serving different scientific and industrial user and technology supply communities. Secondly, it would implement calls for R&I proposals according to the H2020 rules that would be open to any eligible beneficiary. The JU would provide transparency and openness in its operations. The JU would include in its governance structure a scientific advisory board bringing together scientific and industrial users and technology suppliers, supercomputing centres, CoE representatives and other researchers to define the long term strategic research agenda (SRA) of the JU and give advise on the draft ***yearly*** Work Plans to implement this SRA. The latter would be decided and adopted by the governing board of the JU. This will ensure coordination with national ***programmes*** and will permit to plan and synchronise the different calls and activities towards the achievement of the overall goal of the JU, i.e the development of a European HPC ecosystem. Each subsequent call would build on the results of previous calls ensuring continuity. In particular calls for innovation procurement would be planned that make the participation to the procurement conditional to the successful conclusion of prior European R&D projects and/or specify a preference for the integration of R&D results previously developed by the European R&D ***programmes***. The JU can thus become a very effective instrument to achieve excellence in applications, and for technology and innovation development that would be integrated in world class HPC machines based on European technology. Efficiency / Impact on economy, competitiveness, competition and SMEs As in the case of ERIC, a JU would have a clear positive effect on the coordination of national HPC strategies, enabling the joint procurement of leading HPC infrastructure and avoiding duplication of efforts and waste of resources. Its possibility to pull together funds from different public and private sources, including the structural funds, to be jointly managed combined with its possibility to implement a stakeholder-defined strategic R&I agenda would permit: (i) to increase the JU's overall ***programme*** efficiency; (ii) to achieve a better allocation of resources at European level; (iii) to optimise the spending on the relevant European priority areas; and (iv) industry players to contribute to defining the JU's strategic R&I agenda and annual calls, in line with their own strategic developments in the field. Furthermore, by procuring innovation, the JU can set clear targets for the development of HPC machines integrating European-based technology, creating a lead market. This would permit to further incentivise the European HPC suppliers to work with research centres and invest into HPC technology development and into integrated machines which could be acquired by the JU. Through its activities, the JU could thus achieve a significant leverage effect on private investment and related economic activity. It could lead to a larger market share of European suppliers, and impact directly the competitiveness of European industry. These are confirmed by the findings of the recent study on partnerships of the Estonian presidency38 and those of the interim evaluation of the ECSEL JU confirm such potential economic impact of the JUs: 43 every one Euro invested by the public sector leverages two Euros from the private sector. In conclusion, the JU can have a clear positive impact on economy, competitiveness, competition and SMEs, much higher than that of the baseline scenario or ERICs. Social and Environmental Impact Similar to an ERIC, the JU would also enable the availability of world class computing performance and a high accessibility and would permit accelerating the research on topics of social and environmental relevance. Furthermore, as the JU would have a direct positive impact on the competitiveness of European industry, this in turn is expected to be translated on a positive effect on jobs. Stakeholder support There is a large majority of respondents to the targeted consultation arguing in favour of setting up a new instrument for the implementation of a truly European, integrated, HPC strategy (see Annex 2). Indeed, the respondents to the consultation ranked the current state of interaction between industry and academia on the exploitation of high-end computing systems, application codes and services as a key problem area. A JU would certainly set the basis for improving the present situation in the future. The possibility that the JU offers to industry to directly participate in the definition of the JU's strategic R&I agenda and annual calls is also considered to be of key importance for the European supply industry for increasing its technological edge versus competing global companies. A clear industry support can thus be concluded for the JU instrument. The recent study on R&I partnerships of the Estonian presidency seems to confirm this.48 In addition, from the non-polemic responses to the publication of the EuroHPC Inception Impact Assessment (see Annex 2) a clear support can be concluded not only for a new initiative but also explicitly for a JU as the best instrument. 7. HOW DO THE OPTIONS COMPARE? This section presents a comparison of the options in the light of the impacts identified. The options are assessed against the core criteria of effectiveness, efficiency and coherence, as well as taking into account the support expressed by the different stakeholders. Effectiveness of the instrument Both the ERIC and the JU would have a positive impact compared to the baseline scenario. However, while the JU would have a positive impact on the 3 pillars, the ERIC is not an effective instrument to implement a research ***programme*** with the aim to develop the technology that would be integrated in leading European HPC machines. The ERIC is an effective instrument only for the development, acquisition and operation of the HPC infrastructure. Impact on economy, competitiveness, competition and SMEs Both instruments, ERIC and JU, would have a positive economic impact as compared to the baseline scenario. However, the impact of the ERIC is expected to be much lower than that of 48 'Industry partners and researchers express very positive views on JTIs. A common research agenda is implemented and there is a large emphasis on partnerships and collaboration to ensure that EU remains competitive and a leader in innovation and technology', Section 3.2 of the Estonian Presidency study.42 44 the JU. This is mainly due to the fact that the ERIC cannot be tasked to implement a R&I ***programme***. Its economic impact would thus be more indirect, originating in essence from the increased availability and accessibility of world-leading HPC infrastructure. Furthermore, the JU can pull together funds not only from public sources (like ERICs do) but also from private ones. The JU also gives the possibility to industry players to steer the JU's R&I agenda which can lead to a significant leverage effect on private investment and related economic activity and impact directly the competitiveness of European industry. Social and environmental Impact Both instruments, ERIC and JU, have a clear positive almost identical societal and environmental impact. Stakeholder opinion According to the outcome of the public consultation (see Annex 2) there is a clear demand for a more effective instrument to implement the European HPC strategy. However, as the respondents to the consultation ranked the current state of interaction between industry and academia on the exploitation of high-end computing systems, application codes and services as key problem area, the choice of a JU would certainly set the basis for improving this situation in the future. Based upon the impact analysis performed in Section 6, the following table compares the merits of a new EU-wide collaborative effort on HPC (i.e options 1 or 2) against the baseline scenario (0): Impacts Option 0: Baseline Scenario Option 1: ERIC Option 2: JU Effectiveness x (Pillar 1: Infrastructure) x (Pillars 2&3: Applications and R&I agenda) √ (Pillar 1: Infrastructure) x (Pillars 2&3: Applications and R&I agenda) √ (Pillar 1: Infrastructure) √ (Pillars 2&3: Applications and R&I agenda) Impact on economy, competitiveness, competition and SMEs √ √√ √√√√ Social and Environmental Impact √ √√ √√ Safeguarding Union interests through EC participation √ 0 √ TOTAL √ √√√√ √√√√√√√√√ Table 1: Comparing the Impact of the different options. The symbols 'x' and '√' indicate respectively positive (√) and negative (x) impacts, the number of the symbols is the net result of the summing-up of the respective individual ratings of the policy option and indicates the magnitude of the change. The above comparison demonstrates that an EU-wide collaborative effort on HPC (i.e Options 1 or 2) offers indeed significant added value for the European economy, society and environment vis-à-vis the baseline scenario option. 45 8. SELECTION OF PREFERRED OPTION AND HOW WILL THE EUROHPC JU WORK The above analysis has shown that a Joint Undertaking (JU) represents the best instrument capable to implement the goals of EuroHPC while offering the highest economic, societal, and environmental impact while best safeguarding the Union’s interests. The business-as-usual option does not address the 4 key problems of the current European HPC strategy implementation model as identified in Section 2.2 Therefore, the business-as-usual option is considered as inappropriate to build up the EuroHPC strategy. In summary, the main arguments in favour of a JU as the preferred policy option to implement the EuroHPC entity are: • It fulfils all functional requirements of the legal entity to implement the objectives. • It provides a visible legal, contractual and organisational common framework to structure the joint commitments of the public and private stakeholders. • It provides of a firm governance structure and budgetary certainty to all stakeholders. • It can implement a joint procurement and operate world-class HPC systems via promotion of technology, particularly European one. • It can launch R&I ***programmes*** for developing technologies and their subsequent integration in European exascale supercomputing systems and contribute to developing a competitive European technology supply industry. • It has a positive impact on all 3 pillars, for developing a thriving European HPC and Big Data ecosystem. In addition, the following arguments speak in favour of the chosen option: The EC already has experience on setting-up and managing JUs. In particular the experience gained from implementing the ECSEL JU will be helpful. First, it is a tripartite agreement, bringing together the EC, the MS and the private sector, as would be the case for EuroHPC. The governance and the administrative processes are well understood, the strengths and weaknesses well known. The EuroHPC would build on the ECSEL structure taking over its strength and mitigating its weaknesses. In particular, EuroHPC would benefit from the revision of the ECSEL regulation that is going on, addressing the shortcomings that have been identified in the day-to-day operations of ECSEL. How will the EuroHPC JU operate? The members of the JU will be the Union (represented by the EC), the MS and AC, and the HPC and Big Data stakeholders, including academia and industry. Only the public partners of the JU will be responsible for its Pillar 1 activities (Infrastructure development, acquisition and operations) in order to avoid any conflicts of interest of the private partners in the procurement process of the JU machines. The governance of the Joint Undertaking will be structured in the following way: • The Governing Board will be composed of representatives of the public partners of the JU. It will be responsible for strategic policy making and for the funding decisions related to the activities of all the three JU pillars. Voting rights and procedures will be, in principle, proportional to the financial contributions of its members. • The Industrial and Scientific Advisory Board will be composed of representatives of the HPC and Big Data stakeholders. It will have an advisory role and will include two advisory groups: 46 (i) The Research and Innovation Advisory Group will include representatives of academia and industry users and technology suppliers. It will be responsible for elaborating a medium- to long-term research and innovation agenda on technology and applications, covering the research, innovation, applications and skills development activities of the JU (Pillars 2&3). (ii) The Infrastructure Advisory Group will include experienced academia and user industry experts selected by the Governing Board. They will provide independent advice to the Governing Board on the procurement and operation of the machines owned by the JU (Pillars 1&4). The JU machines will be interconnected with the existing Tier-0 PRACE and other existing national machines (via the GEANT network) and be made available to the public and private users. The Governing Board will have the responsibility of defining and assuring the overall monitoring of the access and use rules of the JU machines. The EuroHPC JU will procure and own those HPC machines funded mainly by the Union, so that these machines are jointly owned by the JU members contributing to their procurement. For simplicity, the JU would not operate the procured machines itself but delegate their operation to a hosting entity (ideally to be selected by the JU following a competitive Call for Expression of Interest). The selection of the hosting entity would have to be done according to well defined criteria. The JU would remain the owner of the procured machines until they are depreciated (typically after 4 to 5 ***years*** of operation). Then ownership would be ***transferred*** to the hosting entity for machine decommissioning and disposal or any other use. The budget of the JU will be of the order of approximately EUR 1 billion (composed of an EU contribution of around EUR 486 million matched by a similar amount from the MS/AC). It is also expected that the private stakeholders will significantly contribute to the JU activities related to Pillars 2 and 3. The JU budget would ensure the operations and ***payments*** of all the activities that the JU would have launched at the latest by the end of 2020 until their termination around 2025/2026. It could then be wound up. 9. HOW WOULD ACTUAL IMPACTS BE MONITORED AND EVALUATED? Monitoring will start with the establishment of the new legal instrument. An explicit clause to monitor on an annual basis the key performance indicators (KPIs) will be included in the legal instrument. The first assessment will take place with the publication of the call for tender for the pre-exascale machines. An explicit evaluation and review clause, by which the EC will conduct an independent evaluation, will be included in the legal instrument. The EC will subsequently report to the European Parliament and the Council on its evaluation accompanied where appropriate by a proposal for its review, in order to measure the impact of the instrument and its added value. The Commission Better Regulation methodology on evaluation will be applied. These evaluations will be conducted with the help of targeted, expert discussions, studies and wide stakeholder consultations. The Executive Director of the legal entity should present to the Governing Board an ex-post evaluation of EuroHPC's activities every two ***years***. The legal entity should also prepare a follow-up action plan regarding the conclusions of retrospective evaluations and report on progress bi-annually to the Commission. The Governing Board should be responsible to monitor the adequate follow-up of such conclusions. Alleged instances of maladministration in the activities of the legal body may be subject to inquiries by the European Ombudsman in accordance with the provisions of Article 228 of the Treaty. 47 The list of KPIs that could be used to monitor progress towards meeting the objectives, impact and success of the JU is as follows: • At least two pre-exascale machines jointly procured. • Computing hours made available for European researchers increase with respect to the hours currently available through PRACE. • Oversubscription of the machines made available at European level decrease well below the current levels. • The number of user communities served and number of researchers getting access to the European pre-exascale machines increases when compared to the number of those having to look for computing resources outside Europe. • Competitiveness of European suppliers starts increasing, measured in terms of global market share of European HPC systems, components and tools, and in terms of share of European R&D results taken up by industry. • Contribution to next generation HPC technologies, measured in terms of patents, scientific publications and commercial products. • Number of European applications adapted to pre- and exascale systems. • Number of scientists, students, users (industrial and public administrations) trained.

**Load-Date:** January 26, 2018

**End of Document**



[***Saudi Salic Plans To Complete Merger Of Mriya And CFG By 2020***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TSY-GJ71-DXMP-K08Y-00000-00&context=1516831)

Ukrainian News Agency

November 22, 2018 6:30 AM EST

Copyright 2018 Ukrainian News Agency, distributed by Contify.com All Rights Reserved

**Length:** 550 words

**Body**

The Saudi ***Agricultural*** & Livestock Investment Co (Salic, Saudi Arabia) plans to complete the merger of the recently acquired Mriya ***agricultural*** holding (Ternopil region) and the Salic subsidiary Continental Farmers Group (CFG) by the end of 2019.

The managing director of Salic Khaled Al-Aboodi said this to journalists, Ukrainian News Agency reports.

"The ***program*** is scheduled for 2019. That is, the merger process will be completed next ***year***, but then it will be necessary to work on ensuring synergy," he said.

At the same time, Al-Aboodi noted that it is too early to say whether these businesses will be merged into one company with one name.

He also said that at the moment Salic is focused on investing in cereals and processing of animal products, which will amount to 20-25% of the company's total investments in Ukraine.

As Ukrainian News Agency reported, earlier Salic UK (United Kingdom), which is a subsidiary of The Saudi ***Agricultural*** & Livestock Investment Co (Salic, Saudi Arabia), and Mriya ***agricultural*** holding completed the sale and purchase transaction for most of the holding's ***agricultural*** assets.

Salic intends to redeem Eurobonds in the amount of USD 208.097 million ahead of schedule.

Since 2012, Salic has been working in the field of investment in ***agriculture***, animal husbandry and supply; the company's shareholder is the Saudi Arabian State Investment Fund.

On August 21, the Mriya ***agricultural*** holding successfully completed debt restructuring for USD 1.1 billion.

In compliance with the terms of the restructuring all assets of Mriya have been ***transferred*** to the new holding company Mriya Farming PLC (the United Kingdom) by means of sale.

In November 2018, Switzerland has extradited to Ukraine former co-owner of the Mriya ***agricultural*** holding Mykola Huta suspected of a fraud of UAH 800 million, but later the Shevchenkivskyi District Court of Kyiv has freed Huta on his own recognizance.

In January 2015, the Ministry of Interior Affairs has put Huta on the wanted list, and later Interpol has issued a wanted notice for him.

Huta is accused of fraudulently misappropriating of more than USD 100 million of European investment funds.

In December 2014, the East Caribbean Supreme Court (British Virgin Islands) issued a ruling to commence the procedure of liquidation of HF Assets Management Limited, the holder of a controlling stake in Mriya Agro Holding PLC (Cyprus), Mriya's corporate shell.

Representatives of the ***agricultural*** holding met with representatives of the committee of its bondholders and representatives of its creditors on December 16, 2014 to address the issue of restructuring the ***agricultural*** holding's debt.

Earlier, the ***agricultural*** holding's creditors appealed to the Ukrainian authorities to investigate Mriya's operations, claiming that the ***agricultural*** holding was refusing to fulfill its debt obligations and unwilling to enter into dialogue with creditors on possible debt restructuring.

In August 2014, Mriya deferred USD 129 million debt ***payment***.

Later, the total debt including guarantees was estimated at USD 1.3 billion.

Mriya grows wheat, corn, sunflower, barley, canola, buckwheat, potatoes, soybeans, and other crops.

The ***agricultural*** holding's enterprises cultivate land in Ternopil, Khmelnytskyi, Ivano-Frankivsk, Rivne, Lviv, and Chernivtsi regions.

**Load-Date:** November 22, 2018

**End of Document**



[***Washington: PUBLIC BILLS AND RESOLUTIONS (House of Representatives - March 15, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RWK-NB51-JDG9-Y555-00000-00&context=1516831)

Impact News Service

March 16, 2018 Friday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 2118 words

**Body**

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

 Under clause 2 of rule XII, public bills and resolutions of the following titles were introduced and severally referred, as follows: By Mr. SOTO (for himself, Mr. Vela, Mrs. Torres, Mr. Payne, Ms. Rosen, Ms. Sanchez, Ms. Barragan, Mr. Aguilar, Mr. Vargas, Mr. Correa, Mr. Grijalva, Mr. Sablan, Mr. Lawson of Florida, Mrs. Napolitano, Mr. Cardenas, Mr. Carbajal, Ms. Judy Chu of California, Mr. Costa, Ms. Norton, and Ms. Clarke of New York): H.R 5292. A bill to establish a task force to review new decennial census questions and their impact on response rates for minorities, the accuracy of the census, redistricting, costs and funding distribution, and for other purposes; to the Committee on Oversight and Government Reform. By Mr. TED LIEU of California (for himself and Mr. Goodlatte): H.R 5293. A bill to make technical amendments to update statutory references to certain provisions that were formerly classified to title 50, Appendix, United States Code; to the Committee on the Judiciary. By Mr. BARLETTA (for himself, Ms. Titus, and Mr. Rogers of Kentucky): H.R 5294. A bill to amend title 40, United States Code, to address the impact of drug abuse on economic development in Appalachia, and for other purposes; to the Committee on Transportation and Infrastructure. By Mr. NADLER (for himself and Mr. Goodlatte): H.R 5295. A bill to make technical amendments to update statutory references to provisions classified to chapters 44, 45, 46, and 47 of title 50, United States Code; to the Committee on the Judiciary.

By Mr. NADLER (for himself and Mr. Goodlatte): H.R 5296. A bill to make technical amendments to update statutory references to certain provisions classified to title 2, United States Code; to the Committee on the Judiciary. By Mr. NADLER (for himself and Mr. Goodlatte): H.R 5297. A bill to make technical amendments to update statutory references to certain provisions classified to title 52, United States Code; to the Committee on the Judiciary. By Mr. ROE of Tennessee (for himself and Mr. Suozzi): H.R 5298. A bill to amend the Controlled Substances Act to deem drugs or other substances that act as opioid mu receptor agonists to be in schedule I, subject to exceptions for substances intended for legitimate medical or research use, and for other purposes; to the Committee on Energy and Commerce, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Mr. HARPER: H.R 5299. A bill to direct the Secretary of ***Agriculture*** to ***transfer*** to Scenic Rivers Development Alliance certain National Forest System land in the State of Mississippi; to the Committee on ***Agriculture***. By Mr. PALMER: H.R 5300. A bill to provide agencies with discretion in securing information technology and information systems; to the Committee on Oversight and Government Reform. By Mr. DeFAZIO (for himself, Mr. Jones, Mr. Turner, Mr. Wittman, Ms. Shea-Porter, Mr. Johnson of Georgia, Mr. Cole, Mr. Peterson, Mr. Pearce, Ms. Lofgren, Ms. Jackson Lee, Ms. Velazquez, Ms. Gabbard, Ms. Rosen, Ms. Pingree, Ms. Esty of Connecticut, Mr. Tipton, Mr. Courtney, Mr. Kennedy, Mr. Kilmer, Ms. Wilson of Florida, Mr. Capuano, and Mrs. Roby): H.R 5301. A bill to amend title 38, United States Code, to prohibit the Secretary of Veterans Affairs from requiring a surviving spouse of a veteran to return certain ***payments*** for a month in which the veteran dies; to the Committee on Veterans' Affairs. By Mr. DeFAZIO (for himself, Mr. Brady of Pennsylvania, Mr. Cohen, Mr. McNerney, Ms. Norton, Mr. Grijalva, Mr. Tonko, Mr. Gene Green of Texas, and Mr. Nadler): H.R 5302. A bill to amend title II of the Social Security Act to provide that an individual's entitlement to any benefit thereunder shall continue through the month of his or her death (without affecting any other person's entitlement to benefits for that month) and that such individual's benefit shall be payable for such month only to the extent proportionate to the number of days in such month preceding the date of such individual's death; to the Committee on Ways and Means. By Mr. BISHOP of Utah (for himself, Mrs. Love, Mr. Stewart, and Mr. Curtis): H.R 5303. A bill to amend title 13, United States Code, to provide for the more accurate and complete enumeration of certain overseas Americans in the decennial census, and for other purposes; to the Committee on Oversight and Government Reform. By Mr. RASKIN (for himself, Mr. Cohen, Ms. Jayapal, Ms. McCollum, Mrs. Lawrence, and Mr. Brendan F. Boyle of Pennsylvania): H.R 5304. A bill to prohibit Federal agencies from using Government funds to pay for the lodging of agency employees at establishments that are owned by or employ certain public officials or their relatives; to the Committee on Oversight and Government Reform. By Mr. HARPER (for himself, Mr. Brady of Pennsylvania, Mr. Rodney Davis of Illinois, Mrs. Comstock, Mr. Walker, Mr. Loudermilk, Ms. Lofgren, and Mr. Raskin): H.R 5305. A bill to amend title 44, United States Code, to ensure the availability of no-fee public access to government information, to reform the Federal Depository Library ***Program***, to authorize the activities of the Superintendent of Documents, and for other purposes; to the Committee on House Administration, and in addition to the Committee on Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Mr. GUTHRIE (for himself and Mrs. Dingell): H.R 5306. A bill to reauthorize the Money Follows the Person Demonstration ***Program***; to the Committee on Energy and Commerce. By Mr. KNIGHT: H.R 5307. A bill to require that certain Federal education funds be used for the improvement of security at elementary and secondary schools; to the Committee on Education and the Workforce. By Ms. LEE (for herself and Mr. Poliquin): H.R 5308. A bill to amend title 31, United States Code, to require the Secretary of the Treasury to mint and issue quarter dollars in commemoration of the Nineteenth Amendment, and for other purposes; to the Committee on Financial Services. By Ms. ADAMS (for herself, Mr. David Scott of Georgia, Mr. Luetkemeyer, and Mr. Kelly of Mississippi): H.R 5309. A bill to amend the Second Morrill Act to authorize the transmission to Congress of annual reports prepared by colleges endowed under such Act; to the Committee on ***Agriculture***. By Mr. BABIN (for himself, Mr. Huizenga, Mr. Norman, Mr. Higgins of Louisiana, Mr. Weber of Texas, Mr. Duncan of South Carolina, Mr. Yoder, Mr. Sessions, Mr. Webster of Florida, Mr. Perry, Mr. Sanford, and Mr. Chabot): H.R 5310. A bill to waive certain procurement provisions for a project that receives funds from certain Federal agencies; to the Committee on Transportation and Infrastructure, and in addition to the Committees on Science, Space, and Technology, ***Agriculture***, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Mrs. BLACKBURN (for herself, Mr. Ryan of Ohio, Ms. Kuster of New Hampshire, and Mr. MacArthur): H.R 5311. A bill to reauthorize and expand the Comprehensive Addiction and Recovery Act of 2016; to the Committee on Energy and Commerce, and in addition to the Committees on the Judiciary, and Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Ms. BONAMICI (for herself and Mr. Kilmer): H.R 5312. A bill to amend the Higher Education Act of 1965 to reauthorize the Federal work-study ***program***, and for other purposes; to the Committee on Education and the Workforce. By Mr. BROOKS of Alabama (for himself, Mr. Meadows, Mr. Labrador, Mr. Sanford, and Mr. Harris): H.R 5313. A bill to provide for automatic continuing appropriations, and for other purposes; to the Committee on Appropriations, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Mr. CARTWRIGHT (for himself, Mr. Connolly, Mr. Neal, Mr. Peters, Ms. Eshoo, Mr. Deutch, Mr. DeFazio, Mr. Kilmer, Ms. Eddie Bernice Johnson of Texas, Mr. Jones, Mrs. Napolitano, Mr. Kildee, Mr. Rush, Mr. Ryan of Ohio, Mr. Grijalva, Ms. Kelly of Illinois, Ms. Wilson of Florida, Mr. O'Rourke, Mr. Heck, and Ms. Michelle Lujan Grisham of New Mexico): H.R 5314. A bill to amend title 38, United States Code, to provide for unlimited eligibility for health care for mental illnesses for veterans of combat service during certain periods of hostilities and war; to the Committee on Veterans' Affairs. By Mr. DONOVAN (for himself and Mr. Cohen): H.R 5315. A bill to direct the Administrator of the Federal Aviation Administration to promulgate regulations to prohibit the storage of live animals in overhead compartments of airplanes; to the Committee on Transportation and Infrastructure. By Mr. FASO: H.R 5316. A bill to authorize appropriations for the seniors farmers' market nutrition ***program*** for fiscal ***years*** 2019 through 2023; to the Committee on ***Agriculture***. [[Page H1652]] By Ms. HERRERA BEUTLER (for herself, Mr. Kilmer, Mr. Young of Alaska, Mr. Heck, and Mr. Cole): H.R 5317. A bill to repeal section 2141 of the Revised Statutes to remove the prohibition on certain alcohol manufacturing on Indian lands; to the Committee on Natural Resources. By Mr. HUFFMAN: H.R 5318. A bill to establish State infrastructure banks for education; to the Committee on Education and the Workforce. By Mr. MAST (for himself, Mr. Hastings, and Mr. Deutch): H.R 5319. A bill to ***transfer*** Coast Guard property in the Town of Jupiter Island, Florida, for inclusion in Hobe Sound National Wildlife Refuge; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Natural Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Mr. MEADOWS (for himself and Mrs. Bustos): H.R 5320. A bill to amend title 10, United States Code, to prohibit the Secretary of a military department from entering into a lease of real property for the use of the department unless the Secretary first certifies that facilities of real property owned by the United States may not be reconfigured to support the purpose of the proposed lease in an appropriate and cost-effective manner, to require the Secretary of the Defense to provide more accurate information on the costs incurred in leasing real property for the use of the Department of Defense, and for other purposes; to the Committee on Armed Services. By Mr. MOULTON (for himself, Mr. Meadows, and Mr. Loebsack): H.R 5321. A bill to improve communication from Federal agencies to individuals by requiring clear instructions, and for other purposes; to the Committee on Oversight and Government Reform. By Ms. NORTON: H.R 5322. A bill to amend the Public Health Service Act to provide for a national ***program*** to conduct and support activities toward the goal of significantly reducing the number of cases of overweight and obesity among individuals in the United States; to the Committee on Energy and Commerce. By Mr. BARLETTA (for himself and Ms. Titus): H. Con. Res. 115. Concurrent resolution authorizing the use of the Capitol Grounds for the National Peace Officers Memorial Service and the National Honor Guard and Pipe Band Exhibition; to the Committee on Transportation and Infrastructure. By Mr. CONAWAY: H. Res. 785. A resolution expressing support for continued cooperation between Israel and the United States to ensure adequate capabilities to counter Iran's destabilizing activities and support shared interests, including stability and safety in the Middle East, and for other purposes; to the Committee on Foreign Affairs. By Mr. LANGEVIN (for himself, Mr. Cole, Mr. Wilson of South Carolina, Mr. Meeks, Mr. Sires, and Mr. Holding): H. Res. 786. A resolution condemning the chemical weapons attack on Sergei Skripal, a former Russian intelligence officer, and his daughter on March 4, 2018, and extending its sympathies to those affected by the attack, and for other purposes; to the Committee on Foreign Affairs.

**Load-Date:** April 13, 2018

**End of Document**



[***Israel: Staff Concluding Statement of the 2018 Article IV Mission***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RWJ-R201-F0YC-N3JP-00000-00&context=1516831)

Impact News Service

March 14, 2018 Wednesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 3424 words

**Body**

Washington, D.C: International Monetary Fund has issued the following news release:

A Concluding Statement describes the preliminary findings of IMF staff at the end of an official staff visit (or ‘mission’), in most cases to a member country. Missions are undertaken as part of regular (usually annual) consultations under Article IV of the IMF's Articles of Agreement, in the context of a request to use IMF resources (borrow from the IMF), as part of discussions of staff monitored ***programs***, or as part of other staff monitoring of economic developments.

The authorities have consented to the publication of this statement. The views expressed in this statement are those of the IMF staff and do not necessarily represent the views of the IMF’s Executive Board. Based on the preliminary findings of this mission, staff will prepare a report that, subject to management approval, will be presented to the IMF Executive Board for discussion and decision.

Israel’s economy is thriving, enjoying solid growth and unemployment declining to historic lows. Near‑term prospects are for further robust growth in the next few ***years*** and inflation is expected to rise although the pace of that increase is uncertain. But relative poverty is the highest among OECD countries, partly owing to wide gaps between the employment and productivity of the Israeli‑Arab and Haredi subgroups relative to non-Haredi Jews. Unless these gaps are narrowed, the substantial shifts in population composition that will unfold in coming decades could undermine growth and stability.

Israel should seize this opportunity to implement further reforms, especially in education and training, product markets, and the business environment, to sustain strong and inclusive growth. The effectiveness of such reforms in raising productivity, narrowing gaps, and reducing living costs, would be bolstered by addressing Israel’s infrastructure needs in parallel. Demand management is the immediate priority but a rise in high‑quality public investment would pay dividends in time. Proposed increases in the earned income tax credit will aid low‑income working families while protecting labor participation, and further redistributive steps that support labor participation and productivity should be considered.

Macroeconomic and financial policies should maintain stability, which will also help realize the full benefits of reforms and public investment. Monetary policy must stay accomodative for now to support the return of inflation to the target band, while being ready to tighten if needed. The fiscal deficit should be reduced moderately in coming ***years*** to keep debt on a declining trend in normal times. A stronger framework for managing public investment is needed to ensure that new infrastructure investment is high‑quality and timely, while adequate fiscal buffers must be preserved. Welcome measures to strengthen financial sector competition also heighten the potential for new risks to emerge, making it urgent to approve the Financial Stability Committee.

Economic developments and outlook

Israel’s macroeconomic performance is strong yet inflation remains low. The economy grew 3.4 percent in 2017 on the back of robust domestic demand and higher global growth, despite some drag from an unwinding of one-off factors that boosted GDP in 2016. Unemployment has declined steadily in recent ***years***, falling below 4 percent in early 2018, supporting broad-based wage growth averaging 3.3 percent in 2017. Core CPI inflation remains below the 1–3 percent target range of the Bank of Israel (BoI), at 0.5 percent in January, reflecting the combined effects of the appreciation of the shekel, low inflation in key import sources, increased competition, and government measures to reduce the cost of living.

The economic outlook is favorable in the near term but challenges will increase over time . Growth is expected to remain strong at about 3.5 percent in the next few ***years*** benefitting from the completion of major projects. With trend productivity gains relatively modest at ¾ percent annually, growth is projected to average about 3 percent in subsequent ***years***. But Israel faces two major challenges to sustaining solid growth in the longer run. Subgroups with lower average labor market skills and labor force participation, especially Haredim and to a lesser extent Israeli-Arabs, will rise as a share of the working age population from one‑quarter in 2015, to one‑third by 2025, and two‑fifths by 2045. Moreover, Israel faces sizable infrastructure needs, most evident in traffic congestion already the worst in the OECD, that will increasingly drag on productivity as the population and per capita incomes rise.

Monetary policy

Domestic and international conditions are supportive of an increase in inflation, yet significant uncertainty remains around the timing of such an increase. A continuation of solid nominal wage growth together with some firming of international inflation rates will likely translate into higher CPI inflation over time. Yet, prolonged low inflation in recent ***years*** cautions that significant uncertainty remains around the timing of an eventual inflation increase. For example, competitive pressures could lower inflation for some time as Israel’s price levels remain relatively high by international standards.

Monetary policy should remain accommodative pending a durable rise in inflation and inflation expectations . The BoI maintained an appropriately accommodative stance in 2017 given low inflation and the spillovers from easy monetary policies in major advanced economies. The BoI’s guidance that policy will remain accommodative as long as necessary to entrench the inflation environment within the target range has also helped anchor long‑term inflation expectations. Yet, with expectations for the next few ***years*** below or close to the lower target bound, tightening should wait until inflation is clearly heading back to target, with the pace of eventual rate hikes being data driven. Given comfortable foreign reserve levels and the economy at full employment, exchange rate flexibility should continue to be the first line of defense in the event of external shocks, with foreign exchange intervention limited to addressing disorderly market conditions, which may arise from significant exchange rate deviations from fundamentals.

Financial sector and housing policies

Reinforcing the financial stability framework is critical to complement the progress being made on enhancing competition. Israel’s banking system is healthy yet highly concentrated. Measures being implemented by the authorities are expected to strengthen competitive pressures, including “one click” bank account mobility, facilitating price comparisons for financial services, establishing a credit register, lowering minimum capital requirements for insurance companies, divesting two credit card companies, and reducing bank entry costs through access to IT services. Already, the sources of credit are shifting, making it urgent to approve legislation to establish the Financial Stability Committee to avoid gaps in financial system oversight. Entry by new banks would be welcome with appropriate deposit insurance and resolution arrangements to contain fiscal costs from potential failure. The Banking Supervision Department should continue to operationalize a risk-focused supervisory approach to lower compliance costs while maintaining high standards. The adoption of Solvency II by the Capital Markets, Insurance and Savings Authority is welcome. It is essential for financial regulators to harmonize regulations in areas of overlapping activity to avert regulatory arbitrage. Regulators are also taking welcome steps to enable innovation while enhancing technological risk management, where close coordination may facilitate Fintech development and utilization. Safeguarding the operational independence of financial regulators remains critical to their effectiveness.

Slowing housing construction despite still high housing prices calls for continued reforms to make supply more responsive to needs and to improve housing affordability. Housing price increases have slowed to just 2 percent y/y alongside a decline in turnover that may reflect proposed tax measures on investors and the market digesting the impact of the Buyer’s Price ***program***. But dwelling investment declined during 2017 and falling housing starts indicate a further decline in 2018, raising concerns that the recent stability may not last. Continued reform efforts are therefore needed, including:

    Land supply, competition, and regulation. Increased auctions of land are important to avoid land availability constraints and to help make housing supply more responsive to variations in demand. Construction costs and time to build should be reduced by streamlining building regulations and expanding foreign construction company access.

    Municipal incentives. To encourage timely municipal approval of residential development, residential property taxes should be raised coupled with predictable central government support for the up-front costs of additional infrastructure and public services.

    Expand commutable areas and increase urban density. A well-developed public transportation system can expand commutable areas and relieve demand in major centers, hence plans to establish metropolitan authorities are welcome. Urban renewal should be increased as urban density in Tel Aviv is relatively low, making the proposed fast-track approvals for mixed‑use developments especially useful.

Fiscal policy and infrastructure

Israel’s underlying fiscal deficit widened in 2017, with one-off revenues helping keep debt on a declining path. Revenues were boosted by taxes on the sale of major Israeli companies and by a temporary cut in dividend tax rates in 2017, at the cost of lower dividend tax revenues in coming ***years***. These one-off revenues limited the central government deficit to 2 percent of GDP, helping general government debt decline to 61 percent of GDP. However, the underlying deficit was 2.9 percent of GDP, and, although this matches the 2017 budget target, the structural fiscal deficit increased modestly despite strong growth.

The budgets for 2018-19 include valuable measures but leave the deficit too high. The deficit target for 2018 remains at 2.9 percent of GDP, with fiscal reserves allocated to expanding disability benefits and subsidies for after-school childcare. But a reform of eligibility requirements and testing for new entrants to disability benefits is urgently needed to protect labor participation and contain fiscal costs. The proposed 2019 budget also includes support for technical training in schools together with an expansion of the EITC that assists low income families with two working parents. However, the deficit target is raised to 2.9 percent of GDP. Adhering to the former target of 2.5 percent would entail little drag on growth at a time of full employment, and would reduce the general government deficit to around 3 percent of GDP, sufficient to gradually reduce debt in normal times. Ensuring the Buyer’s Price ***program*** is temporary would also support Israel’s fiscal health as the subsidies given through heavily discounted land sales are reducing receipts from the Land Authority.

It is welcome that the government is assessing how to best address Israel’s infrastructure needs. Cross-country benchmarks suggest an infrastructure gap on the order of 20 percent of GDP, with traffic congestion the most prominent issue. A government committee is developing an integrated long-term national infrastructure strategy until 2030, while also preparing a list of additional projects for implementation in the next five ***years***.

An immediate priority is to ensure that the existing infrastructure is efficiently utilized through demand management tools. Given the lengthy processes to complete new infrastructure such as mass transit, there is a need for frontloaded action to manage demand. Some demand-side tools (e.g , ride sharing, car‑pooling, high occupancy vehicle lanes), could have near-term benefits at low cost. The “Going Green” initiative is a welcome pilot that should be ramped up. Charging for road use at peak hours is an approach used successfully in cities around the world, although it would need to be coupled with flexible working arrangements to be most effective in practice. If bottlenecks remain after these steps, the areas that should be the focus of additional public investment are more clearly identified.

The framework for managing infrastructure investment needs to be strengthened to ensure investments are high-quality and timely, including by:

    Establishing a body with clear accountability and sufficient powers for upgrading Israel’s infrastructure, supported by staff with the necessary technical expertise.

    Making project evaluation and selection more rigorous and transparent, including by ensuring consistency with the long-term infrastructure strategy.

    Streamlining the zoning and permitting processes and addressing other bureaucratic impediments to timely project implementation.

    Improving coordination between ministries and between the central and local governments. Broadening the coverage of the medium‑term fiscal framework to the general government could contribute to improved coordination and planning as local governments implement around three-quarters of public investment.

    Phasing any scaling up of public investment judiciously to avoid waste.

    Using public-private partnerships (PPP) only where private sector know-how improves efficiency, and designing and monitoring PPPs carefully to protect the public interest.

    Maintaining a high level of transparency around the level and composition of investment, including to help protect public investment against short-sighted cuts.

If public investment is increased, there is a need to preserve adequate fiscal buffers. As infrastructure enhances growth and revenue over a long horizon, there is a case for financing a portion with debt or PPPs. But any increase in the public debt ratio should be modest and temporary, as Israel needs strong fiscal buffers to cope with potential shocks, and liabilities from PPPs should be managed carefully and reported in line with international best practices. The low level of Israel’s civilian spending, together with reform needs (see below) in education, training, and active labor market policies, indicate that revenues should be the main source of non-debt financing. Within revenues, the focus should be on sources with the least drag on potential growth, especially reducing tax benefits, which total 5 percent of GDP.

Structural reforms

Israel can sustain strong growth by narrowing gaps in skills and participation across population subgroups and genders. Compared with the hourly wages of non-Haredi Jewish men, those for non-Haredi Jewish women are about one-fifth lower, Haredi about one-third lower, and Israeli-Arabs about half. Employment rates of Haredi men and Arab women have risen but remain very low, at 47 and 35 percent respectively. It is notable that Haredi male participation has been flat in recent ***years***, indicating a need to avoid measures that defer entry to the labor market or undermine incentives to work. To illustrate the scale of potential gains, narrowing the gaps in employment and hourly wages by half—leaving the proportion of part-time workers unchanged—could raise output by almost 14 percent.

Reforms of education and vocational training are central to enhancing skills, which boost employability as well as productivity and wages. Israelis spend substantial time and resources on education, yet the average skill level of workers is low by OECD standards. The quality of education and training needs improvement:

    Education. Education spending has been raised in recent ***years***, primarily by increasing teacher’s salaries. The effectiveness of schools should also be increased, such as through higher standards for teachers, covering core subjects at all grades in Haredi schools, improving Hebrew teaching in Arab schools, and extending the short school day. School reforms are the first best option, but more innovative solutions, such as subsidizing voluntary participation in after‑school educational ***programs***, should be considered where progress is not feasible.

    Vocational training. It is welcome that vocational training reforms are being developed. These reforms should ensure that the courses offered meet business needs and the quality of courses should be evaluated. The modalities for delivering training should facilitate participation by Haredi and Israeli-Arabs. Career centers should guide the unemployed to suitable training where appropriate, which may include business-oriented Hebrew. Low wage workers should also receive support for training‑related costs to upgrade their skills.

Raising the employment rates of key population subgroups will require tailored measures. The authorities are updating targets for the employment rates of key subgroups through 2030, and are developing policies to help reach those targets. To raise labor participation and work hours of women, childcare support needs to be further expanded, especially for younger children. Moreover, increases in the retirement age for women should continue without introducing new incentives for early retirement. Career centers in 46 communities are achieving significant employment gains through low‑cost ***programs*** such as “Employment Circles” and resources for active labor market ***program*** should be expanded from only 0.2 percent of GDP. Enhancing public transportation such as bus services is important to ease access to workplaces. But, in some cases, e.g Arab women, enabling workplaces to locate near communities may also support greater participation.

Fundamental upgrades of the business environment are critical, especially reducing bureaucracy. The government has undertaken key product market reforms such as personal imports and the long‑delayed electricity sector reforms. Implementation of the product market reform agenda should continue, including replacing trade barriers on ***agricultural*** products with targeted subsidies. However, numerous regulations and their high compliance costs remain major impediments to competition and investment. The proposed reforms of fire safety regulation and business licensing are important steps forward. But there is a need for broader progress to achieve simple and timely administration of regulations, such as a “one-stop shop” that would assess all regulatory requirements within a reasonable period. All proposals for new regulations should be subject to robust regulatory impact assessments. The lengthy process of contract enforcement indicates a need to make court procedures more efficient, and the establishment of a specialized court for complex antitrust cases would support competitive markets.

Measures to contain poverty can also support participation and productivity if carefully designed . Priorities are threefold:

    Further expand the amount and coverage of the Earned Income Tax Credit (EITC). Even after planned increases, Israel’s EITC remains small with a fiscal cost of 0.16 percent of GDP annually, compared with 0.4–0.5 percent in the U.S or the U.K As wages are the main source of income for 60 percent of population below the poverty line, expanding the EITC can effectively reduce poverty. Experience in other countries indicates that expanding the EITC will increase take‑up by the eligible population, adding to the impact on poverty, which would be even larger if labor participation also rises.

    Implement the EITC more effectively. At present, the EITC can be claimed only at the end of each ***year***, and it is received with a delay. More frequent and timely ***payments*** would better incentivize work and streamlined administration could improve take-up.

    Make ***transfers*** more targeted to support EITC expansion. Israel’s current ***transfer*** system is not progressive, providing a similar shekel amount to all households, even those in the top income decile. Modifying the ***transfer*** system to make it better targeted to low income households can reduce poverty at less fiscal cost. Using the resources released to expand the EITC, as well as for ***transfers*** that are conditional on additional education and training, would ensure they reinforce incentives to work and upgrade skills. For those unable to work, the modest levels of welfare support should also be reviewed.

**Load-Date:** March 16, 2018

**End of Document**



[***Washington: ADDITIONAL COSPONSORS (Senate - May 14, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SBC-S331-JDG9-Y2DH-00000-00&context=1516831)

Impact News Service

May 15, 2018 Tuesday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 2048 words

**Body**

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

 At the request of Mr. Isakson, the name of the Senator from Arkansas (Mr. Boozman) was added as a cosponsor of S. 397, a bill to amend title XVIII of the Social Security Act to ensure fairness in Medicare hospital ***payments*** by establishing a floor for the area wage index applied with respect to certain hospitals. S. 428 At the request of Mr. Grassley, the name of the Senator from Massachusetts (Mr. Markey) was added as a cosponsor of S. 428, a bill to amend titles XIX and XXI of the Social Security Act to authorize States to provide coordinated care to children with complex medical conditions through enhanced pediatric health homes, and for other purposes. S. 445 At the request of Mr. Cardin, the name of the Senator from Washington (Ms. Cantwell) was added as a cosponsor of S. 445, a bill to amend title XVIII of the Social Security Act to ensure more timely access to home health services for Medicare beneficiaries under the Medicare ***program***. S. 448 At the request of Mr. Brown, the name of the Senator from Massachusetts (Ms. Warren) was added as a cosponsor of S. 448, a bill to amend title XVIII of the Social Security Act to provide for treatment of clinical psychologists as physicians for purposes of furnishing clinical psychologist services under the Medicare ***program***. S. 794 At the request of Mr. Isakson, the name of the Senator from Arkansas (Mr. Cotton) was added as a cosponsor of S. 794, a bill to amend title XVIII of the Social Security Act in order to improve the process whereby Medicare administrative contractors issue local coverage determinations under the Medicare ***program***, and for other purposes.

S. 910 At the request of Mr. Schumer, the name of the Senator from Washington (Mrs. Murray) was added as a cosponsor of S. 910, a bill to prohibit discrimination against individuals with disabilities who need long-term services and supports, and for other purposes. S. 936 At the request of Mr. Whitehouse, the name of the Senator from Maryland (Mr. Cardin) was added as a cosponsor of S. 936, a bill to designate certain National Forest System land and certain public land under the jurisdiction of the Secretary of the Interior in the States of Idaho, Montana, Oregon, Washington, and Wyoming as wilderness, wild and scenic rivers, wildland recovery areas, and biological connecting corridors, and for other purposes. S. 1086 At the request of Mr. Hatch, the name of the Senator from New Hampshire (Ms. Hassan) was added as a cosponsor of S. 1086, a bill to amend title 10, United States Code, to remove the prohibition on eligibility for TRICARE Reserve Select of members of the reserve components of the Armed Forces who are eligible to enroll in a health benefits plan under chapter 89 of title 5, United States Code. S. 1400 At the request of Mr. Heinrich, the name of the Senator from Nevada (Ms. Cortez Masto) was added as a cosponsor of S. 1400, a bill to amend title 18, United States Code, to enhance protections of Native American tangible cultural heritage, and for other purposes. S. 1439 At the request of Ms. Warren, the name of the Senator from Delaware (Mr. Carper) was added as a cosponsor of S. 1439, a bill to require the Secretary of Defense to include gambling disorder in health assessments for members of the Armed Forces and related research efforts of the Department of Defense. S. 1524 At the request of Mr. Booker, the name of the Senator from New Hampshire (Ms. Hassan) was added as a cosponsor of S. 1524, a bill to improve the treatment of Federal prisoners who are primary caretaker parents, and for other purposes. S. 1596 At the request of Mr. Peters, the name of the Senator from Montana (Mr. Tester) was added as a cosponsor of S. 1596, a bill to amend title 38, United States Code, to increase certain funeral benefits for veterans, and for other purposes. S. 1633 At the request of Mr. Wyden, the name of the Senator from Maine (Mr. King) was added as a cosponsor of S. 1633, a bill to promote innovative approaches to outdoor recreation on Federal land and to open up opportunities for collaboration with non-Federal partners, and for other purposes. S. 1688 At the request of Ms. Klobuchar, the name of the Senator from Nevada (Ms. Cortez Masto) was added as a cosponsor of S. 1688, a bill to amend title XVIII of the Social Security Act to allow the Secretary of Health and Human Services to negotiate fair prescription drug prices under part D of the Medicare ***program***. S. 2076 At the request of Ms. Cortez Masto, the name of the Senator from Minnesota (Ms. Klobuchar) was added as a cosponsor of S. 2076, a bill to amend the Public Health Service Act to authorize the expansion of activities related to Alzheimer's disease, cognitive decline, and brain health under the Alzheimer's Disease and Healthy Aging ***Program***, and for other purposes. At the request of Ms. Collins, the name of the Senator from Florida (Mr. Nelson) was added as a cosponsor of S. 2076, supra. S. 2244 At the request of Ms. Collins, the name of the Senator from Nevada (Ms. Cortez Masto) was added as a cosponsor of S. 2244, a bill to create opportunities for women in the aviation industry. S. 2305 At the request of Mr. Brown, the name of the Senator from Nevada (Ms. Cortez Masto) was added as a cosponsor of S. 2305, a bill to require a study and report on the housing and service needs of victims of trafficking and individuals at risk for trafficking. S. 2334 At the request of Mr. Hatch, the name of the Senator from Arkansas (Mr. Boozman) was added as a cosponsor of S. 2334, a bill to amend title 17, United States Code, to provide clarity with respect to, and to modernize, the licensing system for musical works under section 115 of that title, to ensure fairness in the establishment of certain rates and fees under sections 114 and 115 of that title, and for other purposes. S. 2343 At the request of Mr. Wicker, the names of the Senator from Maine (Mr. King) and the Senator from North Dakota (Ms. Heitkamp) were added as cosponsors of S. 2343, a bill to require the Federal Communications Commission to establish a task force for meeting the connectivity and technology needs of precision ***agriculture*** in the United States. S. 2415 At the request of Mr. Grassley, the name of the Senator from Massachusetts (Mr. Markey) was added as a cosponsor of S. 2415, a bill to amend title XIX of the Social Security Act to streamline enrollment of certain Medicaid providers and suppliers across State lines, and for other purposes. S. 2430 At the request of Mr. Coons, the names of the Senator from Connecticut (Mr. Murphy) and the Senator from Maryland (Mr. Cardin) were added as cosponsors of S. 2430, a bill to provide [[Page S2644]] a permanent appropriation of funds for the ***payment*** of death gratuities and related benefits for survivors of deceased members of the uniformed services in event of any period of lapsed appropriations. S. 2497 At the request of Mr. Rubio, the names of the Senator from Missouri (Mr. Blunt), the Senator from Maryland (Mr. Van Hollen), the Senator from Virginia (Mr. Warner), the Senator from Montana (Mr. Tester), the Senator from Georgia (Mr. Perdue) and the Senator from Arkansas (Mr. Boozman) were added as cosponsors of S. 2497, a bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to make improvements to certain defense and security assistance provisions and to authorize the appropriations of funds to Israel, and for other purposes. S. 2506 At the request of Mr. Inhofe, the name of the Senator from Minnesota (Ms. Klobuchar) was added as a cosponsor of S. 2506, a bill to establish an aviation maintenance workforce development pilot ***program***. S. 2568 At the request of Mr. Brown, the name of the Senator from Delaware (Mr. Coons) was added as a cosponsor of S. 2568, a bill to amend section 5000A of the Internal Revenue Code of 1986 to provide an additional religious exemption from the individual health coverage mandate, and for other purposes. S. 2577 At the request of Mr. Cornyn, the name of the Senator from New Hampshire (Ms. Hassan) was added as a cosponsor of S. 2577, a bill to reauthorize ***programs*** authorized under the Debbie Smith Act of 2004. S. 2597 At the request of Mr. Casey, the names of the Senator from Florida (Mr. Nelson), the Senator from Maine (Mr. King) and the Senator from Massachusetts (Mr. Markey) were added as cosponsors of S. 2597, a bill to amend the Public Health Service Act to reauthorize the ***program*** of ***payments*** to children's hospitals that operate graduate medical education ***programs***, and for other purposes. S. 2600 At the request of Mr. Paul, the name of the Senator from Nebraska (Mrs. Fischer) was added as a cosponsor of S. 2600, a bill to amend the Internal Revenue Code of 1986 to repeal the excise tax on indoor tanning services. S. 2637 At the request of Ms. Stabenow, the name of the Senator from Minnesota (Ms. Klobuchar) was added as a cosponsor of S. 2637, a bill to amend title XI of the Social Security Act to improve the quality, health outcomes, and value of maternity care under the Medicaid and CHIP ***programs*** by developing maternity care quality measures and supporting maternity care quality collaboratives. S. 2667 At the request of Mr. McConnell, the names of the Senator from Tennessee (Mr. Alexander), the Senator from Pennsylvania (Mr. Casey) and the Senator from Nevada (Ms. Cortez Masto) were added as cosponsors of S. 2667, a bill to amend the ***Agricultural*** Marketing Act of 1946 to provide for State and Tribal regulation of hemp production, and for other purposes. S. 2673 At the request of Mr. Cassidy, the name of the Senator from Missouri (Mrs. McCaskill) was added as a cosponsor of S. 2673, a bill to limit the printing of the Congressional Record and the Senate ***Calendars***, and for other purposes. S. 2718 At the request of Mr. Casey, the name of the Senator from North Dakota (Ms. Heitkamp) was added as a cosponsor of S. 2718, a bill to amend the Internal Revenue Code of 1986 to allow workers an above-the- line deduction for union dues and expenses and to allow a miscellaneous itemized deduction for workers for all unreimbursed expenses incurred in the trade or business of being an employee. S. 2744 At the request of Mr. Murphy, the name of the Senator from Massachusetts (Ms. Warren) was added as a cosponsor of S. 2744, a bill to establish a grant ***program*** to provide assistance to States to prevent and repair damage to structures due to pyrrhotite. S. 2801 At the request of Ms. Warren, the names of the Senator from Minnesota (Ms. Smith) and the Senator from Minnesota (Ms. Klobuchar) were added as cosponsors of S. 2801, a bill to amend title 10, United States Code, to clarify the effective date of the promotion of commissioned officers of the Army National Guard and Air National Guard, to improve processes for Federal recognition of the promotions of such officers, and for other purposes. S. 2823 At the request of Mr. Hatch, the names of the Senator from Mississippi (Mr. Wicker), the Senator from Ohio (Mr. Brown), the Senator from Colorado (Mr. Bennet) and the Senator from Connecticut (Mr. Blumenthal) were added as cosponsors of S. 2823, a bill to modernize copyright law, and for other purposes. S.J RES. 6 At the request of Mr. Menendez, the name of the Senator from Minnesota (Ms. Smith) was added as a cosponsor of S.J Res. 6, a joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women. S. RES. 407 At the request of Mr. Coons, the name of the Senator from Louisiana (Mr. Cassidy) was added as a cosponsor of S. Res. 407, a resolution recognizing the critical work of human rights defenders in promoting human rights, the rule of law, democracy, and good governance. S. RES. 502 At the request of Mr. Hatch, the names of the Senator from Alaska (Ms. Murkowski), the Senator from Connecticut (Mr. Blumenthal), the Senator from Massachusetts (Mr. Markey) and the Senator from Iowa (Mrs. Ernst) were added as cosponsors of S. Res. 502, a resolution supporting robust relations with the State of Israel bilaterally and in multilateral fora upon seventy ***years*** of statehood, and for other purposes.

**Load-Date:** May 16, 2018

**End of Document**



[***Devolution in action shows how place making in Cornwall is shaping the future***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RYY-3W91-F0YC-N01V-00000-00&context=1516831)

Impact News Service

July 21, 2018 Saturday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 1165 words

**Body**

London: Cornwall Council, UK Government has issued the following news release:

Cornwall is the first and only non-metropolitan area to strike a devolution deal with Government, signed in 2015. On the third anniversary of the deal, Mr Brokenshire saw first-hand how powers and funding devolved from Government to Cornwall are helping improve the lives of local people. He met Cornish residents who have benefited from support to grow their businesses and make their homes cheaper to heat under devolution.

Ultra-localism is a central plank of Mr Brokenshire’s vision for communities. He visited Cornwall to see how Cornwall Council is using the powers devolved from Government – and also devolving power from the Council to local people, under an approach called ‘double devolution’. The Secretary of State met local voluntary groups, town and parish councillors at Par Running Track and St Austell to hear from them how local people are benefiting from the Council’s approach to putting community facilities and services back under local control. The Secretary of State also learnt about the 40 new buses, all equipped with wi-fi and contactless ***payment***, which Cornwall Council has secured using its devolved bus franchising powers.

Cornwall and the Isles of Scilly has a bold and ambitious plan called New Frontiers, which seeks further devolution from Government to help our economy and society flourish beyond Brexit.

Mr Brokenshire met members of the Cornwall and Isles of Scilly Leadershp Board to discuss its New Frontiers plan to position Cornwall post-Brexit as a growing economy in global industries such renewable energy, creative and digital technologies, space technology and lithium mining, while safeguarding traditional industries such as ***agriculture*** and fishing. New Frontiers would create 28,000 jobs and increase Cornwall’s contribution to the national economy by £2 billion.

Secretary of State for Communities, Rt Hon James Brokenshire MP said:

“This Government announced a devolution deal for Cornwall three ***years*** ago – the first of its kind in England. It heralded the start of a new age of localism, giving people ownership of the places they live.

“I’m delighted to see this deal in action – from the state-of-the-art buses, to the Par Running Track. Through being locally controlled, these have become huge community assets and I congratulate everyone involved for making them such a success.

“Giving power and money back from Whitehall builds stronger communities and devolution will continue to play a large part of ensuring our country’s future success as we build a Britain fit for the future.”

Leader of Cornwall Council and Chair of the Leadership Board for Cornwall and the Isles of Scilly Adam Paynter said: “Cornwall is living proof that when power and control is devolved to communities, we can deliver better outcomes for people.

“Cornwall Council’s commitment to ‘double devolution’ means we are not just winning devolved powers from Government to Cornwall, but giving powers from the Council to local communities. We are putting hundreds of community assets and services back under local control, working with Cornwall’s fantastic voluntary groups, and town and parish councils.

