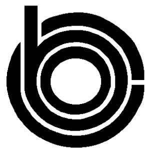

CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 16, 2003

H.R. 1828
Syria Accountability and Lebanese Sovereignty Restoration Act of 2003

As passed by the House of Representatives on October 15, 2003

H.R. 1828 would strengthen some of the existing sanctions against Syria and impose new ones. The act would demand that Syria: (1) end its support for terrorist organizations; (2) withdraw its military, intelligence, and other security personnel from Lebanon; (3) cease development of surface-to-surface missiles and chemical, biological, and nuclear weapons—and permit verification of such actions by international observers; and (4) prevent the use of its territory by persons engaged in terrorist activities inside Iraq. Until the President certifies compliance with those four conditions, the act would ban the export to Syria of any item on the U.S. munitions and commerce control lists and require the President to impose at least two other sanctions from a list of six contained in the act. CBO estimates that implementing the act would not significantly affect the federal budget.

Syria is subject to numerous and overlapping sanctions under current law. The export of defense articles and services on the munitions control list is currently banned, though the President may waive the prohibition for essential national security interests. The Congress currently requires notification before licences for the export of dual-use items on the commercial control list may be issued. Dual-use items are those that may contribute to a country's military potential. Section 5(a)(1) of H.R. 1828 would prohibit the export to Syria of items on either the U.S. munitions control list or the commercial control list. CBO estimates implementing that provision would have little effect on the federal cost of administering the prohibitions.

Section 5(a)(2) would require the President to impose at least two sanctions from the following list of six new sanctions:

- A ban on the export of U.S. products, other than food or medicine, to Syria;
- A ban on U.S. businesses investing or operating in Syria;
- Travel restrictions on Syrian diplomats in New York City and Washington, D.C.;
- A ban on landing and overflight rights for Syrian airlines;
- A reduction in diplomatic contacts with Syria; or,
- Blocking Syrian assets in the United States.

Section 5(b) would permit the President to waive any or all the sanctions in section 5(a)(2) and several of the sanctions would require little or no cost to implement. CBO cannot estimate which, if any, of the sanctions the President might choose to impose, though we assume that the President would start with the less-harsh sanctions to preserve freedom for future tougher action.

Should Syria comply with the four conditions specified in H.R. 1828, section 5(c) would authorize the President to provide development assistance to Syria. But because the section would not alter other provisions of law that restrict such assistance, CBO does not estimate any additional spending subject to appropriation under H.R. 1828.

H.R. 1828 would impose private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on certain exporters to Syria. According to the Department of State, the export of items on the munitions list to Syria is already banned and there would be no direct cost to comply with that restriction. However, dual-use items are currently exported to Syria. According to the Department of Commerce, the total value of dual-use exports to Syria was approximately $110 million in 2002. The direct cost to the private sector of prohibiting such exports would be the loss of net income (revenues less costs) for the exporters of those dual-use items. Therefore, CBO expects that the direct cost of banning exports of dual-use items to Syria would fall below the annual threshold established by UMRA for private-sector mandates ($117 million in 2003, adjusted annually for inflation).

H.R. 1828 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Joseph C. Whitehill (for federal costs) and Paige Piper/Bach (for the private-sector impact). The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.