Public Law 87-565

AN ACT

August 1, 1962
[S. 2996]

To amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1962".

Foreign Assistance Act of 1962.

PART I—ACT FOR INTERNATIONAL DEVELOPMENT OF 1961

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 101. (a) The fifth paragraph of section 102 of the Foreign Assistance Act of 1961, as amended, containing a statement of policy, is amended by inserting in the fifth paragraph, immediately after "religion.", the following: "The Congress further declares that any distinction made by foreign nations between American citizens because of race, color, or religion in the granting of, or the exercise of, personal or other rights available to American citizens is repugnant to our principles."

75 Stat. 424.
22 USC 2151.

(b) Such section is further amended by inserting after the seventh paragraph the following:

"It is the sense of Congress that in the administration of these funds great attention and consideration should be given to those countries which share the view of the United States on the world crisis and which do not, as a result of United States assistance, divert their own economic resources to military or propaganda efforts, supported by the Soviet Union or Communist China, and directed against the United States or against other countries receiving aid under this Act.

"The Congress further declares that in the administration of programs of assistance under this Act, the highest practicable emphasis should be given to: programs providing for loans or loan guarantees for use by institutions and organizations in making repayable low-interest rate loans to individuals in friendly foreign countries for the purchase of small farms, the purchase of homes, the establishment, equipment and strengthening of small independent business concerns, purchase of tools or equipment needed by individuals for carrying on an occupation or a trade, or financing the opportunity for individuals to obtain practical education in vocational and occupational skills, and to those programs of technical assistance and development which will assist in carrying out and in preparing a favorable environment for such programs. While recognizing that special requirements, differing development needs and political conditions in various assisted countries will affect the priority of such programs and of each country's relative ability to implement them, it is further the sense of Congress that each such assisted country should be encouraged to give adequate recognition to such needs of the people in the preparation of national development programs."

(c) Such section is further amended by inserting at the end of the last paragraph the following new sentence: "It is the sense of Congress that, where feasible, the United States Government invite friendly nations to join in missions to consult with countries which are recipients of assistance under this part on the possibilities for joint action to assure the effective development of plans for the economic development of such recipient countries and the effective use of assistance

provided them; and that the President may request the assistance of international financial institutions in bringing about the establishment of such missions."

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

75 Stat. 426.
22 USC 2161.

SEC. 102. Section 201 of the Foreign Assistance Act of 1961, as amended, which relates to general authority with respect to development loans, is amended by adding at the end thereof the following:

"(e) In carrying out this title, the President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans."

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

75 Stat. 427.
22 USC 2171-2176.
22 USC 2171.

SEC. 103. Title II of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development grants and technical cooperation, is amended as follows:

(a) In section 211, which relates to general authority, add a new subsection (c) as follows:

"(c) Not to exceed $1,000,000 of the funds made available for the purposes of this section in any fiscal year may be used for programs designed to promote the peaceful uses of atomic energy outside the United States and such programs may be carried out only in accordance with the requirements of this section."

(b) In section 212, which relates to authorization, strike out "1962" and "$380,000,000" and substitute "1963" and "$300,000,000", respectively.

(c) Strike out section 213, which relates to atoms for peace.

TITLE III—INVESTMENT GUARANTIES

22 USC 2181-2184.
22 USC 2181.

SEC. 104. Title III of chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to investment guaranties, is amended as follows:

(a) Amend section 221(b) which relates to general authority, as follows:

(1) In paragraph (1) strike out "$1,000,000,000" in the proviso and substitute "$1,300,000,000".

(2) In paragraph (2) strike out the words preceding the first proviso and insert in lieu thereof the following: "where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of any loan investment for housing projects with appropriate participation by the private investor in the loan risk and in accordance with the foreign and financial policies of the United States, or assuring against loss of not to exceed 75 per centum of any other investment due to such risks as the President may determine, upon such terms and conditions as the President may determine".

