CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 23, 1998

S. 1413
Enhancement of Trade, Security, and Human Rights through Sanctions Reform Act

As introduced on November 7, 1997

S. 1413 would establish guidelines and procedures for the Congress to follow in considering legislation imposing or authorizing unilateral economic sanctions. It would also establish guidelines and procedures to be followed by the President when imposing unilateral economic sanctions, including a requirement that the sanctions terminate within two years unless specifically extended in accordance with the bill's procedures.

S. 1413 would require a number of reports and actions prior to the imposition of unilateral economic sanctions. It would require the President to report on the likelihood of success of any unilateral sanctions, their impact on humanitarian conditions in the target country, the impact on relations with U.S. allies, and a description of other steps the United States is taking to achieve the objectives of the sanctions. The bill also would require the Secretary of Agriculture to report on the effects of the sanctions on agricultural interests. The two reports would be required for either reported legislation or action by the Administration. In addition, for reported legislation, the bill would require the Congressional Budget Office to prepare an estimate of the short-term and long-term costs to the U.S. economy. For an executive action, the President would have to request a similar report from the International Trade Commission. The bill would also require the President and the International Trade Commission to prepare annual reports on all unilateral sanctions in effect under law. Finally, S. 1413 would require committees of primary jurisdiction and the President to publish notices of and to seek public comment on proposed unilateral sanctions. Some requirements would be waived in the case of a national emergency. CBO estimates that the new requirements of S. 1413 would increase the combined administrative costs for all of the various agencies by less than $1 million a year, assuming appropriation of the necessary funds.

Section 7 would require that any new unilateral sanctions imposed by the President terminate in two years or less unless certain conditions are met. If new sanctions were imposed, section 7 could affect direct spending because programs to guarantee loans would resume earlier than under current law. Because the bill could affect direct spending, pay-as-you-go procedures would apply. However, CBO has no basis for estimating the potential budgetary impact of this provision because we cannot predict the likelihood or extent of future economic sanctions either under S. 1413 or under current law.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995, and would not affect the budgets of state, local, or tribal governments.

The estimate was prepared by Joseph C. Whitehill and Craig Jagger. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.