



No. 7

January 15, 2003

H.J.Res. 2 – Omnibus Appropriations Bill, FY 2003: Foreign Operations, Export Financing, and Related Programs Appropriations

Calendar No. 1

H.J.Res. 2 was passed by the House on January 8, 2003, and is now pending on the Senate Calendar. This bill is slated to serve as the vehicle for all 11 of the yet-unsigned FY 2003 appropriations bills.

Note: The funding bills are before the Senate with no written reports. All information contained in this Notice comes from the Appropriations Committee as conveyed to us on or before 1/15/03.

- The FY03 Foreign Operations funding bill language will be introduced as part of a substitute (along with the other 10 yet-unsigned FY03 funding bills) to H.J.Res. 2 when the Senate turns to that bill. The bill will be amendable, and amendments are possible, including a Leahy amendment on family planning (see the last page of this Notice for details).
- On July 24, 2002, the Senate Appropriations Committee reported S. 2779, the FY03 Foreign Operations, Export Financing, and Related Programs Appropriations Bill (S. Rpt. 107-219) by a unanimous vote, but the bill did not come before the full Senate prior to adjournment sine die. The House also did not approve a foreign operations appropriations bill. Since October 1, 2002, foreign operations programs have been funded under continuing resolutions, the most recent of which is set to expire on January 31, 2003.
- The 11 remaining FY03 appropriations bills (only Defense and Military Construction were signed) will come before the Senate with smaller funding levels than were in the bills as reported by the Appropriations Committee last year. This is to comport with the total FY03 federal discretionary spending level of \$750.5 billion agreed to by President Bush and appropriators last year. (Defense and Mil Con bills amount to \$365.3 billion of that total.)
- The FY03 bill provides \$16.25 billion in discretionary funds for Foreign Operations, Export Financing and Related Programs. This is \$221.4 million below the Administration's request of \$16.5 billion, and \$73.6 billion below the FY 2002 enacted level.

– BILL HIGHLIGHTS –

- The bill includes the FY03 Economic Support Fund (ESF) and Foreign Military Financing (FMF) requests for the Camp David countries: \$600 million and \$2.1 billion, respectively, for **Israel**; and, \$615 million and \$1.3 billion, respectively, for **Egypt**. The bill also includes \$250 million in ESF and \$198 million in FMF assistance for **Jordan**, and \$75 million in ESF assistance for the West Bank and Gaza.
- The bill restricts assistance for the **Korean Peninsula Energy Development Organization (KEDO)**, but the President may waive this restriction and provide up to \$3.5 million to KEDO for administrative expenses only, if he determines that it is vital to national security interests to do so, and provides a written policy justification to appropriate congressional committees.
- The bill provides \$650 million for the **Andean Counterdrug Initiative (ACI)** – an increase of \$25 million over the FY02 enacted level. The bill also provides the authority to transfer \$35 million from the International Narcotics Control and Law Enforcement account to the ACI, resulting in an appropriation to ACI that is \$46 million under the FY 03 request.
- Section 563 of the bill continues the President’s authority to make funds available to support the **Colombian Government’s** unified campaign against narcotics trafficking and against paramilitary and designated terrorist guerrilla organizations. It also continues human rights restrictions on assistance to the Colombian Armed Forces.
- For **Afghanistan**, the bill provides a total of \$220 million for assistance from all accounts, including \$5 million for women’s development activities.
- The bill provides \$530 million for the **Assistance for Eastern Europe and Baltic States (SEED)** account and \$765 million for the **Assistance for Independent States of the former Soviet Union (FSA)** account, an increase of \$35 million and \$10 million, respectively, over the FY03 request.
- The bill provides \$1.79 billion for the **Child Survival and Health Programs Fund** – an increase of \$356.5 million over the FY02 enacted level – of which \$791.5 million is for assistance for HIV/AIDS programs, including \$100 million for the President’s International Mother and Child HIV Prevention Initiative and \$200 million for a contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria.
- The bill provides \$80 million for **International Military Training and Education Programs** which equals the FY03 request. It also includes \$4.07 billion for Foreign Military Financing grants, which is \$35 million below the FY03 requested level.
- The bill provides \$837.3 million for the International Development Association, which is \$37 million below the Administration’s budget request.