“The powers Government devolved to Cornwall are enabling the Council and partners to make a real difference to people’s lives – levering in millions of pounds of extra investment to secure a new fleet of buses, make the homes of thousands of vulnerable households cheaper to heat, and support thousands of local businesses to start up and grow on.

“Our New Frontiers plan proposes even more ambitious plans for Cornwall. We believe that the more powers we have in Cornwall, the more we can, collectively, do for Cornwall – making it a better place to live, work and run a business.”

Chair of the Cornwall and Isles of Scilly LEP Mark Duddridge said:

“Cornwall’s devolution deal with Government is making a real difference to our region, supporting business growth and the development of our distinctive strengths in sectors such as renewable energy. Building on this strong track record, I hope Government will support our New Frontiers plan which includes piloting a Local Industrial Strategy to unleash the potential of our space and satellite, creative and digital, and other sector strengths to grow Cornwall and the national economy.”

During the visit Mr Brokenshire praised the achievements of the Par Running Track community group. In April 2018, Cornwall Council ***transferred*** the management of the running track, football pitches and changing facilities to Par Track Ltd – a Community Benefit Society including local residents and track users. Progress is also underway to further ***transfer*** the adjacent skate park for both sites to be run as a single entity.

He also commemorated the achievements of St Austell Town Council. Cornwall Council has worked closely with St Austell on a phased ‘total place’ devolution package for multiple town assets and services – driven by the belief that St Austell is their best long-term custodian and most able to shape services to meet local need.

Beginning in 2016 with the ***transfer*** of responsibility for allotments and public conveniences, the town has subsequently taken control of over 20 community sites and services – including 39 areas of public open spaces and play areas, and a major agency agreement that includes responsibility to undertake grounds maintenance and other works for sites such as open and closed churchyards and highways. The most recent phase has also seen ***transfer*** of the library, community buildings and two car parks.

During the visit the Secretary of State was briefed on Cornwall Councils’ focus on localism and double devolution, which is giving local communities more influence on say on how money is spent and used in their area, with over 300 initiatives in train from keeping libraries and parks open and running tracks like the one in Par in full use.

This included delivery of key projects under Cornwall’’s first devolution deal:

* Improvements to Cornwall’s public transport system such as using bus franchising powers devolved from Whitehall to lever £17 million of private investment into the Cornish bus network, delivering contactless ***payment***, smart ticketing, a new 41-strong bus fleet and new mainline railway stock.

1. How the Council secured £7.5 million private investment for the region’s Warm and Well ***programme***, making the homes of 1,300 vulnerable households in Cornwall cheaper to heat every ***year***.
2. Investment in new energy technologies such as deep geothermal energy that could provide - along with marine renewable energy - electricity for thousands of homes, which would see the region become a major energy producing area of the country.
3. The launch of a £40million Business Investment Fund with partners like the Cornwall and Isles of Scilly LEP, which will be used to accelerate the growth of local small and medium sized businesses in Cornwall, providing them with loan funding from £25k to £2m.

**Load-Date:** July 23, 2018

**End of Document**



[***Washington: STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS (Senate - April 12, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S40-JC21-F0YC-N406-00000-00&context=1516831)

Impact News Service

April 14, 2018 Saturday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 6891 words

**Body**

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

 By Mr. WYDEN (for himself, Mr. Brown, and Mr. Casey): S. 2653. A bill to create a poverty relief benefit under title II of the Social Security Act for eligible individuals; to the Committee on Finance. Mr. WYDEN. Mr. President, every day, Social Security provides vital benefits to millions of Americans who worked and paid into the system, and I cannot overstate the important anti-poverty role that the ***program*** plays. Supplemental Security Income or SSI is the safety net of last resort for individuals who have not worked enough to qualify for Social Security. Even with these critical income support ***programs***, more and more seniors and people with disabilities find themselves struggling to keep up with the costs of the things they need just to get by. Although Social Security and SSI automatically increase each ***year*** when there is an increase in the cost of living, over time those increases do not allow beneficiaries to maintain their standard of living.

Because Social Security provides an increasingly larger share of the elderly's income as they age, even a slight decrease in value of these lifeline benefits can lead to poverty and hardship. Too many seniors are walking on an economic tightrope, balancing their food bill against their rent against their utility bill. It's time to update Social Security's guarantee of a secure retirement, and this bill is a landmark step towards accomplishing that goal. I'm particularly hopeful about the benefits this bill will have for older American women, who live longer and often have less retirement savings. To help combat the risk of poverty among the most vulnerable receiving Social Security and SSI, I, along with Senators Brown and Casey, are introducing the Elder Poverty Relief Act. This bill creates a monthly Poverty Relief Benefit for almost everyone over age 82, individuals who have been relying on Social Security or SSI for a long time, or who have worked in low-paying jobs and receive a very small Social Security benefit. The Poverty Relief benefit will also go to seniors who receive only SSI. If enacted, in 2019, the Poverty Relief Benefit would provide an additional $85 a month to almost 14 million people. The Poverty Relief Benefit will grow by roughly 4 percent each ***year***. SSA estimates that the enactment of the Poverty Relief Benefit would reduce poverty among seniors who received the benefit by almost 25 percent in 2030 which would lift 420,000 seniors out of poverty. Notably, the enactment of the Poverty Relief Benefit would not accelerate the depletion ***year*** of the Social Security trust funds. The bill has been endorsed by the Gray Panthers, Justice in Aging, the National Committee to Preserve Social Security and Medicare, Social Security Works, and the Strengthen Social Security Coalition. For most seniors, Social Security is the only income they will receive that's guaranteed to last as long as they live. But despite these important benefits, poverty among seniors grows--with some studies showing the poverty rate among the very old is between 12 and 19 percent. We simply must do more to protect the financial stability of our elderly friends, neighbors, and relatives and enactment of the Poverty Relief Benefit would help reduce poverty among America's seniors. These are workers who sent a chunk of every paycheck to the Federal government with the understanding that they'd be getting it back in their later ***year*** when they needed it most. We must do right by them. Mr. President: I ask unanimous consent that a letter from the National Committee to Preserve Social Security and Medicare be inserted into the [[Page S2122]] Record following my remarks about the Elderly Poverty Act. National Committee to Preserve Social Security & Medicare , Washington, DC, March 16, 2018. Hon. Ron Wyden, Washington, DC. Dear Senator Wyden: On behalf of the millions of members and supporters of the National Committee to Preserve Social Security and Medicare, I write to endorse your bill, the ``Elder Poverty Relief Act.'' We applaud your leadership in developing new and innovative approaches for alleviating poverty among America's seniors. The ``Elder Poverty Relief Act'' addresses the long- standing problem of seniors falling into poverty after being on the Social Security rolls for many ***years***. This occurs when inflation, only partially offset by annual cost-of-living adjustments, gradually erodes the purchasing power of a Social Security benefit for beneficiaries who have participated in the ***program*** for several ***years***. The ``Elder Poverty Relief Act'' will help alleviate poverty among the elderly and the disabled by granting each beneficiary a monthly increase in their benefit equal to about $85. This bump-up will increase for future beneficiaries in tandem with growth in wages in the economy. Benefits under the ``Elder Poverty Relief Act'' will be paid to: Social Security beneficiaries beginning at age 82 (or older) and to Supplemental Security Income (SSI) recipients when they reach their full retirement age (currently 66, increasing gradually to age 67); Social Security and SSI beneficiaries who have received benefits for 20 ***years***; and to Social Security beneficiaries with low monthly benefits (currently about $944) when they reach their full retirement age. The ``Elder Poverty Relief Act'' embodies legislation that the National Committee to Preserve Social Security and Medicare has supported for a number of ***years***. In testimony given before the Senate Finance Committee at a hearing on December 9, 2014, Catherine Dodd, who is the chair of the National Committee's board of directors, recommended increasing benefits for seniors who have received Social Security for many ***years***. For these reasons, the National Committee endorses your bill, the ``Elder Poverty Relief Act.'' We thank you for your leadership on this matter and look forward to working with you to enact this important improvement to Social Security. Sincerely, Max Richtman, President and CEO. Mr. WYDEN. Mr. President, I ask unanimous consent that the text of the bill be printed in the Record. There being no objection, the text of the bill was ordered to be printed in the Record, as follows: S. 2653 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, SECTION 1. SHORT TITLE. This Act may be cited as the ``Elder Poverty Relief Act''. SEC. 2. POVERTY RELIEF BENEFIT. (a) In General.--Title II of the Social Security Act (42 U.S.C 201 et seq.) is amended by adding at the end the following new section: ``poverty relief benefit ``Sec. 235. (a) Subject to subsection (d), any eligible individual shall be entitled to a poverty relief benefit that shall be-- ``(1) in addition to any other amounts to which the individual is entitled under this title; ``(2) certified and paid monthly in such manner as the Commissioner of Social Security (referred to in this section as the `Commissioner') considers appropriate; and ``(3) equal to the monthly benefit amount determined under subsection (b). ``(b)(1) Subject to paragraph (4), the monthly benefit amount determined under this subsection for any ***calendar*** ***year*** shall be a dollar amount equal to 1/12th of 2 percent of the national average wage index for the ***year*** (as defined in section 209(k)(1)). ``(2) If the monthly benefit amount determined under paragraph (1) is not a whole dollar, such amount shall be rounded down to the next lower whole dollar. ``(3) The Commissioner shall determine the monthly benefit amount under this subsection for each ***calendar*** ***year*** not later than October 1 of the preceding ***calendar*** ***year***, based on the most recent data that is available. ``(4) If the monthly benefit amount determined for a ***calendar*** ***year*** under paragraph (1) is less than the monthly benefit amount determined for any previous ***calendar*** ***year***, the highest monthly benefit amount determined for a previous ***year*** shall be the monthly benefit amount for the ***calendar*** ***year*** involved. ``(5) For purposes of a monthly benefit amount payable to an eligible individual pursuant to this section, such amount shall be payable for each month during the 12-month period from the month of December of the applicable ***calendar*** ***year*** under such subsection through the month of November of the subsequent ***calendar*** ***year***. ``(c)(1) For purposes of this section, the term `eligible individual' means any of the following: ``(A) An individual who-- ``(i) is entitled to a monthly benefit under subsections (a) through (h) of section 202 or section 223(a); and ``(ii) attains 82 ***years*** of age or 240 benefit months (as defined in paragraph (3)) on the basis of the wages and self- employment income of 1 individual, whichever is earlier. ``(B) An individual who-- ``(i) is eligible for supplemental security income benefits under title XVI; and ``(ii) attains retirement age (as defined in section 216(l)) or 240 benefit months (as defined in paragraph (3)), whichever is earlier. ``(C) An individual who-- ``(i) is entitled to a monthly benefit under subsections (a) through (h) of section 202; ``(ii) attains retirement age (as defined in section 216(l)); ``(iii) has average indexed monthly earnings which do not exceed the amount specified in subparagraph (B) of section 215(a)(1) for the purposes of clause (i) of subparagraph (A) of such section 215(a); and ``(iv) has not less than 11 ***years*** of coverage (as defined for purposes of section 215(a)(7)(D)). ``(2)(A) An individual's entitlement to a poverty relief benefit under this section shall be suspended if, during any month, the individual ceases to be an eligible individual. ``(B) In the case of an individual described in subparagraph (A) who subsequently satisfies the requirements under paragraph (1), such individual shall be reentitled to a poverty relief benefit under this section. ``(3)(A) Subject to subparagraphs (B) and (C), for purposes of this subsection, the term `benefit month' means a month for which an individual has-- ``(i) attained age 19; and ``(ii) been-- ``(I) entitled to a monthly benefit under subsections (a) through (h) of section 202 or section 223(a); or ``(II) eligible for supplemental security income benefits under title XVI. ``(B) The term `benefit month' shall not include any month in which an individual is-- ``(i) entitled to a benefit under section 202 that is not payable or reduced to zero by application of subsection (k), (n), (t), (u), (v), or (x) of such section and is not eligible for a benefit under title XVI (or is eligible for a benefit under such title but the benefit is not payable or reduced to zero); ``(ii) eligible for a benefit under title XVI that is not payable or reduced to zero and is not entitled to a benefit under sections 202 or 223 (or is entitled to a benefit under such section 202 but the benefit is not payable or reduced to zero); or ``(iii) subject to a penalty under section 1129A. ``(C) In the case of an individual who is entitled to a monthly insurance benefit described in subclause (I) of subparagraph (A)(ii) on the basis of the wages and self- employment income of more than 1 individual, a benefit month shall be determined based on the wages and self-employment income that are the basis of the largest benefit to which such individual is entitled for such month. ``(d)(1) In no case shall an eligible individual be entitled to more than 1 poverty relief benefit under this section for any month. ``(2) For any month in which an eligible individual is entitled to a monthly benefit described in subsection (c)(1)(A)(i) on the basis of the wages and self-employment income of more than 1 individual, a poverty relief benefit under this section may only be paid for such month on the basis of the wages and self-employment that are the basis for the largest monthly benefit to which such individual is entitled for such month. ``(3) Any amounts provided to an eligible individual pursuant to this section shall not be regarded as income or earnings for purposes of determining the eligibility of the recipient for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal ***program*** or under any State or local ***program*** financed in whole or in part with Federal funds, or the eligibility for or extent of benefits or assistance under such ***programs*** of any individual for whom the income of the recipient is counted.''. (b) Railroad Retirement Act.--Section 19 of the Railroad Retirement Act of 1974 (45 U.S.C 231r) is amended-- (1) by redesignating subsection (d) as subsection (e); (2) by inserting after subsection (c) the following new subsection: ``(d)(1) An individual entitled to an annuity component computed under section 3(a)(1), 4(a)(1), or 4(f)(1) of this Act shall be entitled to the benefit described in section 235 of the Social Security Act, subject to the requirements and conditions set forth therein.''; and (3) in subsection (e), as so redesignated, by striking ``subsection (a), (b), or (c)'' each place it appears and inserting ``subsection (a), (b), (c), or (d)''. (c) Source of Funds.--Subsection (h) of section 201 of the Social Security Act (42 U.S.C 401) is amended to read as follows: ``(h)(1) Benefit ***payments*** required to be made under section 223, and benefit ***payments*** required to be made under subsection (b), (c), or (d) of section 202 to individuals entitled to benefits on the basis of the wages and self- employment income of an individual entitled to disability insurance benefits, shall be made only from the Federal Disability Insurance Trust Fund. All other benefit ***payments*** required to be made under this title (other than sections 226 and 235) shall be made only from the Federal Old-Age and Survivors Insurance Trust Fund. ``(2) Any benefit ***payment*** required to made under section 235 to an individual entitled to [[Page S2123]] a poverty relief benefit under such section shall be made-- ``(A) in the case of an individual who is also entitled to a benefit under section 202 or 223, from the same trust fund from which the individual's benefit under section 202 or 223 is made; and ``(B) in the case of an individual who is not entitled to a benefit under section 202 or 223, from funds appropriated for such purpose pursuant to the authorization of appropriations in section 1601.''. (d) Authorization of Appropriations.--Section 1601 of the Social Security Act (42 U.S.C 1381) is amended by striking ``there are authorized'' and all that follows through the period and inserting the following: ``and to make poverty relief benefit ***payments*** under section 235 to individuals who are described in section 201(h)(2)(B), there are authorized to be appropriated sums sufficient to carry out this title and make such ***payments***.''. (e) Effective Date.--The amendments made by this section shall apply to benefits payable for months beginning after November 2018. \_\_\_\_\_\_ By Mr. CORNYN (for himself, Mr. Manchin, Mr. Tillis, and Ms. Harris): S. 2664. A bill to reform the GEAR UP ***program***; to the Committee on Health, Education, Labor, and Pensions. Mr. CORNYN. Mr. President, I ask unanimous consent that the text of the bill be printed in the Record. There being no objection, the text of the bill was ordered to be printed in the Record, as follows: S. 2664 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, SECTION 1. SHORT TITLE. This Act may be cited as the ``GEAR UP for Success Act of 2018''. SEC. 2. GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE ***PROGRAMS*** AMENDMENTS. Chapter 2 of part A of title IV of the Higher Education Act of 1965 (20 U.S.C 1070a-21 et seq.) is amended-- (1) in section 404A (20 U.S.C 1070a-21)-- (A) in the matter preceding subparagraph (A) of subsection (a)(1), by inserting ``for college readiness'' after ``academic support''; and (B) in subsection (b)-- (i) by striking paragraph (3) and inserting the following: ``(3) Priority.--In making awards to eligible entities described in subsection (c), the Secretary-- ``(A) may give a competitive priority-- ``(i) to eligible entities that-- ``(I) on the day before the date of enactment of the GEAR UP for Success Act of 2018, carried out successful educational opportunity ***programs*** under this chapter (as this chapter was in effect on such day); and ``(II) have a prior, demonstrated commitment to early intervention leading to college access and readiness through collaboration and replication of successful strategies; ``(ii) to eligible entities that ensure that students served under this chapter on the day before the date of enactment of the GEAR UP for Success Act of 2018 continue to receive assistance through the completion of secondary school; or ``(iii) to eligible entities that meet the requirements of clauses (i) and (ii); and ``(B) shall not give a competitive priority on any other basis.''; and (ii) by adding at the end the following: ``(4) Multiple award prohibition.--Any eligible entity described in subsection (c)(1) that receives a grant under this chapter shall not be eligible to receive an additional grant under this chapter until after the date on which the initial grant period expires.''; (2) in section 404B(d)(1) (20 U.S.C 1070a-22(d)(1))-- (A) in subparagraph (A), by inserting ``and'' after the semicolon; (B) in subparagraph (B), by striking ``; and'' and inserting a period; and (C) by striking subparagraph (C); (3) in section 404C (20 U.S.C 1070a-23)-- (A) in subsection (b)(1)(A)-- (i) by inserting ``matching funds'' after ``will provide''; (ii) by inserting ``equaling'' after ``private funds,''; and (iii) by striking ``the cost of the ***program***, which matching funds'' and inserting ``total Federal grant award, which''; and (B) by striking subsection (d) and inserting the following: ``(d) Peer Review Panels and Competitions.--The Secretary-- ``(1) shall convene peer review panels to assist in making determinations regarding the awarding of grants under this chapter; and ``(2) shall host a grant competition to make new awards under this chapter in any ***year*** in which there are funds available to make new awards.''; (4) in section 404D (20 U.S.C 1070a-24)-- (A) in subsection (b)-- (i) in paragraph (1), by striking ``or former participants of a ***program*** under this chapter'' and inserting ``, former participants of a ***program*** under this chapter, or peers and near peers'' after ``adults''; (ii) in paragraph (3), by inserting ``academic, social, and postsecondary planning'' after ``supportive''; (iii) in paragraph (10)-- (I) by redesignating subparagraphs (E) through (K) as subparagraphs (F) through (L), respectively; (II) by inserting after subparagraph (D) the following: ``(E) counseling or referral services to address the behavioral, social-emotional, and mental health needs of at- risk students;''; (III) in subparagraph (I), as redesignated by subclause (I), by inserting ``, cognitive, non-cognitive, and credit- by-examination'' after ``skills''; (IV) in subparagraph (K), as redesignated by subclause (I), by striking ``and'' after the semicolon; (V) in subparagraph (L), as redesignated by subclause (I), by striking the period at the end and inserting ``; and''; and (VI) by adding at the end the following: ``(M) capacity building activities that create college- going cultures in participating schools and local educational agencies.''; and (iv) by adding at the end the following: ``(16) Creating or expanding secondary school drop-out recovery ***programs*** that allow students who have dropped out of secondary school to complete a regular secondary school diploma and begin college-level work. ``(17) Establishing data collection and data sharing agreements to obtain, analyze, and report postsecondary outcome data for eligible students for a period of not more than 72 months after the end of the grant award period, which may include postsecondary enrollment, persistence, and completion data. ``(18) Establishing or maintaining an agreement with a consortium of eligible entities described in section 404A(c) to-- ``(A) foster collaborative approaches to research and evaluation; ``(B) improve the quality of data collection, data sharing, analysis and reporting; and ``(C) apply evidence to improve ***programs*** and evaluation under this chapter. ``(19) Providing services under this chapter to students who have received services under a previous grant award under this chapter but have not yet completed grade 12.''; (B) in subsection (c)-- (i) in paragraph (3), by inserting ``and technical assistance'' after ``support''; and (ii) by striking paragraph (9); and (C) in subsection (d)-- (i) in paragraph (3), by striking ``or''; (ii) by redesignating paragraph (4) as paragraph (5); and (iii) by inserting after paragraph (3) the following: ``(4) eligible for free or reduced-price lunch under the Richard B Russell National School Lunch Act; or''; (5) in section 404E (20 U.S.C 1070a-25)-- (A) in subsection (a)-- (i) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively; (ii) by inserting before paragraph (2), as redesignated by clause (i), the following: ``(1) Application requirements.-- ``(A) Plan for maintenance of financial assistance.--An eligible entity proposing to establish or maintain a financial assistance ***program*** providing scholarships for students assisted by the ***program*** of the eligible entity under this chapter shall include a plan regarding the financial application ***program*** with the application submitted under section 404C. ``(B) Scholarship details.--Under a plan described in subparagraph (A), an eligible entity-- ``(i) may elect to offer 1 or more types of scholarships; and ``(ii) shall describe, for each type of scholarship-- ``(I) the minimum and maximum awards for the scholarships, consistent with section 404E(d), based on criteria and disbursement priorities established by the eligible entity; ``(II) the duration of the scholarships, which may be single-***year*** or multi-***year*** awards; ``(III) the enrollment requirements for participating students, which may include providing scholarships for participating students who are enrolled in an institution of higher education on less than a full-time basis during any award ***year***; and ``(IV) notwithstanding subsection (g), any additional student eligibility criteria established by the eligible entity for earning and maintaining scholarships under this section, including-- ``(aa) financial need; ``(bb) meeting participation milestones in the activities offered by the eligible entity under section 404D; ``(cc) meeting and maintaining satisfactory academic milestones; and ``(dd) other criteria aligned with State and local goals to incentivize postsecondary readiness, access, and success.''; and (iii) in paragraph (3), as redesignated by clause (i), by striking ``may award'' and inserting ``may use not less than 10 percent and not more than 50 percent of funds made available under this chapter to award''; (B) in subsection (b)-- (i) in the subsection heading, by inserting ``State'' before ``Limitation''; and (ii) in paragraph (2), by striking ``eligible entity demonstrates'' and all that follows through the period at the end and inserting the following: ``eligible entity-- ``(I) demonstrates that the eligible entity has another means of providing the students with the financial assistance described in this section or eligible students have reasonable access to State and local financial assistance ***programs***; and [[Page S2124]] ``(II) describes such means or access in the application submitted under section 404C.''; (C) in subsection (e)-- (i) by striking paragraph (1) and inserting the following: ``(1) In general.-- ``(A) Scholarship plan.--Each eligible entity described in section 404A(c)(1) that receives a grant under this chapter shall hold in reserve, for the students served by such grant as described in section 404B(d)(1)(A) or 404D(d), an estimated amount that is based on the eligible entity's scholarship plan described in subsection (a)(1). ``(B) Interest use.--Interest earned on funds held in reserve under subparagraph (A) may be used by the eligible entity to administer the scholarship ***program*** during the award period and through the post-award period described in paragraph (4).''; (ii) in paragraph (2)(B), by inserting ``, or been accepted for enrollment,'' after ``enrolled''; and (iii) in paragraph (3)-- (I) in subparagraph (A), by striking ``and'' after the semicolon; (II) by redesignating subparagraph (B) as subparagraph (C); and (III) by inserting after subparagraph (A) the following: ``(B) the costs associated with enrolling in an institution of higher education; and''; and (D) in subsection (g)-- (i) in paragraph (3)-- (I) by inserting `` or, if the eligible entity chooses, in another ***program*** of study or credential ***program*** for which an individual could use funds received under a Federal Pell Grant to attend,'' before ``that is located''; and (II) by striking ``except that, at the State's option'' and inserting ``except that, at the eligible entity's option''; and (ii) in paragraph (4), by inserting ``and qualifies for an award, consistent with the eligible entity's scholarship plan as described in subsection (a)(1)'' after ``404D(a)''; (6) in section 404G (20 U.S.C 1070a-27)-- (A) in subsection (b)-- (i) in paragraph (1), by striking ``and'' after the semicolon; (ii) in paragraph (2), by striking the period at the end and inserting ``; and''; and (iii) by inserting after paragraph (2) the following: ``(3) include the following metrics: ``(A) The number of students completing the Free Application for Federal Student Aid under section 483. ``(B) If applicable, the number of students receiving a scholarship under section 404E. ``(C) The graduation rate of participating students from high school. ``(D) The enrollment of participating students into postsecondary education. ``(E) Such other metrics as the Secretary may require.''; and (B) in subsection (c)-- (i) in the subsection heading, by inserting ``and Technical Assistance'' after ``Federal Evaluation''; (ii) in the matter preceding paragraph (1)-- (I) by inserting ``after consultation with the community of eligible entities receiving grants under this chapter and'' after ``Secretary shall,''; (II) by striking ``0.75'' and inserting ``1''; and (III) by striking ``evaluate the effectiveness of the ***program*** and, as appropriate, disseminate the results of the evaluation. Such evaluation shall include a separate analysis of''; (iii) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting the margins appropriately; and (iv) before subparagraph (A) (as redesignated by clause (iii)), by inserting the following: ``(1) provide pre-application technical assistance workshops for eligible entities and potential applicants in any ***year*** in which new awards are expected to be made; ``(2) support initiatives designed to improve the research, data collection and infrastructure, and evaluation capacity of eligible entities; and ``(3) evaluate the effectiveness of the ***program*** and, as appropriate, disseminate the results of the evaluation. Such evaluation may include a separate analysis of--''; and (7) in section 408H (20 U.S.C 1070a-28), by striking ``2009'' and inserting ``2019''. \_\_\_\_\_\_ By Mr. McCONNELL (for himself, Mr. Wyden, Mr. Merkley, and Mr. Paul): S. 2667. A bill to amend the ***Agricultural*** Marketing Act of 1946 to provide for State and Tribal regulation of hemp production, and for other purposes; read the first time. Mr. McCONNELL. Mr. President, I ask unanimous consent that the text of the bill be printed in the Record. There being no objection, the text of the bill was ordered to be printed in the Record, as follows: S. 2667 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, SECTION 1. SHORT TITLE. This Act may be cited as the ``Hemp Farming Act of 2018''. SEC. 2. HEMP PRODUCTION. The ***Agricultural*** Marketing Act of 1946 (7 U.S.C 1621 et seq.) is amended by adding at the end the following: ``Subtitle G--Hemp Production ``SEC. 297A. DEFINITIONS. ``In this subtitle: ``(1) Hemp.--The term `hemp' means the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. ``(2) Indian tribe.--The term `Indian tribe' has the meaning given the term in section 4 of the Indian Self- Determination and Education Assistance Act (25 U.S.C 5304). ``(3) Secretary.--The term `Secretary' means the Secretary of ***Agriculture***. ``(4) State.--The term `State' means-- ``(A) a State; ``(B) the District of Columbia; ``(C) the Commonwealth of Puerto Rico; and ``(D) any other territory or possession of the United States. ``(5) State department of ***agriculture***.--The term `State department of ***agriculture***' means the agency, commission, or department of a State government responsible for ***agriculture*** in the State. ``(6) Tribal government.--The term `Tribal government' means the governing body of an Indian tribe. ``SEC. 297B. STATE AND TRIBAL PLANS. ``(a) Submission.-- ``(1) In general.--A State or Indian tribe desiring to have primary regulatory authority over the production of hemp in the State or territory of the Indian tribe shall submit to the Secretary, through the State department of ***agriculture*** (in consultation with the Governor and chief law enforcement officer of the State) or the Tribal government, as applicable, a plan under which the State or Indian tribe monitors and regulates that production as described in paragraph (2). ``(2) Contents.--A State or Tribal plan referred to in paragraph (1)-- ``(A) shall only be required to include-- ``(i) a practice to maintain relevant information regarding land on which hemp is produced in the State or territory of the Indian tribe, including a legal description of the land, for a period of not less than 3 ***calendar*** ***years***; ``(ii) a procedure for testing, using post-decarboxylation or other similarly reliable methods, delta-9 tetrahydrocannabinol concentration levels of hemp produced in the State or territory of the Indian tribe; ``(iii) a procedure for the effective disposal of products that are produced in violation of this subtitle; and ``(iv) a procedure to comply with the enforcement procedures under subsection (d); and ``(B) may include any other practice or procedure established by a State or Indian tribe, as applicable, to the extent that the practice or procedure is consistent with this subtitle. ``(3) Relation to state and tribal law.-- ``(A) No preemption.--Nothing in this subsection preempts or limits any law of a State or Indian tribe regulating the production of hemp, to the extent that law is consistent with this subtitle. ``(B) References in plans.--A State or Tribal plan referred to in paragraph (1) may include a reference to a law of the State or Indian tribe regulating the production of hemp, to the extent that law is consistent with this subtitle. ``(b) Approval.-- ``(1) In general.--Not later than 60 days after receipt of a State or Tribal plan under subsection (a), the Secretary shall-- ``(A) approve the State or Tribal plan if the State or Tribal plan complies with subsection (a); or ``(B) disapprove the State or Tribal plan only if the State or Tribal plan does not comply with subsection (a). ``(2) Amended plans.--If the Secretary disapproves a State or Tribal plan under paragraph (1)(B), the State, through the State department of ***agriculture*** (in consultation with the Governor and chief law enforcement officer of the State) or the Tribal government, as applicable, may submit to the Secretary an amended State or Tribal plan that complies with subsection (a). ``(c) Technical Assistance.--The Secretary may provide technical assistance to a State or Indian tribe in the development of a State or Tribal plan under subsection (a). ``(d) Violations.-- ``(1) In general.--A violation of a State or Tribal plan approved under subsection (b) shall be subject to enforcement solely in accordance with this subsection. ``(2) Negligent violations.-- ``(A) In general.--A hemp producer in a State or the territory of an Indian tribe for which a State or Tribal plan is approved under subsection (b) shall be subject to subparagraph (B) of this paragraph if the State department of ***agriculture*** or Tribal government, as applicable, determines that the hemp producer has negligently violated the State or Tribal plan, including by negligently-- ``(i) failing to provide a legal description of land on which the producer produces hemp; ``(ii) failing to obtain a license or other required authorization from the State department of ***agriculture*** or Tribal government, as applicable; or ``(iii) producing Cannabis sativa L. with a delta-9 tetrahydrocannabinol concentration [[Page S2125]] of more than 0.3 percent on a dry weight basis. ``(B) Corrective action plan.--A hemp producer described in subparagraph (A) shall comply with a plan established by the State department of ***agriculture*** or Tribal government, as applicable, to correct the negligent violation, including-- ``(i) a reasonable date by which the hemp producer shall correct the negligent violation; and ``(ii) a requirement that the hemp producer shall periodically report to the State department of ***agriculture*** or Tribal government, as applicable, on the compliance of the hemp producer with the State or Tribal plan for a period of not less than the next 2 ***calendar*** ***years***. ``(C) Result of negligent violation.--Except as provided in subparagraph (D), a hemp producer that negligently violates a State or Tribal plan under subparagraph (A) shall not be subject to any criminal or civil enforcement action by the Federal Government or any State government, Tribal government, or local government other than the enforcement action authorized under subparagraph (B). ``(D) Repeat violations.--A hemp producer that negligently violates a State or Tribal plan under subparagraph (A) 3 times in a 5-***year*** period shall be ineligible to produce hemp for a period of 5 ***years*** beginning on the date of the third violation. ``(3) Other violations.--If the State department of ***agriculture*** or Tribal government in a State or the territory of an Indian tribe for which a State or Tribal plan is approved under subsection (b), as applicable, determines that a hemp producer in the State or territory has violated the State or Tribal plan with a culpable mental state greater than negligence-- ``(A) the State department of ***agriculture*** or Tribal government, as applicable, shall immediately report the hemp producer to-- ``(i) the Attorney General; and ``(ii) in the case of a State department of ***agriculture***, the chief law enforcement officer of the State; and ``(B) paragraph (1) of this subsection shall not apply to the violation. ``(e) Authorization of Appropriations.--There are authorized to be appropriated such sums as are necessary to carry out this section. ``(f) Effect.--Nothing in this section prohibits the production of hemp in a State or the territory of an Indian tribe for which a State or Tribal plan is not approved under this section in accordance with other Federal laws (including regulations). ``SEC. 297C. AUTHORITY TO ISSUE REGULATIONS AND GUIDELINES. ``The Secretary shall have sole authority to issue Federal regulations and guidelines that relate to the production of hemp, including Federal regulations and guidelines that relate to the implementation of section 297B.''. SEC. 3. FUNDING FOR HEMP RESEARCH. (a) Supplemental and Alternative Crops.--Section 1473D(c)(3)(E) of the National ***Agricultural*** Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C 3319d(c)(3)(E)) is amended by inserting ``(including hemp (as defined in section 297A of the ***Agricultural*** Marketing Act of 1946))'' after ``material''. (b) Critical ***Agricultural*** Materials.--Section 5(b)(9) of the Critical ***Agricultural*** Materials Act (7 U.S.C 178c(b)(9)) is amended by inserting ``, and including hemp (as defined in section 297A of the ***Agricultural*** Marketing Act of 1946)'' after ``hydrocarbon-containing plants''. SEC. 4. LEGITIMACY OF INDUSTRIAL HEMP RESEARCH. (a) In General.--Section 7606 of the ***Agricultural*** Act of 2014 (7 U.S.C 5940) is amended-- (1) by redesignating subsections (a) and (b) as subsections (b) and (a), respectively, and moving the subsections so as to appear in alphabetical order; (2) in subsection (b) (as so redesignated), in the subsection heading, by striking ``In General'' and inserting ``Industrial Hemp Research''; and (3) by adding at the end the following: ``(c) Study and Report.-- ``(1) In general.--The Secretary shall conduct a study of ***agricultural*** pilot ***programs***-- ``(A) to determine the economic viability of the domestic production and sale of industrial hemp; and ``(B) that shall include a review of-- ``(i) each ***agricultural*** pilot ***program***; and ``(ii) any other ***agricultural*** or academic research relating to industrial hemp. ``(2) Report.--Not later than 120 days after the date of enactment of this subsection, the Secretary shall submit to Congress a report describing the results of the study conducted under paragraph (1).''. (b) Repeal.--Effective on the date that is 1 ***year*** after the date of enactment of this Act, section 7606 of the ***Agricultural*** Act of 2014 (7 U.S.C 5940) is repealed. SEC. 5. FEDERAL CROP INSURANCE. (a) Definition of Hemp.--Section 502(b) of the Federal Crop Insurance Act (7 U.S.C 1502(b)) is amended-- (1) by redesignating paragraphs (8) through (11) as paragraphs (9) through (12), respectively; and (2) by inserting after paragraph (7) the following: ``(8) Hemp.--The term `hemp' has the meaning given the term in section 297A of the ***Agricultural*** Marketing Act of 1946.''. (b) Insurance Period.--Section 508(a)(2) of the Federal Crop Insurance Act (7 U.S.C 1508(a)(2)) is amended by striking ``and sweet potatoes'' and inserting ``sweet potatoes, and hemp''. (c) Submission of Policies and Materials to Board.--Section 508(h) of the Federal Crop Insurance Act (7 U.S.C 1508(h)) is amended-- (1) in paragraph (1)(B)-- (A) by redesignating clauses (i) through (iii) as subclauses (I) through (III), respectively, and indenting appropriately; (B) in the matter preceding subclause (I) (as so redesignated), by striking ``The Corporation shall'' and inserting the following: ``(i) In general.--The Corporation shall''; (C) in clause (i)(I) (as so redesignated), by inserting ``subject to clause (ii),'' before ``will likely''; and (D) by adding at the end the following: ``(ii) Waiver for hemp.--The Corporation may waive the viability and marketability requirement under clause (i)(I) in the case of a policy or pilot ***program*** relating to the production of hemp.''; and (2) in paragraph (3)(C)-- (A) in clause (ii), by striking ``and'' at the end; (B) in clause (iii), by striking the period at the end and inserting ``; and''; and (C) by adding at the end the following: ``(iv) in the case of reviewing policies and other materials relating to the production of hemp, may waive the viability and marketability requirement under subparagraph (A)(ii)(I).''. (d) ***Agricultural*** Commodity.--Section 518 of the Federal Crop Insurance Act (7 U.S.C 1518) is amended by inserting ``hemp,'' before ``aquacultural species''. (e) Research and Development Authority.--Section 522(b) of the Federal Crop Insurance Act (7 U.S.C 1522(b)) is amended-- (1) in paragraph (2), by adding at the end the following: ``(K) Waiver for hemp.--The Board may waive the viability and marketability requirements under this paragraph in the case of research and development relating to a policy to insure the production of hemp.''; and (2) in paragraph (3)-- (A) by striking ``The Corporation'' and inserting the following: ``(A) In general.--Subject to subparagraph (B), the Corporation''; and (B) by adding at the end the following: ``(B) Waiver for hemp.--The Corporation may waive the marketability requirement under subparagraph (A) in the case of research and development relating to a policy to insure the production of hemp.''. SEC. 6. CONFORMING CHANGES TO CONTROLLED SUBSTANCES ACT. (a) In General.--Section 102(16) of the Controlled Substances Act (21 U.S.C 802(16)) is amended-- (1) by striking ``(16) The'' and inserting ``(16)(A) Subject to subparagraph (B), the''; and (2) by striking ``Such term does not include the'' and inserting the following: ``(B) The term `marihuana' does not include-- ``(i) hemp, as defined in section 297A of the ***Agricultural*** Marketing Act of 1946; or ``(ii) the''. (b) Tetrahydrocannabinol.--Schedule I, as set forth in section 202(c) of the Controlled Substances Act (21 U.S.C 812(c)), is amended in subsection (c)(17) by inserting after ``Tetrahydrocannabinols'' the following: ``, except for tetrahydrocannabinols in hemp (as defined under section 297A of the ***Agricultural*** Marketing Act of 1946)''. SEC. 7. RULE OF CONSTRUCTION. Nothing in this Act authorizes interference with the interstate commerce of hemp (as defined in section 297A of the ***Agricultural*** Marketing Act of 1946, as added by section 2).

**Load-Date:** April 16, 2018

**End of Document**



[***Premium rates on offer for broadleaf and diverse conifers***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5T91-SDY1-DYTY-C38S-00000-00&context=1516831)

Irish Independent

September 18, 2018 Tuesday

Edition 1, National Edition

Copyright 2018 Independent Newspapers Ireland Limited All Rights Reserved



**Section:** FARMING;NEWS; Pg. 16

**Length:** 577 words

**Byline:** STEVEN MEYEN

**Body**

IN February, the Government approved new enhanced forest establishment and support grants arising from a mid-term review of the Forestry ***Programme*** 2014-2020.

These revisions provide enhanced incentives for new planting as well as promoting active forest management, timber harvesting and optimising of on-farm forestry resources.

One of the focus areas was to make the planting of broadleaf and diverse conifer species more attractive to farmers.

Diverse conifers means conifer species other than Sitka spruce, such as Scots pine, Norway spruce or Douglas fir.

For instance, premium rates for broadleaf and diverse conifer planting categories have been increased by 5pc, and there is an additional top-up ***payment*** where the area planted is greater than ten hectares.

Premium rates are significantly higher for both agroforestry and 'forestry for fibre'.

Forests need to be actively managed so that they can deliver a wide range of goods and services.

The revised support grant measures assist forest owners to do just that. These include additional support for broadleaf woodlands in the form of a second thinning grant.

Tree guards and deer fencing grants will be introduced as part of a new 'Forest Fencing and Tree Shelter Scheme' to reduce the risk of deer damage for existing broadleaf woodlands.

A continuous cover forestry measure will help create forests with more diverse age structures and wildlife habitats.

A new knowledge ***transfer*** group (KTG) scheme is being rolled out as we speak, supporting the mobilisation of private timber.

Owner groups Teagasc will continue to provide appropriate support to all KTG co-ordinators, including consultant foresters, forest companies and forest owner groups in the delivery of this worthwhile initiative.

The recent measures introduced in the mid-term review have already seen an increase in the percentage of broadleaves being planted.

Although national planting levels are down in comparison to last ***year***, industry feedback suggests an increased uptake of broadleaf planting with species such as oak and beech.

It also appears that more new native woodlands are being created.

This is a very positive development: as well as their important role in redressing climate change, well-sited, designed and managed woodlands deliver many environmental benefits.

Such benefits include the protection of water quality - trees stabilise river banks and wooded areas buffer against nutrient runoff from fields.

They also help retain water after heavy rainfall, and therefore can form part of wider landscape efforts to manage flood risk.

Woodlands and forests provide habitats for a wide range of species, and connect habitats within the wider landscape. They can enhance the landscape and provide places for recreation and for people to enjoy the outdoors.

They provide the ideal educational resource in which to learn about and appreciate the environment.

For instance, the Department of ***Agriculture***, Food and the Marine are highlighting support available under their NeighbourWood Scheme.

This is a funding package aimed specifically at supporting communities, local authorities and other social partners in the development of local woodland amenities.

The scheme funds a diverse range of projects, providing grant aid to develop 'close-to-home' woodlands for local communities and schools to use and enjoy on a daily basis.

As time goes by, trees and forests deliver more and more ecosystem goods and services.

Plant now, don't wait 20 ***years***.

**Graphic**

Trees protect the quality of our water by stabilising river banks and buffering against nutrient run-off from fields. PHOTO: TEAGASC

**Load-Date:** September 18, 2018

**End of Document**



[***Washington: Stabenow, Roberts Introduce Bipartisan Bill to Support Farmer Veterans***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S9B-DR61-F0YC-N2H6-00000-00&context=1516831)

Impact News Service

May 10, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 983 words

**Body**

Washington, DC: U.S Senate Committee on ***Agriculture***, Nutrition & Forestry has issued the following press release:

Today, leaders of the U.S Senate Committee on ***Agriculture***, Nutrition, and Forestry Ranking Member Debbie Stabenow and Chairman Pat Roberts, introduced new legislation that expands support for military veterans in ***agriculture***. The Farmer Veteran Opportunity Act of 2018 makes all new veterans eligible for support from the U.S Department of ***Agriculture*** (USDA). The bill also improves access for farmer veterans across eight existing initiatives to make risk management tools more affordable, expand access to land and capital, and prioritize training for veterans.

“***Agriculture*** offers our veterans rewarding careers and the opportunity to continue serving our nation by feeding our families,” said Senator Stabenow. “After putting their lives on the line, our veterans should be first in line for support that can help them find jobs in farming and grow their ***agricultural*** businesses.”

“When our veterans retire from active service, whether here or abroad, they need certainty and opportunity,” said Senator Roberts. “I’m proud to cosponsor a bill that allows men and women who have served our country to return to the farm.”

The legislation expands support to all new veterans who may have existing careers in ***agriculture***. Currently, the USDA’s veterans initiatives are designed to support those who are starting a career in ***agriculture*** for the first time. This common-sense change ensures that all new farmer veterans will be able to benefit from support, whether they are just starting a career on the farm or looking to expand their operation.

Additionally, the bill would help farmer veterans receive better assistance from existing farm ***programs***, including more-affordable risk management tools like crop insurance to help them recover from unexpected losses. Because many farmer veterans also face barriers to accessing land and capital to start or expand their farms, the legislation would make farmer veterans eligible for down ***payment*** loans when purchasing real estate and would provide priority access for reduced interest rates on loans to buy farmland or finance production equipment. Veterans would also receive priority access for additional training and education opportunities to help them navigate their crop insurance options and meet food safety standards.

The Farmer Veteran Opportunity Act of 2018 builds on a number of provisions in the current Farm Bill that Senators Stabenow and Roberts included to strengthen support for farmer veterans. For the first time, the Farm Bill created a Military Veteran ***Agricultural*** Liaison position to advocate for farmer veterans at the USDA. In order to help farmer veterans overcome the barriers many new farmers face, the Farm Bill prioritized veteran access to training resources and financing through short-term, low-interest loans. The bill also made it easier to participate in voluntary conservation initiatives.

For more information, find the bill summary fact sheet here and the bill text here.

The bipartisan bill is supported by the Farmer Veteran Coalition, American Farm Bureau Federation, National Farmers Union, American Legion, Veterans of Foreign Wars of the United States, and Iraq and Afghanistan Veterans of America.

Michael O'Gorman, Executive Director, Farmer Veteran Coalition: “Our modern all-volunteer military now disproportionately comes from our most rural communities. A growing number of our returning servicemen and women are looking to farming as a way to support their families and continue serving their nation.  Support for these men and women, as proposed by Senators Roberts and Stabenow, is vital to strengthening our veteran and rural communities.”

Zippy Duvall, President, American Farm Bureau Federation: “American Farm Bureau Federation welcomes introduction of the Support for Veteran Farmers Act of 2018. Rural America has always answered the call to serve. This legislation recognizes that commitment to country and the sacrifice of military service. We look forward to working with Chairman Roberts and Ranking Member Stabenow to get the Support for Veteran Farmers Act enacted into law.”

Roger Johnson, President, National Farmers Union: “Giving veterans opportunities to succeed in civilian life is not only the right thing to do, it’s also important to the future of ***agriculture*** in this country. As the average age of the American farmer nears 60, a portion of the 200,000 military personnel discharged every ***year*** stand willing and ready to take over the vast amounts of land and family farm operations that will be passed down. The Farmer Veteran Opportunity Act would aid these transitions and ensure the continued success of veterans in ***agriculture*** by improving their access farmer to a wide variety of farm ***programs*** like crop insurance, guaranteed loans, CRP land ***transfer***, and risk management education. Farmers Union applauds the leadership of Sens. Roberts and Stabenow for taking a holistic approach to ensuring the success of veterans who enter the field of ***agriculture***.”

Patrick Murray, Associate Director, Veterans of Foreign Wars: “The VFW is proud to support this important piece of legislation that would provide relief, assistance and empowerment for our Veteran Farmers across the country. We applaud Senators Stabenow and Roberts for their continuing efforts to aid veterans and their pursuit of meaningful careers in ***agriculture***.”

Tom Porter, Legislative Director, Iraq and Afghanistan Veterans of America: 'Iraq and Afghanistan Veterans of America strongly commends Sens. Debbie Stabenow and Pat Roberts for introducing the Farmer Veteran Opportunity Act, to increase opportunities for veterans to succeed in ***agriculture*** careers. America's military veterans are entrepreneurial and motivated to succeed, and this legislation takes concrete steps to further empower them.'

**Load-Date:** May 11, 2018

**End of Document**



[***Text of Nigerian leader's speech on Democracy Day***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SF7-3KM1-DYRV-303N-00000-00&context=1516831)

BBC Monitoring Africa - Political

Supplied by BBC Worldwide Monitoring

May 29, 2018 Tuesday

Copyright 2018 British Broadcasting Corporation All Rights Reserved



**Length:** 2520 words

**Body**

Text of report in English by Nigerian Diaspora website Sahara Reporters on 29 May

Address by Muhammadu Buhari, President of the Federal Republic of Nigeria in Commemoration of the 2018 Democracy Day Celebration,

Tuesday, 29TH May, 2018

My Dear Nigerians!

Today marks the 19th ***year*** of our nascent democracy and the 3rd Anniversary of this administration. I am thankful to Almighty God for bringing us thus far. This administration came at a time that Nigerians needed Change, the Change we promised and the Change we continue to deliver. We have faced a lot of challenges on this journey and Nigerians have stood by us in achieving the three cardinal points of this administration namely; Security, Corruption and the Economy.

2. The commemoration of this ***year***'s Democracy Day is a celebration of freedom, a salute to the resilience and determination of Nigerians and a recommitment by Government to keep its promise to lead Nigeria into a new era of justice and prosperity.

3. Public safety and security remains the primary duty of this Government. Before this Administration came into being 3 ***years*** ago, Boko Haram held large areas of land spanning several Local Governments in the North East.

4. Today, the capacity of the insurgents has been degraded leading to the re-establishment of authority of government and the release of captives including, happily, 106 Chibok and 104 Dapchi girls, and over 16,000 other persons held by the Boko Haram.

5. In order to minimize the impact of the insurgency on Internally Displaced Persons, Government has established secure IDP Camps and has improved the mechanism for the distribution of basic aid, foods and essential commodities using various strategies in collaboration with local and international Organizations.

6. Efforts are in process for resettlement of IDPs in their home communities by providing schools, hospitals, clinics, water and sanitation to facilitate a quick return to economic activities. Government is similarly implementing de-radicalization and rehabilitation ***programmes*** to facilitate sustainable peace and development.

7. The unfortunate incidences of kidnappings, herdsmen and farmers clashes in several communities which have led to high number of fatalities and loss of properties across the country is being addressed and the identified culprits and their sponsors shall be made to face the full wrath of the law. All the three tiers of Government are presently engaged with communities and religious organizations to restore peaceful co-existence among Nigerians.

8. I want to commend members of the Multinational Joint Task Force drawn from Niger, Benin, Chad, Cameroon and our own country in collaboration with the International Community who are assisting in the fight against insurgency in the North East. I also commend the gallantry of members of our Armed Forces and other security agencies that have continued to provide security for lives and properties across the country. State and Local traditional authorities are helping with much needed intelligence in this fight against insurgency.

9. This administration is pained over the grievous loss of lives and properties occasioned by the carnage of insurgency and other forms of criminality in the country. I wish to assure Nigerians that we will not rest until all criminal elements and their sponsors are brought to justice. Government is boosting the capacity of our security agencies through recruitment of more personnel, training and procurement of modern equipment, enhancement of intelligence gathering as well as boosting their morale in the face of daunting challenges.

10. The Niger Delta Region has enjoyed relative peace through social inclusiveness and cooperation of the Elders and the good people of the region. Government is committed to implementing the comprehensive peace, security and development plan for the region. The environmental clean-up of the region which commenced with the launch in Bodo, Ogoni in June, 2016 is progressing satisfactorily. Furthermore farming assets are being revived and investors in cocoa and palm oil plantations are showing serious interest.

11. The second primary object of this Administration is to fight corruption headlong. Like I have always said, if we don't kill corruption, corruption will destroy the country. Three ***years*** into this Administration, Nigerians and the international community have begun to applaud our policies and determination to fight corruption. We are more than ever before determined to win this war, however hard the road is. I therefore appeal to all well-meaning Nigerians to continue to support us in this fight.

12. Various policy measures already put in place to stem the tide of corrupt practices are yielding remarkable results. Some of these key reform policies include:

The Treasury Single Account (TSA) has realized Billions of Naira being saved from maintenance fee payable to banks. N200 Billion has also been saved from elimination of ghost workers in public service.

The Whistle-Blowing Policy has helped to recover over N500 Billion;

The Presidential Initiative on Continuous Audit set up with a mandate to validate controls, assess risks, prune personnel costs, ensure compliance with Public Financial Management reforms has helped to identify and remove over 52,000 ghost workers from the Federal Government MDAs Payroll;

The Voluntary Asset and Income Declaration Scheme (VAIDS) aimed at expanding tax education and awareness has offered the opportunity for tax defaulters to regularise their status in order to enjoy the amnesty of forgiveness on overdue interest, penalties and the assurance of non-prosecution or subject to tax investigations.

The Sovereign Wealth Fund project portfolio has been expanded with an injection of US$650 million so as to strengthen its investment in local infrastructure, power, health, re-construction of Abuja-Kano road, Lagos-Ibadan Expressway, East West Road (Section V) and the Mambilla Hydro-electric Power project as well as the construction of the 2nd Niger Bridge.

13. The fight against corruption through the Economic and Financial Crimes Commission and the Independent Corrupt Practices and Other Related Offences Commission has resulted in recoveries of Billions of Naira, as well as forfeiture of various forms of assets. This alongside other efforts has improved Nigeria's international image and regional cooperation.

14. We have retained the services of one of the world's leading assets tracing firms to investigate and trace assets globally. This is in addition to the exploitation of provisions of existing Treaties, Conventions as well as Bilateral Agreements with Multilateral bodies and Nations. Nigeria has also signed Mutual Legal Assistance Agreements to ensure that there is no hiding place for fugitives.

15. This Administration has therefore focused on revamping the ailing economy it inherited in 2015. In 2016, Government executed an expansionary budget and developed the Strategic Implementation Plan. For the first time, 30% of the budget was earmarked for capital expenditure which represents an upward review when compared with the 2015 budget. The SIP was followed by the development of a comprehensive medium term plan - the Economic Recovery and Growth Plan 2017 - 2020.

16. The broad strategic objectives of the ERGP were to; Restore and sustain economic growth; Build a globally competitive economy; and Invest in our people. The implementation of the ERGP has started yielding results. The National Bureau of Statistics reports that the economy grew by 1.95% in 1st quarter 2018, which is a good performance when viewed against -0.91 in 1st quarter 2017 and -0.67% in 1st quarter 2016 respectively.

17. Our foreign reserve has improved significantly to 47.5 billion USD as of May, 2018 as against 29.6 billion USD in 2015. The inflationary rate has consistently declined every month since January, 2017.

18. Recently, Government conducted Focus Labs in three key sectors of the Economy namely, ***Agriculture*** & Transport, Manufacturing and Processing as well as Power and Gas. These have yielded significant prospects for investments and Job creation to the tune of US$ 22.5 billion with a potential for creating more than 500,000 jobs by 2020. These investment generation initiatives are expected to increase capital inflows in the form of foreign direct investment. There is a high prospect that the cumulative investments from this first phase of the Labs will hit US$39.2 billion by 2025.

19. Under ***agriculture***, Nigeria continues to pursue a strategic food security ***programme*** built around self-sufficiency and minimization of import dependency. As a result, rice importation from other countries has been cut down by 90% which has a direct impact on foreign reserves.

20. The Social Investment ***Programmes*** (SIP) has been created as a means to graduating our citizens from poverty through capacity building, investment and direct support. The major strategic objective is to restore livelihood, economic opportunities and sustenance for the poor across the country. The SIP ***programmes*** and projects include:

Home Grown School Feeding ***Programme*** - About 8.2 million pupils are currently being fed from 24 States of the Federation with over 75,000 Catering Staff engaged under the ***programme***.

The Conditional Cash ***Transfer*** has so far recorded over 297,000 caregivers and being trained by 2,495 Community Facilitators in 21 states. Less privileged Nigerians are now being paid N5,000 monthly stipend in 9 pilot States of Bauchi, Borno, Cross River, Ekiti, Kwara, Kogi, Niger, Osun and Oyo. Eventually the scheme will cover all the 36 states of the federation including the FCT.

Under the Government Enterprise Empowerment ***Programme*** - About 264,269 loans had been disbursed to 4,822 societies in the 36 States and FCT, while another 370,635 are awaiting release of funds.

N-Power Job creation Scheme - is targeted at providing jobs for unemployed young graduates and has so far recruited 200,000 youths while the next batch of 300,000 have been selected, verified and would soon be deployed across the 36 States and the FCT. Furthermore, 20,000 non-graduate volunteers have also been selected to kick off the N-Build ***programme*** in collaboration with the National Automotive Design and Development Council and the Council of Registered Builders of Nigeria.

21. In the area of power generation, Nigerians from all parts of the country continue to report better power supply and less use of generators. This underscores the effectiveness of the methodical plan to deliver incremental and uninterrupted power supply to our homes, markets, offices and factories.

22. The country achieved 5, 222.3 MW representing the highest peak of power generated onto the national grid and delivered to customers in December, 2017. With new facilities, repairs and rehabilitations by Government and private investors, generation capability now exceeds 7,500 MW.

23. This Administration is committed to lawful interventions to ensure the operators of the distribution business live up to expectations especially in the areas of distribution capacity, service delivery, collection efficiency, and metering to eliminate contentious estimated billing.

24. The Transportation Sector continues to undergo a series of reforms in order to sustain the international best practices and ensure safety and security. The nation's major airports have witnessed reconstruction of runways, installation of navigational equipment and new international terminals due for commissioning in Abuja, Lagos, Kano and Enugu. Bilateral Air Services Agreements between Nigeria and the Governments of other countries will significantly open up new flight routes.

25. As a result of strict regulatory and compliance policies, Nigeria retained her Federal Aviation Administration (FAA) Category 1 status, after a routine international audit. Recently, a new Maintenance Repair and Overhaul facility with capacity for aircraft C-checks and other comprehensive levels of maintenance was established in Lagos. This would save the country an estimated $90m annually.

26. Giant strides have been recorded over the past three ***years*** to improve road transport infrastructure in all geopolitical zones of the country.

27. The Railway Sector has also received tremendous attention as this Administration is committed to the goal of linking all State capitals in the Federation by rail network to ease the movement of goods and passengers.

28. The Education Sector especially at tertiary level has continued to witness expansion in order to improve access to higher education by millions of youths in Nigeria. Over the last three ***years***, Government has approved the establishment of 1 new Federal Polytechnic, granted licenses for the establishment of 4 State and 14 private-owned Universities as well as 12 private Polytechnics.

