

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED
 PROGRAMS APPROPRIATIONS BILL, 1999

SEPTEMBER 15, 1998.—Committed to the Committee of the Whole House on the
 State of the Union and ordered to be printed

Mr. CALLAHAN, from the Committee on Appropriations,
 submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 4569]

The Committee on Appropriations submits the following report in
 explanation of the accompanying bill making appropriations for
 Foreign Operations, Export Financing, and Related Programs, and
 for sundry independent agencies and corporations for the fiscal
 year ending September 30, 1999, and for other purposes.

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SUMMARY OF THE BILL

The Committee has recommended foreign assistance and export financing funding at a level that is \$1,256,103,000 below the Administration's fiscal year 1999 request in discretionary budget authority. The resulting total of \$16,184,389,980 in discretionary appropriations is needed to meet the essential requirements of the United States and its President in conducting foreign policy and meeting urgent humanitarian needs abroad. The request and the Committee recommendation include \$3,361,000,000 for the New Arrangements to Borrow.

The section 302(b) allocation for foreign operations, export financing, and related programs is \$12,475,000 in discretionary

budget authority and \$12,525,000 in outlays. The recommended funding levels for arrears for international financial institutions (\$351,952,000) and for the New Arrangements to Borrow (\$3,361,000,000) are not counted against this allocation. The Committee recommendation of \$12,471,437,980 in discretionary budget authority, excluding these items, is \$3,562,020 below the section 302(b) allocation, and consumes all of the allocation for outlays. On a comparative basis the Committee recommendation is \$315,569,000 below the 1998 level and \$1,105,569,666 below the President's request for 1999.

LOOKING TO THE FUTURE

The Committee is seized by the deteriorating global monetary and financial environment. Although the United States so far has largely escaped the contagion from East Asia, our nation's leaders will be severely tested as they struggle to develop policies to restore a measure of stability to the global economy. The situations in Indonesia and Russia are also of concern to the Committee.

In order to give the President and the Chairman of the Federal Reserve Board all possible tools to deal with unpredictable events in foreign markets, the Committee is prepared at a later step in the process to consider full funding of the International Monetary Fund, provided it first moves forward with extensive reform, especially in the area of transparency. Although funds for child survival and disease eradication are protected in the proposed bill, this year's priority must be the protection of export-related American jobs and the fight against the scourge of illegal narcotics traffic.

As noted last year, the Committee is constrained by the fact that the budgetary resources for foreign aid are already extremely limited and are likely to be even more so in the future. The multiyear plans to reduce the level of assistance to the Camp David countries, undertaken with the full cooperation of Israel and Egypt, frees up money now going to the Middle East for other regions, such as Latin America and Africa, beginning in the year 2000. The Committee expects other traditional aid recipients who are becoming as prosperous as some regions of the United States to follow the bold path undertaken by Israel. The Committee is also increasingly impatient with countries which expect large amounts of American aid while they hold back from proposed solutions to tension and violence in their neighborhood. The Committee is more than willing to support reconstruction following a peace settlement. It is weary of financing stalemate.

From the Committee's perspective, this simply means it is now more imperative than ever that the Committee forge a strong bipartisan consensus which will shape how scarce resources can be most effectively used. It would welcome the full engagement of the Executive branch of Government.

COMMITTEE RECOMMENDATIONS

For export and investment assistance programs the Committee has recommended a gross total of \$920,277,000, which is partially offset by collections and a negative subsidy totalling \$285,000,000. The subsidy appropriation for the Export-Import Bank is \$745,500,000 and the Trade and Development Agency is funded at

\$41,500,000. The Committee has provided \$50,000,000 for subsidy appropriations requested on behalf of the Overseas Private Investment Corporation.

The Committee has recommended \$1,326,262,980 of the \$1,657,762,980 requested for the international financial institutions. The overall reduction is \$132,686,100 below the fiscal year 1998 enacted level and \$331,500,000 below the request.

For development assistance, the Committee has recommended a total of \$1,981,500,000 of which \$650,000,000 is for child survival and disease prevention programs. Another \$1,174,000,000 is for longer term development assistance. The Committee has also included \$150,000,000 for disasters worldwide. The Committee has included \$36,000,000 for debt restructuring for poor countries and a new concessional debt relief program for sub-Saharan Africa.

The Committee has continued its new account for child survival and disease programs. It is designed to ensure that there will not be reductions in these vital programs as the overall bilateral assistance program is constrained. The emphasis is on programs that directly affect younger children, including basic education, and on accelerating efforts to eradicate diseases that threaten younger children and caregivers alike. The account does not include population assistance which will be funded through the development assistance account. It does provide for a grant to UNICEF at a level of \$105,000,000.

The Committee has included a total of \$590,000,000 in assistance to the new independent states of the former Soviet Union, and \$450,000,000 for Eastern Europe and the Baltics.

The Committee has recommended a total of \$670,000,000 for refugee programs.

For economic assistance under the Economic Support Fund, the Committee has recommended a total of \$2,326,000,000.

The Committee has recommended \$152,000,000 for a Non-proliferation, anti-terrorism and demining account which includes funding for the Non-proliferation and Disarmament Fund, anti-terrorism assistance, demining activities, United States participation in the Korean Energy Development Organization (KEDO), and the U.S. voluntary contribution to the International Atomic Energy Agency (IAEA).

For Foreign Military Financing, the Committee has recommended a grant program of \$3,335,910,000 and a loan subsidy appropriation of \$20,000,000. The FMF loan value supported by the loan subsidy appropriation is limited to \$167,000,000.

TITLE I—EXPORT AND INVESTMENT ASSISTANCE

EXPORT-IMPORT BANK OF THE UNITED STATES

SUBSIDY APPROPRIATION

Fiscal year 1998 level	\$683,000,000
Fiscal year 1999 request	808,000,000
Committee recommendation	745,500,000

ADMINISTRATIVE EXPENSES

Fiscal year 1998 level	\$48,614,000
Fiscal year 1999 request	51,940,000
Committee recommendation	50,277,000

The Committee has recommended a subsidy appropriation for the Export-Import Bank of \$745,500,000 and an appropriation of \$50,277,000 for administrative expenses.

The Committee has continued prior year language limiting the export of nuclear technology or fuel to certain countries. The Committee has also included language making possible Export-Import Bank activity in Eastern Europe and the Baltic states.

The Committee provided no additional funds for a tied-aid "war chest". The estimated \$330,000,000 remaining "war chest" balance for tied-aid purposes, may be used to support loans. If more funds are needed for the war chest, the Committee will promptly consider any additional requests from the President.

Last year, the Committee warned that it would be hard pressed to sustain appropriations for the Eximbank at then-current levels in future years. At present the Bank is facing a financial crisis as it is expected to exhaust its 1998 subsidy appropriation well before October 1, 1998, despite a Congressional initiative to provide \$50,000,000 above the President's request for 1998. The Bank management is encouraged, once again, to begin consulting with the Committee regarding its plans for overcoming the likely gap between demand and federal resources in the near future.

The Committee is concerned about the effect of certain Eximbank decisions on U.S. foreign policy objectives, in particular support for private sector development and investment specifically in the NIS. The Committee urges the Eximbank to take whatever steps are necessary to assure that the Bank's policies and activities are not contradictory to overall U.S. foreign policy.

OVERSEAS PRIVATE INVESTMENT CORPORATION

ADMINISTRATIVE EXPENSES

Fiscal year 1998 level	\$32,000,000
Fiscal year 1999 request	34,000,000
Committee recommendation	33,000,000

SUBSIDY APPROPRIATION

Fiscal year 1998 level	\$60,000,000
Fiscal year 1999 request	50,000,000
Committee recommendation	50,000,000

The Committee has recommended a subsidy appropriation of \$50,000,000 for the OPIC direct and guaranteed loan credit programs, and it has recommended \$33,000,000 for administrative expenses.

The Committee has continued prior year language required by the Federal Credit Reform Act and addressing representation expenses and availability of funds.

The changing global investment climate in the face of the East Asian crisis makes the role of OPIC more vital while potentially increasing the possibility of losses, if workouts cannot be arranged. The Committee expects the management of OPIC to continue to

consult closely with the Committee as it reacts to the trade and investment crisis in several regions.

The Committee requests that OPIC, in consultation where feasible with the Department of the Treasury, provide it with three specific one-time reports on East Asia, on the People's Republic of China and on Vietnam, within the time frame specified:

1. As soon as possible, but not later than 30 days following House passage of this bill, a report on any and all steps planned or considered by the Government of the United States and the Government of the People's Republic of China regarding the restoration of OPIC programs suspended following the 1989 Tiananmen Square massacre;
2. Not later than 45 days following House passage of this bill, a detailed report on the amount, type, and investment location of pending claims and potential claims known to OPIC;
3. Not later than 6 months of enactment of this bill, a report on the progress made by the Government of Vietnam to meet worker rights requirements specified in the Trade Act of 1974, including a list of U.S. companies operating in Vietnam with OPIC support, and comprehensive summaries of all internal reports by OPIC on its monitoring of compliance with worker rights provisions in OPIC contracts.

The report on China should include, but not be limited to, an assessment of China's respect for internationally recognized workers rights in the PRC, as required by the Trade Act of 1974.

The managers strongly support the efforts of the Overseas Private Investment Corporation to encourage development of Caspian oil and gas pipelines as key components of an East-West transport corridor. Such pipelines will strengthen U.S. national interests by bolstering the independence of the new independence states in the Caspian region, enhancing energy security of the U.S. and its allies, and providing commercial opportunities for U.S. companies. The managers urge OPIC to play an active and supportive role in fulfilling the financial conditions required for construction of these pipelines. The managers further encourage OPIC to bring its creativity and innovation to bear and to increase its internal project limits on political risk insurance and investment finance for these importance projects, subject to appropriate underwriting practices and financial due diligence and consistent with its self-sustaining charter.

FUNDS APPROPRIATED TO THE PRESIDENT

TRADE AND DEVELOPMENT AGENCY

Fiscal year 1998 level	\$41,500,000
Fiscal year 1999 request	50,000,000
Committee recommendation	41,500,000

The Committee has recommended funding for the Trade and Development Agency at the current level of \$41,500,000. This reduction from the request is made because of limited budgetary resources.

The Committee believes that this export agency has made significant contributions to non-traditional American exports in the service sectors such as consulting engineering. It is beginning to move

away from its previous status as an all-grant agency. The Committee commends TDA for its leadership in promoting United States trade and investment in the Caspian Sea region and in Turkey.

TITLE II—BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

AGENCY FOR INTERNATIONAL DEVELOPMENT

The Committee, in order to give the President more flexibility, has recommended funding two accounts for development assistance programs currently administered by the Agency for International Development. As in fiscal year 1998 and as requested in the President's budget, the bill provides for an overall development assistance account and an account for child survival, children's basic education, and disease prevention and treatment activities. The only structural change from the budget request is that funding for the United Nations Children's Fund (UNICEF) is included in "Child Survival and Disease Programs Fund" in fiscal year 1998 and in the Committee recommendation for fiscal year 1999. The budget request of the President proposes to fund the voluntary contribution for UNICEF in "International Organizations and Programs".

CHILD SURVIVAL AND DISEASE PROGRAMS FUND

Fiscal year 1998 level	\$650,000,000
Fiscal year 1999 request (under fiscal year 1998 account structure)	602,836,000
Committee recommendation	650,000,000

The Committee has recommended \$650,000,000 for "Child Survival and Disease Programs Fund". It includes bilateral programs intended to reduce infant mortality and improve the health and nutrition of children, especially in the poorest nations, as well as the second year of a \$50,000,000 annual initiative to eliminate or drastically reduce the incidence of infectious diseases such as polio, tuberculosis, HIV/AIDS, yellow fever, malaria, and measles. It also includes \$105,000,000 for the annual United States contribution to the United Nations Children's Fund (UNICEF), as well as funding for children's basic education at not to exceed \$98,000,000.

Funding for child survival activities, basic education, and non-child disease programs should be allocated as follows:

Child survival activities	\$245,000,000
Non-child diseases	152,000,000
Children's basic education	98,000,000
Grant to UNICEF	105,000,000
Communicable Diseases Initiative	50,000,000
	<hr/>
Total in this account	650,000,000
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Child survival in Egypt-ESF and disaster assistance	55,000,000
	(approximate)
Basic education in other accounts	12,000,000
	<hr/>
Total in all accounts	717,000,000

Funds in this account may be used for activities in the New Independent States of the Soviet Union, Eastern and Central Europe, as well as other developing countries in other regions of the world. Funds would not be used for noninfectious adult diseases.

Of the funds provided in this account, \$105,000,000 shall be provided as a contribution in grant form to the United Nations Children's Fund. However, this does not preclude the Agency for International Development from providing additional funding for specific UNICEF projects as may be appropriate.

The Committee intends that child survival funds in this account be used for traditional child survival programs. A significant proportion of these funds should be used for activities whose primary purpose is to reduce child morbidity and mortality.

The total for bilateral child survival programs from all accounts should be a minimum of \$300,000,000 in fiscal year 1999, excluding funds which are provided from the Communicable Diseases Initiative. In order to provide the Agency for International Development with administrative flexibility, the Committee recommendation does not specify the amount of funds within the Communicable Diseases Initiative that should be focused on diseases that primarily affect children. However, the Committee intends a majority of the funds for this initiative should be provided for research, treatment, and prevention activities associated with childhood diseases. It commends the Agency for International Development for its responsive and transparent implementation of the initial year of funding for the Communicable Diseases Initiative.

The Committee is including bill language that prohibits the use of any funds in this account for nonproject assistance, or cash grants to governments. The provision of cash grants as general budget support for governments is no longer an appropriate development tool, given current funding constraints. To the extent that cash grants are necessary for countries in transition or for specific foreign policy goals, funds are available through the "Economic Support Fund" and "Development assistance".

COMMUNICABLE DISEASES INITIATIVE

The Committee recommendation includes a second installment of \$50,000,000 for a Communicable Diseases Initiative. This initiative is intended to respond to the dramatic increase in, and resurgence of, communicable diseases affecting both children and adults. Within the United States, there have been confirmed reports of yellow fever and malaria, diseases which infected millions earlier in our history. Of those deaths attributable to malaria throughout the world, 85 percent of the victims are children. In addition, measles continues to cause the deaths of millions of children throughout the world on an annual basis. Finally, experts are recognizing that acute respiratory infections (ARI) are, after malnutrition, the biggest killers of children on the planet.

