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S. 2812 — Foreign Operations, Export Financing, and Related Programs Appropriations for FY 2005

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On September 16, 2004, the Appropriations Committee reported S. 2812 as an original bill by a vote of 29-0; S. Report 108-346.

Noteworthy

- It is expected that a unanimous consent agreement will be reached today that will limit amendments.
- S. 2812 provides \$19.6 billion in total spending, with \$19.4 billion allocated for discretionary spending, \$42.5 million for mandatory spending, and \$150 million for emergency spending. The committee recommendation is \$1.8 billion under the Administration's request and \$19.1 billion below the FY04 enacted level. However, S. 2812 is about \$2 billion higher than the FY 2004 regular Foreign Operations spending measure, excluding supplemental appropriations, but only \$115 million larger than total Foreign Operations for FY 2004, when just Iraq reconstruction funds are excluded.
- S. 2812 provides \$2.4 billion for HIV/AIDS, which is \$220 million above the Administration's request. Included in this amount is: nearly \$1.5 billion for the Global HIV/AIDS Initiative; \$600 million for the Child Survival and Health Programs Fund; \$400 million for a U.S. contribution to the Global Fund to Fight AIDS, Tuberculosis, and Malaria, of which \$150 million is designated as emergency spending.
- S. 2812 provides \$1.1 billion for the Millennium Challenge Corporation, which is \$1.4 billion below the Administration's request, but \$125.9 million above the FY04 enacted level.
- On July 15, the House passed H.R. 4818, its version of the Foreign Operations, Export Financing, and Related Programs Appropriations Bill for FY 2005, by a vote of 365-41.

Highlights

Title I:	Export Assistance	-\$5,057,000
Title II:	Bilateral Economic Assistance	\$12,981,520,000
Title III:	Military Assistance	\$4,971,230,000
Title IV:	Multilateral Assistance	\$1,480,825,000

Bill Provisions

Title I – Export and Investment Assistance

Title I provides a net of -\$5.1 million for Export and Investment Assistance, which is \$11 million below the Administration’s request, but \$113.8 million above the FY04 enacted level.

- **Export-Import Bank of the United States:** Provides \$157 million for the Export-Import Bank of the United States, which is \$10 million below the Administration’s request, but \$118.6 million above the FY04 enacted level.
- **Overseas Private Investment Corporation:** Provides a net of -\$211.1 million for the Overseas Private Investment Corporation, which is equal to the Administration’s request, and \$4.1 million below the FY04 enacted level.

Title II – Bilateral Economic Assistance

Title II provides nearly \$13 billion for Bilateral Economic Assistance, which is \$1.4 billion below the Administration’s request, and \$19.4 billion below the FY04 enacted level. Significant spending accounts include:

- **United States Agency for International Development (U.S. AID):** Provides \$4.2 billion for U.S. AID, which is \$219 million above the Administration’s request, but \$255.1 million below the FY04 enacted level. Included in this amount is \$600 million for operating expenses.
- **HIV/AIDS:** Provides \$2.4 billion (from all accounts in the Act) for HIV/AIDS, which is \$220 million above the Administration’s request. Included in this amount is: \$600 million for HIV/AIDS from the CSHPF account; \$175 million for TB and malaria from the CSHPF and other bilateral accounts; nearly \$1.5 billion for the GHI account; and \$400 million for a U.S. contribution to the Global Fund to Fight AIDS, Tuberculosis, and Malaria, of which \$150 million is designated as emergency spending.