29. Government has also continued to support the implementation of various initiatives aimed at improving the quality of Basic Education delivery. Thus, it has ensured proper funding at the Basic Education level with the disbursement of N42.2 billion UBE Matching Grant to 26 States and the FCT, N851.5 million Special Education Grant disbursed to 23 States and private providers of Special Education and N2.2 billion Teachers Professional Development Fund to 33 States and the FCT.

30. The Federal Government has continued to support fiscal sustainability at the sub-national governments through the implementation of the Budget Support Facility which was accompanied by the 22- point Fiscal Sustainability Plan. Thus, bailouts funds were made available to States to ease their fiscal challenges and other obligations including ***payment*** of salaries.

31. In addition, a total of 73 Ecological Fund projects for the control of gully erosion in different communities across all geopolitical zones have been completed in the last three ***years*** and are undergoing commissioning while 53 other projects are ongoing. The execution of these projects has generated 357 skilled jobs and 1,350 unskilled jobs during this period.

32. It is pertinent to also make mention of the immeasurable contributions of the Nigerian woman to national development and advancement of democracy, over the last three ***years***. The government and people appreciate you all as mothers of our great country.

33. My dear country men and women, as we all celebrate our democratic experience, let us resolve to avoid hatred and intolerance; we can only achieve our objectives in an atmosphere of harmony and peaceful co-existence.

34. Finally, the up-coming months will usher us into another season of general elections. Let me use this opportunity to urge us all to conduct ourselves, our wards and our constituencies with the utmost sense of fairness, justice and peaceful co-existence such that we will have not only hitch free elections but also a credible and violence free process.

35. In few days to come, I will be joined by many promising young Nigerians to sign into law the "Not Too Young to Run" Bill

36. I thank you for your attention.

37. God bless the Federal Republic of Nigeria.

Source: Sahara Reporters in English 29 May 18

**Load-Date:** May 29, 2018

**End of Document**



[***FEDERAL REGISTER: Records Schedules; Availability and Request for Comments Pages 58452 - 58453 [FR DOC # 2017-26694]***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R5J-9HW1-JDG9-Y1PH-00000-00&context=1516831)

Impact News Service

December 12, 2017 Tuesday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 1339 words

**Body**

Washington: Office of the Federal Register has issued the following notice:

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION [NARA-2018-009] Records Schedules; Availability and Request for Comments AGENCY: National Archives and Records Administration (NARA) ACTION: Notice of availability of proposed records schedules; request for comments. ----------------------------------------------------------------------- SUMMARY: The National Archives and Records Administration (NARA) publishes notice at least once monthly of certain Federal agency requests for records disposition authority (records schedules). Once approved by NARA, records schedules provide mandatory instructions on what happens to records when agencies no longer need them for current Government business. The records schedules authorize agencies to preserve records of continuing value in the National Archives of the United States and to destroy, after a specified [[Page 58453]] period, records lacking administrative, legal, research, or other value. NARA publishes notice in the Federal Register for records schedules in which agencies propose to destroy records they no longer need to conduct agency business. NARA invites public comments on such records schedules.

DATES: NARA must receive requests for copies in writing by January 11, 2018. Once NARA finishes appraising the records, we will send you a copy of the schedule you requested. We usually prepare appraisal memoranda that contain additional information concerning the records covered by a proposed schedule. You may also request these. If you do, we will also provide them once we have completed the appraisal. You have 30 days after we send to you these requested documents in which to submit comments. ADDRESSES: You may request a copy of any records schedule identified in this notice by contacting Records Appraisal and Agency Assistance (ACRA) using one of the following means: Mail: NARA (ACRA); 8601 Adelphi Road; College Park, MD 20740-6001 Email: [*request.schedule@nara.gov*](mailto:request.schedule@nara.gov) FAX: 301-837-3698 You must cite the control number, which appears in parentheses after the name of the agency that submitted the schedule, and a mailing address. If you would like an appraisal report, please include that in your request. FOR FURTHER INFORMATION CONTACT: Margaret Hawkins, Director, by mail at Records Appraisal and Agency Assistance (ACRA); National Archives and Records Administration; 8601 Adelphi Road; College Park, MD 20740-6001, by phone at 301-837-1799, or by email at [*request.schedule@nara.gov*](mailto:request.schedule@nara.gov) SUPPLEMENTARY INFORMATION: NARA publishes notice in the Federal Register for records schedules they no longer need to conduct agency business. NARA invites public comments on such records schedules, as required by 44 U.S.C 3303a(a). Each ***year***, Federal agencies create billions of records on paper, film, magnetic tape, and other media. To control this accumulation, agency records managers prepare schedules proposing records retention periods and submit these schedules for NARA's approval. These schedules provide for timely ***transfer*** into the National Archives of historically valuable records and authorize the agency to dispose of all other records after the agency no longer needs them to conduct its business. Some schedules are comprehensive and cover all the records of an agency or one of its major subdivisions. Most schedules, however, cover records of only one office or ***program*** or a few series of records. Many of these update previously approved schedules, and some include records proposed as permanent. The schedules listed in this notice are media neutral unless otherwise specified. An item in a schedule is media neutral when an agency may apply the disposition instructions to records regardless of the medium in which it creates or maintains the records. Items included in schedules submitted to NARA on or after December 17, 2007, are media neutral unless the item is expressly limited to a specific medium. (See 36 CFR 1225.12(e).) Agencies may not destroy Federal records without Archivist of the United States' approval. The Archivist approves destruction only after thoroughly considering the records' administrative use by the agency of origin, the rights of the Government and of private people directly affected by the Government's activities, and whether or not the records have historical or other value. In addition to identifying the Federal agencies and any subdivisions requesting disposition authority, this notice lists the organizational unit(s) accumulating the records (or notes that the schedule has agency-wide applicability when schedules cover records that may be accumulated throughout an agency); provides the control number assigned to each schedule, the total number of schedule items, and the number of temporary items (the records proposed for destruction); and includes a brief description of the temporary records. The records schedule itself contains a full description of the records at the file unit level as well as their disposition. If NARA staff has prepared an appraisal memorandum for the schedule, it also includes information about the records. You may request additional information about the disposition process at the addresses above. Schedules Pending 1. Department of ***Agriculture***, Rural Development Agency (DAA-0572- 2017-0006, 15 items, 15 temporary items). Records documenting the Electric ***Program***, including routine correspondence, loan and borrower information, field activity reports, loan applications, and routine studies. Also included is information on rural community loans used for wastewater management assistance. 2. Department of Energy, Office of Energy Efficiency & Renewable Energy (DAA-0434-2017-0012, 1 item, 1 temporary item). Records of an electronic information system designed to promote energy efficient buildings including best practices, networking information, summaries of meetings, and related documents. 3. Department of Homeland Security, United States Citizenship and Immigration Services (DAA-0566-2017-0008, 14 items, 14 temporary items). Forms and supporting documentation for non-adjudicative actions on pending and previously approved cases and arrival/departure document replacement requests. 4. Department of Homeland Security, United States Citizenship and Immigration Services (DAA-0566-2017-0034, 1 item, 1 temporary item). Master files of an electronic information system used to track and process requests from other government agencies and foreign partners for information contained in Alien Files. 5. Corporation for National and Community Service, Office of the National Service Trust (DAA-0362-2018-0003, 9 items, 9 temporary items). Records related to education awards and student loan ***payment*** benefits, including institutional registration, and requests for ***payment***, forbearance, benefit ***transfer***, and extension. 6. National Labor Relations Board, Agency-wide (DAA-0025-2017-0001, 22 items, 15 temporary items). Records of an electronic case management system, including undocketed correspondence, electronic submissions of representation case documentation, paper submissions of showing of interest documentation, paper submissions of other representation case documentation, back pay administration, court mediation working files, non-court settlement working files, submitted documentation, misconduct by attorneys or party representatives files where no action is taken, all other misconduct cases, drafts and informal background material, electronic case tracking data, case records unit tracking records, statistical reports, and working papers, transitory, and duplicative case file documentation. Proposed for permanent retention are official case files, advisory opinions and declaratory orders case files, sub- panel notes, panel notes, board agenda records, research publications and electronic databases, and special litigation case files. Laurence Brewer, Chief Records Officer for the U.S Government. [FR Doc. 2017-26694 Filed 12-11-17; 8:45 am] BILLING CODE 7515-01-P

**Load-Date:** December 13, 2017

**End of Document**



[***How does the EU spend its money?***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RK3-GH11-JCMN-Y451-00000-00&context=1516831)

The Week UK

February 5, 2018 Monday 6:06 AM EST

Copyright 2018 Newstex LLC All Rights Reserved

**Length:** 1007 words

**Byline:** Elliott

**Body**

Feb 04, 2018( The Week UK: [*http://www.theweek.co.uk*](http://www.theweek.co.uk) Delivered by Newstex) Credits Thomas Coex/AFP/Getty Images Alt Text The EU is facing a funding shortfall after the UK leaves How much does Britain contribute - and is it value for money? One-Minute Read[1] Monday, February 5, 2018 - 6:00am Claims and counter-claims about money played a key role in Britain's decision to leave the EU, and have dominated the divorce negotiations so far. See related Europe at a crossroads: will the EU survive 2018?[2] UK to pull out of European fisheries deal [3] Macron sets out radical vision for Europe[4] Vote Leave's infamous claim that the UK was sending £350m to the EU every week, and that this could instead be spent on the NHS, was roundly criticised as inaccurate and misleading.

But there is no doubt that the EU's opaque funding structure has led to confusion about how it actually spends its money.How much does the EU get?Every seven ***years***, EU leaders agree a long-term plan for the bloc's budget - how big it is and what the money should be spent on. The last round of budget negotiations took place in 2012 for the period 2014-2020 and, for the first time in the organisation's history, leaders decided to cut the amount it receives and spends.What does it spend it on?The BBC[5]says the EU spent a total of €138.44bn (£106.13bn) in 2014, the first ***year*** of the current budget.Of that, almost 80% went to two main areas: ***agriculture*** and fisheries - and development projects in poor areas.How much is spent on ***agriculture***?€43bn (£32.96bn) is currently spent on direct ***payments*** to farmers. Anyone in the EU who has land used for ***agriculture*** can receive a ***payment***, under a scheme 'aimed at ensuring the economic viability of the EU's eight million farmers [which accounts] for almost half of their income', says the BBC[6]. The UK received about 7% of the total ***agriculture*** and fisheries ***payments***, ranking sixth among EU member states. The huge spending on farming is increasingly coming under fire. Politico[7] says traditionally cash ***payments*** were linked to production, 'leading to embarrassing overproduction. Now, we're stuck in a system where banks, and even the Queen of England, receive gigantic amounts of taxpayer money simply because they happen to own ***agricultural*** land — regardless of what they produce, or if they produce anything at all'.And how much on development?The second biggest area of expenditure is developing poorer countries and regions. In 2014, the EU spent €31bn (£23.76bn) on regional development, on projects such business start-ups, roads and railways, renewable energy projects, education and health ***programmes***, and charities. By far the biggest recipient of all development ***payments*** was Poland, followed by Hungary, Greece, Italy and Spain.What else is the money spent on?Most of the rest of the EU budget is spent on improving EU growth through investing in research, innovation and education, namely through the Horzon2020 and Erasmus+ schemes, and on the EU's foreign policy and international aid ***programme***. The EU employs a total of 55,000 people, and spends €8bn (£6.13bn), or 6% of the total, on administering its various institutions. European Parliament administrative costs, including interpretation and translation services for 24 official languages, came to €1.7bn (£1.3bn) last ***year***. The rest went to the European Council, the European Court of Justice, Court of Auditors and the EU foreign affairs and diplomatic service.How much does the UK contribute and get back?National contributions are dictated by the size of the individual countries' economy but roughly work out to around 1% of GDP. According to the Office for National Statistics, the UK's gross contribution to EU institutions was £19.1bn in 2015, with Britain getting back £9.2bn. This figure is often quoted by Eurospectics as proof the UK's membership for the EU is not value for money. During the referendum, the chair of Vote Leave, Gisela Stuart, claimed: 'For every £2 we send to Brussels, we get £1 back and it comes back with a tag on it on what we have to spend it on.' This is 'broadly correct', writesRobert Ackrill on The Conversation[8], although the oft-cited £350m-a-week figure fails to take into account the UK's rebate and money it receives back. Such a focus on these numbers 'also fails to put into context the small scale of EU budget ***transfers***, when compared with UK national expenditure', says Ackrill.How will the EU fill the funding shortfall after Britain leaves?As talks begin over the next seven-***year*** budget to come into effect in 2021, the EU is facing a huge funding shortfall when Britain leaves. European Commission chief Jean-Claude Juncker started the ***year*** by calling on the remaining 27 EU countries to contribute more to foot the bill. At a time of rampant Euroscepticism, 'Brussels should be slimming down and reforming its budget, not hiking up the price tag', says Politico, 'and yet the Commission's solution to limit spending cuts appears to be to ask citizens to pay more'. EU[9] European Parliament[10] European Commission[11] Brexit[12] [ 1]: [*http://www.theweek.co.uk/one-minute-read*](http://www.theweek.co.uk/one-minute-read) [ 2]:   [*http://www.theweek.co.uk/in-depth/90746/europe-at-a-crossroads-will-the-eu-survive-2018*](http://www.theweek.co.uk/in-depth/90746/europe-at-a-crossroads-will-the-eu-survive-2018) [ 3]:   [*http://www.theweek.co.uk/86269/uk-to-pull-out-of-european-fisheries-deal*](http://www.theweek.co.uk/86269/uk-to-pull-out-of-european-fisheries-deal) [ 4]:   [*http://www.theweek.co.uk/88637/macron-sets-out-radical-vision-for-europe*](http://www.theweek.co.uk/88637/macron-sets-out-radical-vision-for-europe) [ 5]:   [*http://www.bbc.co.uk/news/uk-politics-eu-referendum-36368792*](http://www.bbc.co.uk/news/uk-politics-eu-referendum-36368792) [ 6]:   [*http://www.bbc.co.uk/news/uk-politics-eu-referendum-36368792*](http://www.bbc.co.uk/news/uk-politics-eu-referendum-36368792) [ 7]:   [*https://www.politico.eu/article/eu-budget-jean-claude-juncker-gdp-europe-needs-to-slash-its-budget-to-survive/*](https://www.politico.eu/article/eu-budget-jean-claude-juncker-gdp-europe-needs-to-slash-its-budget-to-survive/) [ 8]:   [*https://theconversation.com/fact-check-how-much-does-the-uk-actually-pay-to-the-eu-58120*](https://theconversation.com/fact-check-how-much-does-the-uk-actually-pay-to-the-eu-58120) [ 9]:   [*http://www.theweek.co.uk/eu*](http://www.theweek.co.uk/eu) [ 10]:   [*http://www.theweek.co.uk/tags/european-parliament*](http://www.theweek.co.uk/tags/european-parliament) [ 11]:   [*http://www.theweek.co.uk/tags/european-commission*](http://www.theweek.co.uk/tags/european-commission) [ 12]:   [*http://www.theweek.co.uk/brexit-0*](http://www.theweek.co.uk/brexit-0)

**Load-Date:** February 5, 2018

**End of Document**



[***Structural Fiscal Position***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RCG-31G1-F0J5-81FT-00000-00&context=1516831)

Iraq Country Risk Report

April 1, 2018 Sunday

Copyright 2018 Business Monitor International Ltd. All Rights Reserved



**Length:** 735 words

**Highlight:** Given our outlook for Iraq to post large fiscal deficits over the coming ***years***, on the back of low global oil prices, we expect the Iraqi public debt to remain above 60% over the next decade. An estimated 75% of GDP in 2015, Iraq's total public debt already stands well above all of its oil-producing peers in the MENA. This came as a result of severe mismanagement from the Iraqi government over the past decade, when the country was benefiting from large fiscal surpluses brought about by the oil price boom.

**Body**

**Government Debt:** Given our outlook for Iraq to post large fiscal deficits over the coming ***years***, on the back of low global oil prices, we expect the Iraqi public debt to remain around 65% of GDP through to 2019, before declining to more sustainable levels in the following ***years***. Standing at an estimated 68.7% of GDP in 2016, Iraq's total public debt already stands well above all of its oil-producing peers in the MENA. This came as a result of severe mismanagement from the Iraqi government over the past decade, when the country was benefiting from large fiscal surpluses brought about by the oil price boom.

|  |
| --- |
| Debt To Peak In 2018 |
| Gross Debt And Fiscal Balance (2009-2027) |
|  |
| *e/f = BMI estimate/forecast. Source: IMF, BMI* |

**Fiscal Deficit:** The Iraqi government will continue to post sizeable deficits over the next two ***years***, given Baghdad's overreliance on the hydrocarbon sector for its revenues - oil accounted for an estimated 87.8% of total revenues in 2016 - and our forecast that oil will trade in a range of USD55.0-75.0 per barrel over the next five ***years***. In addition, the government's ability to increase non-oil sector's revenues will remain limited, given that recurring violent conflicts in the country since the US-led invasion in 2003 have significantly damaged its manufacturing and ***agricultural*** bases.

|  |
| --- |
| Government Forced To Reduce Its Footprint |
| Government Spending And Revenue (2009-2027) |
|  |
| *e/f = BMI estimate/forecast. Source: IMF, BMI* |

Facing the risk of fiscal collapse, we believe that Baghdad will have to reduce its footprint on the economy, by cutting back on public wages and its subsidy ***programme***. Nevertheless, we expect this to come gradually - given the elevated political cost associated with dismantling the Iraqi social framework - resulting in only slow progress for the country's public finances. This will be reinforced by the fact that Baghdad will have to fund the reconstruction of large areas of the country that have been destroyed in the fighting against IS, as well as sustain close to 15% of the population that has been displaced by the conflict (amounting to more than 3mn Iraqis).Finally, Iraq has stood as one of the world's worst ranked countries on **Transparency International**'s Corruption Index over the past decade at least, reducing the potential to achieve rapid improvements in reforming public spending.

**Fiscal And Public Debt Forecasts (Iraq 2016-2027)**

| **Indicator** | **2016e** | **2017e** | **2018f** | **2019f** | **2020f** | **2021f** | **2022f** | **2023f** | **2024f** | **2025f** | **2026f** | **2027f** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Total revenue, IQDbn | 61,842.8 | 76,057.1 | 83,400.7 | 97,185.1 | 110,314.5 | 114,582.6 | 115,929.0 | 120,006.9 | 121,191.0 | 123,015.5 | 125,496.5 | 128,660.1 |
| Total revenue, IQD, % y-o-y | -2.6 | 23.0 | 9.7 | 16.5 | 13.5 | 3.9 | 1.2 | 3.5 | 1.0 | 1.5 | 2.0 | 2.5 |
| Total expenditure, IQDbn | 86,611.0 | 95,272.1 | 100,101.2 | 105,931.0 | 111,524.5 | 116,614.9 | 119,948.0 | 123,397.8 | 126,969.2 | 130,667.1 | 134,497.0 | 138,464.2 |
| Total expenditure, IQD, % y-o-y | -3.1 | 10.0 | 5.1 | 5.8 | 5.3 | 4.6 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 | 2.9 |
| Budget balance, IQDbn | -24,768.2 | -19,215.0 | -16,700.5 | -8,745.9 | -1,209.9 | -2,032.2 | -4,019.0 | -3,390.9 | -5,778.1 | -7,651.7 | -9,000.4 | -9,804.1 |
| Budget balance, % of GDP | -13.1 | -8.5 | -6.9 | -3.2 | -0.4 | -0.6 | -1.1 | -0.9 | -1.4 | -1.7 | -1.8 | -1.8 |
| Total government debt, EURbn | 99.2 | 109.6 | 116.3 | 121.4 | 118.5 | 116.8 | 112.2 | 108.9 | 106.2 | 103.6 | 102.1 | 100.8 |
| Total government debt, % of GDP | 68.6 | 64.6 | 65.0 | 60.7 | 54.5 | 50.0 | 45.1 | 40.9 | 37.7 | 34.6 | 32.0 | 29.7 |

e/f = BMI estimate/forecast. Source: IMF, BMI On the upside, Iraq's external public debt is limited. Although we expect Baghdad's external financial obligations to increase over the coming ***years*** - as the country taps international markets to fund its deficits - we do not believe that the government's external debt will surge rapidly. Indeed, Baghdad will continue to face relatively elevated interest rates - although yields have gone significantly lower over the past ***year*** - reducing the country's willingness and ability to finance on financial markets.

**BREAKDOWN OF REVENUES AND EXPENDITURE In 2015**

| **Breakdown Of Revenues** |  | **% Of Total** |  | **Breakdown Of Expenditure** |  | **% Of Total** |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Salary & Pension |  | 33.9 |
| Oil Revenues & Mineral Resources |  | 93.0 |  | Goods And Services |  | 7.6 |
| Income & Property Tax |  | 1.2 |  | ***Transfer*** |  | 11.7 |
| ***Transfer*** Revenues |  | 1.6 |  | Interest ***payments*** |  | 0.6 |
| Public Sector Profits |  | 2.0 |  | War reparations |  | 4.1 |
| Other Revenues |  | 2.2 |  | CAPEX, Oil |  | 22.1 |
|  |  |  |  | CAPEX, Non-Oil |  | 20.0 |

Source: IMF, BMI

**Load-Date:** January 9, 2018

**End of Document**



[***Future Farm Closes on Acquisition of 50% Interest in Cepg Consulting and Design Inc.; now Ready to Apply for a Dealer License in Canada***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5T1R-RTS1-DXP3-R4TR-00000-00&context=1516831)

PR Newswire Europe

August 14, 2018 Tuesday 8:00 AM EST

Copyright 2018 PR Newswire Europe Limited All Rights Reserved

**Length:** 934 words

**Dateline:** VANCOUVER, British Columbia, August 14, 2018

**Body**

Future Farm Technologies Inc. (the "Company" or "Future Farm") (CSE: FFT) (OTCQX: FFRMF) is pleased to announce that it has completed its acquisition of a 50% interest in CEPG Consulting and Design Inc. ("CEPG") of St. John's, Newfoundland. CEPG will participate in the cannabis and hemp breeding ***program*** under thepreviously announcedjoint venture between Future Farm and Rahan Meristem Ltd. ("Rahan"), a world renowned global agro-biotechnology company based in Israel. The joint venture will operate out of both an existing building to be ***transferred*** to CEPG by Snellen Holdings (1994) Co. Ltd. ("SHC") and 6,000 square feet of newly constructed laboratories.

CEPG is a Canadian corporation which, until the closing of Future Farm's acquisition of 50% ownership, was wholly owned by SHC, also based in St. John's. SHC has been developing controlled environment plant growth systems since 1981.

CEPG will apply for a dealer license from Health Canada, which will enable research and development to begin on the growth of cannabis plants. Once licensed, the R&D facility will use state-of-the-art controlled environment equipment and techniques to create a research hub for the Rahan and Future Farm JV, which is expected to create valuable IP to be sold or licensed worldwide. The joint venture will develop, own and utilize Rahan's proven and proprietary technology to mass-produce elite new strains of marijuana to fit various profiles required of the medical and legal use of this highly valuable and beneficial plant.

"Now that we are 50% partners with Future Farm, we can fast-track the build-out of our lab space," comments Chris Snellen, President of CEPG. "In the meantime, we hope to outsource initial analytical and tissue culture work to Memorial University of Newfoundland and even partner with them on several R&D projects."

As part of the JV, Rahan shall be responsible for providing the know-how and technology, as well as management and operation of the breeding ***program***.

"We are delighted to continue the path that Chris and CEPG have forged over the ***years*** in St. John's," says Bill Gildea, CEO of Future Farm. "The relationships that Chris has made will streamline the process of getting the R&D facility up and running so that we can get down to the business of developing elite strains of cannabis and hemp with our partners at Rahan."

In consideration for the acquisition, SHC received 483,871 shares of Future Farm common stock and a cash ***payment*** of CAD$71,780. In addition, Mr. Snellen received a cash ***payment*** of CAD$50,000.

On behalf of the Board,

Future FarmTechnologies Inc.

William Gildea, Chairman & CEO

About Snellen Holdings:

Snellen Holdings and CEPG (controlled environment plant growth) are founding shareholders of Spot Therapeutics Inc. CEPG designed Spot's 40,000 sq. ft. medical marijuana production facility in Fredericton New Brunswick. CEPG, then a wholly owned Subsidiary of Snellen Holdings was incorporated to be Spot's horticulture department. Shortly after Spot received their 'letter to build' approval from Health Canada, Canopy Growth Corporation bought Spot. Future Farm is now a 50% owner of CEPG.

About Future Farm Technologies Inc.

Future Farm is a Canadian company with holdings throughout North America including California, Massachusetts, Florida, Maine, Puerto Rico and Newfoundland. The Company's mission is to advance sustainable ***agriculture*** through production of wholesale and retail cannabis products, including hemp. As a leader in its field, Future Farm is committed to using only the highest quality processes and products. Towards this goal, the Company acquires or partners with licensed cannabis operators, and acquires or develops leading technologies in cannabis production, breeding, genetics, and Controlled Environment ***Agriculture*** (CEA). Future Farm's scalable, indoor CEA systems utilize minimal land, water and energy resources. The Company holds an exclusive, worldwide license to use a patented vertical farming technology that, when compared to traditional plant production methods, generates yields up to 10 times greater per square foot of land.

Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release. The Canadian Securities Exchange has not in any way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

This news release may include forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are tobe considered forward looking.Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from thosein forward-looking statements.Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements except as required under the applicable laws.

For further information, contact:

William Gildea

Director

(888)387-3761

**Load-Date:** August 14, 2018

**End of Document**



[***Washington: FEDERAL REGISTER PRINTING SAVINGS ACT OF 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RFN-1XW1-JDG9-Y2PR-00000-00&context=1516831)

Impact News Service

January 19, 2018 Friday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 20975 words

**Body**

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

 General Leave Mr. FRELINGHUYSEN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include extraneous material on the further consideration of H.R 195. The SPEAKER pro tempore (Mr. Hultgren). Is there objection to the request of the gentleman from New Jersey? There was no objection. Mr. FRELINGHUYSEN. Mr. Speaker, pursuant to House Resolution 696, I call up the bill (H.R 195) to amend title 44, United States Code, to restrict the distribution of free printed copies of the Federal Register to Members of Congress and other officers and employees of the United States, and for other purposes, with the Senate amendment thereto, and ask for its immediate consideration. The Clerk read the title of the bill.

The SPEAKER pro tempore. The Clerk will designate the Senate amendment. Senate amendment: [[Page H522]] At the end, add the following: TITLE II--KEVIN AND AVONTE'S LAW OF 2017 SEC. 201. SHORT TITLE. This title may be cited as the ``Kevin and Avonte's Law of 2017''. Subtitle A--Missing Alzheimer's Disease Patient Alert ***Program*** Reauthorization SEC. 211. SHORT TITLE. This subtitle may be cited as the ``Missing Americans Alert ***Program*** Act of 2017''. SEC. 212. REAUTHORIZATION OF THE MISSING ALZHEIMER'S DISEASE PATIENT ALERT ***PROGRAM***. (a) Amendments.--Section 240001 of the Violent Crime Control and Law Enforcement Act of 1994 (34 U.S.C 12621) is amended-- (1) in the section header, by striking ``alzheimer's disease patient'' and inserting ``americans''; (2) by striking subsection (a) and inserting the following: ``(a) Grant ***Program*** To Reduce Injury and Death of Missing Americans With Dementia and Developmental Disabilities.-- Subject to the availability of appropriations to carry out this section, the Attorney General, through the Bureau of Justice Assistance and in consultation with the Secretary of Health and Human Services-- ``(1) shall award competitive grants to health care agencies, State and local law enforcement agencies, or public safety agencies and nonprofit organizations to assist such entities in planning, designing, establishing, or operating locally based, proactive ***programs*** to prevent wandering and locate missing individuals with forms of dementia, such as Alzheimer's Disease, or developmental disabilities, such as autism, who, due to their condition, wander from safe environments, including ***programs*** that-- ``(A) provide prevention and response information, including online training resources, and referrals to families or guardians of such individuals who, due to their condition, wander from a safe environment; ``(B) provide education and training, including online training resources, to first responders, school personnel, clinicians, and the public in order to-- ``(i) increase the safety and reduce the incidence of wandering of persons, who, due to their dementia or developmental disabilities, may wander from safe environments; ``(ii) facilitate the rescue and recovery of individuals who, due to their dementia or developmental disabilities, wander from safe environments; and ``(iii) recognize and respond to and appropriately interact with endangered missing individuals with dementia or developmental disabilities who, due to their condition, wander from safe environments; ``(C) provide prevention and response training and emergency protocols for school administrators, staff, and families or guardians of individuals with dementia, such as Alzheimer's Disease, or developmental disabilities, such as autism, to help reduce the risk of wandering by such individuals; and ``(D) develop, operate, or enhance a notification or communications systems for alerts, advisories, or dissemination of other information for the recovery of missing individuals with forms of dementia, such as Alzheimer's Disease, or with developmental disabilities, such as autism; and ``(2) shall award grants to health care agencies, State and local law enforcement agencies, or public safety agencies to assist such agencies in designing, establishing, and operating locative tracking technology ***programs*** for individuals with forms of dementia, such as Alzheimer's Disease, or children with developmental disabilities, such as autism, who have wandered from safe environments.''; (3) in subsection (b)-- (A) by inserting ``competitive'' after ``to receive a''; (B) by inserting ``agency or'' before ``organization'' each place it appears; and (C) by adding at the end the following: ``The Attorney General shall periodically solicit applications for grants under this section by publishing a request for applications in the Federal Register and by posting such a request on the website of the Department of Justice.''; and (4) by striking subsections (c) and (d) and inserting the following: ``(c) Preference.--In awarding grants under subsection (a)(1), the Attorney General shall give preference to law enforcement or public safety agencies that partner with nonprofit organizations that appropriately use person- centered plans minimizing restrictive interventions and that have a direct link to individuals, and families of individuals, with forms of dementia, such as Alzheimer's Disease, or developmental disabilities, such as autism. ``(d) Authorization of Appropriations.--There are authorized to be appropriated to carry out this section $2,000,000 for each of fiscal ***years*** 2018 through 2022. ``(e) Grant Accountability.--All grants awarded by the Attorney General under this section shall be subject to the following accountability provisions: ``(1) Audit requirement.-- ``(A) Definition.--In this paragraph, the term `unresolved audit finding' means a finding in the final audit report of the Inspector General of the Department of Justice that the audited grantee has utilized grant funds for an unauthorized expenditure or otherwise unallowable cost that is not closed or resolved within 12 months from the date when the final audit report is issued. ``(B) Audits.--Beginning in the first fiscal ***year*** beginning after the date of enactment of this subsection, and in each fiscal ***year*** thereafter, the Inspector General of the Department of Justice shall conduct audits of recipients of grants under this section to prevent waste, fraud, and abuse of funds by grantees. The Inspector General shall determine the appropriate number of grantees to be audited each ***year***. ``(C) Mandatory exclusion.--A recipient of grant funds under this section that is found to have an unresolved audit finding shall not be eligible to receive grant funds under this section during the first 2 fiscal ***years*** beginning after the end of the 12-month period described in subparagraph (A). ``(D) Priority.--In awarding grants under this section, the Attorney General shall give priority to eligible applicants that did not have an unresolved audit finding during the 3 fiscal ***years*** before submitting an application for a grant under this section. ``(E) Reimbursement.--If an entity is awarded grant funds under this section during the 2-fiscal-***year*** period during which the entity is barred from receiving grants under subparagraph (C), the Attorney General shall-- ``(i) deposit an amount equal to the amount of the grant funds that were improperly awarded to the grantee into the General Fund of the Treasury; and ``(ii) seek to recoup the costs of the repayment to the fund from the grant recipient that was erroneously awarded grant funds. ``(2) Nonprofit organization requirements.-- ``(A) Definition of nonprofit organization.--For purposes of this paragraph and the grant ***programs*** under this section, the term `nonprofit organization' means an organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 and is exempt from taxation under section 501(a) of such Code. ``(B) Prohibition.--The Attorney General may not award a grant under this section to a nonprofit organization that holds money in offshore accounts for the purpose of avoiding paying the tax described in section 511(a) of the Internal Revenue Code of 1986. ``(C) Disclosure.--Each nonprofit organization that is awarded a grant under this section and uses the procedures prescribed in regulations to create a rebuttable presumption of reasonableness for the compensation of its officers, directors, trustees, and key employees, shall disclose to the Attorney General, in the application for the grant, the process for determining such compensation, including the independent persons involved in reviewing and approving such compensation, the comparability data used, and contemporaneous substantiation of the deliberation and decision. Upon request, the Attorney General shall make the information disclosed under this subparagraph available for public inspection. ``(3) Conference expenditures.-- ``(A) Limitation.--No amounts made available to the Department of Justice under this section may be used by the Attorney General, or by any individual or entity awarded discretionary funds through a cooperative agreement under this section, to host or support any expenditure for conferences that uses more than $20,000 in funds made available by the Department of Justice, unless the head of the relevant agency or department, provides prior written authorization that the funds may be expended to host the conference. ``(B) Written approval.--Written approval under subparagraph (A) shall include a written estimate of all costs associated with the conference, including the cost of all food, beverages, audio-visual equipment, honoraria for speakers, and entertainment. ``(C) Report.--The Deputy Attorney General shall submit an annual report to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives on all conference expenditures approved under this paragraph. ``(4) Annual certification.--Beginning in the first fiscal ***year*** beginning after the date of enactment of this subsection, the Attorney General shall submit, to the Committee on the Judiciary and the Committee on Appropriations of the Senate and the Committee on the Judiciary and the Committee on Appropriations of the House of Representatives, an annual certification-- ``(A) indicating whether-- ``(i) all audits issued by the Office of the Inspector General under paragraph (1) have been completed and reviewed by the appropriate Assistant Attorney General or Director; ``(ii) all mandatory exclusions required under paragraph (1)(C) have been issued; and ``(iii) all reimbursements required under paragraph (1)(E) have been made; and ``(B) that includes a list of any grant recipients excluded under paragraph (1) from the previous ***year***. ``(f) Preventing Duplicative Grants.-- ``(1) In general.--Before the Attorney General awards a grant to an applicant under this section, the Attorney General shall compare potential grant awards with other grants awarded by the Attorney General to determine if grant awards are or have been awarded for a similar purpose. ``(2) Report.--If the Attorney General awards grants to the same applicant for a similar purpose the Attorney General shall submit to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives a report that includes-- ``(A) a list of all such grants awarded, including the total dollar amount of any such grants awarded; and ``(B) the reason the Attorney General awarded multiple grants to the same applicant for a similar purpose.''. (b) Annual Report.--Not later than 2 ***years*** after the date of enactment of this Act and every ***year*** thereafter, the Attorney General shall submit to the Committee on the Judiciary [[Page H523]] and the Committee on Appropriations of the Senate and the Committee on the Judiciary and the Committee on Appropriations of the House of Representatives a report on the Missing Americans Alert ***Program***, as amended by subsection (a), which shall address-- (1) the number of individuals who benefitted from the Missing Americans Alert ***Program***, including information such as the number of individuals with reduced unsafe wandering, the number of people who were trained through the ***program***, and the estimated number of people who were impacted by the ***program***; (2) the number of State, local, and tribal law enforcement or public safety agencies that applied for funding under the Missing Americans Alert ***Program***; (3) the number of State, local, and tribal local law enforcement or public safety agencies that received funding under the Missing Americans Alert ***Program***, including-- (A) the number of State, local, and tribal law enforcement or public safety agencies that used such funding for training; and (B) the number of State, local, and tribal law enforcement or public safety agencies that used such funding for designing, establishing, or operating locative tracking technology; (4) the companies, including the location (city and State) of the headquarters and local offices of each company, for which their locative tracking technology was used by State, local, and tribal law enforcement or public safety agencies; (5) the nonprofit organizations, including the location (city and State) of the headquarters and local offices of each organization, that State, local, and tribal law enforcement or public safety agencies partnered with and the result of each partnership; (6) the number of missing children with autism or another developmental disability with wandering tendencies or adults with Alzheimer's being served by the ***program*** who went missing and the result of the search for each such individual; and (7) any recommendations for improving the Missing Americans Alert ***Program***. (c) Table of Contents.--The table of contents in section 2 of the Violent Crime Control and Law Enforcement Act of 1994 is amended by striking the item relating to section 240001 and inserting the following: ``Sec. 240001. Missing Americans Alert ***Program***.''. Subtitle B--Education and Outreach SEC. 231. ACTIVITIES BY THE NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN. Section 404(b)(1)(H) of the Missing Children's Assistance Act (34 U.S.C 11293(b)(1)(H)) is amended by inserting ``, including cases involving children with developmental disabilities such as autism'' before the semicolon. Subtitle C--Privacy Protections SEC. 241. DEFINITIONS. In this subtitle: (1) Child.--The term ``child'' means an individual who is less than 18 ***years*** of age. (2) Indian tribe.--The term ``Indian tribe'' has the meaning given that term in section 4(e) of the Indian Self- Determination and Education Assistance Act (25 U.S.C 5304(e)). (3) Law enforcement agency.--The term ``law enforcement agency'' means an agency of a State, unit of local government, or Indian tribe that is authorized by law or by a government agency to engage in or supervise the prevention, detection, investigation, or prosecution of any violation of criminal law. (4) Non-invasive and non-permanent.--The term ``non- invasive and non-permanent'' means, with regard to any technology or device, that the procedure to install the technology or device does not create an external or internal marker or implant a device, such as a microchip, or other trackable items. (5) State.--The term ``State'' means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. (6) Unit of local government.--The term ``unit of local government'' means a county, municipality, town, township, village, parish, borough, or other unit of general government below the State level. SEC. 242. STANDARDS AND BEST PRACTICES FOR USE OF NON- INVASIVE AND NON-PERMANENT TRACKING DEVICES. (a) Establishment.-- (1) In general.--Not later than 180 days after the date of enactment of this Act, the Attorney General, in consultation with the Secretary of Health and Human Services and leading research, advocacy, self-advocacy, and service organizations, shall establish standards and best practices relating to the use of non-invasive and non-permanent tracking technology, where a guardian or parent has determined that a non-invasive and non-permanent tracking device is the least restrictive alternative, to locate individuals as described in subsection (a)(2) of section 240001 of the Violent Crime Control and Law Enforcement Act of 1994 (34 U.S.C 12621), as added by this title. (2) Requirements.--In establishing the standards and best practices required under paragraph (1), the Attorney General shall-- (A) determine-- (i) the criteria used to determine which individuals would benefit from the use of a tracking device; (ii) the criteria used to determine who should have direct access to the tracking system; and (iii) which non-invasive and non-permanent types of tracking devices can be used in compliance with the standards and best practices; and (B) establish standards and best practices the Attorney General determines are necessary to the administration of a tracking system, including procedures to-- (i) safeguard the privacy of the data used by the tracking device such that-- (I) access to the data is restricted to law enforcement and health agencies determined necessary by the Attorney General; and (II) collection, use, and retention of the data is solely for the purpose of preventing injury to or death of the individual wearing the tracking device; (ii) establish criteria to determine whether use of the tracking device is the least restrictive alternative in order to prevent risk of injury or death before issuing the tracking device, including the previous consideration of less restrictive alternatives; (iii) provide training for law enforcement agencies to recognize signs of abuse during interactions with applicants for tracking devices; (iv) protect the civil rights and liberties of the individuals who use tracking devices, including their rights under the Fourth Amendment to the Constitution of the United States; (v) establish a complaint and investigation process to address-- (I) incidents of noncompliance by recipients of grants under subsection (a)(2) of section 240001 of the Violent Crime Control and Law Enforcement Act of 1994 (34 U.S.C 12621), as added by this title, with the best practices established by the Attorney General or other applicable law; and (II) use of a tracking device over the objection of an individual; and (vi) determine the role that State agencies should have in the administration of a tracking system. (3) Effective date.--The standards and best practices established pursuant to paragraph (1) shall take effect 90 days after publication of such standards and practices by the Attorney General. (b) Required Compliance.-- (1) In general.--Each entity that receives a grant under subsection (a)(2) of section 240001 of the Violent Crime Control and Law Enforcement Act of 1994 (34 U.S.C 12621), as added by this title, shall comply with any standards and best practices relating to the use of tracking devices established by the Attorney General in accordance with subsection (a). (2) Determination of compliance.--The Attorney General, in consultation with the Secretary of Health and Human Services, shall determine whether an entity that receives a grant under subsection (a)(2) of section 240001 of the Violent Crime Control and Law Enforcement Act of 1994 (34 U.S.C 12621), as added by this title, acts in compliance with the standards and best practices described in paragraph (1). (c) Applicability of Standards and Best Practices.--The standards and best practices established by the Attorney General under subsection (a) shall apply only to the grant ***programs*** authorized under subsection (a)(2) of section 240001 of the Violent Crime Control and Law Enforcement Act of 1994 (34 U.S.C 12621), as added by this title. (d) Limitations on ***Program***.-- (1) Data storage.--Any tracking data provided by tracking devices issued under this ***program*** may not be used by a Federal entity to create a database. (2) Voluntary participation.--Nothing in this title may be construed to require that a parent or guardian use a tracking device to monitor the location of a child or adult under that parent or guardian's supervision if the parent or guardian does not believe that the use of such device is necessary or in the interest of the child or adult under supervision. Motion to Concur Mr. FRELINGHUYSEN. Mr. Speaker, I have a motion at the desk. The SPEAKER pro tempore. The Clerk will designate the motion. The text of the motion is as follows: Mr. Frelinghuysen moves that the House concur in the Senate amendment to H.R 195 with an amendment consisting of the text of Rules Committee print 115-55. The text of the House amendment to the Senate amendment to the text is as follows: In lieu of the matter proposed to be inserted by the Senate, insert the following: DIVISION B--EXTENSION OF CONTINUING APPROPRIATIONS ACT, 2018 Sec. 2001. The Continuing Appropriations Act, 2018 (division D of Public Law 115-56) is amended-- (1) by striking the date specified in section 106(3) and inserting ``February 16, 2018''; and (2) by adding after section 147 the following: ``Sec. 148. Funds appropriated by the Department of Defense Missile Defeat and Defense Enhancements Appropriations Act, 2018 (division B of Public Law 115-96) may be obligated and expended notwithstanding section 504(a)(1) of the National Security Act of 1947 (50 U.S.C 3094(a)(1)). ``Sec. 149. Amounts made available by section 101 for `Department of ***Agriculture***--Food and Nutrition Service--Child Nutrition ***Programs***' to carry out section 749(g) of the ***Agriculture*** Appropriations Act of 2010 (Public Law 111-80) may be apportioned up to the rate for operations necessary to ensure that the ***program*** can be fully operational by May 2018. ``Sec. 150. Amounts made available by section 101 for `National Aeronautics and Space [[Page H524]] Administration--Exploration' may be apportioned up to the rate for operations necessary to maintain the planned launch capability schedules for the Space Launch System launch vehicle, Exploration Ground Systems, and Orion Multi-Purpose Crew Vehicle ***programs***. ``Sec. 151. Amounts made available by section 101 for `Department of Energy--Energy ***Programs***--Office of the Inspector General' may be apportioned up to the rate for operations necessary to sustain staffing levels achieved on June 30, 2017. ``Sec. 152. Amounts made available by section 101 for `Small Business Administration--Business Loans ***Program*** Account' may be apportioned up to the rate for operations necessary to accommodate increased demand for commitments for general business loans authorized under section 7(a) of the Small Business Act (15 U.S.C 636(a)). ``Sec. 153. For 2018, the Secretary of Housing and Urban Development may make temporary adjustments to the Section 8 housing choice voucher annual renewal funding allocations and administrative fee eligibility determinations for public housing agencies in an area for which the President declared a disaster in 2017 or 2018 under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C 5170 et seq.), to avoid significant adverse funding impacts that would otherwise result from the disaster and that would otherwise prevent a public housing agency from leasing up to its authorized level of units under contract (but not to exceed such level), upon request by and in consultation with a public housing agency and supported by documentation as required by the Secretary that demonstrates the need for the adjustment.''. Sec. 2002. The Further Additional Continuing Appropriations Act, 2018 (division A of Public Law 115-96) is amended by striking section 1002. This division may be cited as the ``Extension of Continuing Appropriations Act, 2018''. DIVISION C--HEALTHY KIDS ACT SEC. 3001. SHORT TITLE. This division may be cited as the ``Helping Ensure Access for Little Ones, Toddlers, and Hopeful Youth by Keeping Insurance Delivery Stable Act'' or the ``HEALTHY KIDS Act''. SEC. 3002. SIX-***YEAR*** FUNDING EXTENSION OF THE CHILDREN'S HEALTH INSURANCE ***PROGRAM***. (a) Funding.-- (1) In general.--Section 2104(a) of the Social Security Act (42 U.S.C 1397dd(a)), as amended by section 3201(a) of the CHIP and Public Health Funding Extension Act (division C of Public Law 115-96), is amended-- (A) in paragraph (20)(B), by striking ``; and'' and inserting a semicolon; (B) by striking paragraph (21) and inserting the following new paragraphs: ``(21) for fiscal ***year*** 2018, $21,500,000,000; ``(22) for fiscal ***year*** 2019, $22,600,000,000; ``(23) for fiscal ***year*** 2020, $23,700,000,000; ``(24) for fiscal ***year*** 2021, $24,800,000,000; ``(25) for fiscal ***year*** 2022, $25,900,000,000; and ``(26) for fiscal ***year*** 2023, for purposes of making two semi-annual allotments-- ``(A) $2,850,000,000 for the period beginning on October 1, 2022, and ending on March 31, 2023; and ``(B) $2,850,000,000 for the period beginning on April 1, 2023, and ending on September 30, 2023.''. (2) Prevention of duplicate appropriations for fiscal ***year*** 2018.--Notwithstanding any other provision of law, insofar as funds have been appropriated under subsection (a)(21) of section 2104 of the Social Security Act (42 U.S.C 1397dd), as such subsection is in effect on the day before the date of the enactment of this Act, to provide allotments to States under the State Children's Health Insurance ***Program*** established under title XXI of the Social Security Act (42 U.S.C 1397aa et seq.) (whether implemented under title XIX, XXI, or both, of the Social Security Act) for fiscal ***year*** 2018-- (A) any amounts that are so appropriated that are not so allotted and obligated before the date of the enactment of this Act, are rescinded; and (B) any amount provided for CHIP allotments to a State under this section (and the amendments made by this section) for such fiscal ***year*** shall be reduced by the amount of such appropriations so allotted and obligated before such date. (b) Allotments.-- (1) In general.--Section 2104(m) of the Social Security Act (42 U.S.C 1397dd(m)), as amended by section 3201(b) of the CHIP and Public Health Funding Extension Act (division C of Public Law 115-96), is amended-- (A) in paragraph (2)(B)-- (i) in the matter preceding clause (i), by striking ``(19)'' and inserting ``(25)''; (ii) in clause (i), by striking ``and 2017'' and inserting ``, 2017, and 2023''; and (iii) in clause (ii)-- (I) in the matter preceding subclause (I), by striking ``and paragraph (10)''; and (II) in subclause (I), by inserting ``(or, in the case of fiscal ***year*** 2018, under paragraph (4))'' after ``clause (i)''; (B) in paragraph (5), by striking ``2018'' and inserting ``2023''; (C) in paragraph (7)-- (i) in subparagraph (A), by striking ``2017'' and inserting ``2023''; (ii) in subparagraph (B), in the matter preceding clause (i), by inserting ``(or, in the case of fiscal ***year*** 2018, by not later than the date that is 60 days after the date of the enactment of the HEALTHY KIDS Act)'' after ``before the August 31 preceding the beginning of the fiscal ***year***''; and (iii) in the matter following subparagraph (B), by striking ``or fiscal ***year*** 2016'' and inserting ``fiscal ***year*** 2016, fiscal ***year*** 2018, fiscal ***year*** 2020, or fiscal ***year*** 2022''; (D) in paragraph (9), by striking ``2018'' and inserting ``2023''; and (E) by amending paragraph (10) to read as follows: ``(10) For fiscal ***year*** 2023.-- ``(A) First half.--Subject to paragraphs (5) and (7), from the amount made available under subparagraph (A) of paragraph (26) of subsection (a) for the semi-annual period described in such subparagraph, increased by the amount of the appropriation for such period under section 3002(b)(2) of the HEALTHY KIDS Act, the Secretary shall compute a State allotment for each State (including the District of Columbia and each commonwealth and territory) for such semi-annual period in an amount equal to the first half ratio (described in subparagraph (D)) of the amount described in subparagraph (C). ``(B) Second half.--Subject to paragraphs (5) and (7), from the amount made available under subparagraph (B) of paragraph (26) of subsection (a) for the semi-annual period described in such subparagraph, the Secretary shall compute a State allotment for each State (including the District of Columbia and each commonwealth and territory) for such semi-annual period in an amount equal to the amount made available under such subparagraph, multiplied by the ratio of-- ``(i) the amount of the allotment to such State under subparagraph (A); to ``(ii) the total of the amount of all of the allotments made available under such subparagraph. ``(C) Full ***year*** amount based on rebased amount.--The amount described in this subparagraph for a State is equal to the Federal ***payments*** to the State that are attributable to (and countable towards) the total amount of allotments available under this section to the State in fiscal ***year*** 2022 (including ***payments*** made to the State under subsection (n) for fiscal ***year*** 2022 as well as amounts redistributed to the State in fiscal ***year*** 2022), multiplied by the allotment increase factor under paragraph (6) for fiscal ***year*** 2023. ``(D) First half ratio.--The first half ratio described in this subparagraph is the ratio of-- ``(i) the sum of-- ``(I) the amount made available under subsection (a)(26)(A); and ``(II) the amount of the appropriation for such period under section 3002(b)(2) of the HEALTHY KIDS Act; to ``(ii) the sum of-- ``(I) the amount described in clause (i); and ``(II) the amount made available under subsection (a)(26)(B).''. (2) One-time appropriation for fiscal ***year*** 2023.--There is appropriated to the Secretary of Health and Human Services, out of any money in the Treasury not otherwise appropriated, $20,200,000,000 to accompany the allotment made for the period beginning on October 1, 2022, and ending on March 31, 2023, under paragraph (26)(A) of section 2104(a) of the Social Security Act (42 U.S.C 1397dd(a)) (as added by subsection (a)), to remain available until expended. Such amount shall be used to provide allotments to States under paragraph (10) of section 2104(m) of such Act (as added by paragraph (1)) for the first 6 months of fiscal ***year*** 2023 in the same manner as allotments are provided under subsection (a)(26)(A) of such section 2104 and subject to the same terms and conditions as apply to the allotments provided from such subsection (a)(26)(A). (c) Extension of the Child Enrollment Contingency Fund.-- Section 2104(n) of the Social Security Act (42 U.S.C 1397dd(n)) is amended-- (1) in paragraph (2)-- (A) in subparagraph (A)(ii)-- (i) by striking ``2010, 2011, 2012, 2013, 2014, and 2016'' and inserting ``2010 through 2014, 2016, and 2018 through 2022''; and (ii) by striking ``fiscal ***year*** 2015 and fiscal ***year*** 2017'' and inserting ``fiscal ***years*** 2015, 2017, and 2023''; and (B) in subparagraph (B)-- (i) by striking ``2010, 2011, 2012, 2013, 2014, and 2016'' and inserting ``2010 through 2014, 2016, and 2018 through 2022''; and (ii) by striking ``fiscal ***year*** 2015 and fiscal ***year*** 2017'' and inserting ``fiscal ***years*** 2015, 2017, and 2023''; and (2) in paragraph (3)(A), in the matter preceding clause (i), by striking ``or a semi-annual allotment period for fiscal ***year*** 2015 or 2017'' and inserting ``or in any of fiscal ***years*** 2018 through 2022 (or a semi-annual allotment period for fiscal ***year*** 2015, 2017, or 2023)''. (d) Extension of Qualifying States Option.-- (1) In general.--Section 2105(g)(4) of the Social Security Act (42 U.S.C 1397ee(g)(4)) is amended-- (A) in the heading, by striking ``through 2017'' and inserting ``through 2023''; and (B) in subparagraph (A), by striking ``2017'' and inserting ``2023''. (2) Technical amendments.--Section 2104(f)(2)(B)(ii) of the Social Security Act (42 U.S.C 1397dd(f)(2)(B)(ii)), as amended by section 3201(c) of the CHIP and Public Health Funding Extension Act (division C of Public Law 115-96), is amended-- (A) in subclause (I), by striking ``for the month (as defined in subclause (II))'' and inserting ``(as defined in subclause (II)) for the month''; [[Page H525]] (B) in subclause (II), by