The Committee believes this initiative is not only good for the children of the world, but it will help prevent the spread of these diseases to our shores. To the extent that this initiative to control communicable diseases in developing countries is successful, American children will enjoy healthier and better lives.

ERADICATION OF POLIO

The Committee recommendation includes \$25,000,000 for the program initiated by the Committee in fiscal year 1996 to eradicate polio. Funds should be used to provide for the delivery of vaccines, and the development of the infrastructure necessary to implement the program. This funding is meant to be in addition to the resources for the regular immunization program of the Agency for International Development and is intended to supplement other related activities. The Committee has been informed by Rotary International and other collaborators in this effort that polio could be eradicated during the year 2000.

TUBERCULOSIS

The Committee continues to be concerned about the global tuberculosis (TB) epidemic. This disease could result in the deaths of up to 30,000,000 people in the next decade. In addition, the Committee notes the threat to the United States from this disease due to international travel and immigration. Therefore the Committee recommends that a significant increase be provided to programs and activities involving tuberculosis and other acute respiratory infections in fiscal year 1999.

In that regard, the Committee notes that the Gorgas Memorial Institute is developing a regional TB control initiative designed to address the major issues in reducing the global TB epidemic—training, operational improvement, and new approaches to disease control. The Committee supports this initiative, including the establishment of regional TB control activities in Latin America and Southeast Asia.

The Committee has been made aware of a particularly threatening outbreak of tuberculosis along the border between Mexico and Texas. The Texas Department of Health has developed a comprehensive binational, multiagency approach that is designed to protect Americans from the spread of TB. The Committee directs USAID to work with the Department and to fund a substantial percentage, not to exceed \$10,000,000 of the United States share of this binational effort. The Committee requests that USAID provide it with a brief written report on its proposed role in the binational effort within 120 days of enactment of this bill.

MULTIPLE DRUG RESISTANT TUBERCULOSIS

Although new incidents of tuberculosis in the United States have declined in recent years, the global incidence is being fed by an alarming high rate of multiple drug resistant tuberculosis (MDRT). This global trend is beginning to affect the United States. In 1997, thirty-nine percent of a total of 19,851 cases reported to the Center for Disease Control were reported from foreign-born persons.

Multiple Drug Resistant Tuberculosis, which can be virtually untreatable, is almost entirely preventable, because it is usually associated with an inadequate or poorly managed national tuberculosis programs. A poorly managed national tuberculosis program is worse than no program. The World Health Organization and the CDC recognize that the most effective way to improve the situation

and prevent MDRT is to promote effective tuberculosis programs worldwide.

The Committee believes that the Agency for International Development, in its mission to meet congressional objectives, should work to utilize and extend the expertise of the existing peer-reviewed CDC-funded multi-disciplinary Tuberculosis Model Centers in mounting a major program to improve national tuberculosis therapy worldwide.

VITAMIN A, VITAMIN C, IODINE AND MICRONUTRIENT DEFICIENCY

The Committee supports continuation of programs for vitamin A and C deficiency, iodine deficiency and other micro-nutrient deficiencies and supports continuing these programs at least at the 1998 recommended level of \$25,000,000.

The Committee notes that iodine deficiency disorder is the leading preventable cause of mental retardation in children. It is the Committee's understanding that Kiwanis International has joined forces with UNICEF to eliminate iodine deficiency throughout the world by the end of the year 2000. Private funding raised by Kiwanis International is already saving more than 5,000,000 children from mental retardation in 55 countries.

The Committee directs the Secretary of State, in order to help meet the goals of the year 2000, to provide a minimum of \$2,000,000 through UNICEF in support of the Kiwanis effort to eliminate iodine deficiency disorder.

GLOBAL HIV/AIDS PREVENTION AND CARE

According to the World Health Organization and UNAIDS, the prevalence of HIV/AIDS infection is about 30 percent greater than previously believed. About 5,800,000 adults and children were newly infected with HIV in 1997, raising the total cumulative infections from 36,000,000 in 1996 to over 42,000,000 in 1997. This represents a one-year increase of more than 15 percent. During 1996, approximately 1,000 children around the world died each day of AIDS, while another 1,000 became newly infected.

Funding for the United States global HIV/AIDS program has not increased since 1993. In light of the updated and alarming HIV prevalence estimates, the Committee strongly recommends that not less than \$125,000,000 be provided for global HIV/AIDS prevention and care programs. This number is far below the 15 percent increase warranted by the corresponding increase in the pandemic.

Non-governmental organizations that have "on the ground" prevention and care programs in communities affected by HIV are important resources for AID to utilize. In addition, it is essential to maintain support for UNAIDS, at least at its current level. USAID is encouraged to continue to involve domestic groups working on HIV in international AIDS prevention and care efforts when appropriate.

The Committee is concerned about the lack of formal coordination among federal agencies on global HIV/AIDS efforts. Accordingly, USAID is requested to submit a report to the Committee by February 1, 1999, on the status of efforts to coordinate federal global HIV/AIDS activities, taking into special account research under-

taken with the Centers for Disease Control and the National Institutes of Health.

DISPLACED CHILDREN

The Committee continues to support programs to help the more than 100,000,000 children worldwide who are displaced and/or have become orphans. The Committee has placed a priority on the needs of these children and recommends that funding for the displaced children and orphans fund in fiscal year 1999 be no less than \$12,000,000, including at least \$2,000,000 from "Assistance for the New Independent States of the Former Soviet Union".

BASIC EDUCATION FOR CHILDREN

The Committee is keenly aware that a child's education provides an enduring opportunity for a healthier, more productive life. The highest poverty rates are found in nations with the lowest education and literacy levels. There is ample evidence in research and practice that investment in basic education, particularly in girls' education, provides the critical link to improved family health, enhanced status of women, reduced child labor, and greater political participation. Education also builds the capacity countries require to benefit fully from trade and development opportunities. The Committee recommends that the Secretary of State establish a target funding level for children's basic education of \$110,000,000, of which \$98,000,000 would be derived from the Child Survival and Disease Programs Fund and the remainder from the Economic Support Fund and regional accounts.

Studies made available to the Committee have demonstrated that in developing countries the greatest progress has been made in reducing exploitative child labor where free and compulsory schooling is widely available. The Committee urges USAID to commit substantial resources—\$5,000,000 is recommended—to programs designed to expand universal access to free and compulsory basic education for children who are trapped in exploitative child labor.

An example of the link between the availability of affordable education and exploitative child labor is Kenya. It was one of the first African countries to adopt a free and compulsory basic education system. Unfortunately, access to primary education in Kenya is no longer free in practice, due to bad governance and economic deterioration. As a result, there has been a resurgence of child labor. Children now constitute an estimated 70 percent of the workers in Kenya's coffee plantations.

PAN AMERICAN HEALTH ORGANIZATION

The Committee continues to support funding for programs in Latin America and the Caribbean. The Pan American Health Organization promotes health programs throughout the region and supports programs that benefit citizens in countries in the region and citizens of the United States. The Committee urges USAID to fund programs in the region through PAHO and to work with PAHO on emerging diseases and other issues of interest to the United States.

DEVELOPMENT ASSISTANCE

(INCLUDING TRANSFER OF FUNDS)

Fiscal year 1998 level	\$1,210,000,000
Fiscal year 1999 request	1,265,798,000
Committee recommendation	1,174,000,000

The Committee has recommended \$1,174,000,000 for a general account for development assistance. The amount recommended is \$36,000,000 less than the amount provided in fiscal year 1998. However, after adjusting for the grants to the Inter-American and African Foundations funded through this account in fiscal year 1998, the Committee recommendation provides the same program level in 1999 as in 1998. As a result, the Committee directs that the Latin America and the Caribbean region, and the Sub-Saharan Africa region, receive funding allocations in 1999 that are at least equal to the allocations provided in 1998. Funding in this account includes activities for agriculture, rural development, population, adult literacy and adult basic education, environment, energy, science and technology and other programs related to longer-term development.

RESTRICTIONS ON USE OF POPULATION FUNDS

The Committee has continued prior year language in the bill that requires that none of the funds appropriated in this bill, or any unobligated balances, be made available to any organization or program which, as determined by the President, supports and participates in the management of a program of coercive abortion or involuntary sterilization. The bill language also states that funds cannot be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions. Further, the language indicates that in order to reduce reliance on abortions in developing countries, population funds shall be available only to voluntary family planning projects which offer, either directly or through referral, information about access to a broad range of family planning methods and services. An additional provision in the bill requires that in awarding grants for natural family planning under section 104 of the Foreign Assistance Act, no applicant shall be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning.

The Committee has also continued prior year language that states that nothing in the development assistance account portion of the bill is to alter any existing statutory prohibitions against abortion which are included under section 104 of the Foreign Assistance Act.

The Committee is also recommending the continuation of bill language to prohibit the use of funds for any activities in contravention of the Convention on International Trade in Endangered Species (CITES) in order to address concerns that AID funded activities in Zimbabwe are contributing to trade in elephant ivory.

Bill language is also recommended to allow for the transfer of \$2,500,000 from this account to "International Organizations and Programs" in order to provide for a grant to the International Fund for Agricultural Development (IFAD) as part of the U.S. contribu-

tion for the fourth replenishment. The Committee notes that IFAD continues to work successfully to help eradicate poverty, hunger, and malnutrition in rural areas in the developing world, especially among women. The Committee views agricultural development as one of the most important means to bring about economic growth in developing countries, and urges AID to seek ways in which it can increase collaboration with IFAD, in order to enhance its own programs in agriculture. One area the Committee recommends that AID consider is IFAD's "Microfinance Capacity-Building Grant Initiative". This initiative will help to create an environment in which microcredit projects, such as those conducted by AID, would be more effective. In addition, AID would have the opportunity to work with IFAD in efforts to combat desertification around the world.

LATIN AMERICA AND THE CARIBBEAN

The Committee is pleased the Agency for International Development responded to last year's report language urging that greater emphasis be provided for programs in the Latin America and the Caribbean region. The Committee reiterates its intention that the allocation of funds for this region through this account and through the "Economic Support Fund" should be at least at the 1998 level.

The Committee also supports the ongoing activities of the Caribbean Law Institute, which has done important work in commercial law reform in the Caribbean over the past decade. The Committee urges AID to continue this work, and to consider expanding the scope of the efforts of the Institute to bring consistency to commercial law in the Caribbean as a means of furthering U.S. trade opportunities. The agency should also review a proposal by the Trade/Cultural Center at Florida Memorial College for trade and economic development activities in the Caribbean.

LATIN AMERICA AND THE CARIBBEAN: EL SALVADOR

The Committee supports the continued and, if possible, enhanced funding of programs to implement the peace accords in El Salvador. The Committee encourages AID to continue to fund programs that promote democratic institutions, sustainable development, and rural poverty reduction, and that help build lasting solutions to the problems underlying the former conflict.

LATIN AMERICA AND THE CARIBBEAN: PARKS IN PERIL

The Committee notes its strong support for the existing AID Parks in Peril program, a partnership with the private sector to promote biodiversity conservation in imperiled ecosystems throughout Latin America and the Caribbean. Parks in Peril has worked at 29 sites in twelve different countries, helping to protect 18,000,000 acres of land. The program has made significant progress in turning "paper parks" into genuine protected areas, to the extent that 14 sites have been "consolidated" from the program; central AID funding is being phased out to those sites, and the program is shifting its successful methodology to 8 new locations. Since its inception, Parks in Peril has received \$27,500,000 from central AID funds, \$5,000,000 from the Nature Conservancy, and

has leveraged more than \$10,000,000 from foreign private sources and foreign governments.

LATIN AMERICA AND THE CARIBBEAN: NEOTROPICAL MIGRATORY BIRDS

The Committee recommends that \$750,000 in fiscal year 1999 be provided to the National Fish and Wildlife Foundation for continued implementation of the Neotropical forest and grassland migratory bird conservation initiative. The decline in populations of Neotropical migratory birds has been linked to habitat loss and degradation in Central America and the Caribbean. Recent scientific evidence suggests that further decline of these 350 species could pose significant domestic agricultural problems, as these birds play a significant role in control of forest and agricultural pests. The Committee urges AID to make this program part of its budget request for fiscal year 2000 in order to provide the year-to-year continuity required to fully implement this program.

LATIN AMERICA AND THE CARIBBEAN: CORPS OF ENGINEERS

The Committee is concerned that the State Department and AID still have not utilized the planning, engineering and design, environmental, and technical capabilities of the U.S. Army Corps of Engineers, particularly in Latin America where the Corps has existing field offices in Honduras, El Salvador, Panama, Colombia, Bolivia, and Peru. A partnership between the Corps and USAID which takes advantage of these capabilities can significantly contribute to the strategic interests of the United States. The Committee intends that the State Department and AID use the Corps to support such activities as: child survival (water and sanitation); development assistance; disaster assistance; transitional initiatives; and narcotics control and interdiction. Further, the Committee expects that the Department of State and AID should not establish additional engineering capabilities for activities that can be accomplished by the Corps. The Committee requests that AID and the Department of State report separately within 30 days of enactment into law of this Act regarding plans to develop programs with the Corps during fiscal year 1999, including steps to develop a Memorandum of Agreement with the Corps.

AFRICA: HORN OF AFRICA

The Committee is concerned about the severe effects of the 1997-1998 El Nino event on food security and health in the developing world, especially Africa. The International Research Institute for Climate Prediction (IRI) has been highly successful at predicting the global impact the El Nino phenomenon. The Committee notes the efforts of IRI to provide assistance to AID's Office of Foreign Disaster Assistance in predicting likely effects of weather patterns on Africa—especially the Greater Horn of Africa region. To further this important work, the Committee recommends that AID commit \$500,000 for the implementation of a modeling effort focused on climate impacts on water, including both water supply and water-borne diseases, and agriculture, in collaboration with the Nairobi Drought Monitoring Center.

AFRICA: BURUNDI

The Committee is concerned about human rights abuses in Burundi and the flow of arms to the belligerents in that country. The Committee notes the reactivation of the International Commission of Inquiry (UNICOI), the mandate of which is to investigate arms flows to the Rwandan former military forces and associated militia. The Committee urges the Administration to consider proposing an extension of the Commission's mandate to include Burundi.

AFRICA: SOUTH AFRICA

The Committee has included bill language that conditions assistance to the central government of South Africa on a report from the Secretary of State on steps being taken by the U.S. Government to negotiate the repeal, termination, or suspension of section 15(c) of the Medicines and Related Substances Act No. 90 of 1997, which allows the Minister of Health to expropriate, without notice or consent, the patent rights of pharmaceutical companies operating in South Africa.