- **Child Survival and Health Programs Fund (CSHPF)**: Provides \$1.6 billion for CSHPF, which is \$130 million above the Administration’s request, but \$274.2 million below the FY04 enacted level—these funds support programs and activities to reduce child mortality and morbidity, and combat other public health problems.
- **Development Assistance**: Provides \$1.5 billion for Development Assistance, which is \$131 million above the Administration’s request, and \$83.2 million above the FY04 enacted level—these funds consist of a wide range of poverty reduction and long-term development activities including democracy and the rule of law.
- **International Disaster and Famine Assistance**: Provides \$385.5 million for disaster assistance, which is equal to the Administration’s request and \$131.5 million above the FY04 enacted level.
- **Transition Initiatives**: Provides \$50 million for Transition Initiatives, which is \$12.8 million below the Administration’s request, and \$4.7 million below the FY04 enacted level. These funds help bridge the gap between emergency relief and long-term development programs.
- **Payment to the Foreign Service Retirement and Disability Fund**: Provides \$42.5 million for the Payment to the Foreign Service Retirement Disability Fund, which is equal to the Administration’s request, but \$1.4 million below the FY04 enacted level.
- **Economic Support Fund**: Provides \$2.5 billion for the Economic Support Fund, which is \$41.5 million below the Administration’s request, and \$521.9 million below the FY04 enacted level. Included in this funding are earmarks for the following countries: **Israel** (\$360 million, which is equal to the Administration’s request); **Egypt** (\$535 million, which is equal to the Administration’s request); **Jordan** (\$250 million, which is equal to the Administration’s request).
- **Assistance for Eastern Europe and Baltic States**: Provides \$410 million for Assistance for Eastern Europe and the Baltic States, which is equal to the Administration’s request, but \$32.4 million below the FY04 enacted level. Included in this funding are earmarks for the following countries: **Albania** (\$28 million); **Bosnia and Herzegovina** (\$41 million); **Bulgaria** (\$27 million); **Croatia** (\$20 million); **Kosovo** (\$75 million); **Macedonia** (\$34 million); **Romania** (\$27 million); **Serbia** (\$87 million); **Montenegro** (\$15 million); and \$56 million for **Regional Assistance**.¹
- **Assistance for the Independent States of the Former Soviet Union**: Provides \$560 million for Assistance for the Independent States of the Former Soviet Union, which is \$10 million above the Administration’s request, but \$24.5 million below the FY04 enacted level. Included in this funding are earmarks for the following countries: **Armenia** (\$75 million)²;

¹ The funding earmarks within Assistance for Eastern Europe and Baltic States are all equal to the Administration’s request, except for Kosovo, which is \$3 million above the request, and the Regional request, which is \$3 million below the request.

² Another \$2.5 million is included for Nagorno-Karabagh.

Azerbaijan (\$38 million); **Belarus** (\$6.5 million); **Georgia** (\$100 million); **Kazakhstan** (\$26 million); **Kyrgyz Republic** (\$30 million); **Moldova** (\$17.5 million); **Russia** (\$93 million); **Tajikistan** (\$25 million); **Turkmenistan** (\$6 million); **Ukraine** (\$65 million); **Uzbekistan** (\$36 million); **Regional FSA** (\$39 million).

- **Peace Corps**: Provides \$310 million for the Peace Corps, which is \$91 million below the Administration's request, but \$1.8 million above the FY04 enacted level. Report language supports the initiation of new programs in Cambodia, Vietnam, and Sierra Leone, and recommends a phase-out in Thailand.
- **Millennium Challenge Corporation**: Provides \$1.1 billion for the Millennium Challenge Corporation, which is \$1.4 billion below the Administration's request, but \$125.9 million above the FY04 enacted level. In funding this program, the Committee Report states its support for programs and activities that further democracy and the rule of law, alleviate poverty (particularly among women and children), and protect and encourage the sustainable use of natural resources.
- **Global HIV/AIDS Initiative (Department of State)**: Provides \$1.5 billion for the Global HIV/AIDS Initiative, which is equal to the Administration's request, but \$961.9 million above the FY04 enacted level.
- **International Narcotics Control and Law Enforcement**: Provides \$328.8 million for International Narcotics Control and Law Enforcement, which is \$30 million below the Administration's request, but \$88.5 million above the FY04 enacted level.
- **Andean Counterdrug Initiative**: Provides \$731 million for the Andean Counterdrug Initiative, which is equal to the Administration's request, and \$4.3 million above the FY04 enacted level.
- **Migration and Refugee Assistance**: Provides \$775 million for Migration and Refugee Assistance, which is \$45.2 million above the Administration's request, and \$19.3 million above the FY04 enacted level.
- **Nonproliferation, Anti-Terrorism, Demining and Related Programs**: Provides \$415.2 million for Nonproliferation, Anti-Terrorism, Demining and Related Programs, which is equal to the Administration's request, and \$63.8 million above the FY04 enacted level.
- **Conflict Response Fund**: Provides \$20 million for the Conflict Response Fund, which is \$80 million below the Administration's request. The purpose of this new account is to enable the State Department to respond more effectively to potential, ongoing, and post-conflict situations in foreign countries. Activities envisioned under this plan include: planning for humanitarian consequences of conflict; preventing mass killings; restoring a secure environment through security forces; and others.
- **Debt Restructuring (Department of Treasury)**: Provide \$95 million for debt restructuring, which is \$105 million below the Administration's request, but \$560,000 above

the FY04 enacted level. Of these funds, \$75 million is to complete the U.S. pledge to the Heavily Indebted Poor Countries Initiative Trust Fund.