(3) In paragraph (2) strike out "$90,000,000" in the third proviso and substitute "$180,000,000", and after the word "guaranty"

insert the following: "in the case of a loan shall exceed $25,000,000 and no other such guaranty".

(b) Amend section 222, which relates to general provisions, as follows: 22 USC 2182.

(1) In subsection (d) insert ", and out of funds made available pursuant to this title" before the period.

(2) Add the following new subsection (f):

"(f) There is hereby authorized to be appropriated to the President such amounts, to remain available until expended, as may be necessary from time to time to carry out the purposes of this title."

(c) Amend section 224, which relates to housing projects in Latin American countries, as follows: 22 USC 2184.

(1) In subsection (b) strike out "$10,000,000" in the second sentence and substitute "$60,000,000".

(2) In subsection (c) strike out "and (e)" and substitute "(e), and (f)".

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 105. Section 232 of the Foreign Assistance Act of 1961, as amended, which relates to surveys of investment opportunities, is amended by striking out "1962" and "$5,000,000" and substituting "1963" and "$2,000,000", respectively. 75 Stat. 432. 22 USC 2192.

ALLIANCE FOR PROGRESS

SEC. 106. Chapter 2 of part I of the Foreign Assistance Act of 1961, as amended, which relates to development assistance, is amended by adding at the end a new title VI, as follows: 22 USC 2161-2165.

"TITLE VI—ALLIANCE FOR PROGRESS

"SEC. 251. GENERAL AUTHORITY.—(a) It is the sense of the Congress that the historic, economic, political, and geographic relationships among the American peoples and Republics are unique and of special significance and that the Alliance for Progress offers great hope for the advancement of the welfare of the peoples of the Americas and the strengthening of the relationships among them. It is further the sense of Congress that vigorous measures by the countries and areas of Latin America to mobilize their own resources for economic development and to adopt reform measures to spread the benefits of economic progress among the people are essential to the success of the Alliance for Progress and to continued significant United States assistance thereunder. The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of countries and areas in Latin America.

"(b) Assistance furnished under this title shall be directed toward the development of human as well as economic resources. In furnishing assistance under this title, the President shall take into account (1) the principles of the Act of Bogotá and the Charter of Punta del Este, and in particular the extent to which the recipient country or area is showing a responsiveness to the vital economic, political, and social concerns of its people and demonstrating a clear determination to take effective self-help measures; (2) the economic and technical soundness of the activity to be financed; (3) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives; and (4) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved. In making loans under this title from

funds which are required to be used for loans payable as to principal and interest in United States dollars, the President shall take into account, in addition to the considerations named in the preceding sentence, whether financing could be obtained in whole or in part from other free world sources on reasonable terms and the efforts made by recipient nations to repatriate capital invested in other countries by their own citizens. The provisions of sections 201(d), 202(b), 202(c), and 204 shall be applicable to such loans, and they shall be made only upon a finding of reasonable prospects of repayment.

22 USC 2161, 2162, 2164.

"(c) The authority of section 614(a) may not be used to waive the requirements of this title with respect to funds made available for this title which are required to be used for loans payable as to principal and interest in United States dollars, and the authority of section 610 may be used to transfer such funds only to funds made available for title I of chapter 2 of part I.

75 Stat. 444.
22 USC 2364.
22 USC 2360.
22 USC 2161-2165.

"(d) In order to carry out the policies of this Act and the purpose of this title, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to insuring a wider and more equitable distribution of the ownership of land.

"(e) The President shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of $100,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economical and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

"(f) In furnishing assistance under this title, consistently with and for the purposes of section 601(b)(4) of this Act, the Agency for International Development or any other departments and agencies designated by the President shall provide such assistance as may be determined by the President to be necessary from time to time in order to make effective the efforts of the Commerce Committee for the Alliance for Progress, established under the Department of Commerce.

22 USC 2351.

Appropriation.