inserting ``, as in effect on the day before the date of the enactment of the HEALTHY KIDS Act,'' after ``section 2105(g)(4)(A)''; and (C) in subclause (VI)-- (i) by inserting ``, as in effect on the day before the date of the enactment of the HEALTHY KIDS Act'' after ``, section 2105(g)(4)''; and (ii) by inserting ``, as so in effect'' after ``under section 2105(g)(4)''. (e) Extension of Express Lane Eligibility Option.--Section 1902(e)(13)(I) of the Social Security Act (42 U.S.C 1396a(e)(13)(I)) is amended by striking ``2017'' and inserting ``2023''. (f) Assurance of Affordability Standard for Children and Families.-- (1) In general.--Section 2105(d)(3) of the Social Security Act (42 U.S.C 1397ee(d)(3)) is amended-- (A) in the paragraph heading, by striking ``until october 1, 2019'' and inserting ``through september 30, 2023''; and (B) in subparagraph (A), in the matter preceding clause (i)-- (i) by striking ``2019'' and inserting ``2023''; and (ii) by striking ``The preceding sentence shall not be construed as preventing a State during such period'' and inserting ``During the period that begins on October 1, 2019, and ends on September 30, 2023, the preceding sentence shall only apply with respect to children in families whose income does not exceed 300 percent of the poverty line (as defined in section 2110(c)(5)) applicable to a family of the size involved. The preceding sentences shall not be construed as preventing a State during any such periods''. (2) Conforming amendments.--Section 1902(gg)(2) of the Social Security Act (42 U.S.C 1396a(gg)(2)) is amended-- (A) in the paragraph heading, by striking ``until october 1, 2019'' and inserting ``through september 30, 2023''; and (B) by striking ``September 30, 2019,'' and inserting ``September 30, 2023 (but during the period that begins on October 1, 2019, and ends on September 30, 2023, only with respect to children in families whose income does not exceed 300 percent of the poverty line (as defined in section 2110(c)(5)) applicable to a family of the size involved)''. (g) CHIP Look-Alike Plans.-- (1) Blending risk pools.--Section 2107 of the Social Security Act (42 U.S.C 1397gg) is amended by adding at the end the following: ``(g) Use of Blended Risk Pools.-- ``(1) In general.--Nothing in this title (or any other provision of Federal law) shall be construed as preventing a State from considering children enrolled in a qualified CHIP look-alike ***program*** and children enrolled in a State child health plan under this title (or a waiver of such plan) as members of a single risk pool. ``(2) Qualified chip look-alike ***program***.--In this subsection, the term `qualified CHIP look-alike ***program***' means a State ***program***-- ``(A) under which children who are under the age of 19 and are not eligible to receive medical assistance under title XIX or child health assistance under this title may purchase coverage through the State that provides benefits that are at least identical to the benefits provided under the State child health plan under this title (or a waiver of such plan); and ``(B) that is funded exclusively through non-Federal funds, including funds received by the State in the form of premiums for the purchase of such coverage.''. (2) Coverage rule.-- (A) In general.--Section 5000A(f)(1) of the Internal Revenue Code of 1986 is amended in subparagraph (A)(iii), by inserting ``or under a qualified CHIP look-alike ***program*** (as defined in section 2107(g) of the Social Security Act)'' before the comma at the end. (B) Effective date.--The amendment made by subparagraph (A) shall apply with respect to taxable ***years*** beginning after December 31, 2017. (h) Availability of Unused Fiscal ***Year*** 2018 Redistribution Amounts.--Any amounts that have been redistributed to States under subsection (f) of section 2104 of the Social Security Act (42 U.S.C 1397dd) for fiscal ***year*** 2018 that are not, or will not be, expended by the end of that fiscal ***year*** shall be-- (1) adjusted by the Secretary before the end of fiscal ***year*** 2018 to reflect an updated estimate of shortfalls under subsection (f)(2)(A) of such section; and (2) available for redistribution under subsection (f) of such section for subsequent fiscal ***years***. SEC. 3003. EXTENSION OF CERTAIN ***PROGRAMS*** AND DEMONSTRATION PROJECTS. (a) Childhood Obesity Demonstration Project.--Section 1139A(e)(8) of the Social Security Act (42 U.S.C 1320b- 9a(e)(8)) is amended-- (1) by striking ``and $10,000,000'' and inserting ``, $10,000,000''; and (2) by inserting after ``2017'' the following: ``, and $30,000,000 for the period of fiscal ***years*** 2018 through 2023''. (b) Pediatric Quality Measures ***Program***.--Section 1139A(i) of the Social Security Act (42 U.S.C 1320b-9a(i)) is amended-- (1) by striking ``Out of any'' and inserting the following: ``(1) In general.--Out of any''; (2) by striking ``there is appropriated for each'' and inserting ``there is appropriated-- ``(A) for each''; (3) by striking ``, and there is appropriated for the period'' and inserting ``; ``(B) for the period''; (4) by striking ``. Funds appropriated under this subsection shall remain available until expended.'' and inserting ``; and''; and (5) by adding at the end the following: ``(C) for the period of fiscal ***years*** 2018 through 2023, $90,000,000 for the purpose of carrying out this section (other than subsections (e), (f), and (g)). ``(2) Availability.--Funds appropriated under this subsection shall remain available until expended.''. SEC. 3004. EXTENSION OF OUTREACH AND ENROLLMENT ***PROGRAM***. (a) In General.--Section 2113 of the Social Security Act (42 U.S.C 1397mm) is amended-- (1) in subsection (a)(1), by striking ``2017'' and inserting ``2023''; and (2) in subsection (g)-- (A) by striking ``and $40,000,000'' and inserting ``, $40,000,000''; and (B) by inserting after ``2017'' the following: ``, and $120,000,000 for the period of fiscal ***years*** 2018 through 2023''. (b) Making Organizations That Use Parent Mentors Eligible To Receive Grants.--Section 2113(f) of the Social Security Act (42 U.S.C 1397mm(f)) is amended-- (1) in paragraph (1)(E), by striking ``or community-based doula ***programs***'' and inserting ``, community-based doula ***programs***, or parent mentors''; and (2) by adding at the end the following new paragraph: ``(5) Parent mentor.--The term `parent mentor' means an individual who-- ``(A) is a parent or guardian of at least one child who is an eligible child under this title or title XIX; and ``(B) is trained to assist families with children who have no health insurance coverage with respect to improving the social determinants of the health of such children, including by providing-- ``(i) education about health insurance coverage, including, with respect to obtaining such coverage, eligibility criteria and application and renewal processes; ``(ii) assistance with completing and submitting applications for health insurance coverage; ``(iii) a liaison between families and representatives of State plans under title XIX or State child health plans under this title; ``(iv) guidance on identifying medical and dental homes and community pharmacies for children; and ``(v) assistance and referrals to successfully address social determinants of children's health, including poverty, food insufficiency, and housing.''. (c) Exclusion From Modified Adjusted Gross Income.--Section 1902(e) of the Social Security Act (42 U.S.C 1396a(e)) is amended-- (1) in the first paragraph (14), relating to income determined using modified adjusted gross income, by adding at the end the following new subparagraph: ``(J) Exclusion of parent mentor compensation from income determination.--Any nominal amount received by an individual as compensation, including a stipend, for participation as a parent mentor (as defined in paragraph (5) of section 2113(f)) in an activity or ***program*** funded through a grant under such section shall be disregarded for purposes of determining the income eligibility of such individual for medical assistance under the State plan or any waiver of such plan.''; and (2) by striking ``(14) Exclusion'' and inserting ``(15) Exclusion''. SEC. 3005. EXTENSION AND REDUCTION OF ADDITIONAL FEDERAL FINANCIAL PARTICIPATION FOR CHIP. Section 2105(b) of the Social Security Act (42 U.S.C 1397ee(b)) is amended in the second sentence by inserting ``and during the period that begins on October 1, 2019, and ends on September 30, 2020, the enhanced FMAP determined for a State for a fiscal ***year*** (or for any portion of a fiscal ***year*** occurring during such period) shall be increased by 11.5 percentage points'' after ``23 percentage points,''. SEC. 3006. MEDICAID IMPROVEMENT FUND. Section 1941 of the Social Security Act (42 U.S.C 1396w-1) is amended-- (1) in subsection (a), in the first sentence, by inserting before the period at the end the following: ``, and, in accordance with subsection (b)(3), for the purposes of subparagraph (B) of such subsection''; and (2) in subsection (b)-- (A) in paragraph (2)-- (i) in the first sentence, by inserting ``pursuant to paragraph (1)'' after ``in the Fund''; (ii) by inserting after the first sentence the following sentence: ``Amounts in the Fund pursuant to paragraph (3) shall be available in advance of appropriations but only if the total amount obligated from the Fund does not exceed the amount available to the Fund under such paragraph (3).''; and (iii) in the last sentence, by striking ``sentence'' and inserting ``sentences''; and (B) by adding at the end the following new paragraph: ``(3) Additional funding for state activities relating to mechanized claims systems.-- ``(A) In general.--In addition to the amount made available under paragraph (1), there shall be available to the Fund, for expenditures from the Fund in accordance with subparagraph (B), for fiscal ***year*** 2023 and thereafter, $980,000,000, to remain available until expended. [[Page H526]] ``(B) Purposes.--The Secretary shall use amounts made available to the Fund under subparagraph (A) to pay to each State which has a plan approved under this title, for each quarter beginning during or after fiscal ***year*** 2023 an amount equal to-- ``(i) 100 percent minus the percent specified in clause (i) of section 1903(a)(3)(A) of so much of the sums expended by the State during such quarter as are attributable to the activities described in such clause; ``(ii) 100 percent minus the Federal medical assistance percentage applied under clause (iii) of such section of so much of the sums expended during such quarter (as found necessary by the Secretary under such clause) by the State as are attributable to the activities described in such clause; and ``(iii) 100 percent minus the percent specified in section 1903(a)(3)(B) of so much of the sums expended by the State during such quarter as are attributable to the activities described in such section.''. DIVISION D--SUSPENSION OF CERTAIN HEALTH-RELATED TAXES SEC. 4001. EXTENSION OF MORATORIUM ON MEDICAL DEVICE EXCISE TAX. (a) In General.--Section 4191(c) of the Internal Revenue Code of 1986 is amended by striking ``December 31, 2017'' and inserting ``December 31, 2019''. (b) Effective Date.--The amendment made by this section shall apply to sales after December 31, 2017. SEC. 4002. DELAY IN IMPLEMENTATION OF EXCISE TAX ON HIGH COST EMPLOYER-SPONSORED HEALTH COVERAGE. Section 9001(c) of the Patient Protection and Affordable Care Act is amended by striking ``December 31, 2019'' and inserting ``December 31, 2021''. SEC. 4003. SUSPENSION OF ANNUAL FEE ON HEALTH INSURANCE PROVIDERS. (b) In General.--Section 9010(j) of the Patient Protection and Affordable Care Act is amended-- (1) by striking ``and'' at the end of paragraph (1), (2) by striking the period at the end of paragraph (2) and inserting ``, and ending before January 1, 2019, and'', and (3) by adding at the end the following new paragraph: ``(3) beginning after December 31, 2019.''. (c) Effective Date.--The amendments made by this section shall apply to ***calendar*** ***years*** beginning after December 31, 2018. DIVISION E--BUDGETARY EFFECTS SEC. 5001. BUDGETARY EFFECTS. (a) In General.--The budgetary effects of division C and each succeeding division shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010. (b) Senate Paygo Scorecards.--The budgetary effects of division C and each succeeding division shall not be entered on any PAYGO scorecard maintained for purposes of section 4106 of H. Con. Res. 71 (115th Congress). (c) Classification of Budgetary Effects.--Notwithstanding Rule 3 of the Budget Scorekeeping Guidelines set forth in the joint explanatory statement of the committee of conference accompanying Conference Report 105-217 and section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985, the budgetary effects of division C and each succeeding division shall not be estimated-- (1) for purposes of section 251 of such Act; and (2) for purposes of paragraph (4)(C) of section 3 of the Statutory Pay-As-You-Go Act of 2010 as being included in an appropriation Act. The SPEAKER pro tempore. Pursuant to House Resolution 696, the motion shall be debatable for 1 hour, equally divided and controlled by the chair and ranking minority member of the Committee on Appropriations. The gentleman from New Jersey (Mr. Frelinghuysen) and the gentlewoman from New York (Mrs. Lowey) each will control 30 minutes. The Chair recognizes the gentleman from New Jersey. Mr. FRELINGHUYSEN. Mr. Speaker, I yield myself as much time as I may consume. I rise this afternoon to present the House amendment to the Senate amendment to H.R 195, the Extension of Continuing Appropriations Act of 2018. This critical legislation extends government funding through February 16. Our current funding expires tomorrow night, and if Congress does not pass this bill and the President does not sign it into law before then, the government will shut down. It is our congressional duty to prevent that from happening and to ensure that the American people have access to government ***programs*** and services they depend on. The additional time, just under a month, will allow congressional leadership and the White House to come to a final budget agreement. This legislation includes a very limited number of technical changes to ensure good governance. The bill also includes language to continue the Children's Health Insurance ***Program*** through fiscal ***year*** 2023 to help sick children from low-income families get better and to ensure they have healthy and happy futures. Additionally, this proposal extends several healthcare-related tax provisions. Mr. Speaker, a continuing resolution is not the preferred way to conduct the Nation's fiscal business, but at this point it is absolutely necessary to avoid a costly, destabilizing government shutdown. It is my hope that this will be the last continuing resolution, that leadership of the House and Senate and the White House will quickly come to an agreement on top-line spending levels and that we can complete our appropriations work for fiscal ***year*** 2018 in short order. {time} 1645 It is critical that we enact all 12 full-***year*** funding bills to ensure that our Armed Forces have the resources they need to accomplish their missions both at home and abroad and that our government supports and maintains ***programs*** that are important to the lives and livelihoods of all Americans. Mr. Speaker, I urge a ``yes'' vote on this critical legislation, and I reserve the balance of my time. Mrs. LOWEY. Mr. Speaker, I yield myself such time as I may consume. Since President Trump's draconian budget was released, Democrats have warned Republicans that a bipartisan budget agreement was needed to adequately invest in American families and communities. Without a budget agreement, ***programs*** as diverse as Head Start, job training, and terrorism prevention grants are in danger of inadequate funding at best, yet Republican leadership and the White House have no appropriations strategy other than endless continuing resolutions. Mr. Speaker, the most powerful country in the world now being completely run by a Republican government can't keep the lights on longer than 4 weeks at a time. How did we get here? If this bill passes, is there any reason to believe we will not be back in the same place next month? Stumbling from one crisis to another is an irresponsible way to govern. Attempting to avoid a shutdown every month denies Federal agencies budget certainty and wastes taxpayer dollars. Several of my colleagues on the other side of the aisle have lamented the damage that the CRs inflict on our military. I agree with them, yet time after time, they vote for the exact same strategy they bemoan. I encourage my colleagues to take action; hasten agreements on immigration and spending caps that would lead to responsible funding bills that keep Americans safe. It is also unconscionable that, instead of helping advance a solution to this impasse, the President personally reneged on his word and rejected a bipartisan compromise on immigration. Protection of American teens and young adults from impending deportation to a country they don't know is the key to unlocking a responsible, bipartisan spending agreement. How can we expect to ever fund the government responsibly when the President cannot be trusted to keep his word? The majority has failed to address a number of high-priority items, like funding to combat the opioid epidemic, pension protections, and funding for community health centers. The continuing resolution lacks an important anomaly requested by the administration to provide additional disaster loans for the Small Business Administration while the disaster supplemental is stalled in the Senate. Without this language, the Small Business Administration will run out of funds by the end of January and will be unable to continue approving loan applications from Puerto Rico. Mr. Speaker, this is not how the appropriations process is supposed to work. It is time to protect young Americans, lift budget caps, and allow Chairman Frelinghuysen and all of our committee members to roll up our sleeves and get to work. Instead of wasting dollars on time, on further CRs, we should, instead, immediately pass a budget agreement and help DREAMers, which would facilitate full-***year*** funding bills the committee could begin writing today. Mr. Speaker, I reserve the balance of my time. [[Page H527]] The SPEAKER pro tempore. Members are reminded to refrain from engaging in personalities toward the President. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. Diaz-Balart), the chairman of the Transportation, Housing and Urban Development, and Related Agencies Subcommittee on Appropriations. Mr. DIAZ-BALART. Mr. Speaker, I rise in strong support of this bill. This short resolution, this continuing resolution will give us time to negotiate it, but it addresses our Nation's priorities. Let's be very clear. If this does not pass now, go to the Senate, pass there and then sent to the President for his signature and signed, the Federal Government will shut down this week. So we all know, as the chairman said, that short-term CRs, that is not something that we want to do. That is not our preference. But again, if this one does not pass now, the Federal Government will shut down. This is no time to shortchange our first responders, our military as we continue to recover from natural disasters in places all throughout our country and, again, respond to the threats that face us abroad. This is no time to shut down the Federal Government. The CR supports ongoing transportation safety missions, including air traffic control. Again, we cannot allow the government to shut down and put all of that in jeopardy. It allows us to continue to house the most vulnerable families, especially our veterans. This is not the time to let them down by shutting, again, the Federal Government down. It also funds medical care for millions of children, blocks burdensome health insurance taxes, and, again, supports mission- critical defense activities. This is not the time to let them all down and shut down the Federal Government. Finally, Mr. Speaker, this short-term CR will allow us to work together to find common ground on, again, full-***year*** 2018 bills that meet both our defense and domestic priorities. Something else, Mr. Speaker. I want the country to know that we also have to deal, have to solve the issue of DACA. Both sides have been at fault for, in many cases, refusing to sit down in good faith to negotiate a solution. This CR gives us some time to make sure we solve that issue. It is not time now for political games and gamesmanship and politics. We need to be able to solve the issue of those young folks. We can't do that if the government is shut down. It is time for leadership, for courage. Let's sit down, work out our differences, help secure the border, and provide a solution for these deserving kids. For that reason and for so many others, Mr. Speaker, it is essential that we do not allow the Federal Government to shut down. Voting against this resolution is a vote to shut down the Federal Government. I believe that will be highly irresponsible, so I urge a strong ``yes'' vote. Mrs. LOWEY. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. Hoyer), the Democratic whip. Mr. HOYER. Mr. Speaker, I thank the gentlewoman for yielding. Mr. Speaker, we are now 4 months into the fiscal ***year*** and this is our fourth continuing resolution. The gentleman says now is the time to work things out. Every Democrat voted to extend the fiscal ***year*** by 90 days. Nothing was worked out. Why? Because you spent all your time on a tax bill giving 83 percent of the resources to the richest people in America. Republicans control all the levers of the legislative process: the House, the Senate, the White House. They have the votes on their own to keep the government open or choose to shut it down, as they did by policy some ***years*** ago for 16 days. We don't want to shut down the government. Keeping the government open by passing appropriations bills is the most basic responsibility of any governing majority. This governing majority has not sent a single--not one--appropriation bill to the President of the United States, not one. Republicans ought to have gotten this work done in the spring and summer, but they wasted their time trying to repeal the Affordable Care Act. That is all they did. After failing to do so, they asked for more time in September, and we voted, every one of us, to give them that time. They squandered it. They had to do two more extensions. They squandered that time, and now they want us to have another time where they can squander more time. Instead of using the extra time to do the job of governing, they wasted it on passing a tax overhaul that added $1.5 trillion in new deficit spending and raised taxes on the middle class. So here we are again, Mr. Speaker. Americans are right to be frustrated by the inability or unwillingness of the Republican-led Congress to do its job and keep the government open. You have 241 votes. Get them. Get them. You have the authority to do it, and you have the responsibility to do it. Get the votes. Even some Republican lawmakers are openly expressing frustration with their own leadership. Let me quote Representative Mark Meadows. He hit the nail on the head yesterday when he asked: ``What's the plan? When are we going to deal with immigration?'' The previous speaker talked about dealing with it. We haven't dealt with it. Put something on the floor. You haven't done it. ``When are we going to deal with spending?'' This is Mark Meadows. ``At what point do you quit kicking the can down the road''--this is Mark Meadows, Republican, not me--``and passing just another continuing resolution in hopes that things get better in a few weeks?'' Democrats don't want the government to shut down. The SPEAKER pro tempore. The time of the gentleman has expired. Mrs. LOWEY. Mr. Speaker, I yield an additional 1 minute to the gentleman from Maryland. Mr. HOYER. We don't have the power to shut it down either. It is entirely in the hands of the majority. By the way, on that previous CR, 90 of your Members voted against it. Did they vote against the military? Did they vote against the first responders? Did they vote against education funding? And we wring our hands about the military funding. Do you think it is any easier to run a nondefense agency with a CR? You are wrong if you think that. They undermine our domestic agencies as well, and I hope that they are equally worried about the impact that doing one short- term funding bill after another has on the domestic side. Americans are frustrated that their Congress can't agree on what we agree on. Republicans have previously supported the principles of parity when raising spending caps. That was the Paul Ryan deal. He is the Speaker. He said, yes, we will increase military and domestic the same. That was his deal, Paul Ryan, the Speaker. That is all we are asking for, ``Paul Ryan, make your deal again,'' and he won't do it. Instead, he just wants to keep kicking the can down the road once, twice, thrice, now four times. Yes, we want, as the previous speaker said, all DREAMers to stay in this country. We all want to reauthorize the CHIP ***program*** to prevent 9 million children from losing their health insurance. I dare you to put it on the floor. It will pass with every vote in this House. No, you want to blackmail us into passing something that we don't like and we don't think is good for the country. The SPEAKER pro tempore. The time of the gentleman has again expired. Mrs. LOWEY. Mr. Speaker, I yield an additional 1 minute to the gentleman from Maryland. Mr. HOYER. Mr. Speaker, we want to address other urgent health priorities as well. You want to pass CHIP, but you do not want to pass the community health centers. My colleague Betty McCollum told us about that. Many CHIP children will have no place to go--you pass the bill, but no place to go. So why don't Republicans sit down and reach agreement? Mr. Speaker, I urge my colleagues across the aisle, don't shut down the government. I implore them. Use your majority not to delay but to govern. And I tell them, Democrats are still ready to work with you, as we have [[Page H528]] been throughout, to sit down and reach bipartisan compromise on our most pressing challenges. We voted to give you 120 days to do that; now you want some more time. You come to the door and ask for some cake, and your neighbor says, ``Come back tomorrow,'' and you come back tomorrow and you ask for the same thing, and he says, ``Come back tomorrow,'' and you go back the next day, and he says the same thing, ``Come back tomorrow.'' That is what the Republicans are saying, ``come back tomorrow,'' ``come back tomorrow,'' ``come back tomorrow,'' but there has been no tomorrow. Vote against this CR. The SPEAKER pro tempore. Members are reminded to address their remarks to the Chair. {time} 1700 Mr. FRELINGHUYSEN. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. Brady), the chairman of the Ways and Means Committee. Mr. BRADY of Texas. Mr. Speaker, you can tell from the previous speaker how eager our Democratic colleagues are to shut down this government: Get the votes to keep this government open because we won't provide them; get the votes to keep funding our military and security, but we won't provide them; get the votes to provide healthcare long- term for our children and families, because our Democratic colleagues won't provide not one vote; get the votes to delay the damaging impact of ObamaCare taxes, the health insurance tax, the Cadillac tax, and medical device; you get those votes, Republicans, because we are not going to give you even one of them. These taxes are so damaging to our families, to our workers, and to our job-creators, it is sending jobs out of America overseas. Get the votes, Republicans, because we claim we support this, we just won't support it with our votes. It is regrettable because these are bipartisan issues, and politics are shutting this government down. I urge my Democratic colleagues to stand with Republicans on behalf of children, and families, and workers. Keep this government open. Mrs. LOWEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Ohio (Ms. Kaptur), the ranking member of the Energy and Water Development Subcommittee. Ms. KAPTUR. Mr. Speaker, let me just say that our side hasn't been consulted. The Republicans have 238 votes to pass anything here. They have the vast majority. You only need 218 votes, so if you wanted to pass it, you could do it right now. You could have done it a month ago, you could have done it 2 months ago, you could have done it 3 months ago. But there is something fundamentally wrong on that side of the aisle, and, of course, you have to deal with the other body where you hold a majority, and you can't get it done there either. Now, in football, you would call this fumbling the ball. In baseball, you would call it flubbing the ball. Honestly, if you can't consult with our side of the aisle, why would you expect anybody would want to work with you anyway? You treat us like we are from, I don't know, Borneo. Why would you think we would want to vote for something that we can't agree with because of its essential unfairness? I really can't understand why you are putting the Republic through all these contortions. You don't have a budget. You know, we have been asking for a budget, and you don't make decisions about departments until you have a budget because you might underfund one department or overfund another department, so we want to do this in a very orderly way. But our Republican friends appear to hope the government will function with no road map. Are they really asleep behind the wheel of the car? They are sure careening, and they might even hit a brick wall. If the Republicans cannot put together a framework agreement for a vote this week, it is safe to say they have fumbled and flubbed every opportunity they have had. It reminds me of the old Looney Tunes character Elmer Fudd. They can't even catch Bugs Bunny when he is staring them right in the face. They aren't making progress and, indeed, are losing ground. There was hope on September 8, when we voted the first time for a short-term extension, that you could actually reach agreement. But here it is, the brand new ***year***, and we still don't have agreement. The SPEAKER pro tempore. The time of the gentlewoman has expired. Mrs. LOWEY. I yield the gentlewoman from Ohio an additional 30 seconds. Ms. KAPTUR. So here we are, January 18, 2018, 1 day before the risk of another shutdown, and their fiddling is unprecedented. Don't have a budget framework; can't make decisions; don't consult with our side. Why should we be in a helpful mood? We were always told Republicans are stern taskmasters. Not only have they failed to pass a budget, now they have added a trillion more dollars to the deficit and the long-term debt because they wanted to give tax giveaways to all their donors. I urge my colleagues to oppose this sinking effort and demand action for a final, full-***year*** funding plan. That is what is responsible. That is essential, and that is what the American people expect. The SPEAKER pro tempore. Members are again reminded to address their remarks to the Chair. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon (Mr. Walden), chairman of the Energy and Commerce Committee. Mr. WALDEN. Mr. Speaker, I am not quite sure what the people of Borneo did to deserve the wrath of my colleague from Ohio, but perhaps she can explain later to them. But here is the deal. The Energy and Commerce Committee did work across the aisle, or attempted to, to fully fund the Children's Health Insurance ***Program***, to fully fund community health centers, to fully fund extenders; and, at every step of the way, when my colleagues and friends from the other side of the aisle asked me to stop and work with them, we tried. We couldn't reach full agreement on the pay-fors at the time, but we tried, and we worked in good faith with each other. Fifteen Democrats on the House floor voted to extend the Children's Health Insurance ***Program*** for a full 5 ***years***. By the way, that equals the longest extension and the most generous funding to help children and pregnant women that has ever been done for that ***program***. We sent it over to the Senate. Unfortunately, they couldn't find agreement; so we came back, and we kept extending it. By the way, the Democratic leader of the House, Mr. Speaker, Ms. Pelosi, said what we are doing today, by putting full funding for Children's Health Insurance ***Program*** for the longest extension in the history of the ***program***, a full 6 ***years***, is, and I quote, sadly: ``A bowl of doggy-doo, put a cherry on top and call it a chocolate sundae.'' Is that what this has devolved to? We have an opportunity today, with the help and leadership of the chairman of the Appropriations Committee, to fully fund our States' Children's Health Insurance ***Program*** for not 5 ***years*** but a full 6 ***years***. This is the longest extension in the history at the strongest funding level in history. So when you vote ``no'' today, as you all apparently are going to do, you are voting to close the government and deny our States, but, more importantly, the children and pregnant women, access to children's health insurance. The cancelations that go out, the notices, are on your terms. Let me tell you what the children's hospitals have said to Congress: ``Kids cannot wait, fund CHIP now.'' ``Congress has a chance to pass a long-term extension of CHIP that will provide security for millions of kids. The continuing resolution being considered by Congress includes a 6-***year*** extension of CHIP. Children's hospitals support a long-term extension of CHIP and urge Congress to take this opportunity to pass CHIP this week. The time is now to extend funding for this lifeline millions of children and their families count on every day.'' That is children's hospitals. Can't we put the partisan divide aside and at least fund children's health insurance for children and pregnant women in this country and keep the government open? That is the question before us today. The question before us today is: Do you want to keep the government open [[Page H529]] and the services provided and 6 ***years*** of full funding for children's health insurance and pregnant women, or will you vote against it? It is as simple as that. The rest is just political rhetoric. So let's fund CHIP. Let's take care of our families and kids and keep the government open. The SPEAKER pro tempore. Members once again are reminded to please address their remarks to the Chair. Mrs. LOWEY. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from New Jersey (Mr. Pallone), the well-informed ranking member of the Committee on Energy and Commerce. Mr. PALLONE. Mr. Speaker, I have the greatest respect for my Republican chairman from Oregon, but he just forgets completely, as so many speakers on the GOP side have, that they are in the majority, and they have a significant majority. They can do whatever they want. For him to suggest that somehow he can't bring up a CHIP bill that also includes all these other health ***programs*** he mentioned, the community health centers--I could also mention all the Medicare extenders that are not included in this bill. This bill basically either lets expire or continues to expire so many things that are important for the health of the American people, not only the community health centers, which expire in a few weeks; not only the Medicare extenders, which includes the therapy caps for seniors and Medicare; the home visiting ***program*** for seniors; the special diabetes ***program***; the teaching health centers; the National Health Service Corps; all of these things; also, the safety net hospitals. As of January 1, the DSH or safety net ***programs*** for all these hospitals around the country that have to take care of so many poor people, that funding has expired and they have actually had to cut the funding. So how do you stand up here and say to me and the American people that somehow you care about these things, you want to deal with these things? You are not dealing with these things. What are you doing here again? Once again, you are bringing a bill to the floor that has all kinds of repeal of taxes. I don't even want to get into the deal. These are the taxes that help fund the Affordable Care Act, the medical device tax; there are several of them. All you do here is bring up tax cuts, or tax repeals, and now you are trying to give the impression, because you have the 6-***year*** reauthorization for CHIP and have eliminated funding and help for all of these healthcare ***programs***, that somehow you care. Well, when the kids that get the CHIP funding can't go to a community health center or can't go to a hospital because they are suffering and don't have the funding, where do they go? We know that CHIP is a great ***program***, but many of the kids who have the insurance under CHIP have to go to community health centers. And all I hear from my community health centers and other teaching hospitals is they are ready to send out the pink slips. They may have to close. They are not sure they can help these people. So it is a complete joke to suggest that somehow you care. You have the votes; you can do whatever you want. You are not doing it. Sure, I also agree that DACA, the DREAMers, are going to suffer because that is not being addressed either. But the main thing I want to stress is, you are not addressing all these other healthcare ***programs*** that are just as important as CHIP, just as important, and make CHIP essentially not viable because they are not being addressed. So please don't suggest to me that you care. The right vote here is to vote against this CR. The SPEAKER pro tempore. Members are again reminded to please address their remarks to the Chair. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. Barton), the vice chairman of the Energy and Commerce Committee. (Mr. BARTON asked and was given permission to revise and extend his remarks.) Mr. BARTON. Mr. Speaker, the gentleman from the Garden State of New Jersey (Mr. Pallone), my good friend, just told you all the things that weren't in this bill that he wished were. My distinguished chairman, Mr. Walden, just whispered in my ear that we have put everything you talked about in bills, subcommittee, full committee, and on the floor, and you voted against them every time this ***year***, every time. Now, where I come from, you vote for what is in the bill, not what is not in the bill. I wished we had a balanced budget amendment to the Constitution in this bill. I wish we fully funded our military for the rest of the ***year*** in this bill. I wish we, by an act of Congress, gave Texas A&M the national championship in football in this bill. That is not going to happen. What is in this bill? We fully fund the Children's Health Insurance ***Program*** for every State of the Union and the territories for 6 ***years***; never been done before. Fully fund children's health insurance for every State and territory in the Union for 6 ***years***, at existing levels, and it increases each ***year*** for the next 6 ***years***. It is fully paid for, fully offset. Not every Democrat, but almost every Democrat, has voted against that already twice, and if they vote against it this evening, they will vote against it for the third time. I am the manager of the Republican baseball team. If you strike, if you miss it three times, it normally means you are out. I hope that some of my friends on the minority side will, tonight, vote with us to fund SCHIP and to fund the government for the next month. I am one of the Republicans who support DACA. I am on the Dream Act. I am also on the Republican alternative. I would love to vote for DACA, but the deadline for DACA is not until March. The SCHIP ***programs*** expired in September. We need to pass this CR and send it to the Senate. Vote ``yes.'' The SPEAKER pro tempore. Members once again are reminded to please address their remarks to the Chair. {time} 1715 Mrs. LOWEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Minnesota (Ms. McCollum), the ranking member of the Interior, Environment, and Related Agencies Subcommittee of the Committee on Appropriations. Ms. McCOLLUM. Mr. Speaker, I rise in opposition to this legislation, which ignores the urgent need of the American people. The Federal Government's fiscal ***year*** started October 1 of last ***year***. But instead of fulfilling their responsibility to fund our government in a timely manner, President Trump and the Republicans spent months working to pass their tax scam. Now, because they didn't do their jobs, Mr. Speaker, Republicans are asking us to vote to kick the can down the road again. This is no way to run a government. The American people deserve immediate action on the critical issues that matter to our country. We need a budget agreement in order to do that. We need to keep our government open. We need to protect our national security, and we need to meet the needs of our community and these hardworking families. We need to protect workers' pensions by enacting responsible reforms that will save struggling pension plans. We need to provide disaster relief to our fellow Americans who were hit hard by hurricanes and wildfires last ***year***. We need to reauthorize the Special Diabetes ***Program***, which funds treatment and prevention ***programs*** for Native Americans. And, yes, we need to pass a Dream Act, which protects children from President Trump's cruel termination of DACA. The American people overwhelmingly support these priorities, but you won't find them in this bill. Instead, Republicans have turned this CR into a tax bill that has provisions that didn't make it in their original tax plan. While this legislation does finally reauthorize the Children's Health Insurance ***Program***, it abandons our community health centers, where parents take their children to get the care that they need. Make no mistake, this bill will cause layoffs at clinics, which means fewer people in my district throughout Minnesota will get the care that they need. Mr. Speaker, the Republican Party has total control in Washington, but instead of working for the American people, President Trump and his allies in Congress are ignoring them. [[Page H530]] Minnesotans and Americans deserve a better deal than the one that they are getting from this Republican Congress. It is time for President Trump and the Republicans to end the chaos, to truly work across the aisle to find ways that we can fund this government responsibly, and to address our national priorities. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 1 minute to the gentleman from Kentucky (Mr. Rogers), the chairman of the State, Foreign Operations, and Related ***Programs*** Subcommittee of the Committee on Appropriations. Mr. ROGERS of Kentucky. Mr. Speaker, I rise in support of this bill. Here it is in a nutshell: Chairman Frelinghuysen saw to it that we passed all 12 of the appropriations bills and sent them to the Senate, where not a single one has been allowed to come to the floor because of Democratic Senators who profess they want to keep the government going but vote ``no.'' And because the Democrats in the Senate have barred the consideration of any of these bills, here we are. We have no choice but to vote for this bill if we want to keep the government open. It is the only game in town. And those on the other side who profess they want to keep the government going today will vote ``no.'' I don't understand that logic. Mr. Speaker, this is the only chance we have to keep the government operating to be sure that the American taxpayers' money is being spent properly and adequately, but for the purpose of keeping our government open. Mr. Speaker, I urge a ``yes'' vote on this bill, and let's move on. Mrs. LOWEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut (Ms. DeLauro), the ranking member of the Labor, Health and Human Services, Education, and Related Agencies Subcommittee. Ms. DeLAURO. Mr. Speaker, I oppose this continuing resolution. It is staggering that yet again we are punting one of our core obligations as a Congress: funding government ***programs***. We should be negotiating spending levels for 2018 for both defense spending and nondefense spending. We should have spent the last few months fulfilling our responsibility as legislators by writing bipartisan bills to fund ***programs*** that help working families and the middle class and the vulnerable, to support evidence-based scientific research, and to help working people get the skills they need to find good jobs with good wages. Instead, Republicans have continued their irresponsible trend of continuing resolution after continuing resolution. They fail to govern. They create chaos. This bill fails to support community health centers, which serve as the primary healthcare provider for over 27 million people, including disproportionately rural and low-income populations. In 2016, over 376,000 patients across Connecticut received care at the Connecticut Community Health Center. They cut taxes for insurance companies while failing to fund community health centers. It is shameful. They won't work with Democrats to set budget numbers and ensure parity for defense and nondefense spending. They put services and investments critical to families and our communities at risk; from apprenticeships to education for students with disabilities, to childcare, to afterschool ***programs*** that help working families make ends meet, and to financial aid for students attending college. They include an extension for the Children's Health Insurance ***Program***, but they cut out the Medicare extenders and other healthcare ***programs***. But they should be ashamed of the months of fear and turmoil they have caused to children and their families who will be unable to get help at community healthcare centers. They had the time to cram a tax scam through the Congress before the end of the ***year***. The SPEAKER pro tempore. The time of the gentlewoman has expired. Mrs. LOWEY. Mr. Speaker, I yield an additional 30 seconds to the gentlewoman from Connecticut. Ms. DeLAURO. Yet, for the vulnerable children, we have dragged our feet for months. Shameful. Let me just say, the President Trump and the Republican majority who try to cast the blame for this shutdown on the Democrats--let me just remind this body and the American people that 9 months ago the President said: Our country needs a good shutdown in September to fix this mess. Well, the President may get what he wants and what he desires as a government shutdown, but it is not because of the Democrats. It is because of the intractability of the Republican majority in this House and this administration to move forward on behalf of the American people. It is not the Democrats. President Trump has called for a shutdown of this government. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. Upton), the chairman of the Energy and Commerce Committee's Subcommittee on Energy. Mr. UPTON. Mr. Speaker, I would just remind the prior speaker that, in fact, the President issued a Statement of Administration Policy in support of this bill, which keeps the government open. But I also rise in support of this bill and in strong support of a 6- ***year***, long-term funding for CHIP. We all came to Congress to fight for our district, and particularly our kids. The Michigan CHIP serves nearly 40,000 kids, and if CHIP isn't reauthorized long term, it is going to be disastrous for our communities, which is why they are depending on us, which is why it is in this bill. Mr. Speaker, back in 2015, I helped broker the bipartisan, bicameral deal that led us to the last reauthorization of CHIP. It wasn't easy, but we got there by working together. Over the course of the past ***year***, we have been steadfast in our resolve to reauthorize CHIP. In our committee, we worked tirelessly to advance commonsense legislation that is going to extend CHIP, as well as community health centers. Last November, we passed the comprehensive bill on the House floor. Later in the ***year***, we passed a CR that included short-term funding for CHIP. Mr. Speaker, this bill does that. I would urge my colleagues to vote ``yes.'' Mrs. LOWEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida (Ms. Wasserman Schultz), the ranking member of the Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies. Ms. WASSERMAN SCHULTZ. Mr. Speaker, I thank the gentlewoman for yielding to me. Mr. Speaker, I rise in strong opposition to this continuing resolution, which is, yet again, a complete abdication of our responsibilities. Instead of adopting fully funded appropriations bills or an omnibus with an actual chance of passing this Congress, we are mired in this unbreakable habit of passing continuing resolutions. The Republicans' most recent proposal does nothing to renew funding for the more than 1,400 community health centers across the country or the 25 million Americans they serve after they let funding run out in September. According to the National Association of Community Health Centers, if Congress does not act soon, 28,000 sites could close, 50,000 staff could be laid off, and 9 million Americans could lose access to care. When did this ***program***, which has always had bipartisan support in this body, become a partisan issue? These abdications are simply immoral. Our Republican colleagues say: We don't have the money to fund these ***programs***, but somehow they were silent on that issue when they gave a handout to giant corporations that add more than $1.5 trillion to the deficit. While their donors rested peacefully over the holidays knowing that their tax cuts were safe, Republicans continued to torment 800,000 hardworking young people by refusing to pass the Dream Act. 122 DREAMers lose their protected status every day, and Republicans have not been brave enough to do what is right. These courageous individuals are teaching in our schools, working in our communities, and serving in our military. I have had the privilege of meeting DREAMers in south Florida and in the Halls of this Capitol. Their hopes and hard work signify what is best about America, and by any reasonable definition, they are Americans. This is their home. [[Page H531]] It is past time for my colleagues on the other side of the aisle to work on a bipartisan spending package that promotes the middle class, protects DREAMers, and finally assures the American people that their government is working. I simply will not support any spending bill that fails to do so. Make no mistake, Republicans control the House, the Senate, and the White House. A government shutdown will land squarely in their lap. Mr. FRELINGHUYSEN. Mr. Speaker I yield 1 minute to the gentleman from Georgia (Mr. Carter). Mr. CARTER of Georgia. Mr. Speaker, I rise today in support of the decision to attach a 6-***year*** extension of the Children's Health Insurance ***Program***, as this is much overdue. CHIP, which is known as PeachCare for Kids in Georgia, has been a very successful ***program*** in covering the medical needs in our State. However, this isn't the first time we have tried to extend this ***program*** that is so vital to children all across our country. We passed legislation out of the Energy and Commerce Committee addressing a long-term fix in October. We then passed it in the House in November. We funded a short-term fix in December. It is time our colleagues across the aisle quit holding children's healthcare hostage. Now is the time to pass this and continue discussions on community health centers, graduate medical education ***programs***, and other extenders. Mr. Speaker, I want to thank Chairman Walden, Chairman Burgess, and my colleagues from the Energy and Commerce Committee for their work. I urge my colleagues to pass this and help our Nation's children. Mrs. LOWEY. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. Pascrell). Mr. PASCRELL. Mr. Speaker, this habit of short-term funding extensions and kicking the can down the road--I heard that a few times--are irresponsible and have to stop. We need a long-term funding bill. Democrats have come to the table and offered bipartisan solutions. Republicans have dismissed them. Let's put a bill to help the DREAMers on the floor. This leadership is acting out of fear, and their intransigence and incompetence is going to lead to a shutdown. Instead of using 9 million kids as a bargaining chip, I bet the majority could pass a permanent children's health extension today. There are 9 million children at risk of losing health coverage, 200,000 of them in my home State of New Jersey, and we could save $6 billion. I cannot believe that this bill has an unpaid-for delay of the medical device tax, Mr. Speaker. That was part of the Affordable Care Act. That industry agreed to pay that tax. We just did a tax bill for corporations that added over $2 trillion in deficit. Last I checked, medical device companies are corporations. The SPEAKER pro tempore. The time of the gentleman has expired. Mrs. LOWEY. Mr. Speaker, I yield an additional 1 minute to the gentleman from New Jersey. Mr. PASCRELL. What are we doing putting it in place in a tax law and a budget bill now and then a month later? Just this week, The New York Times ran a piece titled: ``Can Your Hip Replacement Kill You?'' The article describes a man named Dr. Stephen Tower, who was given an artificial hip with a defect in the device. It is in your bill. Doctors had to do a second surgery. They found cobalt leaking from the device, causing a condition called metallosis, destroying muscle, tendons, ligaments, harming Dr. Tower's heart and brain as well. Despite Dr. Tower's complaints to colleagues and the manufacturer, they continued to market it. How dare the Speaker of the House question why we want DACA in this legislation when he has got a bill that--32 million Americans use medical devices. There is no Federal FDA test for most of those devices. {time} 1730 They have got the court, they bribed doctors, and it is in your bill, but we could not take care of those 800,000 people. Mr. Speaker, we need a different issue. Mr. FRELINGHUYSEN. Mr. Speaker, I am pleased to yield 2 minutes to my colleague from New Jersey (Mr. Lance). Mr. LANCE. Mr. Speaker, I rise in strong support of this legislative package to fund the government and to authorize CHIP, the longest such authorization for CHIP ever. Chairman Frelinghuysen secured passage of all 12 appropriations bills before the beginning of the new fiscal ***year*** on October 1. It is the Democrats in the Senate who have refused to permit these bills to come to the floor. No good explanation has been given as to why that occurred. Chairman Walden brought through the Energy and Commerce Committee a CHIP reauthorization package that passed this House in November. We must continue to ensure governmental operations such as paying our troops on time and making sure our homeland security apparatus is fully operational. The CHIP portion of this bill is a major accomplishment. Nine million low-income children depend on CHIP, and the Congressional Budget Office estimates that CHIP will actually save taxpayer funds in the long run. Let's keep the government open, and let's fund CHIP. Mr. Speaker, I urge a strong bipartisan vote in favor of this legislation. Mrs. LOWEY. Mr. Speaker, I am very pleased to yield 1 minute to the gentlewoman from Washington (Ms. Jayapal). Ms. JAYAPAL. Mr. Speaker, we are back again for the third continuing resolution this fiscal ***year***. This makes no sense, and it is no way to govern. And let me be clear and repeat what my colleagues have said: Republicans control the House, the Senate, and the White House, but they just can't seem to pass a real budget. If Republicans want Democratic votes, they need to have our priorities reflected in that budget--priorities like protecting the American Dream for 1.5 million DACA recipients with the Dream Act, thousands of young people who fear deportation because of the cruel termination of the DACA ***program***; priorities like community health centers and protecting the retirement savings of working families; priorities like addressing the opioid epidemic that ravages our communities; priorities like infrastructure, and education, and real healthcare protections for everyone. So if the Republican majority--yes, the majority--shuts down the government because they won't look to get our Democratic priorities addressed, then they will have to answer to communities across the country who are looking for a permanent budget, not something that kicks the can down the road for another few weeks. The SPEAKER pro tempore. The time of the gentlewoman has expired. Mrs. LOWEY. Mr. Speaker, I yield an additional 30 seconds to the gentlewoman from Washington. Ms. JAYAPAL. Mr. Speaker, this is not a real solution. We will not substitute one family's pain for another's gain. This is about the lives and livelihoods of millions of people. It is about the soul of our country, and Americans deserve a better deal. Mr. FRELINGHUYSEN. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from Texas (Mr. Olson). Mr. OLSON. Mr. Speaker, I thank my friend from New Jersey for allowing me to join this important debate. My friends on the other side are showing why the people, the American people, like root canals, head lice, and colonoscopies more than Congress. In a brazen act that hurts our youth in poverty, congressional Democrats are going to vote against basic healthcare for these needy kids. The CHIP ***program*** is their only choice for their health. Nearly half a million young Texans depend upon SCHIP. It expired September 30 of this ***year***. This bill we vote on tonight will extend SCHIP for 6 more ***years***. Mr. Speaker, I beg my colleagues, listen to your heart, to your soul, and the voice of these kids who want basic healthcare. Vote for SCHIP today. Vote for the CR. Mrs. LOWEY. Mr. Speaker, I reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I am pleased to yield 1 minute to the [[Page H532]] gentleman from Florida (Mr. Bilirakis). Mr. BILIRAKIS. Mr. Speaker, I want to thank Chairman Walden and Chairman Burgess for all of the hard work they put into reauthorizing CHIP. This is a 6-***year*** reauthorization of the CHIP ***program***, the longest CHIP reauthorization Congress has ever passed. The House already passed a full CHIP authorization last ***year***. By the way, we also reauthorized the community health centers. Most Democrats voted against that. Democrats need to put politics aside and support the bill for the sake of our children. CHIP reauthorization will ensure funding for 200,000 children in Florida's CHIP ***program***. In addition, this bill has my legislation that protects CHIP buy-in ***programs***. This allows children who aren't eligible for traditional CHIP to buy into the CHIP ***program***. It makes sense. Inconsistent guidance from CMS jeopardized these buy-in ***programs***. This bill will provide clarity and protect about 12,000 children in the State of Florida who participate in the buy-in ***program***. Mr. Speaker, I support this particular bill. Please, let's reauthorize CHIP for the sake of our children. Mrs. LOWEY. Mr. Speaker, I reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from Texas (Mr. Flores). Mr. FLORES. Mr. Speaker, I rise in strong support of H.R 195 which continues funding the government through February 16. It pays our troops and provides for a 6-***year*** extension of the Children's Health Insurance ***Program***. Thirty-six percent of the children in my district are covered under CHIP, and I am pleased to support this legislation to ensure that they continue to have access to care that has been delayed by obstructionist Democrats in this body and over in the Senate. While I support passage of this bill, I want to draw attention to the fact that there are other important provisions that have previously passed this House, yet have fallen by the wayside as Members sought a compromise on the final bill. I will go through those in a minute. Again, I am pleased that we are passing a bill that continues funding for the government, pays for our troops, and extends funding for the CHIP ***program***. Mr. Speaker, I strongly urge my colleagues, though, not to forget other important health initiatives that must be addressed, and I hope they will join me in seeing that these initiatives are again taken up after passage of the bill. Those provisions that need to be considered include two of my bills: first, the Youth Empowerment Act which empowers youth to make healthy decisions; and secondly, language from the Health Coverage State Flexibility Act also needs to be continued. Mrs. LOWEY. Mr. Speaker, I reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I am very pleased to yield 2 minutes to the gentlewoman from Indiana (Mrs. Brooks), chairwoman of the Ethics Committee. Mrs. BROOKS of Indiana. Mr. Speaker, I rise today to encourage my colleagues on both sides of the aisle to support the CR, in part, because we need to extend CHIP, the Children's Health Insurance ***Program***, for the 104,000 children in Indiana who currently rely on the ***program***. We must provide longer term stability to CHIP, and we have the opportunity to do so here today. CHIP is crucial for families who would otherwise slip through the cracks. Their income disqualifies them from traditional Medicaid, but it is not high enough to afford family health insurance. CHIP provides children with comprehensive health and dental services, and it has helped decrease the rate of uninsured children in Indiana to an all-time low of 5 percent. The families of these 104,000 children in Indiana rely on CHIP and, this 6-***year*** reauthorization will grant States the much-needed certainty in administering CHIP for American children across the country and stability for the Hoosier families who depend on the ***program***. Furthermore, today's CR includes a 2-***year*** relief from the medical device tax. America tops the world in medical innovation, and relief from this tax will further reinforce this leadership. The previous 2- ***year*** suspension of this damaging tax has allowed device companies, many of which call Indiana home, to invest in research and development and invest in high-quality, high-paying jobs and medical innovation, all to the benefit of patients who need them the most. I urge my colleagues to vote ``yes'' on the CR. Not only does it provide long-term stability for CHIP and relief from the medical device tax, but it also provides government funding through February 16 to prevent a shutdown. Like Chairman Frelinghuysen, I hope this will provide the time we need to complete the fiscal ***year*** 2018 appropriations bills. Voting ``yes'' today is the right thing to do. I urge my colleagues on both sides of the aisle to vote ``yes'' on final passage. Mrs. LOWEY. Mr. Speaker, I reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from North Dakota (Mr. Cramer). Mr. CRAMER. Mr. Speaker, I thank the gentleman for yielding. Mr. Speaker, the Children's Health Insurance ***Program*** provides health coverage to low-income children and pregnant women who have an annual income above the Medicaid eligibility levels but have no health insurance. It provides care, in other words, Mr. Speaker, for some of the most vulnerable families in our Nation. It covers nearly 5,000 children in my home State. In fact, in fiscal ***year*** 2016, North Dakota received $19 million in CHIP funding. I encourage all of my colleagues to now support this important ***program*** that has historically had bipartisan support. I also want to urge my colleagues to quickly take up funding for community health centers, the special diabetes ***program***, and other health ***programs*** that require extension. Community health centers in North Dakota are already feeling the negative effects of this funding uncertainty, particularly in hiring and leasing decisions. Mr. Speaker, we must not vote ``no'' on this CR because of what is not in the bill, but we must vote ``yes'' because what is in the bill is critical to the health of our children. Mrs. LOWEY. Mr. Speaker, I reserve the balance of my time. Mr. FRELINGHUYSEN. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from Pennsylvania (Mr. Costello). Mr. COSTELLO of Pennsylvania. Mr. Speaker, we need to keep the government open, and we need to keep the government funded, and we need to reauthorize the Children's Health Insurance ***Program***. Now, in the Energy and Commerce Committee, we passed CHIP, reauthorized for 5 ***years*** out of committee in October. We passed it out of the full House in November. We are now back to authorize it for a full 6 ***years***. We do not need any additional pay-fors. This will help 177,000 children in Pennsylvania and millions across the country. CHIP funding will be exhausted next month in Pennsylvania. Right now, some States already face a shortfall in their funding as the ***program*** has not yet been fully reauthorized for all of fiscal ***year*** 2018. It is past time that we provide a long-term solution and stability for families who depend on this quality, affordable coverage. I have heard from so many constituents--I have heard from many Democrats-- urging us to reauthorize CHIP. Tonight, we have a vote to keep the government open and to reauthorize CHIP. The right vote on this bill is a ``yes'' vote. That is the vote I will be taking on behalf of my constituents and this country. Mrs. LOWEY. Mr. Speaker, I am pleased to yield 1 minute to the gentlewoman from California (Ms. Pelosi), the Democratic leader. Ms. PELOSI. Mr. Speaker, I thank the gentlewoman for yielding. I commend her for her great leadership as our ranking member on the Appropriations Committee--as we say, the almighty powerful Appropriations Committee on which I was proud to serve with the gentleman, Mr. Frelinghuysen, and Congresswoman Lowey. Mr. Speaker, I am disappointed, though, that the legislation that is brought to the floor today falls so very short of our responsibilities to the [[Page H533]] American people. When it comes to considering this bill, which the Republicans are bragging supports CHIP, it is important to review the facts. The facts are these: the CHIP proposal that the Republicans boast was on the floor in October, this or that, was funded by taking money from other children's ***programs***, and that is why it was not to be supported by us. It is also important to remember that the CHIP reauthorization expired September 30. {time} 1745 So here we are with our fourth continuing resolution. That means, on September 30, we were supposed to not only reauthorize CHIP but to pass an omnibus bill to fund the government. Republicans were not able to make the decisions necessary to do that, so we had one extension, another extension, another extension. This is the fourth extension. Now, for somebody who doesn't know what a CR is, that is our Washington lingo. It is a continuing resolution. What it says is that the funding for the country will be continued at the same rate as it was in the previous ***year*** regardless of the fact that other challenges have emerged. So, by engaging in the failure to pass an omnibus bill and engage instead in these short-term continuing resolutions, this inadequacy does not give certainty to our military. General Mattis has told us that the military cannot go on these every-2-weeks, every-month CRs. We need to know. We need to have an omnibus that recognizes the full complement of our needs, and they are different from last ***year***. It does not fund the fight against opioid addiction. We have talked about this. We have authorized language. We have put up some money. But throughout our country, there is an opioid epidemic that needs to be addressed with full funding for it--not just conversation or rhetoric, but funding. It does not address some of the crises facing our veterans, whether it is their infrastructure, housing, whatever, or additional funding that is needed for our veterans over and above whatever it was last ***year***, and this ignores that need. It ignores the fact that we have some issues that we have to address regarding endangered pensions in our country, which have a direct relationship to the economic well-being of America's working families, pensions paid into, pensions having a shortfall, to honor the responsibility. It doesn't protect the DREAMers. We could protect the DREAMers in all of this, but it is missing an opportunity. This takes us right back to the CHIP. It does not fund community health centers that provide primary care for 27 million Americans. So these priorities are bipartisan. Nothing I mentioned on this list is anything that does not have bipartisan support in the Congress, that has not been openly discussed--bipartisanship, transparency, unity-- unifying us around these issues. We did not put priorities forward that were partisan, but those that had bipartisan--strong bipartisan-- support. So when our colleagues come to the floor and say, ``Oh, we are doing CHIP,'' CHIP is a wonderful initiative. It was one of the first bills that I passed and sent to President Obama when I was Speaker of the House. This is of high value to all of us on both sides of the aisle, but not high enough of a value to put it in its proper context. So this reauthorization of CHIP that they are putting here, this funding for CHIP is not really funding. Let me just make a distinction. We wanted 10 ***years*** for CHIP, to make it permanent--so we don't have to go through this--and remove all doubt, remove the uncertainty as to whether this healthcare would be available to those children who need it. We said, 10 ***years***, you save $6 billion; $6 billion, you save. You do 6 ***years***, as in this bill, you save $1 billion. Why wouldn't we want to save $6 billion? Nonetheless, my concern is that they chose to bring a bill to the floor that isolates CHIP away from the other essentials that are a part of the delivery of that healthcare service to children. It does not reauthorize community health centers which provide, as I say, vital care to 26 million Americans. It does not extend the Medicare extenders so necessary, especially for our seniors with home visiting care and other initiatives. It does not address the Medicaid DSH, disproportionate share challenge that is across America. Ask your friends in rural America, especially, about that. Therapy services, diabetes, and teaching health centers for primary care doctors, all are completely out of this bill. That is why I am so proud of the legislation introduced by Congressman McEachin today which has the full complement. It is nothing additional. It is how we have always proceeded with the priority of children's health in a package that is about family health and delivery of service. As the President, himself, tweeted this morning: ``CHIP should be part of a long-term solution, not a 30-day or short-term extension.'' We like it 10 ***years***; they have it 6 ***years***. But it shouldn't be in this bill because this bill is sort of a half-baked facade to make it look as if we are keeping government open. We are keeping government debilitated by not addressing, coming to agreement on the omnibus bill that we know that we have to do that addresses the needs of our military, as it recognizes the security provisions in the domestic bill that are about security, whether it is the State Department, Veterans Affairs, homeland security, or antiterrorism activities of the Justice Department; and also, the fact that the strength of our country is measured in many ways: certainly, our military, which we are very proud of, and the agencies I mentioned, but also in the health, education, and well-being of the American people. So we are here. What does government do? Government does transportation. How can you, if you are in the Transportation Department, make commitments when you are on a short fuse of--what is it?--2 weeks in December, now 4 weeks that they want to go forward. Why don't we just settle it? Grow up. Take responsibility. Get this done for the American people. Nobody I know wants a shutdown of government--well, maybe except for the President, who said, ``Our country needs a good shutdown.'' He said that in May. I think with his experience as President now, he probably knows there is no such thing as a good shutdown. We don't want a shutdown. By the way, if there is one, this would be the first time there would be a shutdown in recent history that took place when one party had the White House, had the Senate, and had the House of Representatives, had full responsibility for managing and for leveraging, for getting the job done to fund our country for another ***year*** with certainty. This has 2-***year*** provisions in what we are negotiating with the Republicans. So, really, coming to the floor and hiding behind CHIP to hide the shortcomings and the lack of taking responsibility for our responsibilities to the American people is really a sad thing. That is why Mr. McEachin's bill and our previous question, which had the full complement to make CHIP really work, was the way to go. Sadly, although I object to the process of one short-term continuing resolution of last ***year*** instead of looking to the future for next ***year***--I disapprove of that process--the substance of this legislation makes it totally unacceptable, and I urge a ``no'' vote. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. Walberg). Mr. WALBERG. Mr. Speaker, I rise today in full support of this funding extension, which includes a vital, long-term reauthorization of the State Children's Health Insurance ***Program***, or CHIP. This bill provides the longest extension in the history of the CHIP ***program*** and provides security for millions of kids and pregnant mothers. It is important to remember the House has already acted responsibly three times to extend CHIP. In November, this Chamber passed the CHAMPIONING HEALTHY KIDS Act on a bipartisan vote. The bill not only would have extended CHIP for 5 ***years***, but it also addressed other important public health ***programs*** like federally qualified health centers. Regretfully, partisanship and political gamesmanship left that bill to languish in the Senate. My constituents remain frustrated that the majority of my Democratic [[Page H534]] colleagues in this Chamber have voted three times against CHIP. The delays and posturing are inexcusable. The SPEAKER pro tempore (Mr. Poe of Texas). The time of the gentleman has expired. Mr. FRELINGHUYSEN. Mr. Speaker, I yield the gentleman from Michigan an additional 30 seconds. Mr. WALBERG. Mr. Speaker, I hope everyone in the House votes to pass this extension today so we can get to work on quickly reauthorizing community health centers and other important public health priorities. I encourage my colleagues to put aside the political games, vote ``aye'' on the bill--the only correct vote--and then tell the Senate to do the right thing as well. Mrs. LOWEY. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. Pallone), who is the ranking member of the Committee on Energy and Commerce. Mr. PALLONE. Mr. Speaker, I am amazed when I hear my Republican colleagues talk about how they brought CHIP to the floor and they brought community health centers to the floor. What they forget to mention is that every time they did that, they included pay-fors, in other words, funding measures that would basically sabotage the Affordable Care Act. We have seen a concerted effort not only to try to repeal the Affordable Care Act, which failed, but then to do everything possible to make it more difficult for people to get their health insurance. We know that in the tax plan--or tax scam--that they passed a few weeks ago that they were so determined to spend all their time on that, what did they do? They eliminated the mandate that people have health insurance. The CBO estimates that there will be 13 million Americans, over the next few ***years***, who will lose that health insurance. When they talked about CHIP in those previous times, what did they do? They put in provisions that cut the Prevention Fund that funds all the ***programs*** for children. They put in a provision that said that, if you didn't pay your health insurance within 30 days, you would lose it. CBO estimated that something like half a million Americans would lose their insurance because of that provision. They put in provisions that said that people who got their Medicare had to pay more for it--pay even 100 percent--depending upon their income. They have done everything possible to sabotage the healthcare system. For them to get up and say, ``Oh, we care about kids; we care about community health centers,'' nothing is further from the truth because everything has been done to sabotage the healthcare system. Mr. FRELINGHUYSEN. Mr. Speaker, I yield 2 minutes to the gentlewoman from the great State of Washington (Mrs. McMorris Rodgers), who is the chairwoman of the House Republican Conference. Mrs. McMORRIS RODGERS. Mr. Speaker, I thank the gentleman for yielding. Mr. Speaker, we are about to face a very critical deadline in many States, including my home State of Washington. CHIP funding will run out. More than 60,000 kids in my State count on CHIP and need certainty. This funding bill reauthorizes CHIP for 6 ***years***, the longest extension in the ***program***'s history. Now Democrats are threatening to hold this up again for a DACA deal. Now, to be clear, I want a DACA deal, too, and I am disappointed that we don't have one yet, but that is no reason to punish children across the country. Today we are voting to prioritize our Nation's children, and it is time for the Democrats to join us. I also want to take this opportunity to stress the importance of reauthorizing the Teaching Health Center Graduate Medical Education ***Program***, which expired in September. These centers face a looming deadline of January 31 to decide whether or not to recruit their July 2018 classes. Without a long-term solution, the centers across our country cannot make the important decisions that will affect the lives of hundreds of residents. Unfortunately, one teaching health center in Memphis has already made that decision. They closed their doors earlier this ***year***, leaving 25 residents without a place to continue their medical training and reducing patient access to care. Although reauthorization of the Teaching Health Center Graduate Medical Education ***Program*** was not included in this bill, we must get this done as soon as possible. I look forward to working with the chairman and the committee moving forward, and I urge my colleagues on both sides of the aisle to support this 6-***year*** reauthorization of CHIP. Mrs. LOWEY. Mr. Speaker, I yield myself 1 minute to close. Mr. Speaker, Congress has a responsibility to invest in initiatives to defend the country and grow the economy. Instead of continuing down a rudderless path of CR after CR, we must pass a bipartisan budget agreement and protect DREAMers, which will enable the Appropriations Committee to responsibly write full-***year*** funding bills. Mr. Speaker, I urge a ``no'' vote, and I yield back the balance of my time. {time} 1800 Mr. FRELINGHUYSEN. Mr. Chairman, I yield the balance of my time to the gentleman from Oregon (Mr. Walden), the chairman of the Energy and Commerce Committee. Mr. WALDEN. Mr. Speaker, I thank my colleague, the chairman of the Appropriations Committee, for his hard work and cooperation on this legislation. The choice before us today is actually very, very simple. It is a choice the American people are watching. The choice is: Do you fund the government while you work out the other differences, or do you close the government? It is a binary choice. It is not about all the other things I would like in this bill or you would like in this bill. The choice before us today is to keep the government open or close the government. Whether you are Republican or Democrat, if you vote ``no,'' you are voting not to keep the government open. It is that simple. The other choice before us today is: Do you want to fund the Children's Health Insurance ***Program*** for the millions and millions of children and pregnant women across America? That funding, while we have had emergency extensions, literally is about to run out in a matter of days. It will run out. The choice tonight for this body and every Member, regardless of party, is: Do you want to fund the Children's Health Insurance ***Program*** for children and for pregnant women? There are 122,700 Oregonians on this ***program***. There are millions across America in our districts. They don't like the fact that we are having this fight, but they know the fact is that it is a ``yes'' or ``no'' vote. That is why the children's hospitals have said: Please take this bill and fund the Children's Health Insurance ***Program***. Take us out of your fight. What we are voting on tonight is a 6-***year*** fully funded Children's Health Insurance ***Program***. A ``yes'' vote says you are for it. A ``no'' vote says: I will take a pass. Somebody else can carry this ***program***. I am not going to do it. Well, I am doing it because I support the Children's Health Insurance ***Program***, just as I support the community health centers, just as I support the teaching hospitals, just as I support the other extenders. By the way, your Energy and Commerce Committee, through regular order, provided a path forward for all of those essential health services. Yes, we took the heavy lift to fund them. You heard a couple of my colleagues on the other side of the aisle talk about: Oh, they took money out of this fund or took money out of that fund. The Prevention Fund is funded every ***year***, by law. It is up to the appropriators to decide how those funds are spent. Using some of the Prevention Fund to fund the Children's Health Insurance ***Program*** and community health centers and the other ***programs*** seems like a pretty good investment for an otherwise unallocated batch of money. So we used a bit of that. Then you heard the scare tactic the Democrats always use: Medicare. Let me tell you what this specific pay-for is. It is one that former President Barack Obama wanted to use even further than what we did. What we said is: If you are making $500,000 a ***year***, we are going to ask you [[Page H535]] to pay roughly $137 more in your Medicare part B and D, which, by the way, is just your share. The government is still going to subsidize 75 percent of that. It is still a very good deal. We figure that somebody who is making $500,000 a ***year*** could afford a little more, so we can pay for community health centers for the poor and the Children's Health Insurance ***Program*** for those who need it. That is the pay-for you have heard about. When we brought the fully funded bill for 5 ***years*** for the Children's Health Insurance ***Program*** and 2 ***years*** for community health centers and save our DSH hospitals--those are the ones, by the way, that take care of the poorest among us--15 Democrats voted with us and I think two or three Republicans voted ``no,'' and we sent that bill to the Senate. We did our job in this House in a bipartisan way. Now we need to do that job again, because the Senate hasn't acted. They couldn't get enough Democrats there to support the proposal in the Senate. So we are back here. But the choice is a clear one: shut down the government and don't fund CHIP; or keep the government open and fund CHIP. That is the choice before us tonight that we need to make. Now, we have heard all kinds of rhetoric on this floor and out in the public about this is somehow a cherry on top of dog doo-doo. Sorry to use those words, but they are the ones that the gentlewoman from San Francisco used in the press. I find it offensive. It is unnecessary. It doesn't help bring us together. When you vote ``no,'' you vote to shut the government down and you vote against the Children's Health Insurance ***Program***. This bill fully funds the Children's Health Insurance ***Program*** for 6 ***years***. There is no argument about the pay-fors now because there aren't any in there. So if your argument for voting ``no'' was the pay-fors before, what is your argument today, other than a partisan one? Mr. Speaker, I ask Members of the House to approve this legislation. Mr. FRELINGHUYSEN. Mr. Speaker, I yield back the balance of my time. Mr. GENE GREEN of Texas. Mr. Speaker, we are five months in the 2018 fiscal ***year***, yet here we are again getting ready to vote on another short-term government funding bill. Has this become the norm in the new Republican-led government? I'd like to point out that this will be the fourth continuing resolution since September. Our country isn't winning when our military, government agencies, and important federal ***programs*** are operating under short-term spending bills. The American people are tired of the partisanship that has kept Washington from doing its job. They expect results and it's our job to deliver. It's our job to fund the military and domestic ***programs***, deliver protections for DREAMers, keep our quality community health centers open, reauthorize the Children's Health Insurance ***Program***, and for those whose districts were impacted by natural disasters, it's our job to pass disaster aid for the families and small businesses that were impacted. There's broad bipartisan support for all the priorities that I mentioned. It's my hope that the Republican majority will roll up their sleeves and get to work for the American people. Ms. ROYBAL-ALLARD. Mr. Speaker, I rise in opposition to this Continuing Resolution because we must stop kicking the can down the road, and that is all this Countinuing Resolution will do. The Republican approach to governing has been to pass short term extensions of ***programs*** and Continuing Resolutions that merely delay the hard work of making decisions on the big issues facing our country. This is now the fourth stop-gap Continuing Resolution for Fiscal 2018 that we are being asked to consider. Each time Republicans have said they need more time to deal with this crisis of their own making. And yet each time, they have failed to negotiate with Democrats to make any progress toward the bipartisan budget agreement that we need in order to develop responsible appropriations bills. Instead, Republicans are again bringing a bill to the floor that fails to address the big challenges our nation faces. This CR does not help Americans recovering from the hurricanes that hit Puerto Rico, the Virgin Islands, Florida, and Texas and the wildfires and mudslides that have ravaged California. It does not fund community health centers that people depend on for their healthcare or help those who need assistance battling opioid addiction. It does not protect those in danger of losing their pensions, and it will not stop our nation from hitting its debt limit. Republicans have also failed to negotiate in good faith on a solution to the crisis that President Trump himself created for the millions of Dreamers living in this country. Dreamers are American in every way but their citizenship, and due to the President's actions, more than 16 thousand of them have lost their DACA protections, an average of 122 per day. Tens of thousands more Dreamers will eventually lose their jobs and their protection against deportation if we do not take action. As the author of the Dream Act in the House, I believe we must act NOW. It is inhumane to force Dreamers to live in fear and uncertainty. They can't afford to wait until the last minute for a solution, as Republicans have done so often while leading Congress. Governing by repeated CRs is neither governing nor leading. It leaves federal agencies such as our Department of Defense unable to plan for the future or begin new initiatives, which undermines our national security and leaves our homeland more vulnerable. This is not how the appropriations process is supposed to work. We cannot keep kicking the can down the road. I oppose this CR and urge my colleagues to vote no so we can get the job done now. Ms. JACKSON LEE. Mr. Speaker, I rise in opposition to Rules Committee Print 115-55, legislation extending the Continuing Resolution now in effect for another month, or until February 16, 2018. But before I proceed further, I want to note--and Americans needs to know--that this is not a spending bill; it is instead an affirmation of the House Republicans' inability to govern. This is the fourth time House Republicans have chosen to kick the can down the road rather than work with Democrats to come to a necessary bipartisan agreement to lift the Budget Control Act (BCA) spending caps, giving appropriators the direction they need for full-***year*** funding bills. The reason given for passing each of the prior Continuing Resolutions was that the extra time was needed to reach a comprehensive agreement to fund government operations in a fair and balanced way. Yet, even with the extra time, House Republicans made no progress during any of the previous extensions. This should not be surprising; the House GOP is carrying the water for the president, who a few months ago said ``we need a big beautiful shutdown.'' Mr. Speaker, I cannot support a CR that does not include full funding for disaster recovery, extends additional health access for veterans, provides funding to combat the opioid epidemic, and protects pensions. Most important, it is outrageous that House Republicans would bring to the floor and request support for a fourth CR extension that does not address and resolve the crisis the Republican Administration has inflicted on 800,000 Dreamers and their families, including 124,000 Dreamers in my home state of Texas. Instead of acting responsibly to address these issues and fund the government for the remainder of the fiscal ***year***, House Republicans continue wasting time. This is not appropriations; this is a stop-gap funding measure to save ourselves from collapse. Mr. Speaker, the legislation before us includes a six ***year*** reauthorization of the Children's Health Insurance ***Program*** (CHIP), which provides health coverage to nine million children, and which Republicans allowed to lapse on September 30, 2017. This is not a meaningful extension. In contrast, making CHIP permanent would not only provide long-term stability for families, providers, and states, it would save $6 billion according to the Congressional Budget Office. Republicans are only just now getting around to reauthorizing the ***program*** because they wasted months on efforts to repeal the Affordable Care Act and enact unpaid for tax cuts for the wealthy. I know firsthand about the important work done through CHIP. My state is home to the Texas Children's Hospital. Any Republican who believes it is acceptable to play politics with children's health clearly does not appreciate the work done there. This CR includes additional tax cuts totaling over $26 billion, including a two ***year*** delay of the medical device and Cadillac taxes, and a one ***year*** delay of the health insurance tax. At the same time, the resolution fails to address numerous other expired and expiring health priorities, from funding for community health centers to waiving caps on therapy services for seniors on Medicare, to preventing cuts to safety net hospitals. Mr. Speaker, despite controlling the House, Senate, and the White House, Republicans have not funded the government for the entire ***year***, even though we are already four months into the fiscal ***year***. [[Page H536]] Democrats, meanwhile, have done the work with which we were tasked. I am a member of the Budget committee and we Democrats proposed a budget that: Respected the needs of all Americans, including those who serve bravely in the Department of Defense; Honored the sacrifice of our heroes in uniform; Protected ***programs*** like CHIP, made investments in infrastructure and ensured that Americans have access to quality healthcare. Because Republicans refuse to work with Democrats and compromise on how to provide relief from the BCA's sequester level spending caps, they are lurching from CR to CR--degrading the readiness of our military and preventing government agencies from properly serving the American people. This is not a responsible way to govern; therefore, I cannot support this bill. House Republicans need to work across the aisle with Democrats and get our work done--including upholding the long-standing precedent of agreeing to parity when providing relief from sequester caps. The SPEAKER pro tempore. All time for debate has expired. Pursuant to House Resolution 696, the previous question is ordered. The question is on the motion by the gentleman from New Jersey (Mr. Frelinghuysen). The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it. Mr. FRELINGHUYSEN. Mr. Speaker, on that I demand the yeas and nays. The yeas and nays were ordered. The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