The Committee is concerned that section 15(c), by depriving companies of all patent rights, including protection against third party importation of patented goods, puts at risk the substantial investment of the U.S. pharmaceutical industry in South Africa, which employs more than 17,000 South Africans and generates \$3,000,000,000 to \$4,000,000,000 in income on an annual basis. In addition to threatening an important economic relationship, section 15(c) potentially threatens the health of the historically disadvantaged population the Medicines Act aims to protect—if counterfeit and substandard products are allowed on the market.

The Committee is also concerned about South Africa's commitment to its international obligations. Patent rights on which pharmaceutical companies rely are guaranteed by the World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), to which South Africa is a signatory. Section 15(c), if given effect, establishes a disturbing precedent for the erosion of intellectual property rights in South Africa, perhaps in sectors beyond pharmaceuticals. Weakening such rights in any field is certain to restrict South Africa's ability to attract vitally needed foreign investment. If private sector confidence is not restored in South Africa, the Committee fears there will be a greater need in the future for bilateral economic assistance. Repeal or terminating the implementation of section 15(c) would be a positive step.

AFRICA: SUDAN

The Committee directs AID to use development and disaster assistance funds for capacity building purposes in areas of southern Sudan outside the control of the government of Sudan. The Committee strongly encourages AID to make funds available to non-governmental organizations for this purpose. The Committee expects that these funds will not be used in areas controlled by southern factions that continue to cooperate with the Government of Sudan. Similar language was included in last year's report, and although funds have been identified for this purpose they have yet

to be obligated. The Committee urges the agency to move forward with assistance to these areas.

The Committee expects AID to immediately develop a plan to make funds available (through this account or through "Disaster assistance", including costs for transportation) for organizations attempting to distribute humanitarian assistance in areas of southern Sudan not served adequately by other international organizations or the UN-sponsored "Operation Lifeline Sudan". Such areas include the Bahr-el-Ghazal region, the Nuba Mountains, and the El-Obeid region.

PRIVATE AND VOLUNTARY ORGANIZATIONS

The Committee has continued prior year language that requires that private voluntary organizations obtain not less than 20 percent of their total funding from sources other than the United States Government. In addition, the Committee has continued language from the 1998 act stating that support for private voluntary organizations should be made available at a level at least equivalent to that provided in fiscal year 1995.

The Committee continues to strongly support adequate funding, at least at last year's level, for the Office of Private and Voluntary Cooperation (PVC) which leverages private resources by PVOs and cooperatives. This office supports PVO microenterprise, child survival, vitamin A and micronutrient grants; strengthens cooperative development efforts; and administers the PL 480-funded Farmer-to-Farmer program.

As AID exits countries, PVOs and cooperatives can help to promote lasting impacts from the investment by U.S. taxpayers from development programs. The Committee directs PVC to help AID missions in the preparation of exit strategies for closeout countries to fully utilize the people-to-people partnerships between PVOs and cooperatives with local organizations to assure on-going and sustainable impacts. The office should be able to maintain highly targeted and modest programs in closeout countries to maintain these relationships and share lessons—learned with nearby AID recipient countries.

ENERGY

The Committee urges that the Office of Energy, Environment, and Technology be funded at an adequate level, no less than its fiscal year 1998 budget. The Office promotes United States industrial leadership in the areas of power sector privatization, innovative technologies to reduce pollutants from fossil fuels, and renewable energy. The Committee reaffirms its support for improved efficiency in energy production and use, especially in fossil fuels, recognizing that growing economies will require additional capacity for power generation from a wide range of sources.

The Committee again recommends AID continue funding for projects which promote power sector efficiency, energy efficiency, and renewable energy, recognizing U.S. industrial leadership in these areas.

The projects should be developed and carried out in collaboration with U.S. industry and should be located in countries with the greatest potential for early success, without regard for the presence

or absence of an AID field mission. Included in these efforts should be host country institutional capacity building, legal or regulatory reform, project preparation, innovative project financing, trade and reverse trade missions, training, and technology transfer and collaboration.

Although energy programs in India have been suspended, the Committee requests that AID not make a final decision on the status of such activities until Congress has addressed the issue of sanctions later this session.

The Committee is also concerned about the impact on the United States of energy activities in other countries. In that regard, the Committee reiterates its concern about particle emissions being generated by Mexican power plants that are contributing to decreasing visibility in the Big Bend region of Texas. The Committee urges the Department of State to obtain the consent of the Mexican government for the use of taggants in order to begin the Big Bend Aerosol and Visibility Observational (BRAVO) study during fiscal year 1999.

BIODIVERSITY

Despite consistent urging by the Committee to make biodiversity a priority, AID funding for this activity has declined relative to climate change and urban environment programs. This decline should be reversed. The Committee strongly supports continued AID funding for biodiversity conservation in developing countries. The protection of global biodiversity is critical to our security and economic prosperity, and is particularly vital for American agricultural and pharmaceutical industries. Such conservation activities should continue to emphasize the use of non-government organizations (NGOs) as a cost-effective means of delivering development assistance through cooperative agreements and grants. The Agency for International Development, through NGO partnerships, should remain active in regions and countries that are significant for global biodiversity.

The Committee also supports the work of the International Cooperative Biodiversity Program (ICBP), a joint effort of the National Institutes of Health, the National Science Foundation, and the Agency for International Development. The Committee recommends that AID provide support for this program during fiscal year 1999.

HUMAN RIGHTS AND DEMOCRACY

The Committee is concerned that AID give adequate weight to the human rights and governance practices of recipient countries, including as reported in the Department of State's annual Country Reports on Human Rights Practices. Although the Committee believes that need and U.S. foreign policy goals should be the primary criteria for determining whether or not a country should receive assistance, the Committee also believes that the assistance will have a far greater change of truly helping the citizens of those countries which respect the rule of law and the rights of their people. To this end, AID should continue to give weight to the record of human rights and democratic development of proposed recipient countries in the distribution of assistance provided under this act.

WOMEN IN DEVELOPMENT

The Committee recommends that \$15,000,000 be provided for AID's Office of Women in Development (WID). Studies show that investing in poor women and their daughters yields important benefits for the entire family and is crucial to reducing hunger and poverty worldwide. Educating girls has been shown to have a positive effect on family earnings as well as farm productivity, and in the long term, educating girls can help reduce child and maternal mortality. Child survival rates increase when income is in the hands of the mother.

The Committee requests a report from AID, no later than January 15, 1999, on the plan of action initiated two years ago to ensure that women were not overlooked in determining the allocation of foreign aid funds. The report should include, among other things, information on whether and how women may be gaining better access to AID's credit, health and education programs and the extent to which the agency has implemented recommendations to collect field data on women.

The Committee supports the vital work of training women to be empowered in the political process, especially in emerging democracies. The Committee requests USAID to use Women's Campaign International's expertise in this area.

MICROENTERPRISE

The Committee recommends that microenterprise funding be provided at least at a program level of \$135,000,000, the 1998 level, and urges additional funding to the maximum extent possible. In this regard, the Committee supports the use of additional local currency funds beyond the approximately \$20,000,000 provided in each of the past several years.

This program has proven its effectiveness in promoting economic growth in the poorest countries. Of these funds, at least fifty percent shall be devoted to poverty lending programs, and a significant portion should be channeled through central mechanisms such as nongovernmental organizations. For purposes of implementing this program, poverty lending programs are defined as loans of under \$300 made to the poorest fifty percent of those living below the poverty line, or the institutional development of organizations primarily engaged in making such loans. The Committee also directs that AID establish a monitoring system in order to ensure that the poverty lending goals of the program are met.

AMERICAN SCHOOLS AND HOSPITALS ABROAD (ASHA)

The Committee recommends, and expects AID to provide, \$15,000,000 from the funds provided in this Act for the American Schools and Hospitals Abroad (ASHA) program in fiscal year 1999. The Committee directs that none of these funds be reserved for programming in any future fiscal year. All funds are to be allocated and obligated in fiscal year 1999. The Committee further expects that support will be continued for traditional recipients of funding in countries such as Lebanon, Israel, and Egypt. In addition, funds should be made available for other deserving institutions as part of a competitive process.

In addition, the Committee recommends that AID continue involving community colleges and Hispanic Serving Institutions (HSI's) in the delivery of vocational and occupational education and training elements of development assistance projects.

The Committee urges that AID carefully review the needs of American educational institutions in Lebanon. These institutions support our foreign policy goals by enhancing U.S.-Lebanon ties, promoting American exports, encouraging a unified Lebanese identity, promoting free Western thought, and contributing to Lebanon's economic development by strengthening Lebanon's human resources. The Committee urges AID to commit additional resources to American educational institutions in Lebanon.

The Committee also requests that AID review a proposal by University College, Dublin, for an American studies center.

CASS SCHOLARSHIP PROGRAM

The Committee supports scholarship programs known as the Co-operative Association of States for Scholarships (CASS), and recommends that AID continue funding for CASS at the level proposed for fiscal year 1999.

AGRICULTURE

As noted in last year's report, the Committee continues to be concerned about the decline in funding for international agriculture. The Committee believes that agricultural development is one of the keys to overall economic development. Significantly more than half of the developing world's population is engaged in agricultural production. Any assistance that can be provided in this area will have a tremendous impact. If agricultural production is improved and increased, not only is there a positive economic impact, but many more rural poor are able to overcome the rampant hunger and malnutrition experienced by many children, women and men in developing countries. International agricultural development is also supported by many important members of the U.S. agricultural industry, including agribusiness, farmers, and universities, because of the long-term benefits of developing and expanding export markets for U.S. goods and services.

The Committee notes that AID has included agricultural development as one of its major goals for the coming year, and strongly supports increasing the allocation for agricultural programs in "Development assistance" and in the other accounts administered by AID. Prior to the submission of the report required by section 653 of the Foreign Assistance Act, AID is directed to consult with the Committee regarding the proposed allocation of sectoral resources, including those intended for agriculture.

COLLABORATIVE RESEARCH SUPPORT PROGRAMS

The Committee supports the continuation, at least at the fiscal year 1998 level of \$18,050,000, of the nine existing collaborative research support programs (CRSPs). This amount should exclude the funds allocated for title XII management support, allowing for an effective increase in funding of \$1,000,000. The Committee notes that funding for CRSPs was reduced during fiscal year 1998, and

expects this decline to be reversed. The Committee recognizes the importance of the CRSP programs for: (a) their impact on food security in some of the poorest areas of the world; (b) their contribution to preparing new markets for U.S. technology and agribusiness; (c) their effectiveness in training students from development countries and the U.S. to be credible participants in global issues; (d) the contributions of their research in the U.S. as well as abroad; and (e) their unique attribute of involving the private sector in research and development activities world-wide.

The Committee also supports the continuation of related agricultural research through ABSP, the Food Security Initiative, and the Post-Harvest Collaborative Agribusiness Support Program.

U.S./ISRAEL COOPERATIVE PROGRAMS

The Committee expresses its disappointment over the decline in funding for the US/Israel Cooperative Development Program (CDP) and Cooperative Research Program (CDR). These are important programs but program levels have been declining since 1995. The Committee urges the Administration to restore funding for CDR/CDP to the previous level, with the same split in funding between the two accounts.

INTERNATIONAL FERTILIZER DEVELOPMENT CENTER

The Committee strongly supports the fertilizer-related research and development being conducted by the International Fertilizer Development Center (IFDC), and directs the Administrator of AID to make at least \$2,000,000 available for the core grant to IFDC.

DAIRY DEVELOPMENT

The Committee continues to support dairy development, and recommends that the Agency for International Development fund this program at a level of \$8,000,000. The Committee intends that AID should implement projects under this program that help U.S. dairy producers and companies to prepare for a more competitive international market as GATT provisions continue to lower domestic U.S. and European subsidies for dairy products.

Through directly engaging the U.S. dairy industry the program has prepared American companies to enter new markets while providing technical assistance to potential U.S. dairy partners overseas. The program has successfully increased family nutrition and cash income and strengthened linkages between processors and producers through cooperatives and farmer organizations. At the same time, the program has generated major investments by the U.S. dairy industry in animal feeds, cheese production and improved forage seeds. It has helped promote U.S. brand dairy products in emerging markets especially in Central Europe where competition from European companies is very strong.

DEVELOPMENT OF CREDIT UNIONS AND COOPERATIVES

The Committee strongly supports maintaining central funding, at least at the current level, from the Office of Private and Voluntary Cooperation to enable United States cooperatives and credit unions to share their self-help business approaches with developing and

market transition countries. This office should better utilize cooperative approaches to strengthen the ability of NGOs to become self-sustainable through carrying out income generating activities.

In the highly atomized societies of Central Europe and the NIS, cooperative and credit union approaches are particularly important to achieve better association forms of behavior. They provide a means for those left out of market transitions or faced with newly privatized state monopolies to work together in group-based businesses. Farmer-to-farmer and similar programs by U.S. credit unions and cooperatives have been particularly helpful in providing hands-on assistance.

Credit unions and cooperatives provide more microenterprise loans worldwide than all other types of financial institutions. They are a means to mobilize savings and equity, and to provide small business loans without the need to be capitalized by outside donors. The Committee directs the Office of Microenterprise Development to better utilize U.S. cooperative development and credit union organizations in achieving more sustainable microenterprise approaches.

The Committee requests that AID review the proposal of Opportunities Industrialization Centers, International (OIC) for a continuation of its cooperative agreement to enable the organization to make the transition to private sector support.

FELLOWS PROGRAMS

The Committee is aware that AID provides funding for a number of fellows programs. None of these fellows are AID direct hires; all receive a salary and benefits for up to two years for the activities they are conducting abroad. In many cases, the fellows are not placed with AID offices or missions. In addition, of the 42 individuals funded through the current population fellows programs, 16 have been placed in the developed world in such places as Washington, New York, Geneva, and London.

The Committee does not support the use of scarce development assistance funds for the support of fellows in the developed world. Further, the Committee directs the agency to conduct a review of all fellows programs to determine, among other things, whether the current level of funding for such fellows programs is appropriate, and whether the fellows programs contribute directly to AID's mission and strategic objectives.

The agency is requested to report on its findings in this regard no later than February 1, 1999.

INTERNATIONAL EXECUTIVE SERVICE CORPS

The Committee supports the work of the International Executive Service Corps (IESC), which utilizes volunteers to help developing countries in the areas of business development. For fiscal year 1999 the Committee strongly urges AID to provide IESC with the level allocated for fiscal year 1998 in order to ensure the continued availability of IESC services.