- The Peace Corps will be allocated \$285 million under the bill, which is \$10 million over the FY02 appropriation, but below the FY03 request of \$317.2 million.
- The USAID Capital Investment Fund will received \$65 million for the construction of new secure facilities in one or more high-threat missions abroad. This is a new account.

Title I: Export Assistance

The bill fully funds the Administration's request for export assistance, including the Export-Import Bank, the Overseas Private Investment Corporation (OPIC) and the Trade and Development Agency.

The total for Title I is \$399.2 million. It provides \$596.7 million for the **Export-Import Bank**, plus \$68.3 million for administrative expenses. The subsidy appropriation for the **Overseas Private Investment Corporation (OPIC)** is \$24 million, and administrative expenses are \$39.9 million. The **Trade and Development Agency** appropriation is \$44.7 million, which meets the budget request.

Title II: Bilateral Economic Assistance

This title appropriates funds for carrying out the provisions of the Foreign Assistance Act of 1961. For FY 03, the Committee recommendation is \$10.8 billion, which is \$28.4 million over the budget request.

- The two major components of bilateral economic assistance are the **Child Survival and Health Programs Fund** and the **Development Assistance** account. The Child Survival and Health Programs Fund was allocated \$1.79 billion. This account contains \$791.5 million for HIV/AIDS, including a \$200 million contribution to the **Global Fund**; \$350 million for child survival and maternal health; \$120 million for UNICEF, and \$185 million for other infectious diseases, including tuberculosis and malaria. Also included under the Child Survival account is \$368.5 million for voluntary family planning, which is the requested level. The Development Assistance account was provided \$1.37 billion and includes \$200 million for basic education programs and funds for agriculture programs, including \$35 million for plant biotechnology research and development.
- The bill includes country earmarks for the Democratic Republic of Timor-Lest, Indonesia, Georgia, Armenia, Lebanon, Israel, Egypt, Jordan, the West Bank/Gaza.
- The Committee provides \$765 million for the **New Independent States of the former Soviet Union**. Funds for Russia are again conditioned on Moscow's ceasing its support for Iran's nuclear program; in addition, funds are conditioned on Russia's cooperation with

respect to international investigation of war crimes and atrocities in Chechnya and access to Chechnya of international humanitarian organizations. Country earmarks include \$87 million for

Georgia, \$90 million for Armenia, and \$17.5 million for the Russian Far East.

- **State Department programs** receive \$1.97 billion, including: **international narcotics control and law enforcement**, \$196.7 million (the request); **migration and refugee assistance**, \$787 million (of which \$60 million is available only for refugees resettling in Israel); and **nonproliferation, antiterrorism, demining, and related programs**, \$306.4 million, of which \$57 million is available for demining and related activities.

Title III: Military Assistance

Under this title, the Committee recommends a total of \$4.27 billion, which is \$23.4 million below the request.

- The Committee bill includes earmarks for **Foreign Military Financing** as follows: Israel (\$2.1 billion), Egypt (\$1.3 billion), and Jordan (\$198 million).
- The appropriation for **International Military Education and Training** is \$80 million, which meets the request.
- The bill includes an appropriation of \$120 million for **peacekeeping activities**. This amount is \$11.7 million above the FY02 appropriation but \$14.9 million below the Administration budget request.

Title IV: Multilateral Organizations

This title appropriates \$1.54 billion for U.S. contributions to international lending institutions — such as the International Bank for Reconstruction and Development (also called the World Bank), the International Development Association, the International Finance Corporation, and several regional banks — and for U.S. contributions to various international organizations and programs. The following should be noted:

- \$1.33 billion is provided for the **World Bank, Global Environment Facility, Inter-American Development Bank, Asian Development Fund, African Development Bank, African Development Fund, and the European Bank for Reconstruction and Development**.
- \$215 million is allocated for **international organizations and programs**, which is \$95.4 million less than the budget request.

ADMINISTRATION POSITION

No Statement of Administration Policy (SAP) is available at this time, but one is anticipated.

POSSIBLE AMENDMENTS

Leahy. Relating to family planning assistance.

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