**Load-Date:** January 20, 2018

**End of Document**



[***Noureddine Gnaou, CEO, Soremar Group: Interview***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5WS6-C4X1-DXYV-748R-00000-00&context=1516831)

Oxford Business Group: Articles

February 2018

Copyright 2018 Oxford Business Group All Rights Reserved



**Length:** 641 words

**Body**

**Interview: Noureddine Gnaou**

**What is your overall assessment of the regulatory and tax framework for SMEs?**

**NOUREDDINE GNAOU**: Everything is becoming more dynamic in the kingdom. In Europe, by contrast, things have barely evolved since the industrial revolution, which was almost two centuries ago. Ambitious governmental reform ***programmes***, such as the Industrial Acceleration Plan, the Green Morocco Plan or Vision 2020, incentivise companies to seek a leadership position in sectors as diverse as tourism, industry or ***agriculture***. For example, maritime electronics follow the evolution of computers and electronics, areas that also change a lot. There are international regulations imposed by the International Maritime Organisation. Governmental regulations change as well, some for the better and others for the worse.

Therefore, it is pivotal that the regulatory framework, whether national or international, relies on feasibility studies that take into account the needs and challenges of local SMEs. For example, although SMEs employ the vast majority of the kingdom's labour force, it is obvious that access to finance or ***payment*** delays make it increasingly difficult for SMEs to financially sustain themselves.

In addition to wages and taxes that have to be paid, SMEs are expected to command a fully functioning supply chain of raw materials, labour force and money recovery. A working relationship with foreign suppliers may further complicate things, as local SMEs are confronted with different regulations and, of course, different working mentalities. Moroccan legislation must be clear so that transactions with multinationals adapt to local laws, regulations and customs.

**What kinds of challenges do domestic SMEs face?**

**GNAOU**: Numerous companies face challenges when working with the government. Even those that do not cooperate with the state encounter this because their clients, who work with the state, are in a crisis. In business, a number of companies cannot be paid because their clients lack funds. Furthermore, SMEs face certain challenges that are unique to Morocco's culture. For example, during the holy month of Ramadan, the fisheries segment more or less comes to a halt. Consequently, the month of June - when Ramadan has been observed in the last few ***years***, according to the lunar ***calendar*** - has been catastrophic for SMEs in terms of revenue.

June, July and August bring the summer holidays, which can also slow business. Following that, Eid Al Adha, another major religious holiday, typically falls in September. Summing up, four months of the ***year*** are very challenging for SMEs, and due to these periods of volatility, many firms become financially strangled.

We also have purchases, travel, wages or corporate taxes (*impôts sur les sociétés*). If these taxes are not paid on September 30, companies have to pay a 13% quarterly penalty, then an additional 1% each month thereafter. The tax framework can constrain SMEs, not allowing them to reach their full potential.

**To what extent are SMEs encouraged to go public?**

**GNAOU:** Several ***programmes*** support SMEs, but one that stands out is the ELITE ***programme***, which was launched between the Casablanca Stock Exchange and the London Stock Exchange. It assists SMEs to improve their governance, transparency and reporting procedures with the goal of introducing the company to the stock exchange, and it guarantees their durability. There are numerous family structures against initial public offerings (IPOs) and, for the sustainability of these companies, these structures must be removed. Overall, stock listings are typically not characterised by family companies going public, mainly because a lot of SMEs remain sceptical of giving up control of their company and do not see the benefits of an IPO. However, we are also associating and implementing the so-called family charter.

**Load-Date:** March 12, 2020

**End of Document**



[***BBC Radio 4 - 01:05 AM GMT***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SW8-P3P1-DY08-34KS-00000-00&context=1516831)

TVEyes - BBC Radio 4

July 25, 2018 Wednesday

Copyright 2018 TVEyes, Inc. All Rights Reserved



**Section:** U.K. NATIONAL RADIO

**Length:** 568 words

**Body**

**Speech to text transcript:**[[1]](#footnote-2)1

country with more details Here's will Ross the Indian community in Uganda is less than 1% of the country's population but they contribute well over half of Uganda's total tax revenues in front of thousands of Indians who turned out to welcome visiting prime minister Narendra Modi Uganda's president you wearing a 70 thank them for helping the economy to grow but history of Ugandan Asians has been turbulent tens of thousands were expelled in the 19 seventies by the dictator Idi arm mean who said businesses should be controlled by Ugandans it was an economically disastrous move the authorities in Brazil have arrested two men suspected of involvement in the murder of a well known City councillor and campaigner for black women's rights for months ago Mariel Franco her been returning to her home in Rio de Janeiro from an event promoting black empowerment when she and her driver were killed the two men arrested are accused of being members of a local militia President Donald Trump's daughter Ivanka has decided to close down her fashion brand she already stepped back from involvement in the company so that she could focus on her role as a White House adviser since her father's election the Ivanka Trump brand has been boycotted by many shoppers and has been dropped by several retail chains that this is BBC News you're listening to the newsroom from BBC world service I'm Danny Cox back in June Donald Trump announced the first round of US tariffs on Chinese products move the administration said to prevent further unfair ***transfers*** of American technology and intellectual property to China within hours Beijing responded threatening to impose tax measures of equal scale an equal strength as a trade war between the two countries began both sides have imposed further tariffs increasing the economic pressure and it seems the US farmers have been the first to feel the pinch Jake months peak and farmer from Texas says the impact of China's tariffs is harming business really scared of what could happen to that market and you were also concerned that something was imminent our lives we can see her again come we can fight that we can't do anything about it we're just gonna sit here scenarios in hope than it does about so now Donald Trump has unveiled a 12 billion $ plan to help us farmers hurt by the intensifying trade war the US plans to provide subsidies to the ***agricultural*** sector and by unsold crops among other measures our business reporter can get some new York told be more about the new USA plan so what helps soy beans sorghum cut and be hard and dairy farmers and then and to be specific ways one is that there will be direct assistance families get cash ***payments*** the second way is that the will be able to sell their and sold crack back to the government as a result they can make up whatever short father they might not have been able to sell this ***year*** and then the third way perhaps a bit ironically is the government says the help them with a new trade promotion ***programme*** to see if there are other markets they could possibly sell theirs and sold crops in two

**Load-Date:** July 24, 2018

**End of Document**



[***Committee on Economic, Social and Cultural Rights examines report of Argentina***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5TDF-MWN1-JDG9-Y1D5-00000-00&context=1516831)

Impact News Service

September 29, 2018 Saturday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 6687 words

**Body**

Wellington: Office of the United Nations High Commissioner for Human Rights has issued the following news release:

The Committee on Economic, Social and Cultural Rights today reviewed the fourth periodic report of Argentina on its efforts to implement the provisions of the International Covenant on Economic, Social and Cultural Rights in the country.

Claudio Avruj, Minister for Human Rights and Cultural Pluralism of Argentina, presenting the report, said that a paradigm shift had occurred in December 2015, as Argentina returned to an open dialogue with the world and put an end to more than a decade of populist policies.  “The only way to build our future is to put our house in order and halt the impunity”, said Mr. Avruj; the country was now tackling its problems with truth and transparency, constructing new ties of solidarity, and building an independent justice system that would no longer allow impunity for the corrupt.  Steps were being taken to strengthen the social policy to combat poverty, and the aim was to achieve a 16.4 per cent increase in the social investments and benefits in 2018.  Argentina’s progress in guaranteeing equality of rights for lesbian, gay, bisexual, transgender and intersex persons had been noted regionally and internationally, and Argentina was one of the first countries in its region to have adopted a national human rights action plan to 2020.  It contained 243 priority commitments for action and goals, which would ensure that human rights perspectives were mainstreamed in the implementation of all public policies.  Argentina would continue to be a country with an open door, as it continued to receive migrants from Senegal, Venezuela, and Syria.  The recent and open exchange and discussions on the law on abortion had shown that the country was ready for a change in a peaceful manner.  Cognisant that the future could not be based on the crimes from the past, Argentina continued to bring judicial proceedings for past crimes against humanity in an effort to put an end to impunity.

Committee Experts, during the discussion that followed, were perplexed by the situation in Argentina: in the 1930s, it had been one of the richest countries in the world, while today, it seemed to be a developed country on the path of underdevelopment.  25 per cent poverty rate was unacceptable for a country such as Argentina, they said.  The latest currency crisis, in April 2018, had led to an agreement with the International Monetary Fund and a very rigid austerity and structural adjustment policies; in combination with the reduction in tax income and thus less resources available for social spending, this was a source of Committee’s great concerns, especially how it would impact the most vulnerable in the Argentinian society.  The Experts were also concerned that the weakening of key institutions – such as downgrading of key ministries, labour for example, into departments within other ministries – would wear the fabric of social rights.  Welcoming the adoption of the law on gender identity and equal marriage, Experts lamented that, with the rejection of a bill in Congress, Argentina had missed a chance to legalize abortion, especially as one of the leading causes of maternal mortality were clandestine abortions.  The delegation was asked to explain how recent increase in fracking, a very carbon-intensive process with considerable negative impact on the environment, was compatible with Argentina’s obligations under the Paris Climate Agreement, and how the rights of indigenous peoples to land were guaranteed in practice and how they were consulted in all decisions that concerned them and their communities.

Rodrigo Uprimny, Committee Rapporteur for Argentina, in conclusion, acknowledged the difficulties arising from the financial crisis, and said that the Committee aimed to help Argentina reach its goals, despite difficulties.

Mr. Avruj, in his concluding remarks, said that notwithstanding the requirements of the International Monetary Fund’s structural adjustment ***programme***, Argentina was aware that its first duty was to its people and their human rights.

Maria Virginia Bras Gomes, Committee Chairperson, in her closing remarks, wished Argentina well in their adjustment ***program***, and in achieving its overall goal of leaving no one behind.

The delegation of Argentina consisted of representatives of the Ministry for Human Rights and Cultural Pluralism, Ministry for Foreign Affairs and Worship, Ministry of Health and Social Development, Ministry of Treasury, Ministry of Education, Culture, Science and Technology, National Coordination Council for Social Policy, and members of the Permanent Mission of Argentina to the United Nations Office at Geneva.

All the documents relating to the Committee’s work, including reports submitted by States parties, can be found at the session’s webpage.  The webcast of the Committee’s public meetings will be available via the following link: [*http://webtv.un.org/meetings-events/*](http://webtv.un.org/meetings-events/).

The Committee will next meet in public on Monday, 1 October at 10 a.m to meet with national human rights institution and non-governmental organizations from Turkmenistan, South Africa, and Cabo Verde, whose reports it will review during the week.

Report

The Committee has before it the fourth periodic report of Argentina (E/C.12/ARG/4).

Presentation of the Report

CLAUDIO AVRUJ, Minister for Human Rights and Cultural Pluralism of Argentina, in the introduction of the report, said that a paradigm shift had occurred in the country in December 2015, as Argentina had taken a path it would no longer deviate from, and returned to an open dialogue with the world.  It had been a “watershed moment” which inaugurated a new era after more than a decade of populist policies; an era in which institutions were being strengthened and the policies grounded in reality.  Argentina was tackling its problems and finding the solutions, with truth and transparency being the key pillars; aware of the difficulties and the complex socio-economic situation, the country was committed to taking no shortcuts, and was currently negotiating an agreement with the International Monetary Fund.  The poverty and structural weaknesses, the Minister continued, had been caused by the waste of public funds, which unfortunately had been inherited from the country’s past.  But new ties of solidarity were being built and the value of dialogue was being recovered, to solve the conflicts and build a justice system that was independent and no longer allowed impunity for the corrupt.

Steps were being taken to strengthen the social policy to combat poverty, and the aim was to achieve a 16.4 per cent increase in the social investments and benefits in 2018.  Proper enjoyment of human rights, the Minister stressed, required active social and economic policies, so the budget discussed in Congress was in line with the Sustainable Development Goals and the 2030 agenda.  “The only way to build our future is to put our house in order and halt the impunity”, said Mr. Avruj, adding that Argentina had strengthened the National Institute for Statistics and Census and was taking good note of the recommendations received in the Universal Periodic Review, different human rights treaty bodies, and human rights special procedures.  This change of direction had been recognized by the Office of the High Commissioner for Human Rights, and by the Inter-American Commission on Human rights, which had in particular noted the progress in the enjoyment of the rights of lesbian, gay, bisexual, transgender and intersex persons.

This dialogue with the global community, continued Mr. Avruj, meant that Argentina was one of the first countries in the region to have adopted a national human rights action plan.  Launched at the end of 2017, it was a result of a crosscutting work of 18 Ministries, thus ensuring that human rights perspectives were mainstreamed in the implementation of all public policies.  The Plan contained 243 priority commitments for action, to be achieved in 2020, and had been federalized in 2018, to ensure the whole country would make progress in the promotion of human rights of all Argentinians.  Social inclusion policies should not just boil down to income or other economic factors; they had to provide specific answers to specific problems, in order to bring about rights to all, including migrants.  Argentina would continue to be a country with an open door, as it continued to receive migrants from Senegal, Venezuela, and Syria.

The recent and open exchange and discussions on the law on abortion had shown that the country was ready for a change in a peaceful manner, the Minister said, stressing that policies on memory, truth, justice and reparation made sure that no future could be based on the crimes from the past.  In the same vein, the country continued to bring judicial proceedings for past crimes against humanity in an effort to put an end to impunity.  Argentina would continue to guarantee access to education and promote scholarships to enable better educational results – more than 500,000 scholarships had been allocated, with the budget of US$10 million in 2018.  All this, the Minister concluded, was an evidence that human rights were a State policy in Argentina, which was able to set for herself clear and accessible targets.

Questions by the Country Rapporteur

RODRIGO UPRIMNY, Committee Rapporteur for Argentina, at the beginning of the dialogue, remarked that assessing the situation in Argentina was perplexing.  In the 1930s, it had been one of the richest in the world, enjoying many resources and a strong dynamism; today, Argentina seemed to be “a developed country on the path of underdevelopment”, with 25 per cent poverty rate.  This was unacceptable for a country such as Argentina, the Rapporteur stressed.

The latest currency crisis, in April 2018, had led to an agreement with the International Monetary Fund and a very rigid austerity and structural adjustment policies.  Faced with the austerity, the Government took steps to reduce tax income in mining and ***agricultural*** exports, which went hand in hand with the reduction in progressive taxation, and all of this had reduced spending, the Rapporteur remarked, asking how the income lost to austerity would be replaced.  What was being done to manage their impacts and in particular protect the most vulnerable?  Who were the major beneficiaries of the tax cuts and breaks, had Argentina considered reviewing the whole tax exemption system?

The weakening of key institutions and the downgrading of some Ministries into Departments within other Ministries was also problematic, remarked the Rapporteur, noting as an example that the former Ministry of Labour was now attached to the Ministry of Production, which was a demonstration that labour and social policy were nothing but production issues.  How could Argentina ensure that all those changes did not wear the fabric of social rights?

The Ombudsman had not been operational since 2009, even though this role was of crucial importance for the human rights situation in the country and the protection of human rights defenders, particularly in light of worrying reports on cases of violent repressions of social demonstrations, such as workers’ demonstrations and violent evictions of teachers and lecturers, as well as the death of a Mapuche leader in 2017.

The Rapporteur welcomed the adoption of the law on gender identity and equal marriage, and took note of practical deficits that remained, such as access of lesbian, gay, bisexual, transgender and intersex persons to employment and their harassment in the educational system.  The same concern held for persons with disabilities and migrants, while in terms of women’s substantive equality, concerns were related to important differences that remained in employment opportunities, gender pay gap, and the glass ceiling which prevented women from achieving high positions.

Responses from the Delegation

Responding to questions related to economic and financial crises, the delegation acknowledged that after seven quarters of growth, the country was now in a deep crisis.  Already in a situation of great vulnerability because of budget and trade deficits, it had negatively responded to the increase of the interest rates in the United States and to the crises of its partners, Brazil and Turkey in particular, and a serious drought.

The country was also confronted with a lack of reliable figures.  The statistical apparatus had been revised and strengthened, but the deficiencies inherited from the past made any comparison and analysis of the duration and the evolution of the situation problematic.

Explaining the measures to protect the most vulnerable from the austerity, the delegation said that the idea was to carry out an adjustment while continuing the income ***transfer*** ***programmes***.  In 2019, there would still be a financial deficit, as the Government would still be paying interest on debt.  However, in 2020 there would be a budget surplus, but not when interest ***payments*** were included.  Therefore, whilst austerity would have an impact, Argentina would limit the effect of this impact on human rights by increasing the spending on children and the elderly by 1.2per cent of the gross domestic product.

In addition, the Government was fine tuning house building policies, improving access to drinking water, and working to achieve the 75 coverage in terms of access to the sewage system.  Poverty rate had been brought down to 20 per cent and 98 per cent of the elderly were covered by either a pension or social benefits.  Like the minimum wage, the social benefits and family allowances were quarterly adjusted for inflation.  All families with children were guaranteed a minimum income and 92.6 percent of the children were covered by social benefits.

The reduction of tax burden was progressively implemented, and it was not possible at this stage to bring it back completely to equilibrium.  Subsidies on energy and transportation would be cut back – 91 per cent of energy costs were being subsidized – which would allow the market to correct itself.  Steps were also being taken to encourage private investment in sectors that were previously financed by the Government.  To reduce capital expenditure, the Government would be streamlining its expenditure on goods and services, though this would not affect the education and health budgets, which were 'sacrosanct'.  With these policies, by 2019, a balance primary budget will be reached, whilst having protected the most vulnerable members of the population.

Argentina took no pleasure in having unreliable statistics, the delegation noted, explaining that steps were being taken to improve the situation, including through a number of ***programmes*** to familiarize people with statistics and make sure that all information was easily accessible and understood.  The missing past data was something that could not be retrieved; however, Argentina was currently in consolidation phase.

The decision of merging of some Ministries was done with the aim to simplify and streamline the decision-making process, and improve inter-Ministerial coordination.  It was important to note that there was no specific degradation of the institutional policy.

Social activism, the delegation continued, as well as freedom to express opinion and to protest, had deep roots in the country’s history.  More than 5,000 requests for public demonstrations had been received and the right to protest within the boundaries of the law was guaranteed.  The protests in 2017, the delegate noted, had been very violent events, with violence against the police.  Argentina met all of the guidelines on the use of force that would be expected of a national police force, and all complaints of police brutality and excessive use of force in this context were being investigated.

The National Institute against Discrimination, Xenophobia and Racism was developing public policies to combat and eliminate inequalities, while providing assistance to victims.  There was a quota of at least four per cent reserved jobs persons with disabilities, and steps were being taken to increase their employment in the public service.  The national action plan against discrimination was being finalized.

On sexual orientation and gender identity, there were positive developments in legislation, but the situation remained complex.  All 23 provinces were working on those issues since the situation in the field was substantially different from one province to another.  There was a data collection of all crimes motivated by sexual orientation and gender identity, in particular femicides and murders of transgender persons.  Argentina was working on achieving minimum standards for decent treatment in search, detention and custody of trans persons in conflict with the law, while the Civil Registrar was searching for ways to ensure the more appropriate registration of diverse families, which in some provinces was very problematic.  The Law on Gender Identity had introduced 6,870 changes to the civil register since 2012, of which 103 were related to trans children.

In 2016, a department for sexual diversity had been established with the aim to bring a cultural change in respect of the rights of lesbian, gay, bisexual, transgender and intersex persons.  To date, 15,000 persons had been trained on sexual orientation and gender identity issues and trans wings in federal and provincial women’s prisons had been built.  There was also a ***programme*** for social and labour inclusion and integration of trans persons.  For example, 30 trans persons were offered a position by the city of Buenos Aires.

In their follow-up questions, Experts discussed fracking in Patagonia, and noting that the process was highly carbon intensive, asked whether this intensification of fracking was consistent with Argentina’s commitments under the Paris Climate Agreement.  They also asked what measures the Government was taking to assess the impacts on human rights of non-conventional mining like fracking, giving as examples the effects on the climate system, noise pollution, and additional seismic activities.

Responding, the delegation acknowledged that Argentina was the second highest fracking country in the world, and said that, as it had lost its energy independence in recent ***years***, and fracking was a core part of regaining this self-sufficiency, without this being done to the detriment of the fight against climate change under the Paris Climate Agreement.  The most advanced province in terms of environmental guarantees required from operators is Neuquén, which prohibited the use of groundwater intended to supply the population with drinking water or irrigation during the drilling stages of so-called 'unconventional' wells. Companies were required to submit an affidavit detailing the estimated volume and source of water that would be used for hydraulic fracturing.

Questions by the Committee Experts

In the next cluster of comments and questions, Committee Experts asked about the situation of unemployment, noting that over the past five ***years***, this had deteriorated, from 5.9 percent in 2015 to its current rate of 9.6 percent.  Youth unemployment, and in particular female youth unemployment, was significantly higher.  Taking positive note of the policies in place to promote women’s employment in rural areas, they asked for an assessment of the impact of these ***programs***, and whether they had any effect.  It was estimated that 60 percent of workers were in informal economy, and were therefore outside the national social security system.  The Government should take more robust steps to address this issue.

When discussing the pension system, Experts asked what measures were planned to ensure persons with disabilities would be able to benefit from their pensions.  Noting the recent instance of the suspension of pensions, they how many persons had been affected, the volume of complaints received, and how these were being dealt with.  Furthermore, they noted that the age of access to non-contributory pension for women was raised from 60 to 65, which would have a severe effect on vulnerable women.

The Committee asked about Government policies to address child poverty, in the context of budget cuts that were being implemented.  Regarding trade unions, they noted that only ten new trade unions had been registered, a considerable drop from previous ***years***.  The Committee asked for the Delegation’s view on why this was.

Responses by the Delegation

The delegation, in their responses, agreed that unemployment affected women and youth especially, however, they said, the figures given by the Committee were not accurate.  There were scholarship ***programs*** that ensured the best students were rewarded, in order to promote education, and encourage students to get more technical training as part of their education.

An action plan against violence against women 2017-2019 was in place, while the equal opportunities action plan would be launched in October 2018, the delegate said, adding that the employment rate for women was 43 per cent compared to 64 per cent for men.  The gender wage gap was 27 per cent, and could even reach up to 50 per cent in the informal sector for unskilled workers.

They also discussed the issue of formalizing the informal economy, and affirmed that there were ***programmes*** that ensured that people who moved to the regulated sector would still maintain social security benefits, in certain circumstances.

In the contributory pension system, the retirement age was 65 for men and 60 for women, but figures showed that the average age at which women retired was 63.  Women chose to retire later due to longevity, and to increase the value of their pension, thus it could not be assumed that extending the pensionable age was bad in all cases.

Where the non-contributory pension was concerned, the delegation accepted that the age at which it could be accessed had to be extended, in line with a trend that many countries faced, and could not be avoided. There was a universal pension system for seniors who had not made sufficient contributions to the pension plan.  There was no pension for people with disabilities, but there were “disability pensions”, i.e for workers who due to poor health were not able to continue their salaried activity.

With regard to the question on the tediousness of trade union registration, the delegation explained that some requests contained irregularities and inconsistencies.  For example, there were instances where registered members were not professionals in the industry or the request contained errors such as the registration of a non-existent seat or a former seat.  The verification of applications did not in any way constitute an interference in the trade union life, but represented a simple administrative control.  The authorities were currently conducting a detailed study of the registration and status acquisition procedures undertaken by the unions.

Questions by the Committee Experts

Continuing with the interactive dialogue, the Experts noted with concern the very high number of femicides, wanting to know what new measures had been taken since the last review to prevent violence against women, especially in rural areas, and the budgetary allocations for the protection of vulnerable women.  Reiterating concern about the high number of women being trafficked, they asked for the statistics on the prosecution of traffickers and measures were in place to help rehabilitate and reintegrate trafficked women into society.

Experts acknowledged that a federal social safety net was in place to protect against the results of austerity measures, however, they asked what measures were in place to stop communities that were just above the bottom tier from falling into poverty, including to ensure their access to utilities.

In Argentina, 80 percent of all farmers were family farmers, the Experts remarked, noting with concern that the United Nations Special Rapporteur on the right to food, after her recent visit to the country, had observed that Argentina appeared to be moving towards a large-scale agri-food model, to the detriment of family farmers.   What were Argentina’s comments on the Special Rapporteur’s finding and what measures were being taken to protect these farmers and the country’s food security?

On housing, the Committee noted the increasing number of people living in informal settlements in urban areas without utilities: nationwide, 14 percent of households were estimated to be living in informal housing arrangements.  The Government had already announced large scale budget cuts which would impact this group of people, Experts noted, asking how this squared with its commitment to regularize the informal settlements.  Furthermore, there was a lack of legal protection for people being evicted from their homes and a lack of a framework to ensure they were fair, and violence and police abuses during the evictions had been reported.

Experts discussed the trend of land purchases by investors, and invited reflections on Government strategies to control speculation in the residential housing market, which were needed to prevent the gentrification of poor neighbourhoods.

In the context of sexual and reproductive health, it was estimated that up to 600,000 clandestine abortions per ***year*** were being carried out.  Such abortions were a driver of high rates of female mortality, Experts said, lamenting the recent rejection by the Senate of the bill to legalize abortions.  Abortion was allowed in certain circumstances, such as rape, but the rules were not being implemented across the State’s territory, and there were reports of many women who were entitled to legal abortions were being denied care in certain regions.  The Committee asked what was being done to ensure the national protocol and the law were implemented universally, across all provinces?

The Committee remarked that a significant portion of the mental health budget was being spent on the institutionalization of people with psychosocial disabilities, and asked what was being done to find alternatives to institutionalization of such patients.

Tobacco-related morbidity took up to 15 percent of the health budget, whilst taxation on tobacco had been reduced from 75 percent to 70 percent in recent ***years***, the Experts noted with concern, asking the delegation about the policies to reduce the instance of tobacco use in Argentina.  Experts asked about obesity, noting that close to 60 percent of the population were overweight and up to 20 percent were obese, of which 40 percent were children.  Obesity was a risk factor for diabetes, Experts said and asked about measures taken to address the problem.

Replies by the Delegation

The delegation, in their next round of responses, stressed that Argentina was grateful that the international community was involving itself in the country and did not see this in any way as interference.

As for the effort to address the situation of informal and undeclared workers, the delegation said that since the beginning of the ***year***, some 138,000 inspections had been carried out in order to expose the abuse of short-term contracts, outsourcing, and other forms of precarious work.  A Coordination Office of the Task Force on Labor Inspection in the Informal Sector had been established within the Ministry of Labor to analyze, evaluate and monitor cases of undeclared work in sectors that were difficult to control, and also monitor fraud in the field of work or social security.

Concerning the employability of people with disabilities and youth, ***programmes*** were in place that helped those groups develop professional skills and to integrate them in the workplace.  In the past ***year*** 162,000 people had taken part in those ***programmes***, the delegate said, giving the example of the “Good Harvest” ***programme*** that targeted rural areas, and those working in the ***agricultural*** sector.

Answering the questions on public policies on economic inclusion of women to close the gender pay gap, the delegation highlighted the Women Who Lead ***programme*** granted credits to small and medium sized enterprises where at least 25 percent of the management positions were held by women, or where women held at least 51 percent of shares.  Another ***programme*** certified companies that promoted the role of women according to certain guidelines, and there were also initiatives to empower women entrepreneurs, such as the European Union-funded female entrepreneurship ***programmes***.

Significant strides had been made to curb trafficking in persons since the last report, including amending the law on human trafficking in 2012 to strengthen the penalties for such crimes.  Additional measures were in place allowing the reporting of sexual crimes online, ***programmes*** helping to prepare victims for giving evidence on such crimes, a national ***programme*** for the support of victims, and a hotline that could receive reports 24/7.  A similar hotline was also available for reporting crimes of femicide, and a ***programme*** existed to provide reparations for the children of victims of femicide.   Regarding the protecting vulnerable families from the impact of inflation, the delegation acknowledged that the Government had not managed to control inflation, also because the heavy dollarization of the economy.  A number of ***programmes*** were in place, including ones that aimed to agree prices for specific goods ensuring they were accessible to people, as well as a system to hold trade-fairs.  Other policies, such as subsiding school canteens -which in connection with the nutritional policy – aimed to help the vulnerable young.

According to surveys, two million people did not have adequate access to proper housing and a significant proportion of the population lived in informal housing.  Since 2016, policies had been in place to ensure adequate access to social housing and to integrate informal neighbourhoods by providing access to public services and public transport, and supporting their development plans.  In addition, an ambitious national plan for access to clean water was in place, which sought to ensure proper access to water and sanitation services to a large number of people living in urban areas.

A number of measures existed to support middle-income families, continued the delegate, noting in particular the Procreate ***programme*** which provided housing subsidies to young people.  Under the national plan for housing, 30,000 homes had been built this ***year***, with 60,000 more under construction.  Other policies were in place to refurbish existing homes, with further financial credits available for the purchase of middle class homes.

On the issue of evictions, the delegation explained that, in order for an eviction to be carried out, some level of consensus between the parties was needed.  This sometimes involved the owners of buildings helping to move furniture, or providing temporary accommodation for those being evicted.  Those safeguards were not consistent with violent evictions the Committee had described.

A number of plans were being developed to safeguard ***agricultural*** land for small landholders, and to provide sanitation and drainage amongst other services, to these areas.

To reduce barriers to access to abortion, a training ***programme*** for health workers in the provinces where access to abortion was more restricted, was being carried out in cooperation with human rights lawyers that work on protecting human rights, and a plan was being developed to help with the prevention of unwanted pregnancies.  A telephone line was available for anyone whose access to public healthcare services, including legal abortion, was denied.  Legal abortion was authorized when there was a risk to the life of the mother and in case of rape.  Of the 245 women who had died in childbirth in 2016, 17 per cent of cases were due to complications related to an abortion, possibly clandestine abortion. The Argentine Senate had rejected last August a bill providing for the legalization of abortion, which had previously been adopted by the Chamber of Deputies.  The Federal Government maintains that provinces must not ignore the provisions of national laws, although there was evidence this happening.  The Directorate for Health has ensured that abortions are provided under the health care service and abortion medication has been purchased by the Directorate.

Regarding mental health, more resources were being diverted to support those suffering from this condition.  As regards obesity, a preventative rather than a curative approach had been adopted, and an inter-ministerial ***programme*** was in place that focused on preventing obesity in children, by reducing sodium and trans fats.  As far as tobacco policy was concerned, the delegation clarified that overall taxation on tobacco had not in fact been lowered, and there were restrictions on tobacco marketing.

Questions by the Committee Experts

In the final cluster of questions, the Experts remarked that the Constitution recognized the indigenous peoples’ access to land, but it was not clear what proportion of the national land was earmarked as indigenous land.  How were indigenous peoples involved in mapping out their land, and what dispute resolution mechanisms were in place?  Although the Government had committed to ensuring free, prior and informed consent, there were no protocols or regulatory frameworks in place to ensure this.  The Committee provided specific examples of mining activities that were threatening rural communities, and asked for the confirmation that consultations would occur, and whether reparations would be paid if harm was caused.     The Committee Experts asked whether, in light of austerity, there was a public commitment to maintaining education spending at six percent in the future.  They noted with concern that school dropout rates were high at secondary school level, and that pre-primary school standards varied across regions.  What plans were in place to address these issues relating to primary and secondary schools, and to improve the reportedly very poor sexual and reproductive health education ***programs*** in public secondary schools?

On bilingual education, what measures were in place to encourage the teaching in indigenous languages, as well as teaching about indigenous languages?  Several indigenous languages were on the verge of extinction - what would the Government do would do to protect them?

The Committee commended Argentina’s excellent report on science, and said it was one of the best the Committee had seen so far in this regard.  On cultural rights, and heritage sites in Argentina, they expressed concerns over the State’s approach to protecting the United Nations Educational, Scientific and Cultural Organization world heritage sights, and asked for further information on how this would be improved in future.

Replies from the Delegation

Responding to Expert’s earlier questions, the delegation explained that the International Monetary Fund structural adjustment ***programme*** was intended to reduce inflation, noting that it was the imbalance in the public sector which is causing inflation.

There was a national plan to promote the participation of women in the workplace, including the creation of over 5,000 public places in crèches which would both support children’s early development and allow women to have safe places where they can leave their children in order to participate in the labour market.

With regard to the expulsion and deportation of migrants, the delegation explained that 171 people had been subject to expulsion since the end of 2017, out of a total of 560,000 migrants who had arrived in the country.  Those trying to regularize their situation would soon be able to access applications on line, with only one visit needed to a Federal Bureau in order to record biometric data.  The entire application process would therefore take less than one ***year***.

The denial of legal abortions to women due to conscientious objections by medical workers was a very complex issue, said the delegation, adding that there were ***programmes*** to support those women, such as the establishment of provincial referral units to refer women to other clinics.  On intersex children, no medical procedure could be carried out until a child could independently take a decision on the matter.

The education budget would indeed be maintained at six percent, despite other budget cuts.  School dropout rates, the delegate said, were much higher for secondary schools in Argentina – up to one in ten students -  compared to a much lower rate in primary schools.  A number of ***programmes*** were in place including specific educational grants that applied to young people to help them attain the necessary educational goals at secondary school.   Pre-primary education was also a focus for the State, and whilst education from age four was mandatory, more work was required to increase the number of pre-primary school children in education.  Data was unreliable on this topic, but the Government estimated it was less than half the eligible population, and therefore had increased the number of schools, and were training more teachers to deliver this education.

Regarding sex education specifically, the delegation accepted this could vary greatly across the country, and to address this, a national day of awareness on the prevention of sexual violence had been established, with 30,000 educators enrolled in a training ***programme*** to raise these standards.

On matters pertaining to indigenous peoples, the President had announced a new plan in 2017 which would ensure the respect for indigenous rights.  A census of indigenous communities was ongoing in order to establishment land rights; the census had been carried to date in 1,638 communities, or 57 per cent.  Reservations had been set aside for certain indigenous communities, and in establishing new ones, the concerned communities were fully included during the entire process.  Currently, a number of new reservations were being decided on, and some of those were in dispute, which were being resolved through dispute resolution mechanisms already in place.

Argentina indeed did not have a framework for a free, prior and informed consent, which would be adopted in 2019, with full participation of indigenous peoples.  All States in the Latin American region were concerned about the disappearance of indigenous languages, and Argentina intended to launch initiatives in 2019 to re-establish indigenous languages and ensure that knowledge about them was passed down.  Also, Argentina was fully participating in the 2019 International ***Year*** of Indigenous Languages.

Concluding Remarks

RODRIGO UPRIMNY, Committee Rapporteur for Argentina, in conclusion, remarked that during the dialogue, the Commission had probed – quite insistently - a number of areas relevant to the Covenant.  It had not asked many questions on the areas of justice and accessibility, which was an acknowledgement of Argentina’s good work in those domains. The Committee understood the difficulties Argentina faced as a result of the financial crisis, the Rapporteur remarked that the Committee’s aim was to help it reach its goals, despite difficulties.

CLAUDIO AVRUJ, Minister for Human Rights and Cultural Pluralism of Argentina, in his concluding remarks, said that notwithstanding the requirements of the International Monetary Fund’s structural adjustment ***programme*** that Argentina had accepted, the State’s first duty was to realize its commitment to protecting the rights of the Argentinian people.  The coming period would be difficult, he said, but Argentina was not indifferent in respect of human rights.

MARIA VIRGINIA BRAS GOMES, Committee Chairperson, in her closing remarks, said that in its concluding observations the Committee would identify three priority ones and urged the country to provide a follow-up to those within 24 months.  The Chair wished Argentina well in their adjustment ***program***, and in achieving its overall goal of leaving no one behind.

**Load-Date:** October 31, 2018

**End of Document**



[***Washington: TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL 8:30 A.M (Eastern) Thursday, January 25, 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RHK-RWR1-JDG9-Y2TY-00000-00&context=1516831)

Impact News Service

January 27, 2018 Saturday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 3472 words

**Body**

Washington: U.S.Department of Labor has issued the following news release:

UNEMPLOYMENT INSURANCE WEEKLY CLAIMS SEASONALLY ADJUSTED DATA In the week ending January 20, the advance figure for seasonally adjusted initial claims was 233,000, an increase of 17,000 from the previous week's revised level. The previous week's level was revised down by 4,000 from 220,000 to 216,000. The 4-week moving average was 240,000, a decrease of 3,500 from the previous week's revised average. The previous week's average was revised down by 1,000 from 244,500 to 243,500. The claims taking procedures in Puerto Rico and in the Virgin Islands have still not returned to normal. The advance seasonally adjusted insured unemployment rate was 1.4 percent for the week ending January 13, unchanged from the previous week's unrevised rate. The advance number for seasonally adjusted insured unemployment during the week ending January 13 was 1,937,000, a decrease of 28,000 from the previous week's revised level.