VICTIMS OF TORTURE

The Committee recommends that AID make best efforts to allocate \$5,000,000 to support treatment centers for victims of torture. It is further requested that, no later than December 1, 1998, AID report to the Committee on its implementation of this recommendation.

ECONOMIC GROWTH INITIATIVE

The committee encourages the Global Bureau's Economic Growth Center to increase its outreach services and promote additional links with state trade organizations in order to accelerate dissemination of business/trade opportunities from USAID-assisted emerging markets to U.S. firms, especially small and medium-size enterprises.

INTERNATIONAL DISASTER ASSISTANCE

Fiscal year 1998 level	\$190,000,000
Fiscal year 1999 request	205,000,000
Committee recommendation	150,000,000

The Committee has recommended \$150,000,000 for the International Disaster Assistance account, \$40,000,000 below the 1998 level and \$55,000,000 below the request.

Although the recommendation is \$40,000,000 below the 1998 level, it is only \$10,000,000 below the level available directly for international disaster assistance activities. The Agency for International Development allocated the Office of Transition Initiatives \$30,000,000 from this account in 1998, an increase of \$5,000,000 over the 1997 level. This increase was absorbed by a reduction of \$5,000,000 in international disaster activities, and the Committee was informed of this reduction only after it had occurred.

The Committee also notes that appropriations for this account have varied widely over the past ten fiscal years, from a low of \$25,000,000 to the current level. It is a contingency account, not a program account, but has been increasingly treated as a program account over the past several years.

Section 492(b) of the Foreign Assistance Act provides the President with the authority to obligate up to \$50,000,000 from other development assistance accounts in order to provide disaster assistance, if needed.

KOSOVO

The Committee strongly condemns the large-scale police and paramilitary attacks against the people of Kosovo carried out by the government of Serbia. The Committee strongly supports a peaceful resolution of the conflict and supports the efforts of the Administration to end hostilities. Given the brutal campaign against the people of Kosovo, the Committee recommends at least \$10,000,000 be provided for disaster assistance activities. Additional resources for refugees from Kosovo are available in the "Migration and Refugee Assistance" account of the Department of State.

The Committee notes that the Parliamentary Assembly of the Organization on Security and Cooperation in Europe, with unani-

mous support of the United States delegation, adopted a resolution condemning the actions in Kosovo and calling for, among other things: the immediate withdrawal of Serbian special police units and the end of operations against the civilian population of Kosovo, the Belgrade authorities to implement the commitments made in the Moscow Joint Statement of June 16, 1998, negotiations by the parties involved, strong economic sanctions, appropriate action to stop the aggression and protect the people of Kosovo and neighboring countries, and investigation and prosecution by the International Criminal Tribunal for Former Yugoslavia of crimes against humanity committed in Kosovo.

The Committee strongly urges United States support for the investigation and prosecution of war crimes and crimes against humanity in Kosovo by the International Criminal Tribunal in the Hague. The Committee also condemns attacks on innocent Serb civilians in Kosovo and urges the Albanian population in Kosovo to denounce and refrain from any form of violence in the protection and promotion of their rights.

NORTHERN IRAQ

The Committee recommends that funds continue to be provided to refugees and internally displaced persons in Northern Iraq where the Kurdish population and other inhabitants continue to suffer shortages of food and medicine. Due to the tense situation in the area, nongovernmental organizations and private voluntary organizations remain unable to meet these serious needs.

MICRO AND SMALL ENTERPRISE DEVELOPMENT PROGRAM

SUBSIDY APPROPRIATION

Fiscal year 1998 enacted	\$1,500,000
Fiscal year 1999 request	1,500,000
Committee recommendation	1,500,000

ESTIMATED LEVEL OF DIRECT AND GUARANTEED LOANS

Fiscal year 1998 enacted	(\$49,000,000)
Fiscal year 1999 request	(49,000,000)
Committee recommendation	(49,000,000)

ADMINISTRATIVE EXPENSES

Fiscal year 1998 enacted	\$500,000
Fiscal year 1999 budget request	500,000
Committee recommendation	500,000

The Committee is recommending \$1,500,000 in a subsidy appropriation for the micro and small enterprise program. This level is the same as the 1998 enacted level and the budget estimate.

The proposed level of funding will provide \$49,000,000 in direct loan and loan guarantee authority.

In addition, the Committee is recommending \$500,000 in administrative expenses, the same as the 1998 enacted level and the budget request.

URBAN AND ENVIRONMENTAL CREDIT PROGRAM ACCOUNT

SUBSIDY APPROPRIATION

Fiscal year 1998 level	\$3,000,000
Fiscal year 1999 request	6,000,000
Committee recommendation	

ESTIMATED LEVEL OF GUARANTEED LOANS

Fiscal year 1998 level	(\$46,000,000)
Fiscal year 1999 request	(68,000,000)
Committee recommendation	

OPERATING EXPENSES

Fiscal year 1998 level	\$6,000,000
Fiscal year 1999 request	6,053,000
Committee recommendation	5,500,000

The Committee has not recommended a subsidy appropriation for the urban and environmental program account for fiscal year 1999. This is \$6,000,000 below the budget request and \$3,000,000 below the enacted level. An appropriation of \$5,500,000 is recommended for operating expenses to maintain the current portfolio. The recommendation is \$500,000 below the enacted level and \$553,000 below the budget request.

Due to budget constraints, the Committee is recommending the termination of this program in order to target scarce development resources on poorer nations. The Committee notes that most countries benefiting from this program have been those that have graduated from AID development assistance, or will soon graduate.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY
FUND

Fiscal year 1998 level	\$44,208,000
Fiscal year 1999 request	44,552,000
Committee recommendation	44,552,000

The Committee has provided the budget request for the mandatory payment to the Foreign Service Retirement and Disability Fund.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL
DEVELOPMENT

Fiscal year 1998 level	\$473,000,000
Fiscal year 1999 request	483,858,000
Committee recommendation	460,000,000

The Committee has recommended funding for Agency for International Development operating expenses at a level of \$460,000,000 which is \$23,858,000 below the Administration's request and \$13,000,000 below the amount provided for fiscal year 1998.

The Committee recommendation continues prior year language limiting funding for publications.

The Committee is recommending a reduction from the budget request in anticipation of higher than expected carryover balances. In the event such balances are not generated through administrative recoveries, the Committee will entertain a request for the realloca-

tion of funds pursuant to the relevant provisions of the Foreign Assistance Act.

NEW MANAGEMENT SYSTEM

The Committee remains very concerned about the status of the New Management System (NMS) at the Agency for International Development, including the AID-Worldwide Accounting and Control System (AWACS). The Committee requests that AID continue to report on a quarterly basis on the status of the New Management System, including the cumulative costs associated with designing, correcting, and implementing the system. Any costs for the NMS above those originally projected for fiscal year 1999 should be subject to review by the Committees on Appropriations. In addition, the Committee requests that the fiscal year 2000 budget justification documents for the Agency for International Development clearly identify the amounts requested for the NMS and its subsystems.

OPERATING EXPENSES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT, OFFICE OF THE INSPECTOR GENERAL

Fiscal year 1998 level	\$29,047,000
Fiscal year 1999 request	33,000,000
Committee recommendation	31,500,000

The Committee has recommended \$31,500,000 for the Office of the Inspector General of AID for fiscal year 1999, \$1,500,000 below the budget request but \$2,453,000 above the fiscal year 1998 level.

The Committee expects the Office of the Inspector General (OIG) to give top priority to the Financial Audit Program, especially its financial statement audits. USAID's failure to fully comply with the Chief Financial Officers Act of 1990 is particularly disturbing, and the Committee commends the Inspector General for his efforts in this regard.

The Inspector General is requested to consult with the Committee no less than four times a year on its activities with regard to the Government Performance and Results Act. The Committee has been informed that the cost of developing performance indicators may be excessive in terms of available USAID personnel and funds, and has delayed program implementation in some instances. The Committee suggests that the OIG review its own performance audit activities with regard to indicators to ensure that they are reasonable in cost and scope and do not detract from its other important activities.

The efforts of the OIG to ensure the safety of USAID personnel in the new Ronald Reagan Building have been noted and appreciated by the Committee. Several possible security issues are not yet resolved, and the Administrator is encouraged to continue to work with the OIG and the General Services Administration to resolve them. Most of the increase in OIG operating expenses between fiscal year 1998 and 1999 is due to increased security costs associated with the move to the Ronald Reagan Building.

NEW MANAGEMENT SYSTEM

The Committee appreciates the efforts of the Inspector General to maintain oversight of the New Management System, and encourages a continuation of these activities in fiscal year 1999.

OTHER BILATERAL ECONOMIC ASSISTANCE

ECONOMIC SUPPORT FUND

Fiscal year 1998 level	\$2,400,000,000
Fiscal year 1999 request	2,513,600,000
Committee recommendation	2,326,000,000

The Committee has recommended a total of \$2,326,000,000 for the Economic Support Fund, an amount that is \$187,600,000 below the request and \$74,000,000 below the 1998 enacted level.

The Committee notes that funds for the Middle East continue to make up the largest portion of this account. Last year the Committee strongly urged the Administration to make every effort to re-allocate these funds in a manner which recognized the fiscal responsibility required by balancing the budget, the many changes which have occurred in the Middle East over the past twenty years, and the new challenges and requirements which are constantly emerging in other parts of the world. The Administration's request for fiscal year 1999 however reflects the status quo, despite the fact that funding constraints on the foreign operations budget have increased over the past year. Nonetheless the Administration has subsequently discussed a number of funding options with the Committee and with the Governments of Israel and Egypt.

ISRAEL

The Committee wishes to commend the Government of Israel for putting forward a historic proposal to eliminate Israel's economic aid over the course of the next decade. Under the strong leadership of Israeli Prime Minister Binyamin Netanyahu, the Government of Israel in 1997 initiated a full review of Israel's future aid requirements. This review culminated in the visit of Israeli Minister of Finance Yaakov Neeman to Washington in February of this year. During his visit Minister Neeman presented on behalf of Prime Minister Netanyahu and the Government of Israel a detailed proposal to significantly reduce Israel's aid over the next decade. The Neeman proposal recognized Israel's remarkable economic growth, technological advances and financial progress, and assumed Israel's ability to finance its own economic requirements in the future. At the same time, the Government of Israel noted that the security situation in the Middle East remains of great concern, particularly with respect to the proliferation of weapons of mass destruction, and therefore defense requirements to meet these challenges will increase in the future. The Committee notes that media reports regarding the transfer of weapons of mass destruction from nations such as Russia, China and North Korea to countries in the region support Israel's concern that these transfers pose an ominous threat to Israel's future security.

After extensive discussions with the Administration regarding all aspects of the Neeman proposal, the Committee recommends the

following modalities for aid to Israel. The Committee believes that a phased reduction in Israel's economic assistance, implemented in equal increments of \$120,000,000 per year, extended over a period of not more than ten years, should begin this fiscal year. This phased reduction will result in the eventual elimination of "Economic Support Fund" assistance for Israel.

The Committee is also convinced that the emerging security threats in the Middle East are significant and warrant increasing military assistance to Israel by \$60,000,000 in fiscal year 1999 with a strong presumption that similar annual increases will be required over the next decade. However, with respect to this recommended increase in military assistance, the Committee must be very clear that it cannot commit future Congresses to the future appropriation of funds. Therefore, future increases in military assistance will require the annual review of the Congress and will necessarily be based upon an assessment of the security situation at the time.

The Committee therefore recommends that not to exceed \$1,080,000,000 in Economic Support Funds shall be provided for Israel, which is \$120,000,000 less than the fiscal year 1998 level and the amount requested by the President. The Committee also requires in bill language that these funds be provided to Israel as a cash grant within thirty days of the signing of this act or by October 31, 1998, whichever is later.

The Committee has retained an overall limit on Middle East spending (section 572) which remains capped at the fiscal year 1997 level of \$5,402,850,000. The Committee intends to initiate a phased reduction in the Middle East cap next year, a reduction which will correspond to the phased reductions in aid to Israel and Egypt which are described in the previous paragraphs. The Committee believes this will provide the Administration with increased flexibility in the allocation of funds in the foreign operations budget for priority activities in other areas of the world.

EGYPT

As part of the Committee's ongoing review of Middle East aid levels, and as a result of budget constraints affecting the international affairs budget, the Committee has engaged in extensive discussions with the Government of Egypt and the Administration regarding appropriate future aid levels for Egypt. As a key friend and ally in the region, Egypt's critical role in the Middle East and essential contribution to the peace process cannot be overstated. It is the Committee's view therefore that changes in aid to Egypt must be implemented in close consultation with the Government of Egypt and in a manner which does not inadvertently undermine the guiding principles of the Camp David Accords. Therefore, while Egypt's economic and security needs are unique and consequently distinctly different from other countries in the region, it is the Committee's view that any significant changes in the composition of Egypt's economic and military assistance should be initiated by the President in close consultation with the Government of Egypt and the Congress. However, the Committee is convinced that Egypt's overall aid levels must be reduced to meet current budget requirements.

The Committee therefore recommends that not to exceed \$775,000,000 in Economic Support Funds be provided for Egypt on a grant basis, which is \$40,000,000 less than the fiscal year 1998 level and the amount requested by the Administration. The Committee believes this forms the basis for similar annual decreases of \$40,000,000 over a period of not more than ten years which will result in a 50% reduction in economic assistance to Egypt. Cash transfer may be provided with the understanding that Egypt will continue to implement significant economic reforms. The Committee also strongly recommends that not less than \$200,000,000 of the funds allocated for Egypt be used for Commodity Import Program assistance. The Committee also strongly encourages the Administration to work with the Government of Egypt to develop mechanisms in the economic, trade and investment areas which will make our assistance to Egypt more flexible and effective. The Committee expects the Administration to consult with the Committees on Appropriations on the outcome of these discussions.

JORDAN

The Committee expresses its continued strong support for and appreciation of Jordan's constructive and critical role in the peace process and encourages the Administration, in close consultation and cooperation with the Congress, to continue its efforts to assist Jordan in both the economic and security areas. The Committee therefore recommends full funding for the Administration's request for Jordan. The Committee also encourages Jordan to continue its ongoing economic reform program which the Committee strongly supports.

PATENT RIGHTS

The Committee recognizes the importance of United States-Egyptian trade relations and encourages recent efforts by the Egyptian Government to address trade barriers. The Committee is concerned, however, by reports regarding the absence of meaningful patent protection. According to these reports, current Egyptian law governing patents excludes pharmaceuticals, medicines and food-stuffs. Moreover, the Committee is informed that the term of manufacturing process patents for pharmaceuticals in Egypt is only 10 years, a negligible period considering the length of time necessary to bring a product through the regulatory process and into the marketplace. These laws create a serious impediment for U.S. companies otherwise interested in serving the Egyptian marketplace and the Committee therefore urges the Egyptian Government to fully protect intellectual property rights.