Title III – Military Assistance

Title III provides nearly \$5 billion for military assistance, which is \$180 million below the Administration's request, but nearly \$200 million above the FY04 enacted level.

- **International Military Education and Training**: Provides \$89.7 million for International Military Education Training, which is equal to the Administration's request, but \$1.4 million below the FY04 enacted level.
- **Foreign Military Financing**: Provides \$4.8 billion for Foreign Military Financing, which is \$180 million below the Administration's request, but \$221.8 million above the FY04 enacted level. Included in this funding are earmarks for the following countries: Georgia (\$3 million); **Israel** (\$2.2 billion); **Egypt** (\$1.3 billion); **Jordan** (\$206 million); **Philippines** (\$55 million); and **Tunisia** (\$10 million).
- **Peacekeeping Operations**: Provides \$104 million for peacekeeping operations, which is equal to the Administration's request, and \$20.5 million above the FY04 enacted level.

Title IV – Multilateral Economic Assistance

Title IV provides \$1.5 billion for Multilateral Economic Assistance, which is \$316.4 million below the Administration's request, and nearly \$222 million below the FY04 enacted level.

- **International Financial Institutions Summary**: Provides \$1.2 billion for International Financial Institutions Summary, which includes the International Development Association, the Global Environment Facility, the Inter-American Development Bank's Multilateral Investment Fund, the Asian Development Fund, the African Development Bank and Fund, the European Bank for Reconstruction and Development, and the International Fund for Agriculture Development.
- **International Bank for Reconstruction and Development Global Environment Facility**: Provides \$120.7 million for the International Bank for Reconstruction and Development Global Environment Facility, which is equal to the Administration's request, and \$17.7 million below the FY04 enacted level.
- **International Development Association**: Provides \$820 million for the International Development Association, which is \$241.3 million below the Administration's request, and \$87.8 million below the FY04 enacted level.
- **Inter-American Development Bank**: Provides \$15 million for the Inter-American Development Bank, which is \$10 million below the Administration's request, and \$9.9 million below the FY04 enacted level.

- **Asian Development Bank**: Provides \$69.7 million for the Asian Development Bank, which is \$42.5 million below the Administration's request, and \$73.9 million below the FY04 enacted level.
- **African Development Bank**: Provides \$76.1 million for the African Development Bank, which is \$47 million below the Administration's request, and \$41 million below the FY04 enacted level.
- **European Bank for Reconstruction and Development**: Provides \$35.4 million for the European Bank for Reconstruction and Development, which is equal to the Administration's request, and \$209,000 above the FY04 enacted level.
- **International Fund for Agricultural Development**: Provides \$15 million for the International Fund for Agricultural Development, which is equal to the Administration's request, and \$85,000 above the FY04 enacted level.

Title V – General Provisions

Title V contains a number of specific policy issues. Some of the highlights include:

Prohibitions

- Section 507 prohibits the use of funds to finance directly any assistance or reparations to **Cuba, Libya, North Korea, Iran, or Syria**.
- Section 508 prohibits the use of funds for any government of a country whose duly elected head of government is deposed by decree or **military coup**.
- Section 518 prohibits any funds from being used to pay for the performance of **abortions** as a method of family planning or to motivate or coerce any person to practice abortions.
- Section 527 prohibits any funds being made available to any country the President determines grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or otherwise supports international **terrorism**.
- Section 533 prohibits any funds from being used to provide an incentive to a U.S. business should the number of **employees in the U.S.** be reduced because production is being moved outside the U.S.
- Section 542 prohibits assistance to foreign governments that export lethal military equipment to countries supporting international **terrorism**.
- Section 544 prohibits any funds from being obligated for the **Palestine Liberation Organization** for the West Bank and Gaza unless the President provides proper certification.
- Section 555 prohibits any funds from being used to support a **Palestinian state** unless the Secretary of State certifies that a new Palestinian governing entity has been democratically

elected, and that entity has demonstrated a commitment to a peaceful co-existence with Israel and has undertaken measures to counter terrorism.