The previous week's level was revised up 13,000 from 1,952,000 to 1,965,000. The 4-week moving average was 1,920,000, a decrease of 3,500 from the previous week's revised average. The previous week's average was revised up by 2,500 from 1,921,000 to 1,923,500. UNADJUSTED DATA The advance number of actual initial claims under state ***programs***, unadjusted, totaled 262,301 in the week ending January 20, a decrease of 91,749 (or -25.9 percent) from the previous week. The seasonal factors had expected a decrease of 111,248 (or -31.4 percent) from the previous week. There were 284,030 initial claims in the comparable week in 2017. The advance unadjusted insured unemployment rate was 1.6 percent during the week ending January 13, a decrease of 0.1 percentage point from the prior week. The advance unadjusted number for persons claiming UI benefits in state ***programs*** totaled 2,283,895, a decrease of 132,591 (or -5.5 percent) from the preceding week. The seasonal factors had expected a decrease of 100,196 (or -4.1 percent) from the previous week. A ***year*** earlier the rate was 1.8 percent and the volume was 2,464,292. The total number of people claiming benefits in all ***programs*** for the week ending January 6 was 2,453,910, an increase of 116,813 from the previous week. There were 2,561,133 persons claiming benefits in all ***programs*** in the comparable week in 2017. Extended benefits were available in Alaska and the Virgin Island during the week ending January 6. Initial claims for UI benefits filed by former Federal civilian employees totaled 1,658 in the week ending January 13, an increase of 510 from the prior week. There were 839 initial claims filed by newly discharged veterans, an increase of 116 from the preceding week. There were 14,491 former Federal civilian employees claiming UI benefits for the week ending January 6, an increase of 90 from the previous week. Newly discharged veterans claiming benefits totaled 8,738, an increase of 268 from the prior week. The highest insured unemployment rates in the week ending January 6 were in the Virgin Islands (11.2), Puerto Rico (5.4), Alaska (4.3), Connecticut (3.1), New Jersey (3.1), Pennsylvania (2.9), Montana (2.7), Rhode Island (2.7), Illinois (2.6), and Massachusetts (2.6). The largest increases in initial claims for the week ending January 13 were in California (+11,672), Texas (+5,567), Puerto Rico (+2,016), Connecticut (+1,660), and Arizona (+1,045), while the largest decreases were in New York (-26,335), Georgia (-8,200), Wisconsin (-6,689), Pennsylvania (-6,342), and Michigan (-4,664). UNEMPLOYMENT INSURANCE DATA FOR REGULAR STATE ***PROGRAMS*** WEEK ENDING January 20 January 13 Change January 6 Prior Year1 Initial Claims (SA) 233,000 216,000 +17,000 261,000 252,000 Initial Claims (NSA) 262,301 354,050 -91,749 403,619 284,030 4-Wk Moving Average (SA) 240,000 243,500 -3,500 250,750 244,750 WEEK ENDING January 13 January 6 Change December 30 Prior Year1 Insured Unemployment (SA) 1,937,000 1,965,000 -28,000 1,873,000 2,083,000 Insured Unemployment (NSA) 2,283,895 2,416,486 -132,591 2,301,682 2,464,292 4-Wk Moving Average (SA) 1,920,000 1,923,500 -3,500 1,916,250 2,081,750 Insured Unemployment Rate (SA)2 1.4% 1.4% 0.0 1.3% 1.5% Insured Unemployment Rate (NSA)2 1.6% 1.7% -0.1 1.6% 1.8% INITIAL CLAIMS FILED IN FEDERAL ***PROGRAMS*** (UNADJUSTED) WEEK ENDING January 13 January 6 Change Prior Year1 Federal Employees (UCFE) 1,658 1,148 +510 1,328 Newly Discharged Veterans (UCX) 839 723 +116 958 PERSONS CLAIMING UI BENEFITS IN ALL ***PROGRAMS*** (UNADJUSTED) WEEK ENDING January 6 December 30 Change Prior Year1 Regular State 2,413,748 2,299,282 +114,466 2,515,294 Federal Employees 14,491 14,401 +90 14,406 Newly Discharged Veterans 8,738 8,470 +268 12,795 Extended Benefits3 1,409 1,386 +23 0 State Additional Benefits4 6,110 5,785 +325 7,144 STC / Workshare 5 9,414 7,773 +1,641 11,494 TOTAL 2,453,910 2,337,097 +116,813 2,561,133 FOOTNOTES SA - Seasonally Adjusted Data, NSA - Not Seasonally Adjusted Data 1. Prior ***year*** is comparable to most recent data. 2. Most recent week used covered employment of 141,013,239 as denominator. 3. Information on the EB ***program*** can be found here: EB ***Program*** information 4. Some states maintain additional benefit ***programs*** for those claimants who exhaust regular, extended and emergency benefits. Information on states that participate, and the extent of benefits paid, can be found starting on page 4-5 of this link: Extensions and Special ***Programs*** PDF 5. Information on STC/Worksharing can be found starting on page 4-9 of the following link: Extensions and Special ***Programs*** PDF Advance State Claims - Not Seasonally Adjusted Initial Claims Filed During Week Ended January 20 Insured Unemployment For Week Ended January 13 STATE Advance Prior Wk Change Advance Prior Wk Change Alabama 2,540 4,387 -1,847 18,709 21,752 -3,043 Alaska 1,366 1,699 -333 12,214 13,262 -1,048 Arizona 3,442 4,671 -1,229 19,673 22,503 -2,830 Arkansas 1,694 2,347 -653 14,447 16,921 -2,474 California 52,331 58,962 -6,631 345,422 383,701 -38,279 Colorado 2,566 3,012 -446 24,268 23,868 400 Connecticut 4,275 7,049 -2,774 46,361 51,729 -5,368 Delaware 807 1,388 -581 7,340 7,734 -394 District of Columbia 623 438 185 8,583 9,041 -458 Florida 7,039 9,001 -1,962 36,718 44,769 -8,051 Georgia 4,640 11,290 -6,650 30,093 40,703 -10,610 Hawaii 1,068 1,572 -504 7,853 8,623 -770 Idaho 1,703 2,655 -952 11,868 12,418 -550 Illinois 9,645 14,574 -4,929 153,234 150,747 2,487 Indiana 3,664 5,433 -1,769 23,535 22,370 1,165 Iowa 3,475 4,348 -873 32,250 32,764 -514 Kansas 2,356 3,600 -1,244 15,410 14,628 782 Kentucky 3,230 3,998 -768 24,802 24,105 697 Louisiana 1,584 2,945 -1,361 16,663 19,924 -3,261 Maine \* 1,344 1,766 -422 9,687 9,061 626 Maryland 3,828 5,053 -1,225 36,521 36,084 437 Massachusetts 7,232 10,562 -3,330 87,007 91,279 -4,272 Michigan 13,994 15,190 -1,196 89,206 94,758 -5,552 Minnesota 4,008 5,589 -1,581 66,261 66,324 -63 Mississippi 768 1,733 -965 8,689 10,702 -2,013 Missouri 4,726 7,270 -2,544 35,078 38,387 -3,309 Montana 1,271 1,815 -544 12,516 11,964 552 Nebraska 1,053 1,355 -302 8,991 9,404 -413 Nevada 3,000 3,245 -245 20,943 22,515 -1,572 New Hampshire 641 810 -169 4,991 5,401 -410 New Jersey 10,674 15,040 -4,366 118,950 121,653 -2,703 New Mexico 948 1,168 -220 10,736 11,371 -635 New York 18,230 23,026 -4,796 183,710 188,087 -4,377 North Carolina 2,660 4,483 -1,823 21,625 22,541 -916 North Dakota 942 1,862 -920 9,356 7,501 1,855 Ohio 8,448 12,190 -3,742 86,907 86,861 46 Oklahoma 1,293 1,838 -545 14,570 15,347 -777 Oregon 4,542 4,967 -425 32,170 33,148 -978 Pennsylvania 17,069 27,976 -10,907 150,044 164,548 -14,504 Puerto Rico I M 2,507 3,919 -1,412 37,655 46,838 -9,183 Rhode Island 1,702 1,988 -286 11,902 12,332 -430 South Carolina 3,620 5,876 -2,256 20,015 22,056 -2,041 South Dakota 278 484 -206 3,295 3,369 -74 Tennessee 3,235 4,393 -1,158 22,373 24,687 -2,314 Texas 12,477 20,540 -8,063 143,013 144,179 -1,166 Utah 1,276 1,452 -176 12,376 11,870 506 Vermont 501 724 -223 6,114 6,076 38 Virgin Islands I M 8 43 -35 3,018 4,184 -1,166 Virginia 4,126 4,097 29 29,083 28,379 704 Washington 6,867 8,353 -1,486 66,851 65,784 1,067 West Virginia 1,641 2,509 -868 15,762 16,629 -867 Wisconsin 8,885 8,609 276 50,960 56,945 -5,985 Wyoming 459 756 -297 4,077 4,660 -583 US Total 262,301 354,050 -91,749 2,283,895 2,416,486 -132,591 Note: Advance Claims are not directly comparable to claims reported in prior weeks. Advance claims are reported by the state liable for paying the unemployment compensation, whereas previous weeks reported reflect claimants by state of residence. In addition, claims reported as 'workshare equivalent' in the previous week are added to the advance claims as a proxy for the current week's 'workshare equivalent' activity. \*Denotes state estimate. IAffected by Hurricane Irma. MAffected by Hurricane Maria. Seasonally Adjusted US Weekly UI Claims (in thousands) Week Ending Initial Claims Change from Prior Week 4-Week Average Insured Unemployment Change from Prior Week 4-Week Average IUR January 14, 2017 241 -4 246.25 2,083 22 2,081.75 1.5 January 21, 2017 252 11 244.75 2,063 -20 2,072.00 1.5 January 28, 2017 250 -2 247.00 2,067 4 2,068.50 1.5 February 4, 2017 237 -13 245.00 2,071 4 2,071.00 1.5 February 11, 2017 248 11 246.75 2,052 -19 2,063.25 1.5 February 18, 2017 247 -1 245.50 2,057 5 2,061.75 1.5 February 25, 2017 227 -20 239.75 2,059 2 2,059.75 1.5 March 4, 2017 252 25 243.50 2,025 -34 2,048.25 1.5 March 11, 2017 246 -6 243.00 1,987 -38 2,032.00 1.4 March 18, 2017 261 15 246.50 2,052 65 2,030.75 1.5 March 25, 2017 259 -2 254.50 2,035 -17 2,024.75 1.5 April 1, 2017 235 -24 250.25 2,028 -7 2,025.50 1.5 April 8, 2017 234 -1 247.25 1,978 -50 2,023.25 1.4 April 15, 2017 243 9 242.75 1,987 9 2,007.00 1.4 April 22, 2017 257 14 242.25 1,979 -8 1,993.00 1.4 April 29, 2017 238 -19 243.00 1,920 -59 1,966.00 1.4 May 6, 2017 236 -2 243.50 1,899 -21 1,946.25 1.4 May 13, 2017 233 -3 241.00 1,924 25 1,930.50 1.4 May 20, 2017 235 2 235.50 1,919 -5 1,915.50 1.4 May 27, 2017 255 20 239.75 1,929 10 1,917.75 1.4 June 3, 2017 245 -10 242.00 1,936 7 1,927.00 1.4 June 10, 2017 238 -7 243.25 1,942 6 1,931.50 1.4 June 17, 2017 242 4 245.00 1,945 3 1,938.00 1.4 June 24, 2017 244 2 242.25 1,965 20 1,947.00 1.4 July 1, 2017 250 6 243.50 1,949 -16 1,950.25 1.4 July 8, 2017 248 -2 246.00 1,977 28 1,959.00 1.4 July 15, 2017 234 -14 244.00 1,965 -12 1,964.00 1.4 July 22, 2017 245 11 244.25 1,967 2 1,964.50 1.4 July 29, 2017 241 -4 242.00 1,956 -11 1,966.25 1.4 August 5, 2017 244 3 241.00 1,954 -2 1,960.50 1.4 August 12, 2017 232 -12 240.50 1,954 0 1,957.75 1.4 August 19, 2017 235 3 238.00 1,945 -9 1,952.25 1.4 August 26, 2017 236 1 236.75 1,951 6 1,951.00 1.4 September 2, 2017 298 62 250.25 1,935 -16 1,946.25 1.4 September 9, 2017 281 -17 262.50 1,979 44 1,952.50 1.4 September 16, 2017 260 -21 268.75 1,911 -68 1,944.00 1.4 September 23, 2017 269 9 277.00 1,921 10 1,936.50 1.4 September 30, 2017 258 -11 267.00 1,904 -17 1,928.75 1.4 October 7, 2017 244 -14 257.75 1,896 -8 1,908.00 1.3 October 14, 2017 223 -21 248.50 1,900 4 1,905.25 1.4 October 21, 2017 234 11 239.75 1,884 -16 1,896.00 1.3 October 28, 2017 229 -5 232.50 1,904 20 1,896.00 1.4 November 4, 2017 239 10 231.25 1,868 -36 1,889.00 1.3 November 11, 2017 252 13 238.50 1,915 47 1,892.75 1.4 November 18, 2017 240 -12 240.00 1,960 45 1,911.75 1.4 November 25, 2017 238 -2 242.25 1,911 -49 1,913.50 1.4 December 2, 2017 236 -2 241.50 1,889 -22 1,918.75 1.3 December 9, 2017 225 -11 234.75 1,936 47 1,924.00 1.4 December 16, 2017 245 20 236.00 1,951 15 1,921.75 1.4 December 23, 2017 247 2 238.25 1,905 -46 1,920.25 1.4 December 30, 2017 250 3 241.75 1,873 -32 1,916.25 1.3 January 6, 2018 261 11 250.75 1,965 92 1,923.50 1.4 January 13, 2018 216 -45 243.50 1,937 -28 1,920.00 1.4 January 20, 2018 233 17 240.00 Initial Claims Filed During Week Ended January 13 INITIAL CLAIMS Insured Unemployment For Week Ended January 6 INSURED UNEMPLOYMENT STATE STATE CHANGE FROM UCFE 1 UCX 1 STATE (%) 2 CHANGE FROM UCFE 1 UCX 1 ALL ***PROGRAMS*** EXCLUDING RAILROAD RETIREMENT LAST WEEK ***YEAR*** AGO LAST WEEK ***YEAR*** AGO Alabama 4387 -3147 -58 38 19 21752 1.2 -3543 -1440 68 70 21890 Alaska 1699 477 133 6 0 13262 4.3 843 -2182 220 25 14915 Arizona 4671 1045 -6 26 1 22503 0.8 468 -3530 288 79 22870 Arkansas 2347 -835 -397 3 12 16921 1.4 -1233 -1092 77 115 17113 California 58962 11672 -1997 426 154 383701 2.3 36421 -36105 3021 1831 388553 Colorado 3012 -83 -534 67 21 23868 0.9 -704 -3980 410 238 24516 Connecticut 7049 1660 317 5 8 51729 3.1 5952 2599 65 89 51883 Delaware 1388 314 174 1 4 7734 1.8 842 524 26 14 7774 District of Columbia 438 65 45 14 1 9041 1.6 104 -96 339 16 9396 Florida 9001 1027 272 28 50 44769 0.5 2631 1509 229 219 45217 Georgia 11290 -8200 -1356 34 49 40703 1.0 -3916 -2099 330 255 41288 Hawaii 1572 -384 84 5 13 8623 1.4 102 -126 83 69 8775 Idaho 2655 373 -14 52 3 12418 1.8 141 -2333 358 16 12792 Illinois 14574 -3481 -1904 12 10 150747 2.6 17359 814 383 250 151380 Indiana 5433 -939 490 7 4 22370 0.8 1963 -9344 43 50 22463 Iowa 4348 -1616 716 10 4 32764 2.2 274 -2566 60 40 32864 Kansas 3600 454 -873 0 4 14628 1.1 54 -1381 47 53 14728 Kentucky 3998 -1307 -83 11 4 24105 1.3 1026 -1399 169 167 24441 Louisiana 2945 724 68 9 5 19924 1.1 364 -3441 52 27 20003 Maine 1766 73 34 5 0 9061 1.5 1164 -969 41 10 9112 Maryland 5053 -745 -432 26 20 36084 1.4 -4005 -7386 258 107 36449 Massachusetts 10562 -209 899 18 13 91279 2.6 4761 2713 167 155 91601 Michigan 15190 -4664 2447 43 20 94758 2.2 12023 -3004 265 120 95143 Minnesota 5589 -3194 -422 10 7 66324 2.4 -3551 -4707 134 82 66540 Mississippi 1733 292 -19 1 2 10702 1.0 -680 -2699 52 32 10786 Missouri 7270 -2745 277 18 8 38387 1.4 569 419 415 64 38866 Montana 1815 212 203 134 1 11964 2.7 213 -1808 645 30 12640 Nebraska 1355 -609 199 2 3 9404 1.0 722 -126 21 16 9441 Nevada 3245 472 -71 29 4 22515 1.8 -1625 -1945 177 80 22772 New Hampshire 810 -105 -128 0 1 5401 0.8 -77 -263 7 9 5417 New Jersey 15040 -1150 612 30 18 121653 3.1 8390 3343 251 302 122206 New Mexico 1168 119 -154 9 0 11371 1.5 140 -1614 350 64 11785 New York 23026 -26335 -1189 35 24 188087 2.1 -7553 -1247 386 449 188922 North Carolina 4483 799 -102 24 20 22541 0.5 976 -5153 82 175 22798 North Dakota 1862 827 686 6 2 7501 1.8 385 -1685 12 9 7522 Ohio 12190 -2745 2092 12 35 86861 1.6 4557 1038 145 247 87253 Oklahoma 1838 182 -85 15 4 15347 1.0 -664 -3977 65 100 15512 Oregon 4967 -1741 -1675 111 15 33148 1.8 -2140 -4092 724 125 33997 Pennsylvania 27976 -6342 -1040 103 54 164548 2.9 25163 5286 969 311 165828 Puerto Rico 3919 2016 1307 3 8 46838 5.4 15892 22780 37 31 46906 Rhode Island 1988 47 -193 5 2 12332 2.7 161 358 21 21 12374 South Carolina 5876 -304 1828 6 10 22056 1.1 304 2701 59 65 22180 South Dakota 484 5 34 15 0 3369 0.8 203 -521 43 5 3417 Tennessee 4393 -676 -171 26 16 24687 0.9 1210 2041 182 65 24934 Texas 20540 5567 2957 59 142 144179 1.2 -4722 -25872 1024 1324 146527 Utah 1452 202 -593 65 5 11870 0.9 183 -2473 418 23 12311 Vermont 724 -221 48 4 0 6076 2.0 104 -415 11 5 6092 Virgin Islands 43 36 -1 0 0 4184 11.2 1146 3514 28 0 4212 Virginia 4097 -88 233 14 19 28379 0.8 1241 -2343 304 372 29055 Washington 8353 -694 -316 52 16 65784 2.1 -1771 -812 545 625 66954 West Virginia 2509 824 372 4 1 16629 2.5 2416 -1444 55 41 16725 Wisconsin 8609 -6689 -1454 11 2 56945 2.0 95 -4151 113 35 57093 Wyoming 756 195 -9 9 1 4660 1.8 426 -1878 217 16 4893 Totals 354050 -49569 1251 1658 839 2416486 1.7 114804 -102059 14491 8738 2441124 Figures Appearing In columns showing Over-The-Week Changes reflect all revisions in data for prior week submitted by State agencies. 1. The Unemployment Compensation ***program*** for Federal Employees (UCFE) and the Unemployment Compensation for Ex-servicemembers (UCX) exclude claims filed jointly under other ***programs*** to avoid duplication. 2. Rate is not seasonally adjusted. The source of US total covered employment is BLS. UNADJUSTED INITIAL CLAIMS FOR WEEK ENDED JANUARY 13, 2018 STATES WITH AN INCREASE OF MORE THAN 1,000 State Change State Supplied Comment CA +11,672 Layoffs in the ***agriculture***, forestry, fishing, and hunting industry. TX +5,567 Layoffs in the manufacturing, educational service, retail trade, transportation and warehousing, and finance and insurance industries. PR +2,016 No comment. CT +1,660 Layoffs in the educational service and manufacturing industries. AZ +1,045 No comment. FL +1,027 Layoffs in the ***agriculture***, forestry, fishing, and hunting, construction, manufacturing, wholesale trade, retail trade, and service industries. STATES WITH A DECREASE OF MORE THAN 1,000 State Change State Supplied Comment NY -26,335 Fewer layoffs in the transportation and warehousing, construction, and accommodation and food service industries. GA -8,200 Fewer layoffs in the manufacturing, administrative, support, waste management and remediation service, and trade industries. WI -6,689 Fewer layoffs in the construction and transportation and warehousing industries. PA -6,342 Fewer layoffs in the transportation and warehousing, accommodation and food service, and construction industries. MI -4,664 Fewer layoffs in the construction industry. IL -3,481 No comment. MN -3,194 No comment. AL -3,147 Fewer layoffs in the manufacturing and administrative, support, waste management and remediation service industries. MO -2,745 Fewer layoffs in the construction, manufacturing, and transportation and warehousing industries. OH -2,745 No comment. OR -1,741 No comment. IA -1,616 Fewer layoffs in the manufacturing industry. KY -1,307 No comment. NJ -1,150 Fewer layoffs in the transportation and warehousing, manufacturing, and construction industries. TECHNICAL NOTES This news release presents the weekly unemployment insurance (UI) claims reported by each state's unemployment insurance ***program*** offices. These claims may be used for monitoring workload volume, assessing state ***program*** operations and for assessing labor market conditions. States initially report claims directly taken by the state liable for the benefit ***payments***, regardless of where the claimant who filed the claim resided. These are the basis for the advance initial claims and continued claims reported each week. These data come from ETA 538, Advance Weekly Initial and Continued Claims Report. The following week initial claims and continued claims are revised based on a second reporting by states that reflect the claimants by state of residence. These data come from the ETA 539, Weekly Claims and Extended Benefits Trigger Data Report. A. Initial Claims An initial claim is a claim filed by an unemployed individual after a separation from an employer. The claimant requests a determination of basic eligibility for the UI ***program***. When an initial claim is filed with a state, certain programmatic activities take place and these result in activity counts including the count of initial claims. The count of U.S initial claims for unemployment insurance is a leading economic indicator because it is an indication of emerging labor market conditions in the country. However, these are weekly administrative data which are difficult to seasonally adjust, making the series subject to some volatility. B. Continued Weeks Claimed A person who has already filed an initial claim and who has experienced a week of unemployment then files a continued claim to claim benefits for that week of unemployment. Continued claims are also referred to as insured unemployment. The count of U.S continued weeks claimed is also a good indicator of labor market conditions. Continued claims reflect the current number of insured unemployed workers filing for UI benefits in the nation. While continued claims are not a leading indicator (they roughly coincide with economic cycles at their peaks and lag at cycle troughs), they provide confirming evidence of the direction of the U.S economy. C. Seasonal Adjustments and Annual Revisions Over the course of a ***year***, the weekly changes in the levels of initial claims and continued claims undergo regularly occurring fluctuations. These fluctuations may result from seasonal changes in weather, major holidays, the opening and closing of schools, or other similar events. Because these seasonal events follow a more or less regular pattern each ***year***, their influence on the level of a series can be tempered by adjusting for regular seasonal variation. These adjustments make trend and cycle developments easier to spot. At the beginning of each ***calendar*** ***year***, the Bureau of Labor Statistics provides the Employment and Training Administration (ETA) with a set of seasonal factors to apply to the unadjusted data during that ***year***. Concurrent with the implementation and release of the new seasonal factors, ETA incorporates revisions to the UI claims historical series caused by updates to the unadjusted data.

**Load-Date:** January 29, 2018

**End of Document**



[***Council of the European Union: Draft Memorandum of Understanding on a strategic partnership on energy between the European Union and the Arab Republic of Egypt, 2018 - 2022 - Authorisation to sign on behalf of the European Union PDF document ST 7388 2018 INIT27-03-2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SB0-DCY1-JDG9-Y06G-00000-00&context=1516831)

Impact News Service

May 12, 2018 Saturday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 4644 words

**Body**

Brussels: Council of the European Union has issued the following document:

7388/18 GW/st 1 DG E 2B EN Council of the European Union Brussels, 27 March 2018 (OR. en) 7388/18 ENER 108 COEST 63 MED 9 EG 1 'I/A' ITEM NOTE From: General Secretariat of the Council To: Permanent Representatives Committee/Council Subject: Draft Memorandum of Understanding on a strategic partnership on energy between the European Union and the Arab Republic of Egypt, 2018 - 2022 - Authorisation to sign on behalf of the European Union 1. On 22 March 2018, the Commission gave a detailed presentation to the Energy Working Party regarding the preparations of the above-mentioned Memorandum followed by initial comments raised by delegations. 2. At its meeting on 26 March 2018, the Energy Working Party pursued the examination of the draft Memorandum during which no objections were raised on the text. 3. It is envisaged that the Memorandum will be signed on 22 April 2018 by the representative of the Arabic Republic of Egypt and the Commission on behalf of the European Union. 4. In light of the foregoing, the Permanent Representatives Committee is invited to suggest to the Council that it authorises the signature, on behalf of the European Union, of the Memorandum, as set out in the Annex.

7388/18 GW/st 2 ANNEX DG E 2B EN ANNEX Draft MEMORANDUM OF UNDERSTANDING ON A STRATEGIC PARTNERSHIP ON ENERGY BETWEEN THE EUROPEAN UNION AND THE ARAB REPUBLIC OF EGYPT 2018 - 2022 This Memorandum of Understanding ('MoU') is made in ……….. on / /2018 by and between: 1) ………………………… (hereinafter referred to as “………..”) and represented in this MoU by ………………., in his competence as ………………………. 2) ………………………… (hereinafter referred to as “………..”) and represented in this MoU by ………………., in his competence as ………………………. ……… and ………. shall be hereinafter referred to collectively as “Sides” and individually as “Side”. 7388/18 GW/st 3 ANNEX DG E 2B EN INTRODUCTION Taking into account the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one Part, and the Arab Republic of Egypt, of the other part (“Association Agreement”) and, in particular, its Article 53 regarding energy; Considering the EU- Egypt Partnership Priorities adopted on 25 July 2017 in the context of the revised European Neighbourhood Policy; Considering the EU-Egypt Action Plan of 2007 by the EU-Egypt Association Council in the context of the European Neighbourhood Policy (ENP); Noting the conclusions of the 2007 European Council on the Energy Policy Action Plan 2007-2009 which emphasised enhancing the energy relationship with Egypt as an essential element for developing the EU’s external energy policy and security of energy supplies; Considering the Memorandum of Understanding (MOU) on Strategic Partnership on Energy signed in December 2008; Recognising Egypt’s active participation in the ongoing Euro-Mediterranean energy cooperation and its important and growing role in energy production and transit in the Euro-Mediterranean energy market; Recognising the importance of the diversity of energy sources, supplies and energy transportation routes and of undistorted trade in achieving such diversification; Recognising Egypt's intention to provide appropriate foundations for the development of low carbon energy systems; Considering the important involvement of the EIB and of the Facility for Euro – Mediterranean Investment and Partnership (FEMIP) in the Energy sector in Egypt as well as the Euro-Mediterranean energy cooperation; 7388/18 GW/st 4 ANNEX DG E 2B EN Taking into account the fact that the EU and Egypt face common energy policy challenges which include: energy security of supply, the need for deeper energy diversification, the completion of energy market reforms, stronger regulatory oversight, greater cross-border trading, improvement of energy efficiency and increased renewable energy. Enhanced energy cooperation between the EU and Egypt would therefore contribute to greater energy security of supply for the EU and for Egypt as well as further sustainable development and transition to low carbon and sustainable economies. THEREFORE: In the context of the EU-Egypt Partnership Priorities, Egypt and the EU envisage developing their relations and cooperation in the energy sector during the period 2018 - 2022 in the following areas and manner: 1. Further assistance to the development of the Oil and Gas Sector 2. Continued support to the Electricity Sector Reforms 3. Development of the Energy Hub 4. Further assistance with joint measures and projects in the field of Renewable Energy 5. Additional support on Energy Efficiency strategies, policies and measures; across various sectors 6. Cooperation in the technological, scientific and industrial areas across the energy field. 1. Further assistance to Oil and Gas Sector 1.1 Both Sides should support Egypt's Modernization ***Programme*** of the Oil and Gas Sector. Areas of support should cover the following: 1.1.1 the overall value chain (upstream, midstream and downstream) in addition to institutional strengthening through enhancing governance and developing human resources and improving the data flow and decision making process; 1.1.2 assisting Egypt's Gas Regulatory Authority (GRA) , or any other regulatory bodies (if needed) in the opening up of the Gas Market; 7388/18 GW/st 5 ANNEX DG E 2B EN 1.1.3 encouraging investment in the oil and gas industry, and supporting capacity building ***programs*** to bridge expertise gaps; 1.1.4 ensuring that the Ministry of Petroleum and Mineral resources of Egypt (MoP) has access to training ***programs*** at senior management, middle management and staff level which would improve performance and knowledge of the new Oil & Gas market; 1.1.5 technical assistance, projects, capacity building, twinning, technical trainings, and ad hoc advisory services. 2. Continued support to the Electricity Sector Reforms 2.1 Both Sides envisage to cooperate in completing the Market reforms underway in Egypt which would result in an unbundled industry, the establishment of a Transmission System Operator (TSO) and Market Operator (MO) in Egypt, a competitive generation and retail electricity market, an independent Regulatory Body in Egypt, tariffs aligned with costs, a reduced reliance on electricity subsidies and a market that is attractive to both national and international investors. In connection with this, assistance can also be provided to improve the efficiencies of existing Power Plants. 2.2 Both Sides envisage to cooperate in building on the previous assistance provided to establish a National Energy Strategy to 2035, a Medium term Action Plan, and a National Energy System Model (known as TIMES-Egypt) by looking into updating the National Energy Strategy to 2050, updating and extending the Medium term Action Plan to incorporate a 10 ***year*** Action Plan (2020-2030), supporting long term transmission network planning and reinforcement, and by cementing the use of Energy System Modelling into the policy making environment. 2.3 Both Sides envisage supporting the establishment, training and operation of a National Energy Modelling Unit in Egypt which would be in charge of, operate and implement the modelling requirements of the Energy Sector, as indicated in the Annex. 7388/18 GW/st 6 ANNEX DG E 2B EN 2.4 Both Sides envisage continuing efforts to support the Egyptian Electricity Regulatory Agency (EGYPTERA). This would include assistance to strengthen regulatory independence (that is, independence from both government and industry influence) as well as strengthening the technical capacities – through further technical assistance – to implement functioning and competitive wholesale and retail electricity markets with open and non-discriminatory access for new participants. The EU encourages Egypt to take an active role in the MEDREG regional project. 2.5 Both Sides envisage supporting the ongoing unbundling ***programs*** and the creation and operation of best practice TSO, MO and Distribution System Operators (DSO) – that would underpin the future electricity market in Egypt. Various technical assistance and capacity strengthening projects should support the different organisations from their set-up to effective operation. 2.6 Both Sides envisage cooperating to ensure that the central Institution – the Ministry of Electricity and Renewable Energy (MoERE) of Egypt – has access to training ***programs*** at senior management, middle management and staffing level that would improve performance and knowledge of the new electricity market. 2.7 Both Sides intend to organise a series of technical workshops to discuss the potential options for managing the electricity system stemming from new developments in smart grid technologies and digitalisation of the grid. 7388/18 GW/st 7 ANNEX DG E 2B EN 3. Development of Energy Hub A. Oil and Gas Hub 3.A.1 Both Sides support Egypt’s role in becoming and sustaining an Oil & Gas Hub in the Mediterranean. This would have strategic importance for Europe’s security of gas supply and would principally facilitate the diversification of gas supplies to Europe. On the other hand, the hub would provide Egypt with an opportunity to maximise its existing and future resources and gas infrastructure. This does not preclude other options to increase gas supplies to Europe or Egypt’s capacity to benefit from its increasing gas resources. 3.A.2 The support should include technical assistance and know-how of projects aiming to raise the network’s capacities (inside Egypt and cross border), de-bottleneck them and ensure their efficient operation, in addition to the development of storage facilities. 3.A.3 The support should also include technical assistance and capacity building on opening the Egyptian gas market and enhancing its liquidity. 3.4 Both Sides intend to collaborate on promoting EU-Egyptian common efforts in strengthening the Egypt's position as an Oil & Gas Hub through workshops, conferences, and enhancing business exchanges. B. Electricity Hub 3.B.1 Given the importance to Egypt and the EU of the existing electricity networks and the need for greater interconnections and cross-border trading, both Sides intend to work jointly to support Egypt's role as an Electricity Hub in the following areas: • Assessment of the need for strengthening interconnections from Egypt to neighbouring countries and then to the EU; • Support to building and operationalising new interconnections; 7388/18 GW/st 8 ANNEX DG E 2B EN • Support to strengthening and modernising the existing transmission network (e.g substations) to facilitate greater use of the network (or transit); • Support to modernising and upgrading the existing distribution networks to allow for more active control and the development of greater distributed generation in the future. 3.B.2 In view of achieving Egyptian-European electricity interconnections, the EU intends to facilitate the cooperation between Egypt and the European Network of Transmission System Operators (ENTSO-E). 3.B.3 The above areas of cooperation should be able to draw upon both Egyptian technical expertise and EU technical and financial assistance, within the limits of available funding under EU external action financing instruments. 4. Further assistance with joint measures and projects in the field of Renewable Energy 4.1 Both Sides attach particular importance to supporting greater investment and fast tracking, where possible, the incorporation of renewable energy into Egypt’s energy mix. Such a policy is in line with the Agreement under the United Nations Framework Convention on Climate Change reached in Paris at the climate conference (COP21) of December 2015 ratified by Egypt and the European Union. It is also in line with the National Energy Strategy to 2035 endorsed by the Supreme Energy Council in late 2016. 4.2 Both Sides intend to improve the policy, regulatory, financial, technical and environmental preconditions needed to achieve greater investments and scale in Renewable Energy in Egypt, within the limits of available funding under EU external action financing instruments. Supported by the Ministry of Electricity and Renewable Energy (MoERE), the New and Renewable Energy Authority (NREA) and EgyptERA, the sector has made important strides in bringing in investments in Wind and Solar PV power plants. Over 1 GW of capacity is either in operation or contracted for future deployment. However, the actual renewable energy share is still far short of the Country’s target of 42 % by 2035. 7388/18 GW/st 9 ANNEX DG E 2B EN 4.3 Efforts are therefore needed to strengthen institutional capacity – such as refocusing NREA’s policy mandate and strengthening capabilities – improving regulatory approaches, collecting data on renewable energy resources, updating pricing mechanisms (e.g expanding the use of competitive bidding and assessing the use of auctions to replace Feed in Tariffs (FITs) and negotiated contracts for megawatt scale projects) and expanding Environmental and Social Impact Assessment (ESIA) studies that should encourage further investments in large-scale facilities as well as in smaller projects developed at local level (bottom-up approach). 4.4 Both Sides envisage using the National Energy Modelling Unit of Egypt to extend medium- and long-term scenarios and plans to the development of renewable energy in the non-power sector, including the analysis of sector-coupling options at local and city level. 4.5 Both Sides intend to share their experience in setting the legal framework, including certification and accreditation schemes, to support the use of both small- and large scale renewable energy deployment options for the buildings, industry, transport, ***agriculture*** and other relevant sectors. 4.6 Both Sides intend to support the organisation of regular education and training ***programs*** as well as awareness campaigns on new renewable energy technology development and options. 5. Additional support on Energy Efficiency strategies, policies and measures across various sectors 5.1 Both Sides should support implementing the directions for energy efficiency improvements and savings set out in the National Energy Strategy to 2035 and Egypt’s Nationally Determined Contribution (NDC). 5.2 The support should include implementing the second phase of Egypt's National Energy Efficiency Action Plan (NEEAP 2) during the period (2018-2020), including providing support to Egypt's central unit for energy efficiency which should be responsible for supervising the implementation of NEEAP 2. 7388/18 GW/st 10 ANNEX DG E 2B EN 5.3 Both Sides should support cross-cutting Energy Efficiency development in the sectors highly concerned with energy, taking into consideration Egypt's plans to establish Energy Efficiency Units (EEU). This support could include institutional strengthening, capacity building & knowledge ***transfer***, developing action plans, developing regulations and implementation of specific energy efficiency projects. 5.4 Energy efficiency efforts should contribute to achieving Egypt’s goals regarding sustainable development and climate change. 6. Enhancement cooperation between Egypt and the EU in the technological, scientific and industrial areas across the energy field 6.1 Both Sides intend to increase cooperation in the areas of energy technology, scientific and industrial cooperation and exchange of expertise in the Energy Sector, including technical support. 6.2 The suggested areas of cooperation, to be jointly defined, may include: 6.2.1 ***Transfer*** and localisation of European technology into the Egyptian energy sector to close technology gaps, especially in the oil and gas value chain (e.g LNG, unconventional reserves, refining & petrochemical industry, new technology in gas transportation and storage). 6.2.2 Capacity building, on-hand training and software applications on Energy System dynamics, supply & demand forecast, energy markets analysis and impacts of new trends in energy (e.g green economy). 6.2.3 Industrial and scientific cooperation in the energy sector covering energy efficiency and renewable energy including the development of alternative and promising technologies (e.g battery storage), manufacture of Energy Efficiency equipment (e.g testing equipment), and renewable Energy technologies, equipment and materials. 7388/18 GW/st 11 ANNEX DG E 2B EN 6.2.4 Exchange of technical expertise on safety, security and sustainability of energy, covering all renewable sources and technologies, including biofuels. 6.2.5 Dissemination of data and information on best available technologies and best international practices that can be tuned to Egyptian circumstances and conditions. FINAL CONSIDERATIONS This MoU replaces and supersedes the Memorandum of Understanding between the European Union and Egypt signed on 2 December 2008. The present document constitutes a political intent and it does not, nor is it intended to create any binding legal or financial rights or obligations under international or domestic law for any of the Sides signing it. However, it does not preclude both Sides from initiating possible future discussions concerning any legal agreement. Furthermore, this MoU does not intend to represent any commitment from either Side to give preferred treatment to the other Side in any matter contemplated herein or otherwise. The Sides should endeavour that any exchange of information provided for in this MoU and all activities undertaken pursuant to this MoU are consistent with their respective policies and procedures on disclosure of information. In addition, both Sides may make this MoU publicly available. The EU may use external action financing instruments as appropriate to support the actions undertaken in this Strategic Partnership in coordination with the Ministry of Investment and International Cooperation (MoIIC) the National Coordinator for the implementation of the EU-Egypt financial and technical cooperation. Projects should be compatible with international trade law and EU trade policy. Moreover, the European Union aims at assisting Egypt in mobilising necessary international finances in order to establish the energy hub and to achieve the desired financial benefits. 7388/18 GW/st 12 ANNEX DG E 2B EN Given the need to have recourse to technical expertise to support the implementation of this energy cooperation, the European Union’s technical assistance, capacity building and strengthening and twinning instrument should be used as appropriate. The joint bodies established under the Association Agreement and, in particular, the Sub-Committee on Transport, Environment and Energy should advance and monitor the implementation of this EU – Egypt Strategic Partnership on Energy. The EU and MoP, MoERE and MoIIC would meet regularly at technical level to follow up on implementing this MoU. This should include identification of a roadmap to develop Egypt as an Oil & Gas Hub in the Mediterranean, as part of an inclusive Energy hub. For the European Union: For the Arab Republic of Egypt Signed: [ ] Signed: [ ] 7388/18 GW/st 13 ANNEX DG E 2B EN ANNEX INDICATIVE ACTIONS 2018 - 2022 Both Sides have identified the following areas for enhanced support: 1 Improving High-level Energy Governance 1.1 Review the need for greater permanency for Egypt's Supreme Energy Council (SEC) and whether a small technical secretariat-type body is needed to support the SEC and to ensure SEC's ongoing operation. 1.2 Assessing the need for Egypt to establish a permanent Inter-Ministerial Committee (IMC) which will provide technical support to the SEC. 1.3 Continue support to the existing Regulatory Bodies of Egypt and encourage establishing others (if needed). 1.4 Regarding the Gas Regulatory Authority of Egypt (GRA) and operation of a Gas Market in Egypt, and building on the earlier provided Technical Assistance by the European Union and other International Financing Institutions further support should be provided focusing on: 1.4.1 Strengthening the GRA by deepening the technical and regulatory knowledge of the Regulatory management and staff. 1.4.2 Improving the Communication and outreach expertise and measures to Regulated Companies and other stakeholders. 1.4.3 Providing any outstanding rules or procedures that were not addressed in previous TA. 2. Improving Energy System Planning & Modelling Capacity 2.1 Supporting the establishment, training and operation of a National Energy Modelling Unit in Egypt that should take charge of, operate and implement the modelling requirements of the Energy Sector. As a minimum, the modelling requirements should include: 7388/18 GW/st 14 ANNEX DG E 2B EN 2.1.1 The operation of the Energy System Model (TIMES-Egypt) incorporating the updating of appropriate data and the development of new as well as updated Energy Scenarios taking into account ongoing and expected policy developments. 2.1.2 The operation of a Computable General Equilibrium (CGE) Model (CGE-Egypt) that should assess the impacts of the results of the different Energy Sector options on the general economy (e.g impacts on GDP, employment, inflation, balance of ***payments***) as well as the impacts of changes within non-energy sectors on the Energy Sector (e.g changes in different sectoral GDP trends). 2.1.3 The soft linking of the two National Models to allow a broader and deeper assessment of energy-economic linkages that will strengthen evidence-based policy making within and outside the Energy Sector. 2.2 Provide access for MoP and MoERE resources to training ***programs*** at senior management, middle management and staffing level that will improve performance and knowledge of the new energy markets. 3. Implementing projects of the Energy Strategy to 2035 and Medium Term Action Plan Building on the previous assistance provided to establish a National Energy Strategy to 2035, and a Medium-term Action Plan and a National Energy System Model (known as TIMES-Egypt) by implementing the plan, and cementing the use of Energy System Modelling into the policy-making environment with the support of the Supreme Energy Council and the to-be-formed Inter-Ministerial Committee. 4. Supporting the development of an Energy Hub 4.1 Support Egypt’s role in becoming and sustaining a Gas and Electricity Hub in the Mediterranean. By providing assistance, capacity building (including study tours) and training to support knowledge and understanding of the strategic, policy and technical inter-linkages underpinning the development and operation of an Energy Hub. 7388/18 GW/st 15 ANNEX DG E 2B EN 4.2 Assess the options, and conditions for financing related infrastructure projects within the limits of available funding under EU external action financing instruments, and provide required TA and know-how. 4.3 Promote the Egyptian Energy Hub through Workshops, Conferences and Support in Business deals. 5. Establishing a MoERE Modernisation ***Program*** and Regulatory Support Egypt plans to initiate a Modernisation ***Program*** across all elements of the Electricity Sector in 2018 to bring the sector closer to best international practices along the electricity value chain. Such a ***Program*** should improve performance of the sector, increase added value and improve the contribution of the Egyptian power sector to the Country’s growth and development. Initial discussions with stakeholders have resulted in consideration of the following areas within a Programmatic remit that could be supported: 5.1 Improvements to the capacity of the technical office of the Minister of Electricity and Renewable Energy (MoERE): 5.1.1 Completion of Electricity market reforms to achieve an unbundled industry, the establishment of a TSO and MO, a competitive generation and retail electricity market, an independent Regulatory Body, tariffs aligned with costs, a reduced reliance on inappropriate electricity subsidies and a market that is attractive to both national and international investors; 5.1.2 A restructuring ***program*** addressing improvements to the operations of EEHC, EETC (as a newly formed TSO) and other MoERE organisations that also included the ***transfer*** of the Atomic Energy Authority and Nuclear Materials Authority (as a research body) from the MoERE to the Ministry of Higher Education. The National Authority of Hydro Power could be placed inside the New and Renewable Energy Authority (NREA); 5.1.3 Improvements to the technical efficiencies of existing Power Plants; 5.1.4 Strengthening cross-border opportunities through new interconnections and improvements to existing interconnections; 7388/18 GW/st 16 ANNEX DG E 2B EN 5.1.5 Modernisation of the existing transmission network (e.g substations) to facilitate greater use of the network (or transit); 5.1.6 Modernisation and upgrading of existing distribution networks to allow for more active control and the development of greater distributed generation in the future. 5.2 Support should be provided to the Electricity Regulatory Agency in two key areas: 5.2.1 Strengthening regulatory independence (that is, independence from both government and Industry influence) through capacity strengthening and study tours; 5.2.2 Strengthening the technical capacities – through further technical assistance – to implement a successful wholesale and retail electricity market that is competitive, non-discriminatory and able to provide greater investments. 6. Supporting increased growth of Renewable Energy and institutional realignment There is a need to restructure NREA and to reset its main functions and responsibilities in order to support greater investment and fast tracking where possible of the incorporation of more renewable energy into Egypt’s energy mix. Such a policy is in line with the Agreement under the United Nations Framework Convention on Climate Change reached in Paris at the climate conference (COP21) of December 2015 and ratified by Egypt and the European Union. It is also in line with the National Energy Strategy to 2035 endorsed by the Supreme Energy Council in late 2016. 6.1 Improve the policy, regulatory, financial, technical and environmental preconditions needed to achieve greater investments and scale in Renewable Energy, within the limits of available funding under EU external action financing instruments. The sector has made important strides in bringing in investments in Wind and Solar PV power plants. Over 1 GW of capacity is either in operation or contracted for future deployment. However, actual renewable energy capacity is still far short of the Country’s potential. 6.2 Strengthen institutional capacity – such as refocusing NREA’s policy mandate and strengthening capabilities – improving regulatory approaches, updating pricing mechanisms (e.g assessing use of auctions to replace FITs) and expanding Environmental and Social Impact Assessment studies that will encourage further investments. 7388/18 GW/st 17 ANNEX DG E 2B EN 7. Supporting Energy Efficiency Efforts and institutional strengthening 7.1 Provide technical assistance and capacity building to establish the Energy Efficiency Central Unit, the Ministry of Petroleum and other key sectors, through the provision of the required legal, regulatory and technical drafting, the development of rules and procedures, an organisational profile, a business plan, target setting and the key actions and measures that need to be followed in order to make energy efficiency savings and reduce Greenhouse Gas emissions. 7.2 Support the on- hand training and capacity building for the EECU members and provide required tools and equipment. 7.3 Financial and Technical support for Energy Efficiency activities including capacity building and training for Energy Mangers & Energy Auditors, within the limits of available funding under EU external action financing instruments.

**Load-Date:** May 14, 2018

**End of Document**



[***Tamil Nadu Generation and Distribution Corporation Limited: Provisional [ICRA]BBB+(SO) (Stable) assigned***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RKW-6DM1-JDVR-03TB-00000-00&context=1516831)

SeeNews Debt

February 8, 2018 Thursday 6:43 PM EEST

Copyright 2018 SeeNews All Rights Reserved



**Length:** 3008 words

**Byline:** SeeNews

**Body**

Tamil Nadu Generation and Distribution Corporation Limited

February 07, 2018

Summary of rated instruments Instrument\* Current Rated Amount (Rs. crore) Rating Action

Non-Convertible Bonds ***Programme***

150.0

Provisional [ICRA]BBB+(SO) (Stable); Assigned Non-Convertible Bonds ***Programme*** 4,347.5 [ICRA]A-(SO) (Stable); Outstanding

Total

4,497.5

Rating action

ICRA has assigned a long-term rating of [ICRA]BBB+(SO) (pronounced ICRA triple B plus structured obligation) to the Rs. 150 crore1 long-term bond ***programme*** of Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO)2. The outlook on the long-term rating is 'Stable'. ICRA takes comfort from the defined escrow and ***payment*** mechanism, creation of sinking fund for principal repayment and Government of Tamil Nadu (GoTN) undertaking to meet any shortfall in the promised coupon ***payment*** or for creation of the sinking fund (on an annual basis for meeting the principal repayment on the scheduled maturity date) from the dues payable by the GoTN to TANGEDCO. The rating assigned is provisional subject to fulfillment of all conditions under the structure as mentioned to ICRA including execution of the transaction documents, and the executed documentation being in line with the terms shared with ICRA.

ICRA also has a long-term rating of [ICRA]A-(SO) (Stable) outstanding on various bond ***programmes*** of TANGEDCO aggregating to Rs. 4,347.5 crore based on the strength of Guarantee provided by the GoTN.

Rationale

The rating takes into account the ownership of the GoTN in TANGEDCO, its strategic importance to the state power sector and the regulated nature of the business supported by cost-plus based tariff principles. The discom (distribution company, i.e. TANGEDCO) has benefitted from the continuing support of the GoTN in the form of equity and interest-free loans as well as advance release of subsidies. The rating factors TANGEDCO's obligation to fund the escrow account every ***year*** to an extent of Rs. 50 crore, which should be sufficient to meet all ***payment*** obligations on the rated NCDs. Further, as per the tri-partite agreement between TANGEDCO, the GoTN undertakes to meet any shortfall in the promised coupon ***payment*** or for creation of the sinking fund (on an annual basis for meeting the principal repayment on the scheduled maturity date) from the dues payable by the GoTN to TANGEDCO. The ***payment*** mechanism is designed to ensure timely ***payment*** to NCD investors, even if the GoTN support is required.

The rating further factors in the improvement in the operational performance of TANGEDCO as seen from reduction in AT&C losses3 and increase in cost coverage ratio4 over the last 3-4 ***years***. The presence of a multi-***year*** tariff (MYT) for the period from FY2017 to FY2019 is also a credit positive. While arriving at the rating, ICRA has taken note of the benefits

1 100 lakh = 1 crore = 10 million

2 For complete rating scale and definitions, please refer to ICRA's website [*www.icra.in*](http://www.icra.in) or other ICRA Rating Publications

3 Aggregate Technical & Commercial losses

4 ratio of average revenue realisation (including subsidy) to the average cost of supply

2

arising from the participation of TANGEDCO in the Ujwal Discom Assurance Yojana (UDAY) which would lead to considerable interest savings from FY2018 onwards as well as support the overall cash flow position of the discom.

The rating is, however, constrained by the continued cash losses of the discom (albeit the same are exhibiting a declining trend), and its weak capital structure and debt coverage metrics. While TANGEDCO has been able to improve its cost coverage ratio, it still continues to face a mismatch between its cost of power procurement and average power realisation primarily due to very low tariff to farmers, under-recovery in domestic and few subsidised segments and overheads arising from overstaffing. The discom continues to rely heavily on state subsidy to meet its cash flow mismatches. The rating also takes into account the slippages in regulatory timelines by TANGEDCO with regards to filing of tariff petitions, closure of annual accounts and continuing audit qualifications. The rating also factors in the execution risks associated with the RM&U (renovation, modernisation and uprating) of the two hydro projects, for which funds are being raised through the NCD issuance, and the hydrological risks, post-commissioning.

Outlook: Stable

ICRA believes TANGEDCO will continue to benefit from the support of the GoTN and its strategic importance to the state economy. The outlook may be revised to 'Positive' if the discom witnesses further improvement in its cost coverage ratio and is able to strengthen its financial risk profile through reduction in cash losses and improvement in the coverage metrics. The outlook may be revised to 'Negative' if the tariff revisions are inadequate, going forward, which would weaken the financial profile or the discom undertakes higher-than-expected capex resulting in further increase in its borrowing levels.

Key rating drivers

Credit strengths

Continuing support from GoTN and strategic importance to the state power sector - TANGEDCO came into existence post the debundling of the erstwhile TNEB in 2010. It is responsible for generation and distribution of power in Tamil Nadu and holds a strategic importance to the state power sector. It is held entirely by the GoTN which has supported the discom through regular infusion of funds in the form of equity or interest-free unsecured loans.

Tri-partite agreement between TANGEDCO, GoTN and TNIFMC - As per the terms of the agreement, TANGEDCO is obligated to deposit Rs 50 crore in the escrow account every ***year***. The escrow account would be operated by TNIFMC. In case the amount is not funded by TANGEDCO, TNIFMC shall issue a notice to the GoTN to fund the shortfall amount (to the extent of shortfall in meeting the promised coupon amount) and for creation of the sinking fund. The ***payment*** mechanism is designed to ensure timely ***payment*** to the NCD investors even if the GoTN support is required.

Improvement in TANGEDCO's operational performance - TANGEDCO's operational performance has strengthened over the last 3-4 ***years***. Its AT&C loss level decreased to 15.2% in FY2017 from 24.4% in FY2015 with improvement in both the billing and collection efficiency. TANGEDCO's cost coverage ratio also improved to 0.90x in FY2017 from 0.75x in FY2015 owing to both, increase in the power tariff and the commencement of operations of new generation projects which brought down the overall power purchase expenses.

Benefits arising from participation in UDAY - The GoTN signed a tri-partite MoU with TANGEDCO and the Government of India (GoI) on January 9, 2017 to join UDAY. In line with the scheme, the GoTN took over debt of Rs. 22,815 crore (i.e. 75% of the debt as on September 30, 2015 to be taken over under UDAY) which has been converted into interest-free loans. The same will be ***transferred*** to TANGEDCO as grants over five ***years***. TANGEDCO has estimated annual interest savings of Rs. 2,882 crore from the take-over of the said debt that would reduce its cash losses. In addition, its principal

3

repayment would also reduce which would support its cash flows. Under UDAY, TANGEDCO will endeavor to reduce its AT&C losses further and improve its cost coverage ratio which would further strengthen its financial profile.

Credit challenges

High financial risk profile on a standalone basis - Financial profile of TANGEDCO remains weak characterised by sizeable cash losses and significant reliance on external borrowings resulting in a highly leveraged capital structure and weak debt protection metrics. The discom reported cash losses of Rs. 4,271 crore in FY2017, albeit the same has reduced significantly in recent ***years***. The borrowing levels have marginally declined in FY2017, though continue to remain high at about Rs. 98,000 crore as on March 31, 2017, which includes loans of ~Rs. 59.600 crore from banks and financial institutions. ICRA, however, expects the discom to be closer to cash break-even in the near term following the sizeable reduction in interest costs after take-over of part debt by the GoTN which would subsequently be converted into grants, other cost reduction initiatives including on power procurement and anticipated tariff revision.

Dependence on tariff subsidy from GoTN continues to remain high - The discom has remained heavily reliant on subsidy receipts from the GoTN to meet its cash flow mismatches. The subsidy ***payments*** have been made in advance traditionally which continued in FY2017 where GoTN advanced Rs. 8,485 crore as subsidy for domestic and ***agricultural*** customers. The substantial increase in the subsidy component ***year*** on ***year***, in the absence of frequent tariff hikes, remains a key concern.

Slippages in regulatory timelines - TANGEDCO has been irregular in filing of its tariff petitions in the past. In December 2014, TNERC had issued a suo motu order following such delays after which TANGEDCO filed a multi-***year*** tariff (MYT) petition and true up orders based on audited 2016 financials in February 2017. Subsequently, TNERC issued the final order in August 2017 wherein it approved the aggregate revenue requirement (ARR) for the period FY2017 to FY2019. Also, while the automatic pass-through of fuel cost through FPCA5 mechanism is in place since April 2012, it has not been implemented. TNERC has directed TANGEDCO to file monthly/quarterly FPCA petitions to recover the actual costs. The auditors have also made various qualifications in the annual report of TANGEDCO which it is in the process of implementing. Due to weak liquidity, TANGEDCO was irregular in its debt repayments to financial institutions in FY2017, though the discom has submitted to ICRA that the ***payments*** have been timely in the current financial ***year*** post takeover of part debt by the GoTN under UDAY.

Project exposed to execution risks and hydrological risks associated with the hydro-power plants - The funds raised from the Rs. 150 crore NCD issue would be deployed in the RM&U of two hydro projects that are operating beyond their useful life and have been derated in the past. The project would be exposed to the execution risks during the renovation and modernisation work (estimated as 25 months for Kodayar hydro project and 42 months for Moyar hydro project). Post-commissioning, the operations of the hydro plants would be exposed to hydrological risks and the variability in the PLF levels. Further, the ability of the plants to achieve the estimated increase in generation (about 100 million units incremental generation from both the plants combined) remains to be seen.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

Corporate Credit Rating Methodology

Power Distribution Utilities

5 fuel and power purchase cost adjustment

About the company:

Under the reorganization and ***transfer*** scheme of TNEB under the Tamil Nadu Electricity (Reorganization and Reforms) ***Transfer*** Scheme 2010 issued by Government of Tamil Nadu (GoTN) with effect from November 1, 2010, TNEB has been reorganized into TNEB Limited (the holding company), Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) and Tamil Nadu Transmission Corporation Limited (TANTRANSCO). TANGEDCO is the largest utility in the country in terms of number of consumers and one of the top few state utilities in terms of energy sales. As on March 31, 2017, TANGEDCO had installed capacity of about 7,500 MW, which largely consisted of thermal power plants (~60%) and hydel capacity (~30%) apart from gas-based capacity and few windmills. TANGEDCO also sources a significant portion of its requirement from central power sector utilities like National Thermal Power Corporation Limited, Neyveli Lignite Corporation Limited and Nuclear Power Corporation of India Limited besides independent power producers in the state. Other sources, from where power is purchased, include captive generating units, co-generation units and wind mills.

Key financial indicators (audited) FY 2016 FY 2017

Operating Income (Rs. crore)

41,516

43,964 PAT (Rs. crore) -7,231 -6,142

OPBDIT/ OI (%)

7.8%

8.8%

Total Debt/ TNW (times)

-2.9

-2.6 Total Debt/ OPBDIT (times) 33.3 25.3

Interest coverage (times)

0.4

0.5

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

5

Rating history for last three ***years***: Instrument Current Rating Chronology of Rating History for the past 3 ***years*** Type Amount Rated (Rs. crore) Amount Outstanding (Rs Crore) Month-***year*** & Rating Month- ***year*** & Rating in FY2017 Month- ***year*** & Rating in FY2016 Feb 2018 Mar 2017 Dec 2016 Oct 2016 Mar 2016

1

Bonds(proposed)

Long term

150.0

-

Provisional [ICRA]BBB+ (SO) (Stable)

-

-

-

- 2 Bonds Long Term 3,335.8 3,176.53 [ICRA]A- (SO) (Stable) [ICRA]A- (SO) (Stable) [ICRA]A- (SO) (Stable)- 3285.3 [ICRA]A- (SO) (Stable) - 3185.3 [ICRA]A- (SO) - 2633.5 Provisional [ICRA] A- (SO) (Stable) - 50.5 Provisional [ICRA] A- (SO) (Stable) - 150.5 Provisional [ICRA]A- (SO) (Stable) - 702.3

3

Bonds

Long Term

80.7

64.56

[ICRA]

A- (SO) (Stable)

[ICRA]

A- (SO) (Stable)

[ICRA]

A- (SO) (Stable)

[ICRA]

A- (SO) (Stable)

[ICRA]

A- (SO) (Stable) 4 Bonds Long Term 530.9 530.9 [ICRA] A- (SO) (Stable) [ICRA] A- (SO) (Stable) [ICRA] A- (SO) (Stable) [ICRA] A- (SO) (Stable) [ICRA] A- (SO) (Stable)

5

Bonds

Long Term

400.0

400.0

[ICRA]

A- (SO) (Stable)

[ICRA]

A- (SO) (Stable)

[ICRA]

A- (SO) (Stable)

[ICRA]

A- (SO) (Stable)

[ICRA]

A- (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)

6

Annexure-1: Instrument Details ISIN No Instrument Name Date of Issuance / Sanction Coupon Rate Maturity Date Amount Rated (Rs. crore) Current Rating and Outlook

NA

Bonds (proposed)

-

-

-

150.00

Provisional [ICRA]BBB+ (SO) (Stable) INE340M09010 Bonds Jan 2011 8.65% 20% - Feb 2017, 20% - Feb 2018, 20% - Feb 2019, 20% - Feb 2020, 20% - Feb 2021 80.70 [ICRA]A- (SO) (Stable)

INE084G09206

Bonds

Apr 2009

8.81%

30% - May 2017,

30% - May 2018,

40% - May 2019

530.90

[ICRA]A- (SO) (Stable) INE340M08111 Bonds Jan 2014 10.50% 30% - Feb 2022, 30% - Feb 2023, 40% - Feb 2024 633.50\* [ICRA]A- (SO) (Stable)

INE340M08129

Bonds

July 2014

9.72%

30% - July 2022,

30% - July 2023,

40% - July 2024

1000.00\*

[ICRA]A- (SO) (Stable) INE340M08137 Bonds Dec 2014 9.20% 30% - Dec 2022, 30% - Dec 2023, 40% - Dec 2024 1000.00\* [ICRA]A- (SO) (Stable)

INE340M08145

Bonds

May 2015

9.00%

30% - Jun 2023,

30% - Jun 2024,

40% - Jun 2025

501.80\*

[ICRA]A- (SO) (Stable) INE340M08152 Bonds Jan 2016 10.00% 30% - Feb 2024, 30% - Feb 2025, 40% - Feb 2026 50.00\* [ICRA]A- (SO) (Stable)

INE340M08160

Bonds

Dec 2016

9.70%

30% - Dec 2024,

30% - Dec 2025,

40% - Dec 2026

40.00\*

[ICRA]A- (SO) (Stable) INE340M08178 Bonds Mar 2017 9.25% 30% - Mar 2025, 30% - Mar 2026, 40% - Mar 2027 73.10\* [ICRA]A-(SO) (Stable)

\*Part of the Rs 3335.80 crore Bond ***Programme*** rated by ICRA

Source: Tamil Nadu Generation and Distribution Corporation Limited

ANALYST CONTACTS

K Ravichandran

+91 44 4596 4301

[*ravichandran@icraindia.com*](mailto:ravichandran@icraindia.com)

Abhishek Dafria

+91 22 6169 3344

[*abhishek.dafria@icraindia.com*](mailto:abhishek.dafria@icraindia.com)

Sankha Banerjee

+91 22 6114 4420

[*sankha.banerjee@icraindia.com*](mailto:sankha.banerjee@icraindia.com)

Anubha Rustagi

+91 22 6169 3341

[*anubha.rustagi@icraindia.com*](mailto:anubha.rustagi@icraindia.com)

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

[*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)

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency. Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [*www.icra.in*](http://www.icra.in)

© Copyright, 2018 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [*www.icra.in*](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents

Rating Agency Website: [*http://www.icra.in*](http://www.icra.in)/

\*\*\*\*\*\*

AII Data Processing does not endorse in any way, the views, opinions or recommendations expressed above. The use of the information is subject to the terms and conditions as published by the original source, which you have to read and accept in full prior to the execution of any actions taken in reliance on information contained herein.

**Load-Date:** February 8, 2018

**End of Document**



[***Washington: TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL 8:30 A.M (Eastern) Thursday, January 18, 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RFG-21T1-JDG9-Y3V6-00000-00&context=1516831)

Impact News Service

January 18, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 3559 words

**Body**

Washington: U.S.Department of Labor has issued the following news release:

UNEMPLOYMENT INSURANCE WEEKLY CLAIMS SEASONALLY ADJUSTED DATA In the week ending January 13, the advance figure for seasonally adjusted initial claims was 220,000, a decrease of 41,000 from the previous week's unrevised level of 261,000. This is the lowest level for initial claims since February 24, 1973 when it was 218,000. The 4-week moving average was 244,500, a decrease of 6,250 from the previous week's unrevised average of 250,750. Claims taking procedures continue to be disrupted in the Virgin Islands. The claims taking process in Puerto Rico has still not returned to normal. The advance seasonally adjusted insured unemployment rate was 1.4 percent for the week ending January 6, an increase of 0.1 percentage point from the previous week's unrevised rate. The advance number for seasonally adjusted insured unemployment during the week ending January 6 was 1,952,000, an increase of 76,000 from the previous week's revised level. The previous week's level was revised up 7,000 from 1,869,000 to 1,876,000. The 4-week moving average was 1,921,000, an increase of 4,000 from the previous week's revised average.