The Committee is also deeply concerned by reports that no Jordanian law governs patent protection of pharmaceuticals and, as a result, piracy by Jordanian companies is increasing. It is estimated that U.S. pharmaceutical companies lose between \$25 to \$50 million annually due to these practices. Other industries, including software and entertainment, suffer monetary losses as well. The Committee has been informed that despite discussion with high-level American and European industry and diplomatic representatives, to date the Jordanian government has not undertaken significant marketplace reform in this area. The Committee urges the

Jordanian government to remedy these problems as expeditiously as possible and provide full protection for U.S. patents and intellectual property rights.

CAMP DAVID ACCORDS

The Committee emphasizes once again that the recommended levels of assistance for Israel and Egypt are based in great measure upon their continued participation in the Camp David accords and the Egyptian-Israeli peace process.

NON-MILITARY EXPORTS

The Committee strongly urges the President to ensure, in providing cash transfer assistance to Egypt and Israel, that the level of such assistance does not cause an adverse impact on the total level of non-military exports from the United States to each such country.

WEST BANK AND GAZA

The Committee supports assistance to the West Bank and Gaza. The Committee continues to believe that support by the United States for the economic and social development of Palestinians is an important contribution to the peace process. However, the Committee is not convinced that the President's requested increase of \$25,000,000 for fiscal year 1999 for the West Bank and Gaza is warranted at the present time. Therefore, the Committee believes strongly that funding for the West Bank and Gaza in fiscal year 1999 should not exceed the amount requested for fiscal year 1998.

LEBANON

The Committee believes support for the people of Lebanon continues to be in the United States national interest. The Committee supports continued funding for Lebanon from both the development assistance and Economic Support Fund accounts.

ECONOMIC BOYCOTT OF ISRAEL

The Committee has once again included language in the bill addressing the Arab League boycott of Israel under Sec. 539.

ISRAEL AND THE WEOG

The Committee believes the Administration should do its utmost to end the persistent inequity experienced by Israel in the United Nations. Israel has been the only longstanding member of the organization to be denied acceptance into any of the United Nations regional blocs. The Committee urges the Secretary and the United States Ambassador to the United Nations to take all steps necessary to ensure Israel's acceptance in the Western Europe and Others Groups (WEOG) regional bloc. The Committee requests that the Secretary of State report to the Committees on Appropriations, no later than March 15, 1999, on actions taken by representatives of the United States to encourage Israel's acceptance into the WEOG and the diplomatic responses by other nations to this effort.

CHRISTIAN COMMUNITY IN EGYPT

The Committee appreciates the strong friendship that has developed between the United States and Egypt and appreciates the leadership of President Mubarak in this critical region. It is the Committee's view that the United States should make effort to enhance this important relationship. Nevertheless, it is very concerned by continuing reports of discrimination, harassment and violence against the Coptic Christians in Egypt. It encourages the government of Egypt to take all steps possible to promote equal rights for the Coptic Christian community, religious tolerance and provide greater protection to vulnerable communities subject to attacks and exploitation by militant factions. The committee urges the U.S. Agency for International Development, working with the Egyptian government, to develop programs that will promote inter-religious dialogue, tolerance and economic development in the Upper Nile region.

MIDDLE EAST DESERTIFICATION

The Committee continues to believe the proposed Middle East and Mediterranean Desert Development Program for Combating Desertification through Sustainable Desert Development offers an excellent opportunity to expand these successful efforts throughout the region and provide a framework for regional cooperation in the 21st century. By bringing together officials from countries in the region to discuss and share ideas and technology on ways to combat problems inherent in countries with desert environments, the Committee believes that significant progress can be made in stemming desertification in this threatened area. Therefore, the Committee recommends that up to \$5,000,000 be made available for this activity from the Economic Support Fund, development assistance or any other appropriate funds made available by this act.

ISRAELI-PALESTINIAN COOPERATION PROGRAM

The Committee strongly supports efforts to promote better understanding and mutual respect between Israelis and Palestinians living in the West Bank and Gaza. The Committee also remains convinced that the United States should encourage a broad range of educational, cultural and humanitarian activities which bring Palestinians and Israelis together. The Committee believes these activities can be successfully carried out by Israeli and/or Palestinian private voluntary organizations. Therefore, despite tight budgetary constraints on the overall account, the Committee urges the Agency for International Development to provide up to \$500,000 in fiscal year 1999 for such activities.

ALGERIA

The committee is concerned about the civil conflict in Algeria which has resulted in the deaths of 70,000–80,000 people since 1992. A political solution is needed and can be fostered by the promotion of pluralism, human rights, democracy and rule-of-law. To this end, the committee commends the following initiatives in Algeria: training of labor leaders and trade unionists, parliamentary training, management training for leaders of non-government orga-

nizations, technical assistance on development of a mortgage banking system and reform of the financial sector, promotion of private sector cooperation between the U.S. and North Africa, promotion of press freedom; training on international principles governing criminal justice and fair trial, and human rights training for police.

REGARDING THE TRIAL IN THE NETHERLANDS OF THE SUSPECTS
INDICTED IN THE BOMBING OF PAN AM FLIGHT 103

On December 21, 1998, 270 people, including 189 United States citizens, were killed in a terrorist bombing on Pan Am Flight 103 over Lockerbie, Scotland. In response to this tragedy, Britain and the United States indicted 2 Libyan intelligence agents—Abdel Basset Al-Megrahi and Lamem Khalifa Fhimah—in 1991 and sought their extradition from Libya to the United States or the United Kingdom to stand trial for this heinous terrorist act. The United Nations Security Council called for the extradition of the suspects in Security Council Resolution 731 and imposed sanctions on Libya in Security Council Resolutions 748 and 883 because Libyan leader, Colonel Muammar Qaddafi, refused to transfer the suspects to either the United States or the United Kingdom to stand trial. The sanctions in Security Council Resolutions 748 and 883 include a worldwide ban on Libya's national airline, a ban on flights into and out of Libya by other nations' airlines, a prohibition on supplying arms, airplane parts, and certain oil equipment to Libya, and a freeze on Libyan government funds in other countries.

Colonel Qaddafi has continually refused to extradite the suspects to either the United States or the United Kingdom and has insisted that he will only transfer the suspects to a third and neutral country to stand trial. On August 24, 1998, the United States and the United Kingdom proposed that Colonel Qaddafi transfer the suspects to the Netherlands, where they would stand trial before a Scottish court, under Scottish law, and with a panel of Scottish judges. The United States-United Kingdom proposal is consistent with those previously endorsed by the Organization of African Unity, the League of Arab States, the Non-Aligned Movement, and the Islamic Conference.

The United Nations Security Council endorsed the United States-United Kingdom proposal on August 27, 1998, in United Nations Security Council Resolution 1192. The United States Government has stated that this proposal is nonnegotiable and has called on Colonel Qaddafi to respond promptly, positively, and unequivocally to this proposal by ensuring the timely appearance of the two accused individuals in the Netherlands for trial before the Scottish court. The United States Government has called on Libya to ensure the production of evidence, including the presence of witnesses before the court, and to comply fully with all the requirements of the United Nations Security Council resolutions.

Secretary of State Albright has said that the United States will urge a multilateral oil embargo against Libya in the United Nations Security Council if Colonel Muammar Qaddafi does not transfer the suspects to the Netherlands to stand trial. The United Nations Security Council will convene on October 30, 1998, to review sanctions imposed on Libya. Colonel Qaddafi should promptly transfer the indicted suspects Abdel Basset Al-Megrahi and Lamem

Khalifa Fhimah to the Netherlands to stand trial before the Scottish court; the United States Government should remain firm in its commitment not to negotiate with Colonel Qaddafi on any of the details of the proposal approved by the United Nations in United Nations Security Council Resolution 1192; and if Colonel Qaddafi does not transfer the indicted suspects Abdel Basset Al-Megrahi and Lamén Khalifa Fhimah to the Netherlands by October 29, 1998, the United States Permanent Representative to the United Nations should—introduce a resolution in the United Nations Security Council to impose a multilateral oil embargo against Libya; actively promote adoption of the resolution by the United Nations Security Council; and assure that a vote will occur in the United Nations Security Council on such a resolution.

CHINA

The Committee is recommending a general provision (section 527) which authorizes the use of funds from the Economic Support Fund to provide general support and grants for nongovernmental organizations located outside China that have as their primary purpose fostering democracy in that country. The Committee recommends \$2,250,000 for this purpose. Funding could include general support for foundations and nongovernmental organizations, as well as support for specific democracy activities through NGOs such as the National Endowment for Democracy. In that regard, the Committee recommends that \$250,000 be made available through an NGO, such as the National Endowment for Democracy, for the purpose of providing training and education of Tibetans in democracy activities, and monitoring the human rights situation in Tibet. The Committee has not provided funding for the China Rule of Law program proposed in the budget request.

BURMA

The Committee recommends that not to exceed \$5,000,000 be provided for democratic development and refugee assistance programs in the Burma border areas from funds available in this account and in "Migration and refugee assistance". Up to \$3,000,000 of these funds should be available for democracy activities, and \$2,000,000 should be available for refugee assistance.

The Committee remains concerned about the unnecessary delays that have plagued administration of these activities during fiscal year 1998. As of May of 1998, no requests for proposals had been issued for the use of funds allocated for Burma for the current year. In order to expedite the obligation of the funds recommended herein, the Committee expects that the initial request for proposals or application process should begin no later than December 30, 1998.

The Committee commends the efforts of the Government of Thailand to provide a safe haven for Burmese refugees and encourages it to continue to strengthen the protections provided to these vulnerable populations in light of recent attacks by Burmese armed forces. In addition, the Committee remains concerned about the growing problem of the traffic in women and girls between Thailand and Burma. The Committee encourages all relevant U.S. government agencies to focus resources on this issue and to provide all

possible support for the efforts of the Thai government in this regard.

The Committee is extremely concerned about the repression of peaceful democratic activists and others who are critical of the Burmese regime. The Committee strongly condemns this repression and the Committee expresses its strong support for the immediate release of all Burmese political prisoners and an end to the harassment, torture and abuse of the citizens of Burma.

INDONESIA

The Committee is concerned about the deteriorating economic situation in Indonesia. Because of the severity of the crisis, decades of economic progress are rapidly dissipating. The impacts of this crisis on political and social stability in Indonesia are profound, including rising unemployment, rising consumer prices, food shortages, malnutrition, and increasing ethnic violence. The Committee acknowledges U.S. government efforts to address food shortages in Indonesia and considers it a priority that the U.S. government continue to make available excess wheat, wheat products, and rice for distribution to the most needy citizens of Indonesia.

The Government of Indonesia has taken some encouraging steps towards political reform. The Committee urges the U.S. government to actively support the development of democratic institutions and processes in Indonesia, but economic and financial reform is key to sustained recovery in Indonesia. It supports bilateral and multilateral activities to help the Government of Indonesia remove, to the maximum extent possible, barriers to trade and investment which impede economic recovery in Indonesia, including tariffs, quotas, export taxes, non-tariff barriers and prohibitions against foreign ownership and investment.

The Committee requests the Secretary of State to report, no later than 6 months after the date of enactment of this Act, on the steps taken by the Government of Indonesia to promote democratic and economic reform in that country. This report shall, at a minimum, contain a description of the actions taken by the United States to work with the Government of Indonesia in support of these reforms.

The Committee believes that the urgent need to restore the confidence and security of the ethnic Chinese community in Indonesia must be central to any credible reform program there. The ethnic Chinese community was tragically and unfortunately targeted for the most violent attacks in the May riots, including the systematic rape and other sexual abuse of ethnic Chinese women. In some parts of Indonesia, these attacks or threats of such attacks continue. The Committee urges the Administration to make central to its policy toward Indonesia the need for effective action by the Indonesian government to end all official discrimination against ethnic Chinese, including repeal of discriminatory laws and regulations, prevent any further attacks, and to identify and prosecute those responsible for the abuses.

CYPRUS

The Committee recommends that every effort be made to provide \$15,000,000 in Economic Support Funds for scholarships and

bicommunal projects in Cyprus. These funds provide a basis for mutual cooperation and preparation for these two communities to live together harmoniously by increasing inter-communal contacts. In this regard, the Committee urges the Administration to pursue activities which could support the development of indigenous institutions of higher learning where students from both communities could study together rather than being sent abroad individually. The Committee expresses grave concern over media reports that the Government of Cyprus intends to acquire sophisticated Russian-origin surface to air missiles and deploy them on Cyprus. The acquisition and deployment of these systems would be a severe setback to a peaceful settlement of the Cyprus situation. The Committee is also concerned by the large Turkish military presence on the island of Cyprus. The Committee continues to strongly support demilitarization of the island and efforts to reduce military tensions on the island and between Greece and Turkey. The Committee believes that a sustainable long-term solution to the Cyprus situation will require mutual restraint and a reliance on non-military measures by all parties. In this regard, the Committee notes that the Administration's efforts to facilitate a peaceful solution have been unproductive to date and therefore the Committee urges the Administration to redouble its diplomatic efforts.

MONGOLIA

The Committee believes that the Administration's request for Mongolia is inadequate to meet continued pressing needs. While the Administration is to be commended for renewing its efforts last year to facilitate Mongolia's ongoing free market transition, the Committee believes it is premature to drastically cut back on United States efforts and programs which support democratic development, free market reform, and environmental awareness in Mongolia. Therefore, the Committee recommends that funding for programs and activities in Mongolia be maintained at last year's level.

AFRICA

The Committee commends the Administration for its full consultation with the Committee during its effort to develop a comprehensive policy toward economic growth and improved trade and investment in Africa. Although budget constraints preclude the Committee from providing funding for all of the initiatives proposed by the Administration, the Committee supports the goals of these programs. The Committee therefore has provided the State Department with the flexibility to allow for an increase of at least \$10,000,000 over last year's level for programs in Africa.

LATIN AMERICA AND THE CARIBBEAN

With the exception of the Administration's request for Haiti, the Committee expects the Administration to fully fund the fiscal year 1999 Economic Support Fund request for Latin America. (Haiti is addressed separately below.) It remains the Committee's strong belief that given the importance of the region and the long history of United States support, it is essential that aid levels not be reduced

further. In that regard, the Committee fully supports the budget request of \$3,000,000 for the Cuba democracy program and its goal of promoting a peaceful transition to democracy in that country.