- Section 570 prohibits any funds from being made available to **Uzbekistan** and **Kazakhstan** unless the Secretary of State makes a determination that each country is meeting its human rights commitments.
- Section 578 prohibits any funds from being made available to the **Russian Federation** if the President determines that the Russian Federation has implemented any statute, which has as its principal effect discrimination against religious groups.
- Section 589 prohibits the Overseas Private Investment Corporation and the Export-Import Bank from participating in any financial transaction connected with a project involving the mining, polishing, or other processing or sale of diamonds in a country that does not meet requirements of the Kimberly Process on **conflict diamonds**.
- Section 594 prohibits any funds from being available to the Russian Federation unless the Secretary of State certifies that the Federation is contributing funds for the construction of a new shelter of the **Chernobyl** nuclear power plant.

General

- Section 510 provides if the President determines it is in the national interest, **Israel**, **Egypt**, **NATO**, and **major non-NATO allies** may finance the lease of defense articles from U.S. commercial supplies (not including Major Defense Equipment).
- Section 523 provides that not less than \$504 million be made available for humanitarian and reconstruction assistance for **Afghanistan**.
- Section 526 provides not less than \$35 million for activities to support democracy, **human rights**, and the rule of law in the People's Republic of **China** and **Hong Kong**. In addition, it provides not less than \$25 million for programs and activities to foster democracy, human rights, civic education, women's development, press freedoms, and the rule of law in countries with a significant **Muslim** population; provides not less than \$3 million to support advancement of democracy and human rights in **Iran**.
- Section 531 provides not less than \$15 million to support democracy activities in **Burma**.
- Section 535 provides a sense of Congress that the **Arab League boycott of Israel**, and the secondary boycott of American firms that have commercial ties with Israel, are impediments to peace in the region and to U.S. investment and trade in the Middle East and North Africa.
- Section 563 permits funds to be available to Serbia if the President certifies that Serbia and Montenegro are cooperating with the International Criminal Tribunal for the former **Yugoslavia**.

- Section 569 requires the President, 45 days after the submission of the FY06 budget, to submit to the Committee a report on all federal obligations for **climate change** programs in FY05.
- Section 565 allows the President to forgive **foreign debt** owed to the United States, provided certain conditions are met.
- Section 591 provides \$5 million to the Department of State to establish cooperation with **Cuba** on counter-narcotics matters.
- Section 599D provides \$150 million to the U.S. Agency for International Development to respond to the foreign crises in Darfur, **Sudan**, and the region.

Notification

- Section 520 prohibits funds being obligated to **Liberia, Serbia, Sudan, Zimbabwe, Pakistan, Cambodia, or Haiti** except as provided through regular notification procedures of the Appropriations Committee.

Administration Position

A statement of Administration Policy (SAP) concerning S. 2812 as reported by the Senate Appropriations Committee was not available at press time.

On July 15, the Administration released a SAP on the House-reported bill, H.R. 4818. The Administration supported the House passage of H.R. 4818. In the SAP, the Administration offered its views on several provisions in H.R. 4818 (including AIDS relief, the Millennium Challenge Account, the Peace Corps, foreign military financing, and other issues). Notably, the SAP stated that the President's senior advisers would recommend that the President veto any legislation that would infringe on his ability to enforce current Administration policy regarding international family planning assistance.

Cost

The Committee, in consultation with the Congressional Budget Office, estimates the bill provides \$19.386 billion in discretionary budget authority; \$26.7 billion in discretionary outlays (which include outlays from prior-year budget authority); \$42.5 million in mandatory budget authority; and \$43 million in mandatory outlays for FY05.

S. 2812 would result in the following outlays:

FY 2005	\$6,958 billion ³
FY 2006	\$7.090 billion
FY 2007	\$2.971 billion
FY 2008	\$1.325 billion
FY 2009	
(and future years)	\$1.122 billion

Amendments

A unanimous consent agreement is expected to limit amendments. Among the expected amendments is a Corzine Amendment dealing with the crisis in Sudan.

³ Excludes outlays from prior-year budget authority.