The previous week's average was revised up by 1,750 from 1,915,250 to 1,917,000. UNADJUSTED DATA The advance number of actual initial claims under state ***programs***, unadjusted, totaled 360,020 in the week ending January 13, a decrease of 43,599 (or -10.8 percent) from the previous week. The seasonal factors had expected an increase of 24,280 (or 6.0 percent) from the previous week. There were 352,799 initial claims in the comparable week in 2017. The advance unadjusted insured unemployment rate was 1.7 percent during the week ending January 6, an increase of 0.1 percentage point from the prior week. The advance unadjusted number for persons claiming UI benefits in state ***programs*** totaled 2,400,581, an increase of 94,899 (or 4.1 percent) from the preceding week. The seasonal factors had expected an increase of 1,876 (or 0.1 percent) from the previous week. A ***year*** earlier the rate was 1.8 percent and the volume was 2,518,545. The total number of people claiming benefits in all ***programs*** for the week ending December 30 was 2,341,097, an increase of 236,753 from the previous week. There were 2,506,683 persons claiming benefits in all ***programs*** in the comparable week in 2016. Extended benefits were available in Alaska and the Virgin Island during the week ending December 30. Initial claims for UI benefits filed by former Federal civilian employees totaled 1,148 in the week ending January 6, an increase of 329 from the prior week. There were 723 initial claims filed by newly discharged veterans, an increase of 218 from the preceding week. There were 14,401 former Federal civilian employees claiming UI benefits for the week ending December 30, a decrease of 1,979 from the previous week. Newly discharged veterans claiming benefits totaled 8,470, an increase of 3 from the prior week. The highest insured unemployment rates in the week ending December 30 were in the Virgin Islands (8.1), Alaska (4.0), Puerto Rico (3.5), New Jersey (2.9), Connecticut (2.8), Montana (2.7), Rhode Island (2.6), Massachusetts (2.5), Minnesota (2.5), and Pennsylvania (2.5). The largest increases in initial claims for the week ending January 6 were in New York (+26,891), Georgia (+11,931), California (+11,927), Pennsylvania (+5,409), and Texas (+5,054), while the largest decreases were in New Jersey (-8,221), Massachusetts (-4,189), Michigan (-3,151), Ohio (-2,583), and Iowa (-2,156). UNEMPLOYMENT INSURANCE DATA FOR REGULAR STATE ***PROGRAMS*** WEEK ENDING January 13 January 6 Change December 30 Prior Year1 Initial Claims (SA) 220,000 261,000 -41,000 250,000 241,000 Initial Claims (NSA) 360,020 403,619 -43,599 351,348 352,799 4-Wk Moving Average (SA) 244,500 250,750 -6,250 241,750 246,250 WEEK ENDING January 6 December 30 Change December 23 Prior Year1 Insured Unemployment (SA) 1,952,000 1,876,000 +76,000 1,905,000 2,061,000 Insured Unemployment (NSA) 2,400,581 2,305,682 +94,899 2,066,441 2,518,545 4-Wk Moving Average (SA) 1,921,000 1,917,000 +4,000 1,920,250 2,085,250 Insured Unemployment Rate (SA)2 1.4% 1.3% +0.1 1.4% 1.5% Insured Unemployment Rate (NSA)2 1.7% 1.6% +0.1 1.5% 1.8% INITIAL CLAIMS FILED IN FEDERAL ***PROGRAMS*** (UNADJUSTED) WEEK ENDING January 6 December 30 Change Prior Year1 Federal Employees (UCFE) 1,148 819 +329 1,562 Newly Discharged Veterans (UCX) 723 505 +218 786 PERSONS CLAIMING UI BENEFITS IN ALL ***PROGRAMS*** (UNADJUSTED) WEEK ENDING December 30 December 23 Change Prior Year1 Regular State 2,303,282 2,064,203 +239,079 2,464,138 Federal Employees 14,401 16,380 -1,979 12,766 Newly Discharged Veterans 8,470 8,467 +3 12,271 Extended Benefits3 1,386 1,280 +106 0 State Additional Benefits4 5,785 6,046 -261 6,572 STC / Workshare 5 7,773 7,968 -195 10,936 TOTAL 2,341,097 2,104,344 +236,753 2,506,683 FOOTNOTES SA - Seasonally Adjusted Data, NSA - Not Seasonally Adjusted Data 1. Prior ***year*** is comparable to most recent data. 2. Most recent week used covered employment of 141,013,239 as denominator. 3. Information on the EB ***program*** can be found here: EB ***Program*** information 4. Some states maintain additional benefit ***programs*** for those claimants who exhaust regular, extended and emergency benefits. Information on states that participate, and the extent of benefits paid, can be found starting on page 4-5 of this link: Extensions and Special ***Programs*** PDF 5. Information on STC/Worksharing can be found starting on page 4-9 of the following link: Extensions and Special ***Programs*** PDF Advance State Claims - Not Seasonally Adjusted Initial Claims Filed During Week Ended January 13 Insured Unemployment For Week Ended January 6 STATE Advance Prior Wk Change Advance Prior Wk Change Alabama 4,175 7,534 -3,359 21,426 29,295 -7,869 Alaska 1,901 1,222 679 13,114 12,419 695 Arizona 4,430 3,626 804 19,737 22,035 -2,298 Arkansas\* 2,501 3,182 -681 12,686 18,154 -5,468 California \* 59,284 47,290 11,994 387,863 347,280 40,583 Colorado 3,010 3,095 -85 24,290 24,572 -282 Connecticut 7,015 5,389 1,626 53,655 45,777 7,878 Delaware 1,335 1,074 261 8,019 6,892 1,127 District of Columbia 750 373 377 8,433 8,937 -504 Florida 8,623 7,974 649 38,849 42,138 -3,289 Georgia 10,972 19,490 -8,518 39,264 44,619 -5,355 Hawaii \*\* 1,442 1,956 -514 8,186 8,521 -335 Idaho 2,581 2,282 299 11,884 12,277 -393 Illinois 14,671 18,055 -3,384 152,310 133,388 18,922 Indiana 5,747 6,372 -625 23,040 20,407 2,633 Iowa 5,050 5,964 -914 34,048 32,490 1,558 Kansas 3,857 3,146 711 14,712 14,574 138 Kentucky \*\* 3,379 5,305 -1,926 21,163 23,079 -1,916 Louisiana 2,662 2,221 441 17,218 19,560 -2,342 Maine \* 1,787 1,693 94 9,041 7,897 1,144 Maryland 5,053 5,798 -745 37,577 40,089 -2,512 Massachusetts 10,435 10,771 -336 90,389 86,518 3,871 Michigan 14,619 19,854 -5,235 91,537 82,735 8,802 Minnesota 5,814 8,783 -2,969 69,845 69,875 -30 Mississippi 1,439 1,441 -2 9,255 11,382 -2,127 Missouri 6,608 10,015 -3,407 37,670 37,818 -148 Montana 2,422 1,603 819 12,315 11,751 564 Nebraska 1,357 1,964 -607 9,388 8,682 706 Nevada 3,437 2,773 664 21,007 24,140 -3,133 New Hampshire 815 915 -100 4,995 5,478 -483 New Jersey 14,860 16,190 -1,330 124,659 113,263 11,396 New Mexico 1,133 1,049 84 11,066 11,231 -165 New York 23,171 49,361 -26,190 189,604 195,640 -6,036 North Carolina 4,694 3,684 1,010 21,066 21,565 -499 North Dakota 2,195 1,035 1,160 8,960 7,116 1,844 Ohio 12,269 14,935 -2,666 87,541 82,304 5,237 Oklahoma 1,712 1,656 56 14,905 16,011 -1,106 Oregon 4,954 6,708 -1,754 33,098 35,288 -2,190 Pennsylvania 28,070 34,318 -6,248 166,775 139,385 27,390 Puerto Rico \* I M 4,267 1,903 2,364 41,883 30,946 10,937 Rhode Island 1,990 1,941 49 12,449 12,171 278 South Carolina 5,719 6,180 -461 21,771 21,752 19 South Dakota 434 479 -45 3,326 3,166 160 Tennessee 4,230 5,069 -839 23,010 23,477 -467 Texas 19,774 14,973 4,801 143,890 148,901 -5,011 Utah 2,116 1,250 866 11,808 11,687 121 Vermont 708 945 -237 6,422 5,972 450 Virgin Islands I M 11 7 4 4,188 3,038 1,150 Virginia \* 3,773 4,185 -412 25,637 27,138 -1,501 Washington 8,470 9,047 -577 67,845 67,555 290 West Virginia 2,376 1,685 691 17,126 14,213 2,913 Wisconsin 15,301 15,298 3 56,901 56,850 51 Wyoming \* 622 561 61 3,735 4,234 -499 US Total 360,020 403,619 -43,599 2,400,581 2,305,682 94,899 Note: Advance Claims are not directly comparable to claims reported in prior weeks. Advance claims are reported by the state liable for paying the unemployment compensation, whereas previous weeks reported reflect claimants by state of residence. In addition, claims reported as 'workshare equivalent' in the previous week are added to the advance claims as a proxy for the current week's 'workshare equivalent' activity. \*Denotes state estimate. \*\*Denotes OUI estimate. IAffected by Hurricane Irma. MAffected by Hurricane Maria. Seasonally Adjusted US Weekly UI Claims (in thousands) Week Ending Initial Claims Change from Prior Week 4-Week Average Insured Unemployment Change from Prior Week 4-Week Average IUR January 7, 2017 245 4 252.25 2,061 -20 2,085.25 1.5 January 14, 2017 241 -4 246.25 2,083 22 2,081.75 1.5 January 21, 2017 252 11 244.75 2,063 -20 2,072.00 1.5 January 28, 2017 250 -2 247.00 2,067 4 2,068.50 1.5 February 4, 2017 237 -13 245.00 2,071 4 2,071.00 1.5 February 11, 2017 248 11 246.75 2,052 -19 2,063.25 1.5 February 18, 2017 247 -1 245.50 2,057 5 2,061.75 1.5 February 25, 2017 227 -20 239.75 2,059 2 2,059.75 1.5 March 4, 2017 252 25 243.50 2,025 -34 2,048.25 1.5 March 11, 2017 246 -6 243.00 1,987 -38 2,032.00 1.4 March 18, 2017 261 15 246.50 2,052 65 2,030.75 1.5 March 25, 2017 259 -2 254.50 2,035 -17 2,024.75 1.5 April 1, 2017 235 -24 250.25 2,028 -7 2,025.50 1.5 April 8, 2017 234 -1 247.25 1,978 -50 2,023.25 1.4 April 15, 2017 243 9 242.75 1,987 9 2,007.00 1.4 April 22, 2017 257 14 242.25 1,979 -8 1,993.00 1.4 April 29, 2017 238 -19 243.00 1,920 -59 1,966.00 1.4 May 6, 2017 236 -2 243.50 1,899 -21 1,946.25 1.4 May 13, 2017 233 -3 241.00 1,924 25 1,930.50 1.4 May 20, 2017 235 2 235.50 1,919 -5 1,915.50 1.4 May 27, 2017 255 20 239.75 1,929 10 1,917.75 1.4 June 3, 2017 245 -10 242.00 1,936 7 1,927.00 1.4 June 10, 2017 238 -7 243.25 1,942 6 1,931.50 1.4 June 17, 2017 242 4 245.00 1,945 3 1,938.00 1.4 June 24, 2017 244 2 242.25 1,965 20 1,947.00 1.4 July 1, 2017 250 6 243.50 1,949 -16 1,950.25 1.4 July 8, 2017 248 -2 246.00 1,977 28 1,959.00 1.4 July 15, 2017 234 -14 244.00 1,965 -12 1,964.00 1.4 July 22, 2017 245 11 244.25 1,967 2 1,964.50 1.4 July 29, 2017 241 -4 242.00 1,956 -11 1,966.25 1.4 August 5, 2017 244 3 241.00 1,954 -2 1,960.50 1.4 August 12, 2017 232 -12 240.50 1,954 0 1,957.75 1.4 August 19, 2017 235 3 238.00 1,945 -9 1,952.25 1.4 August 26, 2017 236 1 236.75 1,951 6 1,951.00 1.4 September 2, 2017 298 62 250.25 1,935 -16 1,946.25 1.4 September 9, 2017 281 -17 262.50 1,979 44 1,952.50 1.4 September 16, 2017 260 -21 268.75 1,911 -68 1,944.00 1.4 September 23, 2017 269 9 277.00 1,921 10 1,936.50 1.4 September 30, 2017 258 -11 267.00 1,904 -17 1,928.75 1.4 October 7, 2017 244 -14 257.75 1,896 -8 1,908.00 1.3 October 14, 2017 223 -21 248.50 1,900 4 1,905.25 1.4 October 21, 2017 234 11 239.75 1,884 -16 1,896.00 1.3 October 28, 2017 229 -5 232.50 1,904 20 1,896.00 1.4 November 4, 2017 239 10 231.25 1,868 -36 1,889.00 1.3 November 11, 2017 252 13 238.50 1,915 47 1,892.75 1.4 November 18, 2017 240 -12 240.00 1,960 45 1,911.75 1.4 November 25, 2017 238 -2 242.25 1,911 -49 1,913.50 1.4 December 2, 2017 236 -2 241.50 1,889 -22 1,918.75 1.3 December 9, 2017 225 -11 234.75 1,936 47 1,924.00 1.4 December 16, 2017 245 20 236.00 1,951 15 1,921.75 1.4 December 23, 2017 247 2 238.25 1,905 -46 1,920.25 1.4 December 30, 2017 250 3 241.75 1,876 -29 1,917.00 1.3 January 6, 2018 261 11 250.75 1,952 76 1,921.00 1.4 January 13, 2018 220 -41 244.50 Initial Claims Filed During Week Ended January 6 INITIAL CLAIMS Insured Unemployment For Week Ended December 30 INSURED UNEMPLOYMENT STATE STATE CHANGE FROM UCFE 1 UCX 1 STATE (%) 2 CHANGE FROM UCFE 1 UCX 1 ALL ***PROGRAMS*** EXCLUDING RAILROAD RETIREMENT LAST WEEK ***YEAR*** AGO LAST WEEK ***YEAR*** AGO Alabama 7534 3282 14 20 15 29295 1.6 9453 1368 62 78 29435 Alaska 1222 25 -734 5 2 12419 4.0 -213 -1423 200 43 14048 Arizona 3626 839 -925 12 6 22035 0.8 329 -3209 294 86 22415 Arkansas 3182 -157 -12 3 14 18154 1.5 2559 -1197 78 102 18334 California 47290 11927 3315 287 85 347280 2.1 -957 -30099 2451 1678 351409 Colorado 3095 853 -738 39 24 24572 1.0 3245 -5267 298 237 25107 Connecticut 5389 483 -1236 2 5 45777 2.8 6249 2764 47 77 45901 Delaware 1074 -412 -241 2 0 6892 1.6 1014 -43 19 12 6923 District of Columbia 373 93 -100 10 0 8937 1.6 63 29 340 15 9292 Florida 7974 2531 -1037 25 40 42138 0.5 -1736 -758 193 177 42508 Georgia 19490 11931 301 24 34 44619 1.1 14173 -4248 369 230 45218 Hawaii 1956 623 -102 7 11 8521 1.4 1234 -49 65 106 8692 Idaho 2282 -662 -735 54 3 12277 1.8 1902 -1568 337 15 12629 Illinois 18055 807 -565 7 10 133388 2.3 8925 -14491 302 273 133963 Indiana 6372 1834 204 2 7 20407 0.7 2020 -9777 52 52 20511 Iowa 5964 -2156 657 8 6 32490 2.1 6359 -4782 55 40 32585 Kansas 3146 -807 -567 2 3 14574 1.1 3063 -281 69 42 14685 Kentucky 5305 -1837 -306 8 2 23079 1.3 1255 -3323 167 127 23373 Louisiana 2221 533 -487 8 2 19560 1.0 43 -4014 41 30 19631 Maine 1693 376 -449 1 0 7897 1.3 928 -1477 29 11 7937 Maryland 5798 -1853 -385 17 15 40089 1.6 4706 -4550 433 110 40632 Massachusetts 10771 -4189 -1028 9 11 86518 2.5 9953 -1417 306 158 86982 Michigan 19854 -3151 2311 22 17 82735 2.0 7351 -4489 181 111 83027 Minnesota 8783 1556 888 5 2 69875 2.5 11673 -2977 164 84 70123 Mississippi 1441 6 -466 3 3 11382 1.0 854 -2999 48 39 11469 Missouri 10015 -619 676 19 2 37818 1.4 8048 -360 781 72 38671 Montana 1603 -22 -970 74 2 11751 2.7 1591 -1456 473 19 12243 Nebraska 1964 -828 186 1 3 8682 0.9 2316 -570 23 16 8721 Nevada 2773 -214 -706 11 7 24140 1.9 -147 -396 158 78 24376 New Hampshire 915 -345 -165 4 1 5478 0.9 1238 -467 13 9 5500 New Jersey 16190 -8221 -2811 14 28 113263 2.9 16926 -7957 253 275 113791 New Mexico 1049 99 -296 4 1 11231 1.4 456 -1759 335 68 11634 New York 49361 26891 3036 29 34 195640 2.2 37700 -6794 732 445 196817 North Carolina 3684 1899 -1603 3 14 21565 0.5 724 -4675 96 163 21824 North Dakota 1035 -80 -1146 1 1 7116 1.8 981 -1124 16 10 7142 Ohio 14935 -2583 2075 11 23 82304 1.6 13215 -4456 221 228 82753 Oklahoma 1656 181 -227 9 4 16011 1.1 229 -4412 70 93 16174 Oregon 6708 354 -334 126 18 35288 1.9 4201 -1977 745 117 36150 Pennsylvania 34318 5409 3013 94 59 139385 2.5 11551 -10310 705 308 140398 Puerto Rico 1903 -435 145 0 0 30946 3.5 -7578 9101 31 28 31005 Rhode Island 1941 -1637 -38 4 1 12171 2.6 3152 -1096 15 21 12207 South Carolina 6180 1958 -968 6 11 21752 1.1 2891 -1466 54 59 21865 South Dakota 479 -1 -94 3 1 3166 0.8 445 -345 48 8 3222 Tennessee 5069 1638 -443 8 3 23477 0.8 2164 996 416 56 23949 Texas 14973 5054 -6428 43 144 148901 1.3 15823 -18118 988 1368 151257 Utah 1250 -189 -1368 65 7 11687 0.9 751 -1572 390 20 12097 Vermont 945 -625 5 1 0 5972 2.0 1408 -853 9 7 5988 Virgin Islands 7 -21 -3 0 1 3038 8.1 318 2602 0 0 3038 Virginia 4185 -28 -1857 7 8 27138 0.7 2264 -2590 357 342 27837 Washington 9047 -150 1487 11 17 67555 2.1 5542 5159 559 632 68746 West Virginia 1685 516 -506 3 8 14213 2.2 2406 -1583 58 45 14316 Wisconsin 15298 1905 971 10 6 56850 2.0 15783 -5043 108 40 56998 Wyoming 561 -110 -331 5 2 4234 1.6 398 -2174 147 10 4391 Totals 403619 52271 -11123 1148 723 2305682 1.6 239241 -161972 14401 8470 2329939 Figures Appearing In columns showing Over-The-Week Changes reflect all revisions in data for prior week submitted by State agencies. 1. The Unemployment Compensation ***program*** for Federal Employees (UCFE) and the Unemployment Compensation for Ex-servicemembers (UCX) exclude claims filed jointly under other ***programs*** to avoid duplication. 2. Rate is not seasonally adjusted. The source of US total covered employment is BLS. UNADJUSTED INITIAL CLAIMS FOR WEEK ENDED JANUARY 6, 2018 STATES WITH AN INCREASE OF MORE THAN 1,000 State Change State Supplied Comment NY +26,891 Layoffs in the transportation and warehousing, construction, and educational service industries. GA +11,931 Layoffs in the manufacturing industry. CA +11,927 Layoffs in the service and ***agriculture***, forestry, fishing, and hunting industries. PA +5,409 Layoffs in the construction and administrative, support, waste management and remediation service industries. TX +5,054 Layoffs in the manufacturing, administrative, support, waste management and remediation service, retail trade, and finance and insurance industries. AL +3,282 Layoffs in the manufacturing and retail trade industries. FL +2,531 Layoffs in the ***agriculture***, forestry, fishing, and hunting, construction, manufacturing, wholesale trade, retail trade, and service industries. SC +1,958 No comment. WI +1,905 Layoffs in the construction, administrative, support, waste management and remediation service, and manufacturing industries. NC +1,899 Layoffs in the administrative, support, waste management and remediation service, accommodation and food service, and professional, scientific, and technical service industries. IN +1,834 No comment. TN +1,638 Layoffs in the administrative, support, waste management and remediation service, manufacturing, professional, scientific, and technical service, manufacturing, and accommodation and food service industries. MN +1,556 No comment. STATES WITH A DECREASE OF MORE THAN 1,000 State Change State Supplied Comment NJ -8,221 Fewer layoffs in the construction, administrative, support, waste management and remediation service, educational service, accommodation and food service, transportation and warehousing, manufacturing, and retail trade industries. MA -4,189 Fewer layoffs in the construction, administrative, support, waste management and remediation service, educational service, transportation and warehousing, and accommodation and food service industries. MI -3,151 Fewer layoffs in the manufacturing industry. OH -2,583 No comment. IA -2,156 Fewer layoffs in the manufacturing industry. MD -1,853 No comment. KY -1,837 No comment. RI -1,637 No comment. TECHNICAL NOTES This news release presents the weekly unemployment insurance (UI) claims reported by each state's unemployment insurance ***program*** offices. These claims may be used for monitoring workload volume, assessing state ***program*** operations and for assessing labor market conditions. States initially report claims directly taken by the state liable for the benefit ***payments***, regardless of where the claimant who filed the claim resided. These are the basis for the advance initial claims and continued claims reported each week. These data come from ETA 538, Advance Weekly Initial and Continued Claims Report. The following week initial claims and continued claims are revised based on a second reporting by states that reflect the claimants by state of residence. These data come from the ETA 539, Weekly Claims and Extended Benefits Trigger Data Report. A. Initial Claims An initial claim is a claim filed by an unemployed individual after a separation from an employer. The claimant requests a determination of basic eligibility for the UI ***program***. When an initial claim is filed with a state, certain programmatic activities take place and these result in activity counts including the count of initial claims. The count of U.S initial claims for unemployment insurance is a leading economic indicator because it is an indication of emerging labor market conditions in the country. However, these are weekly administrative data which are difficult to seasonally adjust, making the series subject to some volatility. B. Continued Weeks Claimed A person who has already filed an initial claim and who has experienced a week of unemployment then files a continued claim to claim benefits for that week of unemployment. Continued claims are also referred to as insured unemployment. The count of U.S continued weeks claimed is also a good indicator of labor market conditions. Continued claims reflect the current number of insured unemployed workers filing for UI benefits in the nation. While continued claims are not a leading indicator (they roughly coincide with economic cycles at their peaks and lag at cycle troughs), they provide confirming evidence of the direction of the U.S economy. C. Seasonal Adjustments and Annual Revisions Over the course of a ***year***, the weekly changes in the levels of initial claims and continued claims undergo regularly occurring fluctuations. These fluctuations may result from seasonal changes in weather, major holidays, the opening and closing of schools, or other similar events. Because these seasonal events follow a more or less regular pattern each ***year***, their influence on the level of a series can be tempered by adjusting for regular seasonal variation. These adjustments make trend and cycle developments easier to spot. At the beginning of each ***calendar*** ***year***, the Bureau of Labor Statistics provides the Employment and Training Administration (ETA) with a set of seasonal factors to apply to the unadjusted data during that ***year***. Concurrent with the implementation and release of the new seasonal factors, ETA incorporates revisions to the UI claims historical series caused by updates to the unadjusted data.

**Load-Date:** January 19, 2018

**End of Document**



[***Washington: TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL 8:30 A.M (Eastern) Thursday, February 1, 2018***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5RJD-DBS1-JDG9-Y1DD-00000-00&context=1516831)

Impact News Service

February 1, 2018 Thursday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 3507 words

**Body**

Washington: U.S.Department of Labor has issued the following news release:

UNEMPLOYMENT INSURANCE WEEKLY CLAIMS SEASONALLY ADJUSTED DATA In the week ending January 27, the advance figure for seasonally adjusted initial claims was 230,000, a decrease of 1,000 from the previous week's revised level. The previous week's level was revised down by 2,000 from 233,000 to 231,000. The 4-week moving average was 234,500, a decrease of 5,000 from the previous week's revised average. The previous week's average was revised down by 500 from 240,000 to 239,500. Claims taking procedures in Puerto Rico and in the Virgin Islands have still not returned to normal. The advance seasonally adjusted insured unemployment rate was 1.4 percent for the week ending January 20, unchanged from the previous week's unrevised rate. The advance number for seasonally adjusted insured unemployment during the week ending January 20 was 1,953,000, an increase of 13,000 from the previous week's revised level.

The previous week's level was revised up 3,000 from 1,937,000 to 1,940,000. The 4-week moving average was 1,932,750, an increase of 12,000 from the previous week's revised average. The previous week's average was revised up by 750 from 1,920,000 to 1,920,750. UNADJUSTED DATA The advance number of actual initial claims under state ***programs***, unadjusted, totaled 267,674 in the week ending January 27, an increase of 7,604 (or 2.9 percent) from the previous week. The seasonal factors had expected an increase of 8,792 (or 3.4 percent) from the previous week. There were 280,983 initial claims in the comparable week in 2017. The advance unadjusted insured unemployment rate was 1.7 percent during the week ending January 20, an increase of 0.1 percentage point from the prior week. The advance unadjusted number for persons claiming UI benefits in state ***programs*** totaled 2,373,175, an increase of 85,441 (or 3.7 percent) from the preceding week. The seasonal factors had expected an increase of 69,854 (or 3.1 percent) from the previous week. A ***year*** earlier the rate was 1.8 percent and the volume was 2,494,547. The total number of people claiming benefits in all ***programs*** for the week ending January 13 was 2,321,688, a decrease of 132,222 from the previous week. There were 2,505,316 persons claiming benefits in all ***programs*** in the comparable week in 2017. Extended benefits were available in Alaska and the Virgin Islands during the week ending January 13. Initial claims for UI benefits filed by former Federal civilian employees totaled 1,004 in the week ending January 20, a decrease of 654 from the prior week. There were 626 initial claims filed by newly discharged veterans, a decrease of 213 from the preceding week. There were 11,817 former Federal civilian employees claiming UI benefits for the week ending January 13, a decrease of 2,674 from the previous week. Newly discharged veterans claiming benefits totaled 8,495, a decrease of 243 from the prior week. The highest insured unemployment rates in the week ending January 13 were in the Virgin Islands (8.1), Puerto Rico (4.6), Alaska (4.0), New Jersey (2.9), Montana (2.8), Connecticut (2.7), Illinois (2.6), Pennsylvania (2.6), Massachusetts (2.5), and Rhode Island (2.5). There were no increases in initial claims for the week ending January 20, the largest decreases were in Pennsylvania (-10,925), Texas (-7,747), California (-7,213), Georgia (-6,438), and New York (-4,954). UNEMPLOYMENT INSURANCE DATA FOR REGULAR STATE ***PROGRAMS*** WEEK ENDING January 27 January 20 Change January 13 Prior Year1 Initial Claims (SA) 230,000 231,000 -1,000 216,000 250,000 Initial Claims (NSA) 267,674 260,070 +7,604 354,050 280,983 4-Wk Moving Average (SA) 234,500 239,500 -5,000 243,500 247,000 WEEK ENDING January 20 January 13 Change January 6 Prior Year1 Insured Unemployment (SA) 1,953,000 1,940,000 +13,000 1,965,000 2,063,000 Insured Unemployment (NSA) 2,373,175 2,287,734 +85,441 2,416,486 2,494,547 4-Wk Moving Average (SA) 1,932,750 1,920,750 +12,000 1,923,500 2,072,000 Insured Unemployment Rate (SA)2 1.4% 1.4% 0.0 1.4% 1.5% Insured Unemployment Rate (NSA)2 1.7% 1.6% +0.1 1.7% 1.8% INITIAL CLAIMS FILED IN FEDERAL ***PROGRAMS*** (UNADJUSTED) WEEK ENDING January 20 January 13 Change Prior Year1 Federal Employees (UCFE) 1,004 1,658 -654 1,007 Newly Discharged Veterans (UCX) 626 839 -213 776 PERSONS CLAIMING UI BENEFITS IN ALL ***PROGRAMS*** (UNADJUSTED) WEEK ENDING January 13 January 6 Change Prior Year1 Regular State 2,285,327 2,413,748 -128,421 2,460,515 Federal Employees 11,817 14,491 -2,674 13,226 Newly Discharged Veterans 8,495 8,738 -243 12,263 Extended Benefits3 1,310 1,409 -99 0 State Additional Benefits4 6,132 6,110 +22 6,834 STC / Workshare 5 8,607 9,414 -807 12,478 TOTAL 2,321,688 2,453,910 -132,222 2,505,316 FOOTNOTES SA - Seasonally Adjusted Data, NSA - Not Seasonally Adjusted Data 1. Prior ***year*** is comparable to most recent data. 2. Most recent week used covered employment of 141,013,239 as denominator. 3. Information on the EB ***program*** can be found here: EB ***Program*** information 4. Some states maintain additional benefit ***programs*** for those claimants who exhaust regular, extended and emergency benefits. Information on states that participate, and the extent of benefits paid, can be found starting on page 4-5 of this link: Extensions and Special ***Programs*** PDF 5. Information on STC/Worksharing can be found starting on page 4-9 of the following link: Extensions and Special ***Programs*** PDF Advance State Claims - Not Seasonally Adjusted Initial Claims Filed During Week Ended January 27 Insured Unemployment For Week Ended January 20 Advance Prior Wk Change Advance Prior Wk Change 2,947 2,701 246 18,365 19,083 -718 1,450 1,238 212 13,002 12,383 619 3,973 3,614 359 19,919 21,984 -2,065 1,810 1,829 -19 15,416 15,487 -71 49,601 51,749 -2,148 405,976 339,287 66,689 2,357 2,565 -208 26,673 23,846 2,827 5,278 4,257 1,021 51,804 44,545 7,259 744 837 -93 7,305 7,073 232 692 381 311 8,612 9,188 -576 7,343 7,315 28 39,452 42,495 -3,043 7,673 4,852 2,821 31,146 31,607 -461 1,381 1,062 319 8,117 7,593 524 1,686 1,780 -94 11,864 12,325 -461 10,458 9,645 813 146,170 151,794 -5,624 3,508 3,458 50 24,631 22,853 1,778 3,025 3,017 8 33,303 31,002 2,301 2,004 2,319 -315 16,246 15,232 1,014 3,130 3,299 -169 24,600 25,180 -580 2,245 1,737 508 16,523 19,150 -2,627 1,011 1,346 -335 9,560 9,660 -100 3,828 4,233 -405 37,222 39,615 -2,393 6,674 7,322 -648 89,980 87,895 2,085 12,080 14,269 -2,189 88,330 91,278 -2,948 3,877 3,921 -44 66,840 62,887 3,953 1,081 939 142 8,984 10,079 -1,095 11,000 5,142 5,858 36,547 36,083 464 1,048 1,193 -145 13,175 12,321 854 918 1,083 -165 9,082 8,980 102 3,010 2,654 356 21,338 22,315 -977 603 685 -82 5,042 5,389 -347 8,871 10,806 -1,935 121,093 116,061 5,032 947 989 -42 10,800 10,995 -195 18,414 18,072 342 181,326 182,096 -770 3,945 2,554 1,391 22,088 22,893 -805 736 769 -33 9,535 7,824 1,711 7,544 8,324 -780 83,624 85,971 -2,347 1,396 1,472 -76 14,441 15,024 -583 4,782 4,557 225 32,751 32,172 579 18,694 17,051 1,643 162,651 148,245 14,406 2,827 2,704 123 39,154 39,873 -719 1,333 1,685 -352 13,372 11,669 1,703 2,876 3,725 -849 19,827 20,291 -464 248 314 -66 3,409 3,369 40 3,024 3,335 -311 23,695 24,074 -379 13,947 12,793 1,154 138,992 144,349 -5,357 1,362 932 430 12,408 12,496 -88 574 511 63 5,919 5,792 127 18 14 4 5,750 3,016 2,734 3,713 3,772 -59 28,601 28,055 546 7,052 6,812 240 66,164 64,769 1,395 1,453 1,752 -299 15,920 15,212 708 6,982 6,244 738 51,393 50,588 805 501 441 60 5,038 4,291 747 STATE Alabama Alaska Arizona Arkansas California Colorado Connecticut Delaware District of Columbia Florida Georgia Hawaii Idaho Illinois Indiana Iowa Kansas Kentucky Louisiana Maine \* Maryland Massachusetts Michigan Minnesota Mississippi Missouri Montana Nebraska Nevada New Hampshire New Jersey New Mexico New York North Carolina North Dakota Ohio Oklahoma Oregon Pennsylvania Puerto Rico I M Rhode Island South Carolina South Dakota Tennessee Texas Utah Vermont Virgin Islands I M Virginia Washington West Virginia Wisconsin Wyoming US Total 267,674 260,070 7,604 2,373,175 2,287,734 85,441 Note: Advance Claims are not directly comparable to claims reported in prior weeks. Advance claims are reported by the state liable for paying the unemployment compensation, whereas previous weeks reported reflect claimants by state of residence. In addition, claims reported as 'workshare equivalent' in the previous week are added to the advance claims as a proxy for the current week's 'workshare equivalent' activity. \*Denotes state estimate. IAffected by Hurricane Irma. MAffected by Hurricane Maria. Seasonally Adjusted US Weekly UI Claims (in thousands) Week Ending Initial Claims Change from Prior Week 4-Week Average Insured Unemployment Change from Prior Week 4-Week Average IUR January 21, 2017 252 11 244.75 2,063 -20 2,072.00 1.5 January 28, 2017 250 -2 247.00 2,067 4 2,068.50 1.5 February 4, 2017 237 -13 245.00 2,071 4 2,071.00 1.5 February 11, 2017 248 11 246.75 2,052 -19 2,063.25 1.5 February 18, 2017 247 -1 245.50 2,057 5 2,061.75 1.5 February 25, 2017 227 -20 239.75 2,059 2 2,059.75 1.5 March 4, 2017 252 25 243.50 2,025 -34 2,048.25 1.5 March 11, 2017 246 -6 243.00 1,987 -38 2,032.00 1.4 March 18, 2017 261 15 246.50 2,052 65 2,030.75 1.5 March 25, 2017 259 -2 254.50 2,035 -17 2,024.75 1.5 April 1, 2017 235 -24 250.25 2,028 -7 2,025.50 1.5 April 8, 2017 234 -1 247.25 1,978 -50 2,023.25 1.4 April 15, 2017 243 9 242.75 1,987 9 2,007.00 1.4 April 22, 2017 257 14 242.25 1,979 -8 1,993.00 1.4 April 29, 2017 238 -19 243.00 1,920 -59 1,966.00 1.4 May 6, 2017 236 -2 243.50 1,899 -21 1,946.25 1.4 May 13, 2017 233 -3 241.00 1,924 25 1,930.50 1.4 May 20, 2017 235 2 235.50 1,919 -5 1,915.50 1.4 May 27, 2017 255 20 239.75 1,929 10 1,917.75 1.4 June 3, 2017 245 -10 242.00 1,936 7 1,927.00 1.4 June 10, 2017 238 -7 243.25 1,942 6 1,931.50 1.4 June 17, 2017 242 4 245.00 1,945 3 1,938.00 1.4 June 24, 2017 244 2 242.25 1,965 20 1,947.00 1.4 July 1, 2017 250 6 243.50 1,949 -16 1,950.25 1.4 July 8, 2017 248 -2 246.00 1,977 28 1,959.00 1.4 July 15, 2017 234 -14 244.00 1,965 -12 1,964.00 1.4 July 22, 2017 245 11 244.25 1,967 2 1,964.50 1.4 July 29, 2017 241 -4 242.00 1,956 -11 1,966.25 1.4 August 5, 2017 244 3 241.00 1,954 -2 1,960.50 1.4 August 12, 2017 232 -12 240.50 1,954 0 1,957.75 1.4 August 19, 2017 235 3 238.00 1,945 -9 1,952.25 1.4 August 26, 2017 236 1 236.75 1,951 6 1,951.00 1.4 September 2, 2017 298 62 250.25 1,935 -16 1,946.25 1.4 September 9, 2017 281 -17 262.50 1,979 44 1,952.50 1.4 September 16, 2017 260 -21 268.75 1,911 -68 1,944.00 1.4 September 23, 2017 269 9 277.00 1,921 10 1,936.50 1.4 September 30, 2017 258 -11 267.00 1,904 -17 1,928.75 1.4 October 7, 2017 244 -14 257.75 1,896 -8 1,908.00 1.3 October 14, 2017 223 -21 248.50 1,900 4 1,905.25 1.4 October 21, 2017 234 11 239.75 1,884 -16 1,896.00 1.3 October 28, 2017 229 -5 232.50 1,904 20 1,896.00 1.4 November 4, 2017 239 10 231.25 1,868 -36 1,889.00 1.3 November 11, 2017 252 13 238.50 1,915 47 1,892.75 1.4 November 18, 2017 240 -12 240.00 1,960 45 1,911.75 1.4 November 25, 2017 238 -2 242.25 1,911 -49 1,913.50 1.4 December 2, 2017 236 -2 241.50 1,889 -22 1,918.75 1.3 December 9, 2017 225 -11 234.75 1,936 47 1,924.00 1.4 December 16, 2017 245 20 236.00 1,951 15 1,921.75 1.4 December 23, 2017 247 2 238.25 1,905 -46 1,920.25 1.4 December 30, 2017 250 3 241.75 1,873 -32 1,916.25 1.3 January 6, 2018 261 11 250.75 1,965 92 1,923.50 1.4 January 13, 2018 216 -45 243.50 1,940 -25 1,920.75 1.4 January 20, 2018 231 15 239.50 1,953 13 1,932.75 1.4 January 27, 2018 230 -1 234.50 Initial Claims Filed During Week Ended January 20 INITIAL CLAIMS Insured Unemployment For Week Ended January 13 INSURED UNEMPLOYMENT STATE STATE CHANGE FROM UCFE 1 UCX 1 STATE (%) 2 CHANGE FROM UCFE 1 UCX 1 ALL ***PROGRAMS*** EXCLUDING RAILROAD RETIREMENT LAST WEEK ***YEAR*** AGO LAST WEEK ***YEAR*** AGO Alabama 2701 -1686 -259 17 8 19083 1.0 -2669 -2394 67 79 19229 Alaska 1238 -461 -174 8 2 12383 4.0 -879 -2223 192 40 13924 Arizona 3614 -1057 -330 21 6 21984 0.8 -519 -3928 288 75 22347 Arkansas 1829 -518 -225 6 3 15487 1.3 -1434 -1954 75 114 15676 California 51749 -7213 -10165 238 117 339287 2.0 -44414 -43427 2134 1683 343104 Colorado 2565 -447 -298 34 22 23846 0.9 -22 -7981 260 245 24351 Connecticut 4257 -2792 -1054 3 4 44545 2.7 -7184 -4593 49 90 44684 Delaware 837 -551 56 0 1 7073 1.6 -661 -100 23 10 7106 District of Columbia 381 -57 63 19 1 9188 1.6 147 315 351 16 9555 Florida 7315 -1686 -77 20 43 42495 0.5 -2274 -2498 153 180 42828 Georgia 4852 -6438 -2104 20 19 31607 0.8 -9096 -3729 204 234 32045 Hawaii 1062 -510 -103 6 14 7593 1.2 -1030 -634 75 105 7773 Idaho 1780 -875 -237 28 4 12325 1.8 -93 -2719 355 17 12697 Illinois 9645 -4929 -1913 8 10 151794 2.6 1047 -9683 285 251 152330 Indiana 3458 -1975 -487 2 7 22853 0.8 483 -9208 41 50 22944 Iowa 3017 -1331 202 5 2 31002 2.0 -1762 -4286 58 41 31101 Kansas 2319 -1281 -324 1 0 15232 1.1 604 -1718 54 47 15333 Kentucky 3299 -699 274 3 2 25180 1.4 1075 -1607 140 159 25479 Louisiana 1737 -1208 -721 9 7 19150 1.0 -774 -3504 41 32 19223 Maine 1346 -420 203 3 0 9660 1.6 599 -444 27 12 9699 Maryland 4233 -820 10 30 8 39615 1.6 3531 -3969 384 112 40111 Massachusetts 7322 -3240 262 15 12 87895 2.5 -3384 -1440 142 160 88197 Michigan 14269 -921 3667 23 13 91278 2.2 -3480 -1687 187 109 91574 Minnesota 3921 -1668 -227 6 3 62887 2.2 -3437 -4190 137 75 63099 Mississippi 939 -794 -391 2 3 10079 0.9 -623 -2545 49 29 10157 Missouri 5142 -2128 195 7 3 36083 1.3 -2304 -197 283 59 36425 Montana 1193 -622 44 51 5 12321 2.8 357 -2239 586 24 12931 Nebraska 1083 -272 30 3 1 8980 0.9 -424 -192 23 18 9021 Nevada 2654 -591 -178 9 3 22315 1.7 -200 -2513 183 77 22575 New Hampshire 685 -125 -67 1 1 5389 0.8 -12 -333 6 10 5405 New Jersey 10806 -4234 177 22 23 116061 2.9 -5592 -1406 261 298 116620 New Mexico 989 -179 -181 5 1 10995 1.4 -376 -1875 317 61 11373 New York 18072 -4954 659 34 48 182096 2.0 -5991 -3346 355 440 182891 North Carolina 2554 -1929 -1449 2 9 22893 0.5 352 -5430 92 168 23153 North Dakota 769 -1093 -24 2 0 7824 1.9 323 -1232 11 7 7842 Ohio 8324 -3866 116 13 19 85971 1.6 -890 1316 141 227 86339 Oklahoma 1472 -366 -331 11 7 15024 1.0 -323 -3637 70 92 15186 Oregon 4557 -410 -2050 51 12 32172 1.8 -976 -5796 769 110 33051 Pennsylvania 17051 -10925 -2603 73 43 148245 2.6 -16303 -13219 526 347 149118 Puerto Rico 2704 -1215 274 0 6 39873 4.6 -6965 17018 24 32 39929 Rhode Island 1685 -303 295 3 4 11669 2.5 -663 -741 14 19 11702 South Carolina 3725 -2151 1018 7 12 20291 1.0 -1765 3003 56 65 20413 South Dakota 314 -170 27 1 0 3369 0.8 0 -443 41 3 3413 Tennessee 3335 -1058 -30 11 8 24074 0.8 -613 1388 122 70 24266 Texas 12793 -7747 -2271 57 83 144349 1.2 170 -17326 638 1281 146268 Utah 932 -520 -548 66 2 12496 0.9 626 -2306 392 25 12913 Vermont 511 -213 -100 2 1 5792 1.9 -284 -593 11 5 5808 Virgin Islands 14 -29 -8 0 0 3016 8.1 -1168 2534 0 0 3016 Virginia 3772 -325 -621 14 10 28055 0.8 -324 -2535 300 370 28725 Washington 6812 -1541 -762 19 9 64769 2.0 -1015 -3837 513 629 65911 West Virginia 1752 -757 90 2 0 15212 2.3 -1417 -2486 59 43 15314 Wisconsin 6244 -2365 -1242 6 4 50588 1.8 -6357 -7197 123 40 50751 Wyoming 441 -315 -68 5 1 4291 1.6 -369 -2792 130 10 4431 Totals 260070 -93980 -23960 1004 626 2287734 1.6 -128752 -176558 11817 8495 2309356 Figures Appearing In columns showing Over-The-Week Changes reflect all revisions in data for prior week submitted by State agencies. 1. The Unemployment Compensation ***program*** for Federal Employees (UCFE) and the Unemployment Compensation for Ex-servicemembers (UCX) exclude claims filed jointly under other ***programs*** to avoid duplication. 2. Rate is not seasonally adjusted. The source of US total covered employment is BLS. UNADJUSTED INITIAL CLAIMS FOR WEEK ENDED JANUARY 20, 2018 STATES WITH AN INCREASE OF MORE THAN 1,000 State Change State Supplied Comment None STATES WITH A DECREASE OF MORE THAN 1,000 State Change State Supplied Comment PA -10,925 Fewer layoffs in the construction, administrative, support, waste management and remediation service, and transportation and warehousing, industries. TX -7,747 No comment. CA -7,213 Fewer layoffs in the ***agriculture***, forestry, fishing and hunting industry. GA -6,438 Fewer layoffs in the manufacturing, construction, administrative, support, waste management and remediation service, trade, and accommodation and food service industries. NY -4,954 Fewer layoffs in the construction, transportation and warehousing, and accommodation and food service industries. IL -4,929 No comment. NJ -4,234 Fewer layoffs in the construction, manufacturing, trade, transportation and warehousing, and accommodation and food service industries. OH -3,866 No comment. MA -3,240 Fewer layoffs in the construction, transportation and warehousing, administrative, support, waste management and remediation service, and accommodation and food service industries. CT -2,792 No comment. WI -2,365 Fewer layoffs in the construction, manufacturing, and transportation and warehousing industries. SC -2,151 No comment. MO -2,128 Fewer layoffs in the construction, administrative, support, waste management and remediation service, and accommodation and food service industries. IN -1,975 No comment. NC -1,929 Fewer layoffs in the accommodation and food service, administrative, support, waste management and remediation service, and construction industries. FL -1,686 Fewer layoffs in the construction, manufacturing, wholesale trade, retail trade, and service industries. AL -1,686 Fewer layoffs in the administrative, support, waste management and remediation service, construction, retail trade, and accommodation and food service industries. MN -1,668 No comment. WA -1,541 No comment. IA -1,331 No comment. KS -1,281 No comment. PR -1,215 No comment. LA -1,208 No comment. ND -1,093 No comment. TN -1,058 No comment. AZ -1,057 No comment. TECHNICAL NOTES This news release presents the weekly unemployment insurance (UI) claims reported by each state's unemployment insurance ***program*** offices. These claims may be used for monitoring workload volume, assessing state ***program*** operations and for assessing labor market conditions. States initially report claims directly taken by the state liable for the benefit ***payments***, regardless of where the claimant who filed the claim resided. These are the basis for the advance initial claims and continued claims reported each week. These data come from ETA 538, Advance Weekly Initial and Continued Claims Report. The following week initial claims and continued claims are revised based on a second reporting by states that reflect the claimants by state of residence. These data come from the ETA 539, Weekly Claims and Extended Benefits Trigger Data Report. A. Initial Claims An initial claim is a claim filed by an unemployed individual after a separation from an employer. The claimant requests a determination of basic eligibility for the UI ***program***. When an initial claim is filed with a state, certain programmatic activities take place and these result in activity counts including the count of initial claims. The count of U.S initial claims for unemployment insurance is a leading economic indicator because it is an indication of emerging labor market conditions in the country. However, these are weekly administrative data which are difficult to seasonally adjust, making the series subject to some volatility. B. Continued Weeks Claimed A person who has already filed an initial claim and who has experienced a week of unemployment then files a continued claim to claim benefits for that week of unemployment. Continued claims are also referred to as insured unemployment. The count of U.S continued weeks claimed is also a good indicator of labor market conditions. Continued claims reflect the current number of insured unemployed workers filing for UI benefits in the nation. While continued claims are not a leading indicator (they roughly coincide with economic cycles at their peaks and lag at cycle troughs), they provide confirming evidence of the direction of the U.S economy. C. Seasonal Adjustments and Annual Revisions Over the course of a ***year***, the weekly changes in the levels of initial claims and continued claims undergo regularly occurring fluctuations. These fluctuations may result from seasonal changes in weather, major holidays, the opening and closing of schools, or other similar events. Because these seasonal events follow a more or less regular pattern each ***year***, their influence on the level of a series can be tempered by adjusting for regular seasonal variation. These adjustments make trend and cycle developments easier to spot. At the beginning of each ***calendar*** ***year***, the Bureau of Labor Statistics provides the Employment and Training Administration (ETA) with a set of seasonal factors to apply to the unadjusted data during that ***year***. Concurrent with the implementation and release of the new seasonal factors, ETA incorporates revisions to the UI claims historical series caused by updates to the unadjusted data.

**Load-Date:** February 2, 2018

**End of Document**



[***Washington: PUBLIC BILLS AND RESOLUTIONS (House of Representatives - April 13, 2018)***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5S40-JC21-F0YC-N431-00000-00&context=1516831)

Impact News Service

April 14, 2018 Saturday

Copyright 2018 Impact Media Limited All Rights Reserved



**Length:** 1530 words

**Body**

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

 Under clause 2 of rule XII, public bills and resolutions of the following titles were introduced and severally referred, as follows: By Mr. SHUSTER (for himself, Mr. DeFazio, Mr. Smith of Texas, Mr. LoBiondo, Mr. Larsen of Washington, Mr. Barletta, Ms. Titus, Mr. Graves of Missouri, Ms. Norton, Mr. Hunter, Mr. Garamendi, Mr. Denham, Mr. Capuano, Mr. Graves of Louisiana, and Mrs. Napolitano): H.R 4. A bill to reauthorize ***programs*** of the Federal Aviation Administration, and for other purposes; to the Committee on Transportation and Infrastructure, and in addition to the Committees on Financial Services, [[Page H3315]] Ways and Means, Science, Space, and Technology, and Natural Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Mr. BABIN (for himself, Mr. Smith of Texas, Mr. Brooks of Alabama, Mr. Rohrabacher, Mr. Knight, Mr. Higgins of Louisiana, and Mr. Norman): H.R 5503. A bill to authorize the ***programs*** of the National Aeronautics and Space Administration for fiscal ***years*** 2018 and 2019, and for other purposes; to the Committee on Science, Space, and Technology. By Mr. NEWHOUSE (for himself, Ms. DelBene, Mr. Larsen of Washington, Ms. Herrera Beutler, Mrs. McMorris Rodgers, Mr. Kilmer, Ms. Jayapal, Mr. Reichert, Mr. Smith of Washington, and Mr. Heck): H.R 5504. A bill to designate the facility of the United States Postal Service located at 4801 West Van Giesen Street in West Richland, Washington, as the ``Sergeant Dietrich Schmieman Post Office Building''; to the Committee on Oversight and Government Reform.

By Mr. DENT (for himself and Mr. Welch): H.R 5505. A bill to ensure independent investigations and judicial review of the removal of a special counsel, and for other purposes; to the Committee on the Judiciary. By Mr. SMITH of Nebraska (for himself and Ms. Sewell of Alabama): H.R 5506. A bill to amend title XVIII of the Social Security Act to provide for direct ***payment*** to physician assistants under the Medicare ***program*** for certain services furnished by such physician assistants; to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Mr. SMITH of Nebraska: H.R 5507. A bill to amend title XVIII of the Social Security Act to remove the 96-hour physician certification requirement for inpatient critical access hospital services; to the Committee on Ways and Means. By Mr. CICILLINE (for himself, Mr. Bilirakis, Mr. Crist, Mr. Deutch, Mr. Krishnamoorthi, Mrs. Carolyn B. Maloney of New York, Mr. Pallone, Mr. Roskam, Ms. Ros-Lehtinen, Mr. Sarbanes, Ms. Schakowsky, Mr. Schneider, Ms. Titus, and Ms. Meng): H.R 5508. A bill to repeal the prohibition on ***transfer*** of articles on the United States Munitions List to the Republic of Cyprus; to the Committee on Foreign Affairs. By Mr. McCARTHY (for himself and Mr. Smith of Texas): H.R 5509. A bill to direct the National Science Foundation to provide grants for research about STEM education approaches and the STEM-related workforce, and for other purposes; to the Committee on Science, Space, and Technology. By Mr. AL GREEN of Texas (for himself, Mr. Hastings, Mr. Brown of Maryland, Ms. Lee, Mr. Thompson of Mississippi, Mr. Rush, Mrs. Watson Coleman, Mrs. Lawrence, Mr. Danny K. Davis of Illinois, Mr. Payne, Mr. Evans, Ms. Eddie Bernice Johnson of Texas, Mr. Cleaver, Ms. Wilson of Florida, Mr. Jeffries, Mr. Johnson of Georgia, Mr. Clyburn, Mr. Lewis of Georgia, Ms. Bass, Mr. Ellison, Mr. Gutierrez, Mr. Veasey, Ms. Kelly of Illinois, Ms. Jackson Lee, Mr. Clay, and Ms. Clarke of New York): H.R 5510. A bill to authorize the Secretary of Homeland Security to provide lawful permanent resident status to previously removed alien parents and spouses of citizens of the United States, and for other purposes; to the Committee on the Judiciary. By Mr. EVANS: H.R 5511. A bill to amend the Public Health Service Act to require that the recommendations of the United States Preventive Services Task Force on the effectiveness, appropriateness, and cost-effectiveness of clinical preventive services be based on data for the respective populations, and for other purposes; to the Committee on Energy and Commerce. By Mr. EVANS: H.R 5512. A bill to require the Administrator of the Small Business Administration to establish a grant ***program*** to address rising costs of tax compliance for small business concerns, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Small Business, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Mr. COOK: H.R 5513. A bill to provide for an exchange of lands with San Bernardino County, California, to enhance management of lands within the San Bernardino National Forest, and for other purposes; to the Committee on Natural Resources. By Mr. GROTHMAN: H.R 5514. A bill to amend the Internal Revenue Code of 1986 to treat certain income with respect to partnership interests held in connection with the performance of services as ordinary income; to the Committee on Ways and Means. By Mr. THORNBERRY (for himself and Mr. Smith of Washington) (both by request): H.R 5515. A bill to authorize appropriations for fiscal ***year*** 2019 for military activities of the Department of Defense and for military construction, to prescribe military personnel strengths for such fiscal ***year***, and for other purposes; to the Committee on Armed Services. By Mr. KRISHNAMOORTHI (for himself, Mr. Crowley, Ms. Sanchez, Ms. DelBene, Mrs. Dingell, Mr. Soto, Mr. Brown of Maryland, and Mr. Bera): H.R 5516. A bill to amend the Internal Revenue Code of 1986 to provide a credit for employer-provided worker training; to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Mr. PANETTA (for himself and Mr. Gallagher): H.R 5517. A bill to improve assistance provided by the Hollings Manufacturing Extension Partnership to small manufacturers in the defense industrial supply chain on matters relating to cybersecurity, and for other purposes; to the Committee on Science, Space, and Technology, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. By Mr. POSEY: H.R 5518. A bill to amend the Public Health Service Act to establish a preference, in the allocation of donated organs, for individuals who are lawfully present in the United States, and for other purposes; to the Committee on Energy and Commerce. By Mr. WELCH: H.R 5519. A bill to amend the Plant Protection Act for purposes of mitigating the threat of invasive species, and for other purposes; to the Committee on ***Agriculture***. By Ms. DeGETTE (for herself, Mr. Curbelo of Florida, Ms. DelBene, and Mrs. Love): H. Res. 825. A resolution recognizing the impacts of climate change on outdoor recreation and supporting policies that address the causes and effects of climate change; to the Committee on Energy and Commerce. By Mr. BROWN of Maryland (for himself, Ms. Stefanik, Mr. Gallego, Mr. Shimkus, Mr. Moulton, and Mr. Schiff): H. Res. 826. A resolution noting the Baltic States of Estonia's, Latvia's, and Lithuania's 100th anniversary of independence; to the Committee on Foreign Affairs. By Mr. CORREA (for himself, Mr. Grijalva, Mr. Carson of Indiana, Ms. Ros-Lehtinen, Ms. Norton, Mr. Blumenauer, Mr. Nadler, Mr. Cohen, Mr. Fitzpatrick, Mr. Raskin, Mr. Gallego, Mr. Marino, Mr. Foster, Ms. DeLauro, Ms. Barragan, Mr. Visclosky, and Ms. Sanchez): H. Res. 827. A resolution expressing support for the designation of April 2018 as ``National Donate Life Month''; to the Committee on Energy and Commerce. By Mr. FOSTER: H. Res. 828. A resolution expressing the sense of the House of Representatives in support of science diplomacy, and for other purposes; to the Committee on Foreign Affairs. By Mr. REED (for himself, Ms. Speier, Mrs. Dingell, Ms. Barragan, Ms. Frankel of Florida, Mr. McNerney, Ms. Moore, Mr. Fitzpatrick, Mrs. Comstock, Mrs. Beatty, Ms. Kuster of New Hampshire, Mrs. Mimi Walters of California, Mr. Pearce, Ms. Jenkins of Kansas, Ms. Wasserman Schultz, Mr. Cicilline, Mr. Peters, Mrs. Napolitano, Mr. Yarmuth, Mr. Raskin, Mr. Moulton, Mr. Cohen, Mr. Panetta, Mr. Costello of Pennsylvania, Mr. Joyce of Ohio, and Ms. Clark of Massachusetts): H. Res. 829. A resolution recognizing and supporting the goals and ideals of ``National Sexual Assault Awareness and Prevention Month''; to the Committee on the Judiciary.

**Load-Date:** April 16, 2018

**End of Document**



[***25 YEARS OF EXCELLENT SERVICES AND INNOVATIVE PRODUCTS***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SPN-R001-JD3Y-Y0HV-00000-00&context=1516831)

M2 PressWIRE

July 3, 2018 Tuesday

Copyright 2018 Normans Media Limited All Rights Reserved



**Length:** 1948 words

**Body**

July 2, 2018

First Investment Bank (Fibank) Launches New Promotional Offers on the Occasion of Its 25th Anniversary

Interview with Ms. Sevdalina Vassileva, Executive Director and Member of the Management Board of Fibank

Ms. Vassileva, how has the banking sector in Bulgaria been performing in 2018 so far, and what are your expectations for the second half of the ***year***?