The Committee is concerned about the resolution of the cases involving the terrorist bombings of the Israeli Embassy and the AMIA Jewish Community Center in Buenos Aires, Argentina. While the Committee is pleased by the recent movement that resulted in the announcement by Argentine officials that linked Iran to the unresolved bombings and led to a downgrading of Argentina's relationship with that country, the Committee urges the Secretary of State to work with the government of Argentina to ensure that progress is made in these cases, and to offer technical law enforcement assistance where appropriate to bring to justice the perpetrators of these terrorist acts.

HAITI

The Committee is fully supportive of humanitarian assistance to the people of Haiti. It continues to insist that assistance to the Government of Haiti be implemented in a manner that significantly advances market-based economic reforms and respect for the rule of law. The privatization of parastatal companies is a core reform, which was promised, but not accomplished, in prior years. The Committee recommends in section 560 that assistance to the Government of Haiti provided in this Act be made contingent on the privatization of at least three parastatal enterprises. The Committee expects the Administration to abide by its written commitments to fully consult the relevant committees of Congress on the provision of aid to the Government of Haiti.

The Administration request to double the amount of assistance provided to Haiti under this account from \$70,000,000 in 1998 to \$140,000,000 in 1999 has not been adequately justified, and is not supported by the Committee. The bill does not include a ceiling on the level of assistance in 1999, but the Committee notes that the actual dollar amount made available for Haiti is limited by section 556.

GUATEMALA

The Committee congratulates the government of Guatemala and the URNG on the important steps that have been taken to implement the peace accords signed in December 1996, and applauds the significant decline in politically motivated violations of human rights and the notable increase in pluralism and political freedom in Guatemala.

Realizing the full promises of the accords, however, will still require concerted action by the government of Guatemala and Guatemalan society. The Committee urges the Guatemalan government to ensure that the constitutional reforms mandated in the agreements are implemented expeditiously. The Committee also urges the government to: ensure that human right violators are kept out of the new National Civilian Police Force; to cooperate in fully implementing the recommendations of the Historical Clarification Commission; to meet targets for tax revenue as agreed in the accords; and, to work with opposition political parties, civil society organizations, the press, and other sectors of Guatemalan society to

build an atmosphere of dialogue and trust within which consensus solutions can be found to the problems facing the country.

The Committee also urges government agencies to review for declassification documents on human rights abuses in both Guatemala and Honduras and to release such documents with the minimum of redactions possible. The release of these documents would contribute to the process of peace and reconciliation in Guatemala.

The Committee is aware that \$2,577,000 in previously appropriated Foreign Military Financing funds remain available for Guatemala. The Committee expects that these funds will be used in support of the Peace Accords in a timely manner and in full consultation with the Committee.

RELEASE OF DOCUMENTS

The Committee urges a rapid and thorough response to the pending requests by the Guatemalan Clarification Commission and the human rights commissioner of Honduras. The Committee recognizes that the Administration has provided a partial response to these requests, but notes that the Clarification Commission's report is due to be published on November 30, 1998, while some of the prosecutions in Honduras in which such declassified materials could be useful are drawing to a close, making a timely response essential. The Committee expects the Administration to respond fully and promptly to any followup requests by the Guatemalan Clarification Commission and to provide a more complete declassification of documents on Honduras and El Salvador, including those pertinent to the cases of American citizens.

GLOBAL MEDICAL INITIATIVE

The Committee has been made aware of an innovative healthcare information delivery system based upon global satellite technology. The Committee believes that such an undertaking which would have as its primary focus the advancement and dissemination of medical and health information and education, throughout the world offers great potential for improving the health and well-being of millions of people in dire need of high quality medical information. The Committee therefore urges the Administration to direct the heads of the U.S. Agency for International Development, the Department of State and the Department of Defense to review this concept and provide up to \$4,000,000 in funds from development assistance, the Economic Support Fund, or foreign military financing as appropriate to support such an undertaking.

AVAILABILITY OF FUNDS

The Committee has continued language that funds in this account are to remain available for obligation for two years.

INTERNATIONAL FUND FOR IRELAND

Fiscal year 1998 level	\$19,600,000
Fiscal year 1999 request	(19,600,000)
Committee recommendation	19,600,000

The Committee recommends \$19,600,000 for the International Fund for Ireland in support of the Anglo-Irish Accord. Funding of

this amount was requested for this activity through the Economic Support Fund, but the Committee recommendation would continue a separate account for assistance to Ireland. The amount is the same as the 1998 enacted level.

The Committee strongly urges the International Fund for Ireland to take every step possible to ensure that all recipients of Fund support are promoting equality of opportunity and non-discrimination in employment. The Committee further urges the Fund to focus on those projects that hold the greatest potential for job creation and equal opportunity for the Irish people.

ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES

Fiscal year 1998 level	\$485,000,000
Fiscal year 1999 request	464,500,000
Committee recommendation	450,000,000

The Committee has recommended \$450,000,000 for Assistance for Eastern Europe and the Baltic States for fiscal year 1999. This is \$35,000,000 less than the enacted level and \$14,500,000 less than the budget request.

The reduction below the budget request reflects a cut of \$12,500,000 associated with the proposal to initiate a new foundation for central Europe. The Committee has taken this reduction in anticipation of first reviewing the pilot project for the Baltic American Partnership Fund which has only recently begun operations. In addition, the Committee is concerned about the operations of the AID office which administers grants, contracts, and cooperative agreements for democracy activities in central Europe, and urges the agency to obtain an independent assessment of the management and financial practices of this office. The results of this review should be submitted to the Committee no later than February 1, 1999. In light of the need for this review, and the fact it will require a slowdown in activities, program funding for the democracy and media activities of the office is reduced by \$2,000,000. As in fiscal year 1998, pursuant to section 632(a) of the Foreign Assistance Act the Administration is directed to transfer funds to the National Endowment for Democracy for activities in emerging democracies of the region. The funds provided this organization should not be less than the amount transferred in 1998.

ROLE OF THE SEED COORDINATOR

The Committee reaffirms the central role of the Coordinator for Eastern Europe Assistance in coordinating, and providing foreign policy direction for, assistance for Central Europe through this account. The Committee notes that section 601 of the Support for East European Democracy (SEED) Act of 1989 (Public Law 101-179) states, "The President shall designate, within the Department of State, a SEED Program coordinator who shall be *directly* responsible for overseeing and coordinating all programs described in this Act and all other activities that the United States Government conducts in furtherance of the purposes of this Act." (Emphasis added.) The most recent Coordinator is to be commended for his efforts to consult fully with the Committee on matters of concern, and the Committee urges that such consultation continue. The Committee

also continues to support the bilateral nature of this assistance, and would resist any effort to “regionalize” the programs funded through this account.

BOSNIA AND HERZEGOVINA

The Committee recommendation includes not more than \$225,000,000 for reconstruction assistance for Bosnia and Herzegovina, as proposed in the budget request. The Committee has recommended the same bill language as in the 1998 act that prohibits the use of funds for the construction or repair of housing or residences, unless directly related to the efforts of United States troops to promote peace in Bosnia and Herzegovina; requires the written approval of the Administrator of AID for loans and projects under the Economic Reconstruction Program; subjects such funds to the provisions of section 532 of this act; and authorizes the President to withhold funds for economic revitalization for Bosnia if he determines that Bosnia is not in compliance with the Dayton Accord regarding the presence of foreign forces and has not terminated intelligence cooperation with Iranian officials.

The Committee is concerned by the condition of orphaned children in the Federation of Bosnia and Herzegovina. While Bosnian families have been reluctant to adopt many of these children, American families have shown an interest in adopting Bosnian children. Unfortunately, legislative barriers within the Federation have prevented foreign adoptions. The Committee encourages the Government of the Federation of Bosnia and Herzegovina to enact legislation that will expedite the adoption of Bosnia children by foreign families.

MACEDONIA

The Committee is concerned with the growing ethnic conflict in Kosovo and with the possibility that violence might heighten inter-ethnic tensions in neighboring Macedonia, where ethnic Albanians constitute at least 25 percent of the population.

The Committee urges AID to work to expand its microenterprise program in Macedonia to try to provide more job opportunities for ethnic Albanians and other citizens of Macedonia. The Committee also urges AID to review other programs and proposals that might support economic growth and educational opportunities for all citizens of Macedonia. It notes that proposals for separate institutions of higher education for certain minority groups within Macedonia have proven to be politically divisive issues that serve to increase distrust on all sides. The Committee urges AID to review the possibility that an impartial institution of higher education might be established within Macedonia and administered by a recognized and accredited American institution of higher education. Such an institution would be best positioned to provide a curriculum taught in English, in the Macedonian language, or in the Albanian language, with degrees awarded that would be recognized both within Macedonia and outside of that country.

LEGAL INITIATIVES

The Committee encourages the Agency for International Development to continue to provide financial support for the Central and Eastern European Law Initiative (CEELI), a project of the American Bar Association. CEELI has received grants to help Central and East Europe and the NIS create new legal frameworks based on the rule of law rather than through Party doctrine or caprice.

Through a variety of program components, CEELI is making available legal expertise to assist countries that are in the process of modifying or restructuring their laws or legal systems. CEELI emphasizes long-term engagement country-by-country and supports projects that facilitate extensive consultations with policy-makers, legal scholars, judges, and attorneys. CEELI has focused work in several critical priority areas: constitutional reform; judicial restructuring; bar reform; commercial law; criminal law and procedure; and legal education reform, and has helped develop and/or institutionalize self-sustaining indigenous non-governmental organizations (NGO's). To date, lawyers volunteering for CEELI have contributed over \$45,000,000 of pro bono service, and the Committee encourages support for this type of private sector involvement.

CROSS BORDER PROGRAMS

The Committee directs AID to focus more of its training and technical assistance resources on cross border programs that share successful development efforts. Poland, Hungary and other countries have made the free market transition faster than countries in southern Europe and the NIS. Successful private business models in these countries are better suited as training venues than U.S.-based training. Because funding is usually country-specific, there are few programs that share successful development efforts across countries in the region.

In particular, the Committee encourages AID to provide more cross border training and technical assistance in agribusiness, housing, credit union and community telephone systems between Western Ukraine and Poland. Local Polish leaders have overcome similar problems, often speak the same languages and can share successful AID-supported efforts with their colleagues in nearby countries. Similar cross border programs should be encouraged in small livestock enterprise development between Albania and Macedonia.

The successful NGO sustainability project in Timisoara, Romania, should become a model for NGO projects in the NIS region. NGO leaders should learn from Romanian NGOs about fee for service and other income generating programs, in order not to be dependent on donor funding for viability and independence.

In addition, the Committee strongly supports efforts to enhance cross border educational and exchange activities between Poland, Hungary, and the Czech Republic and the relevant countries of the NIS regarding the expansion of the North Atlantic Treaty Organization (NATO) and related issues. It is vital that such activities take place in order to reduce the level of misunderstanding and distrust about NATO expansion among opinion-leaders in the NIS.

The Committee directs that the Administration report by February 1, 1999, on its plans in this area.

TRAINING AND EXCHANGES IN THE FORMER SOVIET UNION AND
CENTRAL EUROPE

The Committee continues to support training, exchanges, and partnerships between the United States and the nations of Eurasia, Central Europe, and the southern tier of Europe. These programs are in the interest of the United States and important to sustaining democracies. The Committee recommends that the Administration provide funding for the Russian, Eurasian and East European Research and Training Program (title VIII) at least at the level provided in fiscal year 1998. Funding for this program should come from this account and from the account for the New Independent States of the Former Soviet Union.

The Committee supports funding for partnership programs in all regions of the NIS and Central and Southern Europe. The Committee notes the success that AID has had in working with institutional partnerships and encourages further development of projects in this area.

The Committee recommends the East Central European Scholarship Program (ECESP) be continued at the same level as fiscal year 1998 to allow the program to continue to address the needs of the countries in the southern tier of Central Europe. The Agency for International Development should also review the proposal of the University of Northern Iowa to establish an Office of Education for Democracy, based on its success with the Orava Project in Slovakia.

PARTICIPANT TRAINING PROGRAMS

The Committee notes with concern the decrease in recent years in the number of individuals enrolled in AID's participant training programs. These programs benefit both the United States and other nations by promoting democratic and free-market principles. The Entrepreneurial Management and Executive Development (EMED) program in particular, which trains entrepreneurs in Eastern Europe, has helped create business relationships between U.S. and foreign firms. The Committee urges AID to give priority to participant training programs in all its programs, particularly those for entrepreneurs and women in Eastern Europe and the NIS.

ASSISTANCE FOR THE NEW INDEPENDENT STATES OF THE FORMER
SOVIET UNION

Fiscal year 1998 level	\$770,000,000
Fiscal year 1999 request	925,000,000
Committee recommendation	590,000,000

The Committee has recommended \$590,000,000 for the Southern Caucasus region, Russia, Ukraine and the other new independent republics of the former Soviet Union. This is \$335,000,000 less than the request and \$180,000,000 less than the enacted 1998 level.

The Committee has included in section 517 of this bill language included under this heading in prior year bills, providing the funds

“notwithstanding any other provision of law” and applying the provisions of section 498B(j) of the Foreign Assistance Act. The new general provision also includes long-standing language on territorial integrity, human rights, and non-use of funds for enhancing military capacities, and providing all funds subject to notification.

JUSTIFICATION FOR RECOMMENDATION

For the past eight years this Committee has been in the forefront of United States efforts to assist the hoped-for transition to democracy and free markets in the successor states of the former Soviet Union. This bill marks a pause and stocktaking in this effort. At this stage in the NIS transition, the Committee concludes that several ongoing programs are working, and should be continued: exchanges between young NIS entrepreneurs, including farmer and business leaders, and their American counterparts; regional initiatives; and health sector activities, including programs to promote alternatives to abortion. Much technical assistance to central governments has been less successful.

Because of the overall budget situation and specific negative developments in several nations, the Committee is unable to recommend the 20 percent increase in this account requested by the President. To the contrary, negative congressional reaction to events in the region suggests that scarce foreign assistance funds can be better used elsewhere. The justification for the recommended reduction of \$180,000,000 includes: increased violence and instability in the Southern Caucasus region, the reluctance of the Russian Federation to effectively limit nuclear and missile technology transfers to Iran, and the deteriorating investment climates in Ukraine and Uzbekistan. As the limitations of unilateral sanctions and limitations on funding for foreign countries are becoming more evident, the Committee is recommending that Congress use its constitutional power of the purse by making a reduction in the level of assistance to the overall region.