"SEC. 252. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year which sums are authorized to remain available until expended and which, except for not to exceed $100,000,000 of the funds appropriated pursuant to this section for use beginning in fiscal year 1963, shall be available only for loans payable as to principal and interest in United States dollars. In presenting requests to the Congress for authorizations for appropriations for fiscal years 1964 through 1966 to carry out other programs under this Act, the President shall also present the program proposed to be carried out from funds appropriated pursuant to the authorization contained in this section for the respective fiscal year.

"SEC. 253. FISCAL PROVISIONS.—All receipts in United States dollars from loans made under this title and from loans made for the benefit of countries and areas of Latin America under title I of chapter 2 of part I of this Act, notwithstanding section 203, shall be available for use for loans payable as to principal and interest in United States dollars in furtherance of the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."

22 USC 2161-2165.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 107. Section 302 of the Foreign Assistance Act of 1961, as amended, which relates to international organizations and programs, is amended by striking out "1962" and "$153,500,000" and substituting "1963" and "$148,900,000", respectively. 75 Stat. 433. 22 USC 2222.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 108. Section 402 of the Foreign Assistance Act of 1961, as amended, which relates to supporting assistance, is amended by striking out "1962" and "$465,000,000" and substituting "1963" and "$415,000,000", respectively. 22 USC 2242.

CHAPTER 5—CONTINGENCY FUND

SEC. 109. Section 451 of the Foreign Assistance Act of 1961, as amended, which relates to the contingency fund, is amended as follows: 22 USC 2261.

(a) Amend subsection (a) by striking out "1962" and substituting "1963".

(b) Amend subsection (b) by striking out "keep" and substituting "provide quarterly reports to" and by striking out "currently informed of the use" and substituting "on the programing and the obligation". Reports to Congress.

CHAPTER 6—ASSISTANCE TO AGRARIAN ECONOMIES

SEC. 110. Section 461 of the Foreign Assistance Act of 1961, as amended, which relates to assistance to countries having agrarian economies, is amended by adding at the end thereof the following: "In such country emphasis shall be placed also upon programs of community development which will promote stable and responsible governmental institutions at the local level." 22 USC 2271.

PART II—INTERNATIONAL PEACE AND SECURITY ACT OF 1961

CHAPTER 1—MILITARY ASSISTANCE

SEC. 201. Chapter 2 of part II of the Foreign Assistance Act of 1961, as amended, which relates to military assistance, is amended as follows: 22 USC 2311-2319.

(a) In section 506, which relates to conditions of eligibility, add the following new subsections: 22 USC 2314.

"(c) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

"(d) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance." 68 Stat. 832. 22 USC 1751 note.

(b) In section 507(a), which relates to sales, insert "not less than" before "the value" in the first sentence. 22 USC 2315.

(c) In section 507(b), add a new sentence to read as follows: "No sales of unclassified defense articles shall be made to the government

of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however*, That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest."

22 USC 2318.

(d) In section 510(a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

PART III

CHAPTER 1—GENERAL PROVISIONS

75 Stat. 438.
22 USC 2351-2370.

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

22 USC 2360.

(a) In section 610, which relates to transfers between accounts, designate the present language as subsection (a) and add the following new subsection:

22 USC 2261, 2318, 2364.
22 USC 2396, 2397.

"(b) The authority contained in this section and in sections 451, 510, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g)(1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

22 USC 2361.

(b) In section 611(a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

22 USC 2368.

(c) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

22 USC 2351-2370.

22 USC 2370.

(d) Amend section 620, which relates to restrictions on assistance to certain countries, as follows:

Cuba.

(1) Amend the first sentence of subsection (a) to read as follows: "No assistance shall be furnished under this Act to the present government of Cuba; nor shall any such assistance be furnished to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national interest of the United States."