- The banking sector in Bulgaria is stable and has achieved good financial results. In 2017, bank assets grew by more than 6%. Banks in Bulgaria proved to be a reliable partner for individuals and small and medium-sized enterprises. This ***year*** we are witnessing increased consumer consumption, as well as an upturn in the property sector. Banks have also contributed to that through their retail and housing loans. It is logical in such market conditions to observe steady growth in the consumer and mortgage lending segment, which creates prerequisites for revival in the economy. Despite the reduced interest rates on deposits, their volume continued to increase in both the individual and corporate segments, reaching a total growth of 5.8% in 2017.

In the second half of the ***year***, we expect the positive trend of moderate credit growth to continue. Banks have considerable liquidity and are ready to support both the financing needs of individuals, and the good ideas for development of Bulgarian business.

At the same time, the environment in which banks operate has been undergoing serious changes caused by a number of new regulations such as the General Data Protection Regulation (GDPR), the AML (Anti-Money Laundering) and KYC (Know Your Customer) regulations, the Directive on ***Payment*** Services in the Internal Market (PSD2), and others. Technological transformations increasingly affect the ways of attracting and serving customers, the designing and streamlining of processes, analyzing of data, and building of systems and models for their application. All this leads to more changes and a more competitive environment requiring banks to actively prepare and rethink their models. True, things are happening gradually - in an evolutionarily, not revolutionary way - but in 2 or 3 ***years***' time, when we turn back, we shall realize how significant these changes were.

What is the focus of Fibank's activity this ***year***?

- We are continuing to build on the solid foundations and experience of the past 25 ***years***: our wide and accessible branch network, the highly developed digital service channels, the innovative and competitive products, the partnerships and trust we have built with our over one million customers. Apart from being market- and customer-oriented, Fibank's policy includes a balanced approach to the development of SME and retail banking. In 2017, this approach again proved successful: we consolidated our leadership position in bank card business, and achieved the highest increase in the volume of consumer loans by BGN 127.4 million. The upward trend in our development with an emphasis on retail banking is continuing in 2018. Our analyzes indicate that households will continue to look for mortgage loans for home purchases, as well as for consumer loans for repairs, furnishings or other personal needs, so logically we will continue to develop these products alongside with attractive offers and packages including secure and convenient bank transactions online, or through our mobile application.

I would like here to turn your attention to the fact that this ***year*** First Investment Bank is celebrating its 25th anniversary. As a sign of appreciation for our customers' business and confidence, we have tried to develop attractive anniversary offers for various credit and deposit products.

Would you give us some more details about these offers?

- The first series of special anniversary offers will start at the beginning of the month, and continue until August 6 this ***year***. For our business customers, for example, we will offer business credit cards with no annual maintenance fee for the first 25 months of use so that they can try and appreciate the benefits of this type of cards that seems to be less popular in Bulgaria, while being undeniably useful and convenient. Another offer is a promotional deposit with 25 bp higher interest rate than the standard rates for individuals and business customers. We have also launched a new electronic deposit for individuals opened fully online, without the need to visit a bank's office, including for persons who are not currently customers of Fibank. That is also part of in the anniversary promotions.

Jubilee offers also include an interesting and extremely attractive proposal for a promotional overdraft with 25% lower interest rate. The authorized overdraft amount is determined based on the proceeds to the customer's account and can be drawn depending on the particular needs of the customer. Interest is paid only on the used part and only for the period of use, without any additional costs.

The overdraft can be repaid fully or in part, and then drawn again. With its low interest rate and high limit of up to BGN 25,000, combined with the advantageous "My Choice" daily banking packages, this overdraft is a great solution for people receiving their salaries at Fibank and a preferred alternative to the so-called "fast" loans offered on our market by various non-bank companies.

And that's not everything: the latest news from the bank is that our new credit proposals come in combination with the "Restart" option for consolidating and refinancing obligations of individuals. We have called it that because with its low cost, flexibility in terms of amount and maturity and tailored approach depending on the client's profile, it allows for a "fresh start" with the disposable funds remaining in the monthly budget after the reduction of the loan installment.

Thus, under the sign and on the occasion of its 25th anniversary, Fibank will continue to bring various attractive offers to the attention of its clients in the coming months. Just keep looking!

According to experts, the end is approaching of low interest rates on consumer and mortgage loans. What are your expectations?

- For us Bulgarians there is no need to worry. In the medium term, I do not expect any significant change in current interest rates. Of course it also depends on the policy of the European Central Bank, but even if a general increase in interest rates occurs in time, it will not happen abruptly.

Will the process of consolidation in the sector continue?

- In my opinion, it has never stopped but just slowed down due to the economic and financial crisis of 2007-2008. For example, 15-20 ***years*** ago there were about 35 banks on the Bulgarian market, while today there are 25. Fibank also took part in the process of consolidation in the sector a few ***years*** ago with the acquisition of Unionbank. The publicly known information at the moment indicates that the Bulgarian banking sector is still looking forward to more consolidations. This is a complex and multi-layered process that will continue in the coming ***years*** because of its underlying business logic.

As you mentioned, First Investment Bank is celebrating its 25th anniversary. How do you see its development over the next five-***year*** period?

- Our overall projections for the coming ***years*** are positive: macroeconomic growth, stable financial and business environment, and more clearly defined middle class. Against the backdrop of a domestic and European banking market that is highly regulated and demanding in terms of controls, practices and indicators, one of the main drivers for change is the technological and digital evolution: both of the financial services and their suppliers, and of the preferences of users. The Bank's main development strategy relies on areas where we have proven to be among the leaders in recent ***years***: adaptive market approach, first class service and individual customer approach, innovative and attractive products and services. To the vast experience and knowledge accumulated over the past 25 ***years*** we should add our leading position in digital technologies and banking channels, which we will continue to develop and improve in the context of the modern environment. We are constantly working on the automation and process simplification in order to become even faster and more responsive to our customers' requirements. At the same time, we are investing in the latest digital technologies that will make customer service ever more personalized, direct and related to the specific needs, while maintaining the trust and integrity of personal data. I feel positive that in 5 ***years***' time Fibank will be again, as it is now, a bank preferred by the customers, and a leader in digital transformation.

We all know that small and medium businesses are the backbone of the Bulgarian economy. Is there an increased interest in the banking products offered to such businesses in Bulgaria?

- Yes, we are definitely seeing an increased demand for financing by many companies, especially in the segment of SMEs and micro enterprises. Fibank offers the full range of financial solutions for business customers, including convenient and attractive transaction service packages. We are receiving positive feedback from our clients for acting in a quick and flexible manner, which is not typical of most banks where decision making and response for business lending are concerned.

The Smart Lady ***program*** that we recently launched to fund and support women in business has been enjoying particular interest, as women are very focused and have a great potential for small business. The ***program*** has two main goals: to offer a range of banking services and products and services tailored to the specific needs of women in business, and to provide opportunities for them to build on their skills, find support, share experience and receive advice from both our banking experts and from other ladies that have gone down the same path and have achieved success.

The features that the Smart Lady ***program*** includes meet certain concerns regarding the more conservative attitude towards risk taking, ***payment*** of financial obligations during maternity, child and family care, as well as care for the employees - because women have a tendency to ***transfer*** family values in the businesses environment, as well. This was the reason to offer a lower cost of financing, discounts on banking services, longer repayment periods, preferential terms, a wide range of acceptable collateral (including the option for unsecured loans), eased terms during maternity, additional health insurance with a comprehensive package for prevention and care covered by the bank, "Tranquility" insurance for borrowers again covered by the bank, etc.

For the brief 3 or 4 months of its existence, the ***program*** has enjoyed exceptional interest on the part of the customers. Hundreds of loans have been granted in different business areas, ranging from kindergartens, trade, ***agriculture*** and medical services to furniture manufacturing. The ***program*** has been well accepted throughout the country: 70% of the borrowers are from outside Sofia. They are mostly small companies, in line with the general profile of companies run by women: 87% fall within the SME category, of which 40% are micro enterprises (up to 9 people staff).

All this comes to show that there is enough business activity and demand, as long as customers can find high quality service and appropriate solutions. We at Fibank seem to have successfully managed that over the past 25 ***years***. And I believe we will continue to do so.

\* For more information regarding media usage, ownership and rights please contact Fibank.

Distributed by [*http://www.pressat.co.uk*](http://www.pressat.co.uk)/

**Load-Date:** July 3, 2018

**End of Document**



[***25 YEARS OF EXCELLENT SERVICES AND INNOVATIVE PRODUCTS***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SPK-D9D1-JD3Y-Y3SF-00000-00&context=1516831)

FinancialWire

July 2, 2018 Monday

Copyright 2018 Investrend Communications, Inc. All Rights Reserved



**Length:** 1953 words

**Body**

First Investment Bank (Fibank) Launches New Promotional Offers on the Occasion of Its 25th Anniversary

Interview with Ms. Sevdalina Vassileva, Executive Director and Member of the Management Board of Fibank

Ms. Vassileva, how has the banking sector in Bulgaria been performing in 2018 so far, and what are your expectations for the second half of the ***year***?

- The banking sector in Bulgaria is stable and has achieved good financial results. In 2017, bank assets grew by more than 6%. Banks in Bulgaria proved to be a reliable partner for individuals and small and medium-sized enterprises. This ***year*** we are witnessing increased consumer consumption, as well as an upturn in the property sector. Banks have also contributed to that through their retail and housing loans. It is logical in such market conditions to observe steady growth in the consumer and mortgage lending segment, which creates prerequisites for revival in the economy. Despite the reduced interest rates on deposits, their volume continued to increase in both the individual and corporate segments, reaching a total growth of 5.8% in 2017.

In the second half of the ***year***, we expect the positive trend of moderate credit growth to continue. Banks have considerable liquidity and are ready to support both the financing needs of individuals, and the good ideas for development of Bulgarian business.

At the same time, the environment in which banks operate has been undergoing serious changes caused by a number of new regulations such as the General Data Protection Regulation (GDPR), the AML (Anti-Money Laundering) and KYC (Know Your Customer) regulations, the Directive on ***Payment*** Services in the Internal Market (PSD2), and others. Technological transformations increasingly affect the ways of attracting and serving customers, the designing and streamlining of processes, analyzing of data, and building of systems and models for their application. All this leads to more changes and a more competitive environment requiring banks to actively prepare and rethink their models. True, things are happening gradually - in an evolutionarily, not revolutionary way - but in 2 or 3 ***years***' time, when we turn back, we shall realize how significant these changes were.

What is the focus of Fibank's activity this ***year***?

- We are continuing to build on the solid foundations and experience of the past 25 ***years***: our wide and accessible branch network, the highly developed digital service channels, the innovative and competitive products, the partnerships and trust we have built with our over one million customers. Apart from being market- and customer-oriented, Fibank's policy includes a balanced approach to the development of SME and retail banking. In 2017, this approach again proved successful: we consolidated our leadership position in bank card business, and achieved the highest increase in the volume of consumer loans by BGN 127.4 million. The upward trend in our development with an emphasis on retail banking is continuing in 2018. Our analyzes indicate that households will continue to look for mortgage loans for home purchases, as well as for consumer loans for repairs, furnishings or other personal needs, so logically we will continue to develop these products alongside with attractive offers and packages including secure and convenient bank transactions online, or through our mobile application.

I would like here to turn your attention to the fact that this ***year*** First Investment Bank is celebrating its 25th anniversary. As a sign of appreciation for our customers' business and confidence, we have tried to develop attractive anniversary offers for various credit and deposit products.

Would you give us some more details about these offers?

- The first series of special anniversary offers will start at the beginning of the month, and continue until August 6 this ***year***. For our business customers, for example, we will offer business credit cards with no annual maintenance fee for the first 25 months of use so that they can try and appreciate the benefits of this type of cards that seems to be less popular in Bulgaria, while being undeniably useful and convenient. Another offer is a promotional deposit with 25 bp higher interest rate than the standard rates for individuals and business customers. We have also launched a new electronic deposit for individuals opened fully online, without the need to visit a bank's office, including for persons who are not currently customers of Fibank. That is also part of in the anniversary promotions.

Jubilee offers also include an interesting and extremely attractive proposal for a promotional overdraft with 25% lower interest rate. The authorized overdraft amount is determined based on the proceeds to the customer's account and can be drawn depending on the particular needs of the customer. Interest is paid only on the used part and only for the period of use, without any additional costs.

The overdraft can be repaid fully or in part, and then drawn again. With its low interest rate and high limit of up to BGN 25,000, combined with the advantageous "My Choice" daily banking packages, this overdraft is a great solution for people receiving their salaries at Fibank and a preferred alternative to the so-called "fast" loans offered on our market by various non-bank companies.

And that's not everything: the latest news from the bank is that our new credit proposals come in combination with the "Restart" option for consolidating and refinancing obligations of individuals. We have called it that because with its low cost, flexibility in terms of amount and maturity and tailored approach depending on the client's profile, it allows for a "fresh start" with the disposable funds remaining in the monthly budget after the reduction of the loan installment.

Thus, under the sign and on the occasion of its 25th anniversary, Fibank will continue to bring various attractive offers to the attention of its clients in the coming months. Just keep looking!

According to experts, the end is approaching of low interest rates on consumer and mortgage loans. What are your expectations?

- For us Bulgarians there is no need to worry. In the medium term, I do not expect any significant change in current interest rates. Of course it also depends on the policy of the European Central Bank, but even if a general increase in interest rates occurs in time, it will not happen abruptly.

Will the process of consolidation in the sector continue?

- In my opinion, it has never stopped but just slowed down due to the economic and financial crisis of 2007-2008. For example, 15-20 ***years*** ago there were about 35 banks on the Bulgarian market, while today there are 25. Fibank also took part in the process of consolidation in the sector a few ***years*** ago with the acquisition of Unionbank. The publicly known information at the moment indicates that the Bulgarian banking sector is still looking forward to more consolidations. This is a complex and multi-layered process that will continue in the coming ***years*** because of its underlying business logic.

As you mentioned, First Investment Bank is celebrating its 25th anniversary. How do you see its development over the next five-***year*** period?

- Our overall projections for the coming ***years*** are positive: macroeconomic growth, stable financial and business environment, and more clearly defined middle class. Against the backdrop of a domestic and European banking market that is highly regulated and demanding in terms of controls, practices and indicators, one of the main drivers for change is the technological and digital evolution: both of the financial services and their suppliers, and of the preferences of users. The Bank's main development strategy relies on areas where we have proven to be among the leaders in recent ***years***: adaptive market approach, first class service and individual customer approach, innovative and attractive products and services. To the vast experience and knowledge accumulated over the past 25 ***years*** we should add our leading position in digital technologies and banking channels, which we will continue to develop and improve in the context of the modern environment. We are constantly working on the automation and process simplification in order to become even faster and more responsive to our customers' requirements. At the same time, we are investing in the latest digital technologies that will make customer service ever more personalized, direct and related to the specific needs, while maintaining the trust and integrity of personal data. I feel positive that in 5 ***years***' time Fibank will be again, as it is now, a bank preferred by the customers, and a leader in digital transformation.

We all know that small and medium businesses are the backbone of the Bulgarian economy. Is there an increased interest in the banking products offered to such businesses in Bulgaria?

- Yes, we are definitely seeing an increased demand for financing by many companies, especially in the segment of SMEs and micro enterprises. Fibank offers the full range of financial solutions for business customers, including convenient and attractive transaction service packages. We are receiving positive feedback from our clients for acting in a quick and flexible manner, which is not typical of most banks where decision making and response for business lending are concerned.

The Smart Lady ***program*** that we recently launched to fund and support women in business has been enjoying particular interest, as women are very focused and have a great potential for small business. The ***program*** has two main goals: to offer a range of banking services and products and services tailored to the specific needs of women in business, and to provide opportunities for them to build on their skills, find support, share experience and receive advice from both our banking experts and from other ladies that have gone down the same path and have achieved success.

The features that the Smart Lady ***program*** includes meet certain concerns regarding the more conservative attitude towards risk taking, ***payment*** of financial obligations during maternity, child and family care, as well as care for the employees - because women have a tendency to ***transfer*** family values in the businesses environment, as well. This was the reason to offer a lower cost of financing, discounts on banking services, longer repayment periods, preferential terms, a wide range of acceptable collateral (including the option for unsecured loans), eased terms during maternity, additional health insurance with a comprehensive package for prevention and care covered by the bank, "Tranquility" insurance for borrowers again covered by the bank, etc.

For the brief 3 or 4 months of its existence, the ***program*** has enjoyed exceptional interest on the part of the customers. Hundreds of loans have been granted in different business areas, ranging from kindergartens, trade, ***agriculture*** and medical services to furniture manufacturing. The ***program*** has been well accepted throughout the country: 70% of the borrowers are from outside Sofia. They are mostly small companies, in line with the general profile of companies run by women: 87% fall within the SME category, of which 40% are micro enterprises (up to 9 people staff).

All this comes to show that there is enough business activity and demand, as long as customers can find high quality service and appropriate solutions. We at Fibank seem to have successfully managed that over the past 25 ***years***. And I believe we will continue to do so.

\* For more information regarding media usage, ownership and rights please contact Fibank.

Distributed by [*http://www.pressat.co.uk*](http://www.pressat.co.uk)/

(Distributed by M2 Communications (   [*www.m2.com*](http://www.m2.com)))

**Load-Date:** July 2, 2018

**End of Document**



[***Structural Fiscal Position***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5PMG-RH51-F0J5-81JN-00000-00&context=1516831)

Iraq Country Risk Report

January 1, 2018 Monday

Copyright 2018 Business Monitor International Ltd. All Rights Reserved



**Length:** 734 words

**Highlight:** Given our outlook for Iraq to post large fiscal deficits over the coming ***years***, on the back of low global oil prices, we expect the Iraqi public debt to remain above 60% over the next decade. An estimated 75% of GDP in 2015, Iraq's total public debt already stands well above all of its oil-producing peers in the MENA. This came as a result of severe mismanagement from the Iraqi government over the past decade, when the country was benefiting from large fiscal surpluses brought about by the oil price boom.

**Body**

**Government Debt:** Given our outlook for Iraq to post large fiscal deficits over the coming ***years***, on the back of low global oil prices, we expect the Iraqi public debt to remain around 65% of GDP through to 2020, before declining to more sustainable levels in the second half of our forecast period. Standing at an estimated 64.9% of GDP in 2016, Iraq's total public debt already stands well above all of its oil-producing peers in the MENA. This came as a result of severe mismanagement from the Iraqi government over the past decade, when the country was benefiting from large fiscal surpluses brought about by the oil price boom.

|  |
| --- |
| Debt To Peak In 2018 |
| Gross Debt And Fiscal Balance (2008-2026) |
|  |
| *e/f = BMI estimate/forecast. Source: IMF, BMI* |

**Fiscal Deficit:** We do not see any major improvement for Iraq's fiscal deficit over the coming ***years***, given Baghdad's overreliance on the hydrocarbon sector for its revenues - oil accounted for an estimated 88% of total revenues in 2016 - and our forecast that oil will remain below USD70 per barrel until at least 2021. In addition, the government's ability to increase non-oil sector's revenues will remain limited, given that recurring violent conflicts in the country since the US-led invasion in 2003 have significantly damaged its manufacturing and ***agricultural*** bases.

|  |
| --- |
| Government Forced To Reduce Its Footprint |
| Government Spending And Revenue (2008-2026) |
|  |
| *e/f = BMI estimate/forecast. Source: IMF, BMI* |

Facing the risk of fiscal collapse, we believe that Baghdad will have to reduce its footprint on the economy, by cutting back on public wages and its subsidy ***programme***. Nevertheless, we expect this to come gradually - given the elevated political cost associated with dismantling the Iraqi social framework - resulting in only slow progress for the country's public finances. This will be reinforced by the fact that Baghdad will have to fund the reconstruction of large areas of the country that have been destroyed in the fighting against IS, as well as sustain close to 15% of the population that has been displaced by the conflict (amounting to more than 3mn Iraqis).Finally, Iraq has stood as one of the world's worst ranked countries on **Transparency International**'s Corruption Index over the past decade at least, reducing the potential to achieve rapid improvements in reforming public spending.

**Fiscal And Public Debt Forecasts (Iraq 2015-2026)**

| **Indicator** | **2015e** | **2016e** | **2017f** | **2018f** | **2019f** | **2020f** | **2021f** | **2022f** | **2023f** | **2024f** | **2025f** | **2026f** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Fiscal revenue, IQDbn | 63,500.0 | 62,414.8 | 77,818.4 | 83,874.2 | 96,443.1 | 110,001.8 | 117,817.4 | 126,740.5 | 129,467.6 | 130,797.8 | 132,203.6 | 133,679.7 |
| Total revenue, IQD, % y-o-y | -39.2 | -1.7 | 24.7 | 7.8 | 15.0 | 14.1 | 7.1 | 7.6 | 2.2 | 1.0 | 1.1 | 1.1 |
| Fiscal expenditure, IQDbn | 89,400.0 | 86,611.0 | 95,272.1 | 102,893.9 | 109,617.3 | 114,595.8 | 119,809.1 | 122,872.5 | 126,023.9 | 129,266.0 | 132,601.8 | 136,034.4 |
| Total expenditure, IQD, % y-o-y | -24.8 | -3.1 | 10.0 | 8.0 | 6.5 | 4.5 | 4.5 | 2.6 | 2.6 | 2.6 | 2.6 | 2.6 |
| Budget balance, IQDbn | -25,900.0 | -24,196.2 | -17,453.7 | -19,019.6 | -13,174.2 | -4,594.1 | -1,991.7 | 3,868.0 | 3,443.7 | 1,531.8 | -398.2 | -2,354.7 |
| Budget balance, % of GDP | -13.5 | -12.1 | -8.0 | -8.2 | -5.1 | -1.6 | -0.6 | 1.1 | 0.9 | 0.4 | -0.1 | -0.5 |
| Total government debt, EURbn | 88.0 | 99.2 | 112.6 | 123.8 | 133.0 | 134.6 | 132.6 | 127.4 | 123.7 | 120.6 | 117.7 | 116.0 |
| Total government debt, % of GDP | 59.4 | 64.8 | 67.3 | 68.0 | 63.5 | 57.2 | 52.7 | 47.3 | 43.1 | 39.6 | 36.3 | 33.6 |

e/f = BMI estimate/forecast. Source: IMF, BMI On the upside, Iraq's external public debt is limited. Although we expect Baghdad's external financial obligations to increase over the coming ***years*** - as the country taps international markets to fund its deficits - we do not believe that the government's external debt will surge rapidly. Indeed, Baghdad will continue to face relatively elevated interest rates - although yields have gone significantly lower over the past ***year*** - reducing the country's willingness and ability to finance on financial markets.

**BREAKDOWN OF REVENUES AND EXPENDITURE In 2015**

| **Breakdown Of Revenues** |  | **% Of Total** |  | **Breakdown Of Expenditure** |  | **% Of Total** |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Salary & Pension |  | 33.9 |
| Oil Revenues & Mineral Resources |  | 93.0 |  | Goods And Services |  | 7.6 |
| Income & Property Tax |  | 1.2 |  | ***Transfer*** |  | 11.7 |
| ***Transfer*** Revenues |  | 1.6 |  | Interest ***payments*** |  | 0.6 |
| Public Sector Profits |  | 2.0 |  | War reparations |  | 4.1 |
| Other Revenues |  | 2.2 |  | CAPEX, Oil |  | 22.1 |
|  |  |  |  | CAPEX, Non-Oil |  | 20.0 |

Source: IMF, BMI

**Load-Date:** October 3, 2017

**End of Document**



[***25 YEARS OF EXCELLENT SERVICES AND INNOVATIVE PRODUCTS***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5SPN-R001-JD3Y-Y06G-00000-00&context=1516831)

FinancialWire

July 3, 2018 Tuesday

Copyright 2018 Investrend Communications, Inc. All Rights Reserved



**Length:** 1953 words

**Body**

First Investment Bank (Fibank) Launches New Promotional Offers on the Occasion of Its 25th Anniversary

Interview with Ms. Sevdalina Vassileva, Executive Director and Member of the Management Board of Fibank

Ms. Vassileva, how has the banking sector in Bulgaria been performing in 2018 so far, and what are your expectations for the second half of the ***year***?

- The banking sector in Bulgaria is stable and has achieved good financial results. In 2017, bank assets grew by more than 6%. Banks in Bulgaria proved to be a reliable partner for individuals and small and medium-sized enterprises. This ***year*** we are witnessing increased consumer consumption, as well as an upturn in the property sector. Banks have also contributed to that through their retail and housing loans. It is logical in such market conditions to observe steady growth in the consumer and mortgage lending segment, which creates prerequisites for revival in the economy. Despite the reduced interest rates on deposits, their volume continued to increase in both the individual and corporate segments, reaching a total growth of 5.8% in 2017.

In the second half of the ***year***, we expect the positive trend of moderate credit growth to continue. Banks have considerable liquidity and are ready to support both the financing needs of individuals, and the good ideas for development of Bulgarian business.

At the same time, the environment in which banks operate has been undergoing serious changes caused by a number of new regulations such as the General Data Protection Regulation (GDPR), the AML (Anti-Money Laundering) and KYC (Know Your Customer) regulations, the Directive on ***Payment*** Services in the Internal Market (PSD2), and others. Technological transformations increasingly affect the ways of attracting and serving customers, the designing and streamlining of processes, analyzing of data, and building of systems and models for their application. All this leads to more changes and a more competitive environment requiring banks to actively prepare and rethink their models. True, things are happening gradually - in an evolutionarily, not revolutionary way - but in 2 or 3 ***years***' time, when we turn back, we shall realize how significant these changes were.

What is the focus of Fibank's activity this ***year***?

- We are continuing to build on the solid foundations and experience of the past 25 ***years***: our wide and accessible branch network, the highly developed digital service channels, the innovative and competitive products, the partnerships and trust we have built with our over one million customers. Apart from being market- and customer-oriented, Fibank's policy includes a balanced approach to the development of SME and retail banking. In 2017, this approach again proved successful: we consolidated our leadership position in bank card business, and achieved the highest increase in the volume of consumer loans by BGN 127.4 million. The upward trend in our development with an emphasis on retail banking is continuing in 2018. Our analyzes indicate that households will continue to look for mortgage loans for home purchases, as well as for consumer loans for repairs, furnishings or other personal needs, so logically we will continue to develop these products alongside with attractive offers and packages including secure and convenient bank transactions online, or through our mobile application.

I would like here to turn your attention to the fact that this ***year*** First Investment Bank is celebrating its 25th anniversary. As a sign of appreciation for our customers' business and confidence, we have tried to develop attractive anniversary offers for various credit and deposit products.

Would you give us some more details about these offers?

- The first series of special anniversary offers will start at the beginning of the month, and continue until August 6 this ***year***. For our business customers, for example, we will offer business credit cards with no annual maintenance fee for the first 25 months of use so that they can try and appreciate the benefits of this type of cards that seems to be less popular in Bulgaria, while being undeniably useful and convenient. Another offer is a promotional deposit with 25 bp higher interest rate than the standard rates for individuals and business customers. We have also launched a new electronic deposit for individuals opened fully online, without the need to visit a bank's office, including for persons who are not currently customers of Fibank. That is also part of in the anniversary promotions.

Jubilee offers also include an interesting and extremely attractive proposal for a promotional overdraft with 25% lower interest rate. The authorized overdraft amount is determined based on the proceeds to the customer's account and can be drawn depending on the particular needs of the customer. Interest is paid only on the used part and only for the period of use, without any additional costs.

The overdraft can be repaid fully or in part, and then drawn again. With its low interest rate and high limit of up to BGN 25,000, combined with the advantageous "My Choice" daily banking packages, this overdraft is a great solution for people receiving their salaries at Fibank and a preferred alternative to the so-called "fast" loans offered on our market by various non-bank companies.

And that's not everything: the latest news from the bank is that our new credit proposals come in combination with the "Restart" option for consolidating and refinancing obligations of individuals. We have called it that because with its low cost, flexibility in terms of amount and maturity and tailored approach depending on the client's profile, it allows for a "fresh start" with the disposable funds remaining in the monthly budget after the reduction of the loan installment.

Thus, under the sign and on the occasion of its 25th anniversary, Fibank will continue to bring various attractive offers to the attention of its clients in the coming months. Just keep looking!

According to experts, the end is approaching of low interest rates on consumer and mortgage loans. What are your expectations?

- For us Bulgarians there is no need to worry. In the medium term, I do not expect any significant change in current interest rates. Of course it also depends on the policy of the European Central Bank, but even if a general increase in interest rates occurs in time, it will not happen abruptly.

Will the process of consolidation in the sector continue?

- In my opinion, it has never stopped but just slowed down due to the economic and financial crisis of 2007-2008. For example, 15-20 ***years*** ago there were about 35 banks on the Bulgarian market, while today there are 25. Fibank also took part in the process of consolidation in the sector a few ***years*** ago with the acquisition of Unionbank. The publicly known information at the moment indicates that the Bulgarian banking sector is still looking forward to more consolidations. This is a complex and multi-layered process that will continue in the coming ***years*** because of its underlying business logic.

As you mentioned, First Investment Bank is celebrating its 25th anniversary. How do you see its development over the next five-***year*** period?

- Our overall projections for the coming ***years*** are positive: macroeconomic growth, stable financial and business environment, and more clearly defined middle class. Against the backdrop of a domestic and European banking market that is highly regulated and demanding in terms of controls, practices and indicators, one of the main drivers for change is the technological and digital evolution: both of the financial services and their suppliers, and of the preferences of users. The Bank's main development strategy relies on areas where we have proven to be among the leaders in recent ***years***: adaptive market approach, first class service and individual customer approach, innovative and attractive products and services. To the vast experience and knowledge accumulated over the past 25 ***years*** we should add our leading position in digital technologies and banking channels, which we will continue to develop and improve in the context of the modern environment. We are constantly working on the automation and process simplification in order to become even faster and more responsive to our customers' requirements. At the same time, we are investing in the latest digital technologies that will make customer service ever more personalized, direct and related to the specific needs, while maintaining the trust and integrity of personal data. I feel positive that in 5 ***years***' time Fibank will be again, as it is now, a bank preferred by the customers, and a leader in digital transformation.

We all know that small and medium businesses are the backbone of the Bulgarian economy. Is there an increased interest in the banking products offered to such businesses in Bulgaria?

- Yes, we are definitely seeing an increased demand for financing by many companies, especially in the segment of SMEs and micro enterprises. Fibank offers the full range of financial solutions for business customers, including convenient and attractive transaction service packages. We are receiving positive feedback from our clients for acting in a quick and flexible manner, which is not typical of most banks where decision making and response for business lending are concerned.

The Smart Lady ***program*** that we recently launched to fund and support women in business has been enjoying particular interest, as women are very focused and have a great potential for small business. The ***program*** has two main goals: to offer a range of banking services and products and services tailored to the specific needs of women in business, and to provide opportunities for them to build on their skills, find support, share experience and receive advice from both our banking experts and from other ladies that have gone down the same path and have achieved success.

The features that the Smart Lady ***program*** includes meet certain concerns regarding the more conservative attitude towards risk taking, ***payment*** of financial obligations during maternity, child and family care, as well as care for the employees - because women have a tendency to ***transfer*** family values in the businesses environment, as well. This was the reason to offer a lower cost of financing, discounts on banking services, longer repayment periods, preferential terms, a wide range of acceptable collateral (including the option for unsecured loans), eased terms during maternity, additional health insurance with a comprehensive package for prevention and care covered by the bank, "Tranquility" insurance for borrowers again covered by the bank, etc.

For the brief 3 or 4 months of its existence, the ***program*** has enjoyed exceptional interest on the part of the customers. Hundreds of loans have been granted in different business areas, ranging from kindergartens, trade, ***agriculture*** and medical services to furniture manufacturing. The ***program*** has been well accepted throughout the country: 70% of the borrowers are from outside Sofia. They are mostly small companies, in line with the general profile of companies run by women: 87% fall within the SME category, of which 40% are micro enterprises (up to 9 people staff).

All this comes to show that there is enough business activity and demand, as long as customers can find high quality service and appropriate solutions. We at Fibank seem to have successfully managed that over the past 25 ***years***. And I believe we will continue to do so.

\* For more information regarding media usage, ownership and rights please contact Fibank.

Distributed by [*http://www.pressat.co.uk*](http://www.pressat.co.uk)/

(Distributed by M2 Communications (   [*www.m2.com*](http://www.m2.com)))

**Load-Date:** July 3, 2018

**End of Document**



[***Washington: TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL 8:30 A.M (Eastern) Thursday, December 7, 2017***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5R4H-3YW1-JDG9-Y1HM-00000-00&context=1516831)

Impact News Service

December 7, 2017 Thursday

Copyright 2017 Impact Media Limited All Rights Reserved



**Length:** 3366 words

**Body**

Washington: U.S.Department of Labor has issued the following news release:

UNEMPLOYMENT INSURANCE WEEKLY CLAIMS SEASONALLY ADJUSTED DATA In the week ending December 2, the advance figure for seasonally adjusted initial claims was 236,000, a decrease of 2,000 from the previous week's unrevised level of 238,000. The 4-week moving average was 241,500, a decrease of 750 from the previous week's unrevised average of 242,250. Claims taking procedures continue to be disrupted in the Virgin Islands. Claims taking process in Puerto Rico has still not returned to normal. The advance seasonally adjusted insured unemployment rate was 1.4 percent for the week ending November 25, unchanged from the previous week's unrevised rate. The advance number for seasonally adjusted insured unemployment during the week ending November 25 was 1,908,000, a decrease of 52,000 from the previous week's revised level. The previous week's level was revised up 3,000 from 1,957,000 to 1,960,000. The 4-week moving average was 1,912,750, an increase of 1,000 from the previous week's revised average.

The previous week's average was revised up by 750 from 1,911,000 to 1,911,750. UNADJUSTED DATA The advance number of actual initial claims under state ***programs***, unadjusted, totaled 325,762 in the week ending December 2, an increase of 100,883 (or 44.9 percent) from the previous week. The seasonal factors had expected an increase of 103,974 (or 46.2 percent) from the previous week. There were 351,580 initial claims in the comparable week in 2016. The advance unadjusted insured unemployment rate was 1.4 percent during the week ending November 25, an increase of 0.3 percentage point from the prior week. The advance unadjusted number for persons claiming UI benefits in state ***programs*** totaled 1,948,316, an increase of 333,380 (or 20.6 percent) from the preceding week. The seasonal factors had expected an increase of 386,095 (or 23.9 percent) from the previous week. A ***year*** earlier the rate was 1.5 percent and the volume was 2,070,694. The total number of people claiming benefits in all ***programs*** for the week ending November 18 was 1,647,426, a decrease of 113,775 from the previous week. There were 1,785,900 persons claiming benefits in all ***programs*** in the comparable week in 2016. Extended benefits were available in Alaska during the week ending November 18. Initial claims for UI benefits filed by former Federal civilian employees totaled 1,005 in the week ending November 25, a decrease of 687 from the prior week. There were 451 initial claims filed by newly discharged veterans, a decrease of 272 from the preceding week. There were 11,522 former Federal civilian employees claiming UI benefits for the week ending November 18, a decrease of 2,322 from the previous week. Newly discharged veterans claiming benefits totaled 8,145, a decrease of 954 from the prior week. The highest insured unemployment rates in the week ending November 18 were in Alaska (3.4), Puerto Rico (3.2), the Virgin Islands (2.6), New Jersey (2.1), Connecticut (1.8), Montana (1.8), Massachusetts (1.7), Pennsylvania (1.7), Nevada (1.6), and Washington (1.6). The largest increases in initial claims for the week ending November 25 were in Wisconsin (+3,098), Massachusetts (+1,857), Vermont (+530), Idaho (+382), and Nebraska (+371), while the largest decreases were in California (-15,058), Texas (-5,089), Missouri (-3,966), Puerto Rico (-3,866), and New York (-3,660). UNEMPLOYMENT INSURANCE DATA FOR REGULAR STATE ***PROGRAMS*** WEEK ENDING December 2 November 25 Change November 18 Prior Year1 Initial Claims (SA) 236,000 238,000 -2,000 240,000 251,000 Initial Claims (NSA) 325,762 224,879 +100,883 274,968 351,580 4-Wk Moving Average (SA) 241,500 242,250 -750 240,000 250,000 WEEK ENDING November 25 November 18 Change November 11 Prior Year1 Insured Unemployment (SA) 1,908,000 1,960,000 -52,000 1,915,000 2,020,000 Insured Unemployment (NSA) 1,948,316 1,614,936 +333,380 1,723,644 2,070,694 4-Wk Moving Average (SA) 1,912,750 1,911,750 +1,000 1,892,750 2,041,000 Insured Unemployment Rate (SA)2 1.4% 1.4% 0.0 1.4% 1.5% Insured Unemployment Rate (NSA)2 1.4% 1.1% +0.3 1.2% 1.5% INITIAL CLAIMS FILED IN FEDERAL ***PROGRAMS*** (UNADJUSTED) WEEK ENDING November 25 November 18 Change Prior Year1 Federal Employees (UCFE) 1,005 1,692 -687 909 Newly Discharged Veterans (UCX) 451 723 -272 584 PERSONS CLAIMING UI BENEFITS IN ALL ***PROGRAMS*** (UNADJUSTED) WEEK ENDING November 18 November 11 Change Prior Year1 Regular State 1,612,766 1,720,878 -108,112 1,742,073 Federal Employees 11,522 13,844 -2,322 11,540 Newly Discharged Veterans 8,145 9,099 -954 12,036 Extended Benefits3 1,100 212 +888 0 State Additional Benefits4 6,266 6,741 -475 7,009 STC / Workshare 5 7,627 10,427 -2,800 13,242 TOTAL 1,647,426 1,761,201 -113,775 1,785,900 FOOTNOTES SA - Seasonally Adjusted Data, NSA - Not Seasonally Adjusted Data 1. Prior ***year*** is comparable to most recent data. 2. Most recent week used covered employment of 140,510,815 as denominator. 3. Information on the EB ***program*** can be found here: EB ***Program*** information 4. Some states maintain additional benefit ***programs*** for those claimants who exhaust regular, extended and emergency benefits. Information on states that participate, and the extent of benefits paid, can be found starting on page 4-5 of this link: Extensions and Special ***Programs*** PDF 5. Information on STC/Worksharing can be found starting on page 4-9 of the following link: Extensions and Special ***Programs*** PDF Advance State Claims - Not Seasonally Adjusted Initial Claims Filed During Week Ended December 2 Insured Unemployment For Week Ended November 25 STATE Advance Prior Wk Change Advance Prior Wk Change Alabama 4,448 2,327 2,121 18,856 15,944 2,912 Alaska 1,904 1,292 612 11,822 10,401 1,421 Arizona 3,727 2,675 1,052 20,307 21,907 -1,600 Arkansas 2,499 2,558 -59 13,759 12,257 1,502 California 54,866 35,936 18,930 387,471 254,163 133,308 Colorado 2,384 2,073 311 21,653 19,920 1,733 Connecticut 4,509 2,501 2,008 36,187 30,027 6,160 Delaware 983 696 287 5,940 4,681 1,259 District of Columbia 693 214 479 8,209 8,384 -175 Florida 7,635 5,255 2,380 44,157 37,990 6,167 Georgia 9,167 3,119 6,048 30,634 23,481 7,153 Hawaii 1,432 915 517 8,201 7,162 1,039 Idaho 2,074 2,284 -210 7,322 6,159 1,163 Illinois 15,618 10,412 5,206 101,638 88,749 12,889 Indiana 3,554 2,143 1,411 15,173 13,323 1,850 Iowa 5,136 3,328 1,808 17,778 14,126 3,652 Kansas 2,175 1,739 436 10,564 9,405 1,159 Kentucky 2,742 2,672 70 17,677 15,373 2,304 Louisiana 2,227 1,857 370 16,869 18,465 -1,596 Maine 1,124 764 360 5,448 4,743 705 Maryland 4,259 3,427 832 31,131 31,380 -249 Massachusetts 7,719 7,404 315 60,605 57,286 3,319 Michigan 14,232 10,309 3,923 53,213 43,861 9,352 Minnesota 8,394 6,033 2,361 49,376 36,382 12,994 Mississippi 1,190 1,236 -46 8,793 8,608 185 Missouri 4,067 3,211 856 23,357 23,021 336 Montana 1,752 1,589 163 9,737 7,852 1,885 Nebraska 1,096 1,280 -184 5,131 4,120 1,011 Nevada 3,327 3,171 156 21,597 20,339 1,258 New Hampshire 613 531 82 3,478 3,611 -133 New Jersey 10,975 10,619 356 95,942 82,561 13,381 New Mexico 1,046 921 125 10,416 9,831 585 New York 26,209 14,211 11,998 151,121 130,657 20,464 North Carolina 3,718 1,890 1,828 19,249 19,877 -628 North Dakota 1,467 920 547 4,805 3,067 1,738 Ohio 10,526 8,418 2,108 54,250 48,065 6,185 Oklahoma 1,492 1,687 -195 14,815 13,853 962 Oregon 6,721 3,940 2,781 30,266 26,316 3,950 Pennsylvania 24,779 17,314 7,465 111,444 98,895 12,549 Puerto Rico I M 7,115 3,106 4,009 51,108 28,466 22,642 Rhode Island 1,208 965 243 7,395 6,412 983 South Carolina 3,202 1,758 1,444 18,839 16,865 1,974 South Dakota 459 309 150 1,815 1,382 433 Tennessee 2,993 2,294 699 17,686 16,849 837 Texas 19,321 10,737 8,584 141,005 134,210 6,795 Utah 1,853 1,181 672 8,791 8,404 387 Vermont 862 1,191 -329 4,283 3,014 1,269 Virgin Islands \*I M 161 113 48 1,004 954 50 Virginia 3,824 2,461 1,363 25,512 21,905 3,607 Washington 9,492 7,538 1,954 59,737 51,766 7,971 West Virginia 2,064 955 1,109 12,402 9,282 3,120 Wisconsin 10,121 8,952 1,169 36,778 26,058 10,720 Wyoming 608 448 160 3,570 3,127 443 US Total 325,762 224,879 100,883 1,948,316 1,614,936 333,380 Note: Advance Claims are not directly comparable to claims reported in prior weeks. Advance claims are reported by the state liable for paying the unemployment compensation, whereas previous weeks reported reflect claimants by state of residence. In addition, claims reported as 'workshare equivalent' in the previous week are added to the advance claims as a proxy for the current week's 'workshare equivalent' activity. \*Denotes OUI estimate. IAffected by Hurricane Irma. MAffected by Hurricane Maria. Seasonally Adjusted US Weekly UI Claims (in thousands) Week Ending Initial Claims Change from Prior Week 4-Week Average Insured Unemployment Change from Prior Week 4-Week Average IUR November 26, 2016 262 14 249.75 2,020 -64 2,041.00 1.5 December 3, 2016 251 -11 250.00 2,033 13 2,046.75 1.5 December 10, 2016 251 0 253.00 2,044 11 2,045.25 1.5 December 17, 2016 265 14 257.25 2,097 53 2,048.50 1.5 December 24, 2016 258 -7 256.25 2,102 5 2,069.00 1.5 December 31, 2016 241 -17 253.75 2,081 -21 2,081.00 1.5 January 7, 2017 245 4 252.25 2,061 -20 2,085.25 1.5 January 14, 2017 241 -4 246.25 2,083 22 2,081.75 1.5 January 21, 2017 252 11 244.75 2,063 -20 2,072.00 1.5 January 28, 2017 250 -2 247.00 2,067 4 2,068.50 1.5 February 4, 2017 237 -13 245.00 2,071 4 2,071.00 1.5 February 11, 2017 248 11 246.75 2,052 -19 2,063.25 1.5 February 18, 2017 247 -1 245.50 2,057 5 2,061.75 1.5 February 25, 2017 227 -20 239.75 2,059 2 2,059.75 1.5 March 4, 2017 252 25 243.50 2,025 -34 2,048.25 1.5 March 11, 2017 246 -6 243.00 1,987 -38 2,032.00 1.4 March 18, 2017 261 15 246.50 2,052 65 2,030.75 1.5 March 25, 2017 259 -2 254.50 2,035 -17 2,024.75 1.5 April 1, 2017 235 -24 250.25 2,028 -7 2,025.50 1.5 April 8, 2017 234 -1 247.25 1,978 -50 2,023.25 1.4 April 15, 2017 243 9 242.75 1,987 9 2,007.00 1.4 April 22, 2017 257 14 242.25 1,979 -8 1,993.00 1.4 April 29, 2017 238 -19 243.00 1,920 -59 1,966.00 1.4 May 6, 2017 236 -2 243.50 1,899 -21 1,946.25 1.4 May 13, 2017 233 -3 241.00 1,924 25 1,930.50 1.4 May 20, 2017 235 2 235.50 1,919 -5 1,915.50 1.4 May 27, 2017 255 20 239.75 1,929 10 1,917.75 1.4 June 3, 2017 245 -10 242.00 1,936 7 1,927.00 1.4 June 10, 2017 238 -7 243.25 1,942 6 1,931.50 1.4 June 17, 2017 242 4 245.00 1,945 3 1,938.00 1.4 June 24, 2017 244 2 242.25 1,965 20 1,947.00 1.4 July 1, 2017 250 6 243.50 1,949 -16 1,950.25 1.4 July 8, 2017 248 -2 246.00 1,977 28 1,959.00 1.4 July 15, 2017 234 -14 244.00 1,965 -12 1,964.00 1.4 July 22, 2017 245 11 244.25 1,967 2 1,964.50 1.4 July 29, 2017 241 -4 242.00 1,956 -11 1,966.25 1.4 August 5, 2017 244 3 241.00 1,954 -2 1,960.50 1.4 August 12, 2017 232 -12 240.50 1,954 0 1,957.75 1.4 August 19, 2017 235 3 238.00 1,945 -9 1,952.25 1.4 August 26, 2017 236 1 236.75 1,951 6 1,951.00 1.4 September 2, 2017 298 62 250.25 1,935 -16 1,946.25 1.4 September 9, 2017 281 -17 262.50 1,979 44 1,952.50 1.4 September 16, 2017 260 -21 268.75 1,911 -68 1,944.00 1.4 September 23, 2017 269 9 277.00 1,921 10 1,936.50 1.4 September 30, 2017 258 -11 267.00 1,904 -17 1,928.75 1.4 October 7, 2017 244 -14 257.75 1,896 -8 1,908.00 1.3 October 14, 2017 223 -21 248.50 1,900 4 1,905.25 1.4 October 21, 2017 234 11 239.75 1,884 -16 1,896.00 1.3 October 28, 2017 229 -5 232.50 1,904 20 1,896.00 1.4 November 4, 2017 239 10 231.25 1,868 -36 1,889.00 1.3 November 11, 2017 252 13 238.50 1,915 47 1,892.75 1.4 November 18, 2017 240 -12 240.00 1,960 45 1,911.75 1.4 November 25, 2017 238 -2 242.25 1,908 -52 1,912.75 1.4 December 2, 2017 236 -2 241.50 Initial Claims Filed During Week Ended November 25 INITIAL CLAIMS Insured Unemployment For Week Ended November 18 INSURED UNEMPLOYMENT STATE STATE CHANGE FROM UCFE 1 UCX 1 STATE (%) 2 CHANGE FROM UCFE 1 UCX 1 ALL ***PROGRAMS*** EXCLUDING RAILROAD RETIREMENT LAST WEEK ***YEAR*** AGO LAST WEEK ***YEAR*** AGO Alabama 2327 -471 3 5 6 15944 0.9 -3 -3322 49 84 16077 Alaska 1292 -403 46 12 5 10401 3.4 -4 -1653 157 29 11686 Arizona 2675 -1542 18 17 1 21907 0.8 -3120 -2953 178 82 22167 Arkansas 2558 -50 -280 2 1 12257 1.0 -235 -2055 57 73 12387 California 35936 -15058 -6394 207 87 254163 1.5 -70462 -41512 1788 1607 257558 Colorado 2073 -365 -630 25 15 19920 0.8 -415 -3886 195 229 20344 Connecticut 2501 -1295 -435 2 4 30027 1.8 -1644 -3020 34 84 30145 Delaware 696 -1 -72 3 1 4681 1.1 -70 -173 9 10 4700 District of Columbia 214 -192 -57 5 2 8384 1.5 -90 298 357 10 8751 Florida 5255 -3168 -111 9 35 37990 0.5 -9268 -1148 174 198 38362 Georgia 3119 -2943 -1235 17 21 23481 0.6 -3888 -1850 282 201 23964 Hawaii 915 -574 -34 3 9 7162 1.2 -374 67 76 99 7337 Idaho 2284 382 174 42 4 6159 0.9 574 -1398 186 15 6360 Illinois 10412 -2521 -2206 17 12 88749 1.5 -1842 -1233 377 227 89353 Indiana 2143 -722 -1266 4 6 13323 0.5 -1041 -6774 61 47 13431 Iowa 3328 -275 -632 5 1 14126 0.9 565 -1931 47 39 14212 Kansas 1739 -84 -906 11 1 9405 0.7 -309 -843 160 45 9610 Kentucky 2672 41 117 10 2 15373 0.8 -706 -2812 200 112 15685 Louisiana 1857 -861 -172 5 5 18465 1.0 86 -4519 47 31 18543 Maine 764 -169 -69 3 1 4743 0.8 125 -614 25 15 4783 Maryland 3427 -894 -346 35 7 31380 1.3 -369 -1616 375 136 31891 Massachusetts 7404 1857 742 16 7 57286 1.7 2271 -486 335 154 57775 Michigan 10309 -41 677 23 10 43861 1.0 -1287 -3393 154 87 44102 Minnesota 6033 -589 -2076 14 1 36382 1.3 1233 -1711 113 88 36583 Mississippi 1236 -282 -401 1 2 8608 0.8 -188 -1943 43 31 8682 Missouri 3211 -3966 -224 19 1 23021 0.8 1436 762 575 47 23643 Montana 1589 -148 -285 53 0 7852 1.8 98 39 277 29 8158 Nebraska 1280 371 -203 2 1 4120 0.4 136 -237 11 12 4143 Nevada 3171 -126 54 12 2 20339 1.6 -207 -1075 115 75 20529 New Hampshire 531 -45 -75 0 0 3611 0.6 13 -316 6 4 3621 New Jersey 10619 -194 806 18 12 82561 2.1 -5373 -2870 217 287 83065 New Mexico 921 -175 -27 4 1 9831 1.3 -302 -1597 278 76 10185 New York 14211 -3660 -1124 24 24 130657 1.4 -1758 -5602 627 417 131701 North Carolina 1890 -1383 -562 4 8 19877 0.5 -321 -3340 94 166 20137 North Dakota 920 -38 -988 5 0 3067 0.8 355 -436 13 4 3084 Ohio 8418 188 -2353 12 22 48065 0.9 878 -4294 191 244 48500 Oklahoma 1687 -17 157 4 1 13853 0.9 -63 -6099 74 104 14031 Oregon 3940 -1126 -40 55 7 26316 1.4 -679 -670 514 115 26945 Pennsylvania 17314 -76 -1293 115 27 98895 1.7 -2896 -4295 534 316 99745 Puerto Rico 3106 -3866 2181 0 2 28466 3.2 -16606 6951 35 25 28526 Rhode Island 965 -33 -215 2 2 6412 1.4 -60 -905 19 23 6454 South Carolina 1758 -984 42 1 7 16865 0.9 -438 2393 77 56 16999 South Dakota 309 -88 -180 12 0 1382 0.3 -29 -168 25 3 1410 Tennessee 2294 -297 -166 9 1 16849 0.6 -67 307 406 56 17311 Texas 10737 -5089 -140 77 58 134210 1.2 8412 -13646 717 1314 136241 Utah 1181 -412 -253 38 2 8404 0.6 430 -737 311 17 8732 Vermont 1191 530 -229 2 0 3014 1.0 -81 -520 6 5 3025 Virgin Islands 113 -46 99 0 0 954 2.6 -1872 534 0 0 954 Virginia 2461 -701 -616 6 9 21905 0.6 -967 -763 314 338 22557 Washington 7538 -1080 -549 17 8 51766 1.6 1591 3848 398 605 52769 West Virginia 955 -445 -270 1 8 9282 1.4 -91 -2082 53 25 9360 Wisconsin 8952 3098 -2711 14 2 26058 0.9 494 -4366 74 38 26170 Wyoming 448 -61 -186 6 0 3127 1.2 -280 -1631 82 11 3220 Totals 224879 -50089 -24895 1005 451 1614936 1.1 -108708 -131295 11522 8145 1635703 Figures Appearing In columns showing Over-The-Week Changes reflect all revisions in data for prior week submitted by State agencies. 1. The Unemployment Compensation ***program*** for Federal Employees (UCFE) and the Unemployment Compensation for Ex-servicemembers (UCX) exclude claims filed jointly under other ***programs*** to avoid duplication. 2. Rate is not seasonally adjusted. The source of US total covered employment is BLS. UNADJUSTED INITIAL CLAIMS FOR WEEK ENDED NOVEMBER 25, 2017 STATES WITH AN INCREASE OF MORE THAN 1,000 State Change State Supplied Comment WI +3,098 Layoffs in the construction, manufacturing, and transportation and warehousing industries. MA +1,857 Layoffs in the transportation and warehousing industry. STATES WITH A DECREASE OF MORE THAN 1,000 State Change State Supplied Comment CA -15,058 Fewer layoffs in the service industry. TX -5,089 No comment. MO -3,966 Fewer layoffs in the manufacturing, construction, and health care and social assistance industries. PR -3,866 No comment. NY -3,660 Fewer layoffs in the transportation and warehousing, manufacturing, and accommodation and food service industries. FL -3,168 Fewer layoffs in the ***agriculture***, forestry, fishing, and hunting, construction, manufacturing, wholesale trade, retail trade, and service industries. GA -2,943 Fewer layoffs in the manufacturing, administrative and support and waste management and remediation service, trade, and construction industries. IL -2,521 No comment. AZ -1,542 No comment. NC -1,383 Fewer layoffs in the administrative and support and waste management and remediation service, accommodation and food service, and professional, scientific, and technical service industries. CT -1,295 No comment. OR -1,126 No comment. WA -1,080 No comment. TECHNICAL NOTES This news release presents the weekly unemployment insurance (UI) claims reported by each state's unemployment insurance ***program*** offices. These claims may be used for monitoring workload volume, assessing state ***program*** operations and for assessing labor market conditions. States initially report claims directly taken by the state liable for the benefit ***payments***, regardless of where the claimant who filed the claim resided. These are the basis for the advance initial claims and continued claims reported each week. These data come from ETA 538, Advance Weekly Initial and Continued Claims Report. The following week initial claims and continued claims are revised based on a second reporting by states that reflect the claimants by state of residence. These data come from the ETA 539, Weekly Claims and Extended Benefits Trigger Data Report. A. Initial Claims An initial claim is a claim filed by an unemployed individual after a separation from an employer. The claimant requests a determination of basic eligibility for the UI ***program***. When an initial claim is filed with a state, certain programmatic activities take place and these result in activity counts including the count of initial claims. The count of U.S initial claims for unemployment insurance is a leading economic indicator because it is an indication of emerging labor market conditions in the country. However, these are weekly administrative data which are difficult to seasonally adjust, making the series subject to some volatility. B. Continued Weeks Claimed A person who has already filed an initial claim and who has experienced a week of unemployment then files a continued claim to claim benefits for that week of unemployment. Continued claims are also referred to as insured unemployment. The count of U.S continued weeks claimed is also a good indicator of labor market conditions. Continued claims reflect the current number of insured unemployed workers filing for UI benefits in the nation. While continued claims are not a leading indicator (they roughly coincide with economic cycles at their peaks and lag at cycle troughs), they provide confirming evidence of the direction of the U.S economy. C. Seasonal Adjustments and Annual Revisions Over the course of a ***year***, the weekly changes in the levels of initial claims and continued claims undergo regularly occurring fluctuations. These fluctuations may result from seasonal changes in weather, major holidays, the opening and closing of schools, or other similar events. Because these seasonal events follow a more or less regular pattern each ***year***, their influence on the level of a series can be tempered by adjusting for regular seasonal variation. These adjustments make trend and cycle developments easier to spot. At the beginning of each ***calendar*** ***year***, the Bureau of Labor Statistics provides the Employment and Training Administration (ETA) with a set of seasonal factors to apply to the unadjusted data during that ***year***. Concurrent with the implementation and release of the new seasonal factors, ETA incorporates revisions to the UI claims historical series caused by updates to the unadjusted data.

**Load-Date:** December 8, 2017

**End of Document**

1. 1This copy is computer generated. Text will vary in accuracy due to speaker dialect and audio quality issues. [↑](#footnote-ref-2)