CAUCASUS CONFLICTS: ARMENIA, AZERBAIJAN, AND GEORGIA

Foreign assistance, other than humanitarian aid to victims of war and disaster, should serve the national interests of the United States. The primary national interest of the United States in the Southern Caucasus is peace. After several visits to the region over the past year, the Committee concludes that few of the hopes and dreams of the people of Armenia, Azerbaijan, and Georgia can be realized until the conflicts over Abkhazia and Nagorno-Karabagh are settled and regional transport and communications links restored.

Last year the Committee Report stated that:

The extent and timing of United States and multilateral assistance, other than humanitarian assistance, to the government of any country in the Caucasus region should be proportional to its willingness to cooperate with the Minsk Group and other efforts to resolve regional conflicts.

This year the Committee recommends that this language be incorporated in the bill as policy guidance for the Executive branch in carrying out United States foreign policy in the Southern

Caucasus region. Again this year, the Committee seeks to facilitate constructive engagement between Armenia and Azerbaijan to break the impasse that has halted progress towards settling the conflict over Karabagh. The Committee is prepared to work with the Executive branch to move from the current cease-fire in the region to a political settlement. It encourages the United States co-chairman of the Minsk Group to promote direct (or, if necessary initially, proximity) negotiations without preconditions among all of the parties to the Nagorno-Karabagh conflict, a practice that has already commenced with regard to the Abkhazia conflict.

The Committee recommends continuing the practice initiated in the 1998 Act of reserving one-third of the NIS funds for the Southern Caucasus.

The Committee recommends that 60 percent of the Southern Caucasus funds be allocated for the benefit of the people of Armenia, Azerbaijan and Georgia for ongoing activities and new regional projects. The Committee urges that non-humanitarian aid focus, where appropriate, on preparing the groundwork for regional cooperation. Although the Committee is aware that full regional cooperation cannot materialize until the conflicts centering on Abkhazia and Nagorno-Karabagh are settled, it urges the Coordinator and USAID to commence preparations for the restoration of transport and communication links within the region. Humanitarian aid for the victims of the regional conflicts currently residing in Armenia, Azerbaijan, and Georgia, including Nagorno-Karabagh and Abkhazia, could be provided from this part of the fund.

The remaining 40 percent of the Southern Caucasus funds would be initially reserved for post-conflict assistance in the region. The Committee expects that the United States funds would become the seed money for a much larger international reconstruction effort. Other Western nations and the multilateral development banks are prepared to follow the example established in Bosnia after the Dayton Accords and provide several times the amount of the United States bilateral contribution for a regional reconstruction effort. Armenia and Nagorno-Karabagh would be the prime beneficiaries of peace. They and the Government of Azerbaijan would share the assistance contemplated by this provision of the bill.

Prior to May 30, 1999, none of the remaining 40 percent of the Southern Caucasus fund can be made available for a party to the conflict in Nagorno—Karabagh unless it has agreed to participate in direct or proximity negotiations, without preconditions, to resolve the conflict.

In the event that the Secretary of State determines that the prospects for settlement of the Nagorno-Karabagh and Abkhazia conflicts are not good, the Southern Caucasus fund could be reduced by the amount reserved for post-conflict assistance. The newly available money could be used elsewhere in the New Independent States or retained in the Southern Caucasus, subject to the limitation on the amount that can be allocated to any single nation.

Although the Committee took the initiative last year to establish a Southern Caucasus fund, the situation in the region has deteriorated. Assassination attempts against the leaders of Georgia and Azerbaijan are alleged to have involved residents of the Russian

Federation. Following an unscheduled change of leaders in Armenia, the successful candidate for President overcame overt Russian support for an unreformed former Communist party leader of Armenia. The sovereignty of all three countries is impaired or directly threatened, and two are increasingly dependent on trade through Iran as a result of blockades.

Grand expectations that the Southern Caucasus will become a prosperous Eurasian Corridor, benefiting from oil and gas wealth in the Caspian Sea region, may be premature. Low oil prices and disappointing results from recent drilling operations will be overcome in time, but the continuation of armed conflict within and between Georgia, Armenia, and Azerbaijan, will surely end chances for the people of the first two nations, and, perhaps, Azerbaijan, to escape the grinding poverty of the 1990s.

In the absence of peace, multiple pipelines through the region to the West may never be financed. Without swift and energetic action by the United States and its European allies, Russia, Iran, and China will control Caspian Sea region hydrocarbon assets.

Last year, the Committee urged the President and the Secretary of State to facilitate the resettlement of the hundreds of thousands of refugees and displaced persons in the region who are unlikely to ever be in a position to return to their original homes. Since then private citizens have furnished the Committee with evidence that the situation of such refugees, especially in Azerbaijan, continues to deteriorate. To facilitate resettlement, the Committee has provided, for the second time, a one-year authority for the President to provide humanitarian assistance to the region, notwithstanding the restrictions of Section 907 of the FREEDOM Support Act. This exemption allows for direct assistance by American NGOs to refugees and displaced persons throughout the region, including those in Nagorno-Karabagh.

It is the intent of the Committee that in the case of any assistance funded or otherwise provided pursuant to this Act, the direct beneficiaries of which are required by law to the United States entities (e.g., in which guaranties or insurance are provided to United States entities), such assistance shall not be considered assistance to a foreign country or government and therefore is not covered by restrictions on such assistance.

The Committee reiterates the statement contained in last year's report on this bill that its actions regarding Armenia and Azerbaijan are not meant to express a view on the political status of Nagorno-Karabagh.

The Committee recommends that \$20,000,000 in humanitarian assistance be provided to victims of Nagorno-Karabagh conflict residing in Nagorno-Karabagh, all of which should be obligated during the period January 1, 1998 through September 30, 2000. This funding is provided solely for the purpose of assisting the victims of Nagorno-Karabagh conflict residing in Nagorno-Karabagh and is not to be utilized to provide assistance for the Governments of Armenia or Azerbaijan, which receive humanitarian assistance from other streams of funding. The Committee directs the Agency for International Development to issue all of its initial requests for application for proposals for funding provided by this Act (approximately \$7,500,000) not later than March 30, 1999. It further re-

quests that the Agency provide the Committee a detailed report not later than March 30, 1999 on the implementation or proposed use of all funds obligated or notified to the Committee as of March 1, 1999.

ARMENIA

Taking into account the overall reduction in the NIS account and the Committee's recommendation that a larger percentage of the Southern Caucasus fund be linked to post-conflict reconstruction, the Committee directs that no less than twenty-five percent of the Southern Caucasus fund be provided for Armenia.

The Committee expects that these funds will be used in Armenia for trade, investment, and regional economic development. It directs that priority be placed on ending Armenia's isolation and setting the groundwork for restoring and upgrading its road, rail, and telecommunication links with the outside world, especially Georgia. If the promising new investment climate is sustained in Armenia, the Committee encourages expanded assistance, where feasible, in the areas of export-led private sector development and revitalization of the agricultural and service sectors.

The Committee strongly encourages the Agency for International Development to review United States Government support for the American University in Yerevan to determine the extent of financing that might be required to allow the University to become self-financing. The Committee notes the use of funds under the heading "Assistance for Eastern Europe and the Baltic States" to allow similar institutions to become self-sustaining. The Committee directs that any assistance used for such purposes in Armenia should count against directives regarding the level of assistance for Armenia in this Report and the Statement of Managers of the Committee of Conference.

GEORGIA

The Committee congratulates the President of the Republic of Georgia for his courage in the face of attempts against his life. It commends him for his successful negotiation to recover national control over Georgia's sea and land borders.

Taking account of the overall reduction in the NIS account and the Committee's recommendation that a larger percentage of the Southern Caucasus fund be linked to post-conflict reconstruction in the region, the Committee directs that no less than twenty-five percent of the Southern Caucasus fund be provided for Georgia. In addition to this amount, if a settlement of the conflict in Abkhazia is achieved during fiscal year 1999, part of the funds reserved for post-conflict reconstruction would be available for that region of Georgia.

The Committee directs that a significant part of the assistance for Georgia continue to be provided for technical security assistance for border and export control.

AZERBAIJAN

The Committee commends the Government of Azerbaijan for its cooperation with regard to halting transit of certain destabilizing

exports from Russia to Iran. The Committee remains concerned about the plight of internally displaced persons within Azerbaijan and is structuring the bill to create incentives for a peace agreement among the parties to the Nagorno-Karabagh conflict, which would allow most of them to return to their homes. The Committee has been informed by the needs assessment team which was sent to the Caucasus by AID in January of this year and other assessment teams that a main cause of distress among these persons is the inability of the Government in Baku to meet their needs. The Committee is especially concerned about reports of diversion and theft of humanitarian assistance by some of the Azerbaijan officials who are charged with the distribution of this assistance. The Committee urges that the external assistance provided to displaced persons by the United States and other donor nations be accompanied by a stronger internal effort to address their needs.

The Committee recommends renewing the one-year waiver of section 907 for activities in support of democracy in Azerbaijan and for activities in support of American business in Azerbaijan by the Trade and Development Agency and the U.S. Foreign Commercial and Agricultural Service.

UKRAINE

Last year, as an incentive for Ukraine to support necessary reform efforts and end harassment of American investors, the Committee recommended language that withheld one-half of Ukraine's assistance and made it available for obligation only when the Secretary of State had certified certain actions by the Government of Ukraine. Strenuous efforts by senior Administration officials to resolve the cases of primary concern to the Committee were unsuccessful, but the certification was made. This year the Committee makes no effort to link U.S. assistance to Ukraine to specific conditions in the face of the continuing decline in the political and economic situation in Ukraine. It continues to support humanitarian help for the suffering and neglected people of Ukraine, especially elderly residents of rural villages.

The Committee directs the Coordinator to consult closely with the Committee before undertaking any programs of assistance to the central Government of Ukraine. It further directs the Administrator of the Agency for International Development to consult closely with the Committee regarding the utilization of operating expenses in Ukraine and to provide the Committee adequate documentation concerning proposed modifications of "strategic objectives" and the "R4" process (other than data regarding the FY 2000 budget).

The advance of private agriculture in Ukraine, Russia, and Central Asia is fundamental to regional stability and future economic growth. Radical steps must be taken to identify and assist the next generation of farmers, as the average age of rural residents increases. The Committee directs USAID and the Peace Corps to expand technical exchanges in agriculture, making use of experienced private American farmers, land-grant colleges, and other agricultural experts. These exchanges should focus on helping individual private smallholders, fledgling commercial farmers, private village farmers' associations and agri-credit union institutions. The Com-

mittee strongly recommends that the technical exchanges be accompanied by well-organized arrangements for direct donations of seed, tools, and other useful items to the cooperating farmers and associations in the NIS.

The Committee recognizes the importance of U.S. law enforcement officials sharing the techniques they use to conduct criminal investigations with their counterparts in the NIS. This is especially critical in today's global financial and commercial environment.

Cooperation between American and Ukrainian law enforcement officials to combat international organized crime, white-collar financial crimes, and narcotics trafficking is essential. It urges the Department of State to assess the current situation in Ukraine and make recommendations within 9 months of enactment of this bill regarding the extension of U.S. criminal justice presence in Ukraine, as has occurred in Russia.

The Committee recognizes that the resurgence of Hepatitis B in Ukraine requires an increased immunization effort. As many as 75,000 Ukrainians are being infected with Hepatitis B yearly, many of them infants, young children, and adolescents. The Committee recognizes the necessity of incorporating regional and private sector organizations in Ukraine's fight against the disease. A model Hepatitis B program in regions of Ukraine combines education, training, vaccine purchase, and diagnostic follow-up and brings together the public and private sectors in a joint effort. The Committee recommends that the Coordinator and AID allocate up to \$10,000,000 to assist in the expansion of this program on a national basis, and consider the feasibility of promoting a system of immunization centers throughout Ukraine, through which a broad range of childhood immunizations can be administered.

The Committee recommends that at least \$2,000,000 be allocated for community-based telephone cooperatives in Ukraine. The cooperative method fosters community involvement and empowerment, and helps build civil society. Economic growth in the private sector must be encouraged, as it imposes challenges to the current government and will also generate income at the local level.

In the difficult task of promoting private sector growth in Ukraine, lessons learned from industry-based study programs have proven successful in one region. Based on the models developed by the Marshall Plan, the Management Technology Marketing Program has benefited from the active participation of one of the last active Marshall Plan managers and the generosity of the citizens of Cincinnati, Ohio. The Committee recommends that this and similar programs continue to be funded by AID in Ukraine.

RUSSIA AND PROLIFERATION

The Committee continues language from last year's bill dealing with Russian nuclear and ballistic missile cooperation with Iran. The Committee remains extremely disturbed by reports, which indicate that Russian entities are extensively engaged with Iran in cooperative projects which significantly enhance Iran's ballistic missile capabilities. The ballistic missile cooperation, combined with Russian nuclear cooperation with Iran, represent a significant step in Iran's efforts to obtain a comprehensive, highly sophisticated weapons of mass destruction capability. The Committee

therefore has also retained the “vital to the national security interest” threshold in this year’s waiver provision, which may be utilized to obligate not more than fifty percent of the funds allocated for the Government of Russia in fiscal year 1999. The Committee does not intend that partnerships between United States hospitals and universities and counterpart institutions in Russia be affected by the language of this subsection.

The Committee also expresses its strong concern that the People’s Republic of China is also engaged in an extensive proliferation program, including reported nuclear and ballistic missile cooperation with Iran, which seriously jeopardizes peace in the region and poses a direct threat to United States troops deployed in the Middle East.

U.S. CIVILIAN RESEARCH AND DEVELOPMENT FOUNDATION (CRDF)

Over the past two and one-half years, the U.S. Civilian Research and Development Foundation (CRDF) has built an important capability to assist federal agencies with scientific and technical objectives in the NIS. Its work enables U.S./NIS collaborations in science and technology. Hundreds of American and thousands of Russian, Ukrainian, Armenian, and other NIS researchers are now participating in project selected for support via merit review. CRDF work in Armenia and Georgia is impressive, and should be expanded, and extended to Azerbaijan when feasible. However, the absence of an income-earning endowment envisioned by Congress for CRDF means it cannot accumulate the resources needed to sponsor periodic merit-based research completions. Such competitions, open to U.S./NIS teams of scientists in all disciplines and institutions and in most NIS countries, promote both structural changes in the NIS and the mutually beneficial collaborations envisioned by Congress. The Committee strongly urges the Administration to provide the coordination necessary among technical agencies, the Department of State and the Department of Defense to provide funding for the CRDF to be able to fully accomplish its purposes. The Committee expects the President’s Special Advisor on Assistance to the NIS to play a key role in this coordination process.