(2) Amend subsection (c) to read as follows:

"(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen or person for goods or services furnished or ordered where (i) such citizen or person has exhausted available legal remedies, which shall include arbitration, or (ii) the debt is not denied or contested by such government, or (iii) such indebtedness arises under an unconditional guaranty of payment given by such government, or any predecessor government, directly or indirectly, through any controlled entity: *Provided*, That the President does not find such action contrary to the national security."

(3) Add the following new subsections:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency or subdivision within such country on or after January 1, 1962—

"(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) to take appropriate steps, which may include arbitration, to discharge its obligations under international law toward such citizen or entity, including equitable and speedy compensation for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(f) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase 'Communist country' shall include specifically, but not be limited to, the following countries:

22 USC 2174.

"Communist country."

"Peoples Republic of Albania,
"Peoples Republic of Bulgaria,
"Peoples Republic of China,
"Czechoslovak Socialist Republic,
"German Democratic Republic (East Germany),
"Estonia,
"Hungarian Peoples Republic,
"Latvia,
"Lithuania,
"North Korean Peoples Republic,
"North Vietnam,
"Outer Mongolia-Mongolian Peoples Republic,
"Polish Peoples Republic,
"Rumanian Peoples Republic,
"Tibet,
"Federal Peoples Republic of Yugoslavia,
"Cuba, and
"Union of Soviet Socialist Republics.

"(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the President that such assistance has been used by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

"(h) The President shall adopt regulations and establish procedures to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries."

Regulations and procedures.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

75 Stat. 445.
22 USC 2381-2397.

22 USC 2381.

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph 2(A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86-735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86-735" after "part II of this Act".

74 Stat. 869.
22 USC 1942.

22 USC 2385.

(c) Amend section 625, which relates to employment of personnel, as follows:

(1) In subsection (b) strike out "seventy-six" in the first sentence and substitute "one hundred and ten".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): ": *Provided further*, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate."

(3) Amend subsection (f) to read as follows:

"(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering part I or part II of this Act) as well as personnel not employed by the United States Government."

22 USC 2151-2319.

22 USC 2389.

(d) In section 629(b), which relates to status of personnel detailed, strike out "624(e)" in the first sentence and substitute "624(d)".

22 USC 2394.

(e) In section 634(a), which relates to reports and information, insert the following before the period at the end of the second sentence: "and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102".

(f)(1) In section 634(d), which relates to reports and information, strike out "In January of each year" and "preceding twelve months" in the first sentence and substitute "At the end of each fiscal year" and "fiscal year", respectively.

(2) After the first sentence of such section 634(d) insert the following: "There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any substantial changes."

22 USC 2395.

(g) In section 635(h), which relates to general authorities, strike out "and V" and substitute ", V, and VI" and strike out "made".

22 USC 2397.

(h) Amend section 637, which relates to administrative expenses, as follows:

(1) In subsection (a) strike out "1962" and "$50,000,000" and substitute "1963" and "$53,000,000", respectively.

(2) In subsection (b) strike out "to the Secretary of State".

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows: 22 USC 2401-2406.

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d). 22 USC 2402.

(b) Section 644(m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances is amended by inserting "this Act or" after "pursuant to".

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part. Repeal. 75 Stat. 463.

SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph: 5 USC 170g.

"(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign country for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided*, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than $15,000 or the foreign currency equivalent thereof."

SEC. 403. Section 102(a)(3) of the Mutual Educational and Cultural Exchange Act of 1961 (Public Law 87-256, approved September 21, 1961) is hereby amended by inserting the word "abroad" after the word "expositions". The amendment made by this section shall not be applicable with respect to any fair or exposition within the United States for which an appropriation has been provided. 75 Stat. 528. 22 USC 2452.

SEC. 404. The first section of the Act authorizing participation in the Interparliamentary Union (22 U.S.C. 276) is amended to read as follows: 49 Stat. 425.

"An appropriation of $48,000 annually is authorized, $21,000 of which shall be for the annual contributions of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and $27,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group."

Approved August 1, 1962, 10:35 a. m.