IODINE DEFICIENCY DISORDER IN THE FORMER SOVIET UNION AND EASTERN EUROPE

Iodine Deficiency Disorder (IDD) is the leading cause of mental retardation in children. Since the 1991 breakup of the Soviet Union, problems with IDD in the new states appear to be getting worse. For instance 73 percent of infants born in Gori, and 54 percent of children born in Tblisi, Georgia were found to have very high levels of iodine deficiency. In Eastern Europe it is estimated that more than 16 percent of children born in Bulgaria and Romania suffer from IDD. The Committee recommends that funds provided under the NIS and Central Europe regional accounts be provided on a matching basis to work with Kiwanis International and UNICEF in their effort to virtually eliminate iodine deficiency in the former Soviet bloc.

CORRUPTION

After two public hearings on the subject and numerous private meetings, the Committee concludes that rampant corruption and lack of transparency are the major obstacles to economic growth in most NIS nations. Corruption appears at every level of government, impeding business and undermining economic reforms. The Committee strongly encourages the Secretary of State and the Coordinator to take immediate steps to ensure that U.S. assistance is not going to individuals reliably reported to be involved in corruption. The Secretary and the Coordinator are directed to submit a second annual report to the Committee no later than 120 days of enactment of this Act on the use of U.S. assistance to help combat corruption in the former Soviet Union. The report should include complete documentation of directives issued by all federal agencies (excluding intelligence agencies) to establish a firewall between American assistance and corrupt individuals.

VIOLENCE AGAINST WOMEN

The Committee is very concerned about the increasing incidence of violence against women in Russia, Ukraine, and Central Asia and the indifference of many law enforcement officials to such crimes. Funds should be made available to improve the response of Russia's and Central Asia's law enforcement and judicial system to women victims of violence.

In Ukraine, especially, a priority objective should be the implementation of programs that provide economic opportunities for young women. The Committee is disturbed by reports that jobless and underemployed young women are enticed by fraudulent job offers in Eastern Mediterranean countries, and then entrapped into lives as prostitutes. The Committee requests a report from the Coordinator of Assistance to the NIS, not later than 10 months after the enactment of this Act, on the obligation of such funds and the initial results of the program.

RELIGIOUS FREEDOM IN RUSSIA

The Committee continues to be concerned about the dire consequences to several religious groups resulting from regional enforcement of the new religious freedom statute in the Russian Federation. As the Secretary of State determined that section 577 of last year's Act should not be utilized, the Committee has not renewed that legislation. It expects that legislation dealing with global religious persecution issues that has already passed the House will be enacted into law in a form that will supersede this Committee's efforts last year.

RUSSIA'S NEW GENERATION

The Committee believes that the forthcoming Russian elections to the Duma in 1999 and for the Presidency in 2000 lend special urgency to the long-standing recommendations of the Congress that large numbers of Russia's new generation of leaders be brought to this country to experience our democratic and free-market institutions. The official reports of the bi-partisan House leadership delegations to Russia in both 1993 and 1994 strongly recommended a

“very substantial expansion” of this kind of short but intensive exposure (recommending in 1994 “at least 20,000 Russian visits this year and 50,000 visitors next year”). Nothing like those numbers has been achieved since, and only a small number of the emerging young generation of leaders has seen for themselves how our system actually works. In the period following World War II, this type of program was crucial in enabling the new, young German leadership to adapt free-market and democratic institutions to their own circumstances—and become effective advocates of these processes within their own societies.

The Committee recommends that the Administration craft a more ambitious program of substantive, short-term visits to reinforce and strengthen the commitment to reform of the emerging young generation of leaders in post-Cold War Russia. This renewed emphasis will stimulate a far wider base of understanding of and advocacy for the institutions of freedom among the emerging new leaders in government and the private sector. The Committee strongly encourages the Administration to evaluate rapidly existing programs and to expand significantly both programs that have proven effective and to initiate new short-term U.S. government exchanges with young, emerging Russian leaders. There is also a critical need for fresh direction, coherence, and focus for longer-term exchange programs once this immediate need is accommodated.

CONTINUED DEVELOPMENT OF AN INDEPENDENT MEDIA

The Committee continues to support successful assistance programs for independent broadcast and print media throughout the former Soviet Union. The sustainability and political independence of media are necessary components on genuine economic and political reform. The Committee considers it a priority for grantees to work toward legal environments in which media can better encourage respect for the rule of law. Effective support for a free press also includes training in commercial management with emphasis on financial skills, basic and advanced journalism training, and development of an independent media infrastructure. New initiatives should include effective use of regional and national media for disseminating health care information and legal literacy for media professionals.

ASSISTANCE FOR SMALL BUSINESS

Increasing assistance to small manufacturers in Russia, Ukraine, and elsewhere in the region is viewed by the Committee as a promising aspect of the Partnership for Freedom. Successful small loan and microcredit programs need to be expanded into additional regions. The use of American business volunteers, both active and retired, has proved beneficial to counterparts in the region. Several U.S.-funded programs in the region have informed the Committee that training and consulting assignments in-country are most effective when a percentage of the assistance is provided on a “cost-share” basis, and the Committee supports this approach. Programs that combine in-country assistance to small manufacturers with observation and training at U.S. production sites have reported great-

er effectiveness. This approach, pioneered by the Marshall Plan, should be expanded.

HEALTH, CHILD SURVIVAL, AND ENVIRONMENTAL POLLUTION

The Committee encourages AID to seriously consider funding cooperative efforts with private voluntary organizations and the U.S. medical community to assist with the transfer of surplus medical equipment and to facilitate cooperative programs with U.S. physicians who wish to volunteer their time and services to needy communities in Eastern Europe, the NIS and other areas in need throughout the developing world. AID should pay particular attention to eliminating bureaucratic barriers to these equipment transfers and for physicians who offer voluntary services.

The Committee encourages the Agency for International Development (AID) to focus resources on non-governmental, private organizations in the Ukraine who seek to implement a comprehensive program of physicians' training, prenatal and infant care. A child survival program of this type can reduce the incidence of birth complications, immune deficiencies and infant mortality. The Committee is particularly concerned for women and children in all regions affected by radiation from the 1986 disaster at Chernobyl.

The Committee encourages the Coordinator and implementing agencies to establish and fund a non-governmental organization to operate an office in Kiev, Ukraine, to better coordinate all U.S. medical support, related health equipment, and other medically-related donations being arranged from U.S. sources.

RUSSIAN-U.S. SCIENCE, EDUCATION, AND ECONOMIC DEVELOPMENT CONSORTIUM

The Committee has been made aware of the Russian-U.S. Science, Education and Economic Development Consortium, composed of United States universities from four states and scientific and educational institutions in Pushino, Russia. The consortium has been reported to have successfully carried out activities that promote Russian private sector development, protect and restore the environment, support food production and agribusiness, and utilize science to support social needs. The Committee has been aware for several years that the American members of the consortium seek a one-time extension to bring the project to conclusion. Therefore, the Committee requests that USAID report to the Committee not later than 60 days after enactment of this bill on the following: the impact in Russia of past USAID funding of the consortium, the status of pending requests for extension or renewal, and USAID's anticipated date of response to any pending requests for extension or renewal.

CENTER OF BUSINESS SKILLS DEVELOPMENT

The Committee notes the success of Centers of Business Skills Development in the New Independent States. To the extent that conditions in the Russian Federation are conducive to AID efforts to promote trade and investment in Russia, the Committee suggests that every consideration be given to the continuation of the

Centers, and the possible combination with American Business Centers.

INDEPENDENT AGENCIES

INTER-AMERICAN FOUNDATION

Fiscal year 1998 level	(\$22,000,000)
Fiscal year 1999 request	22,000,000
Committee recommendation	20,680,000

The Committee recommendation provides \$20,680,000 for the Inter-American Foundation, \$1,320,000 below the level provided in fiscal year 1998 through the "Development assistance" account. The appropriation represents a reduction of 6 percent from the request. The Committee notes that the recommended appropriation is \$680,000 over the fiscal year 1997 level.

The Committee is recommending the establishment of a separate account for the Foundation, pursuant to the budget request.

The Committee continues to encourage the Foundation to explore alternative sources of funding, both private and public.

AFRICAN DEVELOPMENT FOUNDATION

Fiscal year 1998 level	(\$14,000,000)
Fiscal year 1999 request	14,000,000
Committee recommendation	13,160,000

The Committee has recommended funding for the African Development Foundation at a level of \$13,160,000, \$840,000 below the level provided in fiscal year 1998 through the "Development assistance" account. The appropriation represents a reduction of 6 percent from the request. The Committee notes that the recommended appropriation is \$1,660,000 over the fiscal year 1997 level, and that the Foundation carried forward \$4,000,000 from 1997 to 1998.

The Committee is recommending the establishment of a separate account for the Foundation, pursuant to the budget request.

The Committee continues to encourage the Foundation to explore alternative sources of funding, both public and private.

PEACE CORPS

Fiscal year 1998 level	\$222,000,000
Fiscal year 1999 request	270,335,000
Committee recommendation	230,000,000

The Committee recommends Peace Corps funding of \$230,000,000. This is \$40,335,00 less than the amount requested, but \$8,000,000 above the 1998 enacted level. Prior year language addressing purchase of motor vehicles, abortion, and ability of funds has been continued in the bill.

The Committee supports the work of the Peace Corps, and regrets that its restricted allocation precludes the provision of additional funds at this time. As the 1997 Balanced Budget Agreement does not provide for an increased allocation in future years, the Director is advised to plan future year recruitment and commitment of volunteers in a manner that does not assume significant increases in resources for the Peace Corps.

The Committee continues to support the Peace Corps Volunteers currently at work in 82 countries, and commends the agency's ongoing management reforms and strategic planning, which have been undertaken in consultation with the Committee. In view of the agency's success at providing grass-roots development assistance, and in recognition of the professional and cross-cultural skills that returned volunteers bring home to benefit American society, the Committee remains open to eventually funding a volunteer corps of 10,000 persons.

However, within the existing allocation, the Committee is unable to accommodate the request of \$270,000,000, which assumes an increase to 10,000 volunteers over three years. Should there be an increase in the allocation for foreign operations in subsequent stages of the appropriations process, the Committee is prepared to approve a further increase in Peace Corps funding for fiscal year 1999.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL

Fiscal year 1998 level (under fiscal year 1999 account structure)	\$230,000,000
Fiscal year 1999 request	275,000,000
Committee recommendation	275,000,000

The Committee has recommended \$275,000,000 for "International Narcotics Control". This is \$45,000,000 above the appropriated level for 1998, and the same as the budget request.

The Committee notes that section 520 applies to the use of narcotics control funds for countries such as Colombia and Peru.

In order to accurately assess the allocation of United States overseas counternarcotics assistance and programs, the Committee requests the Department of State to provide a comprehensive accounting of all such activities as part of the fiscal year 2000 budget submission of the President. In addition, the Administration is directed to display eradication and alternative development activities as separate line items in the budget justification documents provided to the Committee.

LATIN AMERICA LAW ENFORCEMENT TRAINING FACILITY

The Committee continues to support establishment of a regional law enforcement training center for Latin America, modeled on the International Law Enforcement Academy (ILEA) in Hungary. Funds were included in the 1998 act to establish such a center. The Committee believes that, given the proximity of the United States to Latin America, it is appropriate for such a center to be located in the United States. An existing facility, the deBremmond Training Center in Roswell, New Mexico, is available for such a center. The Committee again urges the Department of State to establish the training center at this site if it has the capacity to handle the training needs projected by the Bureau of International Narcotics and Law Enforcement Affairs.

COLOMBIA

The Committee supports a strong U.S. counternarcotics assistance program for Colombia in order to protect U.S. communities from the ravages of drugs. There is evidence that Colombia has become the leading supplier of heroin to the United States, and the Department of State should alter its counternarcotics strategy in Colombia in recognition of that fact. To date, the Department's strategy has largely ignored the control of opium poppies.

However, the Committee is concerned that no assistance from funds provided in this Act be provided to any security forces units engaged in systematic human rights violations. For that reason, the Committee has retained a general provision (section 565) that prohibits funds from being made available to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights, unless the Secretary determines that the government of such country is taking effective measures to bring the responsible members of the security forces unit to justice. In the implementation of this section, the Administration should adopt clear, transparent, and timely monitoring mechanisms. This provision applies to counternarcotics assistance for any country, not just Colombia.

The Committee notes that virtually all of the law enforcement assistance provided to Colombia through this account is directed through, or done in cooperation with, the Colombian National Police, which has an excellent human rights record.

The Committee urges the Department of State to support the development of a peace process in Colombia, and further urges the government of Colombia to take steps to end human rights abuses by members of the government and/or armed forces, by paramilitary forces, and by the insurgents. The Committee also urges that steps be taken to protect human rights monitors, and that the Administration provide funding for the Human Rights Unit of the Colombia Attorney General's office (Fiscalia) through the Rule of Law Program.

The Committee is also aware of proposals to use a new form of herbicide (tebuthiuron) on coca plants as part of aerial eradication activities in Colombia. Prior to any decision on its use, the State Department should thoroughly test and evaluate the health and environmental impacts of such herbicide under the conditions in which it would be used.

PERU

The Committee is concerned by reports that the Peruvian National Intelligence Service (SIN) may be involved in activities that are inconsistent with human rights, the rule of law and the development of democracy. The Committee directs the State Department to report to the Committee on the degree to which this organization has received counternarcotics funds from this account; the reasons for such assistance; and an explanation why such assistance would not be better utilized through collaboration with civilian law enforcement agencies, including the intelligence unit of the antinarcotics police.

USE OF FUNDS

The Committee has provided the requested increase of \$45,000,000, and fully supports the proposed funding allocations for Colombia, Bolivia, and Peru. As part of this general increase, the Committee directs the Department of State to ensure that the following priorities are addressed:

1. an increase of \$6,000,000 for support of the air wing in Colombia;
2. an increase of \$2,000,000 for minigun systems for the Colombian National Police (or the use of drawdown authority);
3. sufficient funds to provide for the transfer of a DC-3 transport aircraft to the Colombian National Police;
4. an additional \$5,000,000 for start-up costs for alternative development activities in Colombia (Guaniare, Putumayo, and Caqueta);
5. an additional \$5,000,000 to enhance alternative development activities in Bolivia (Chapare and Yungas);
6. an additional \$3,000,000 for support of air and riverine operations, and for enhanced coca eradication, in Bolivia;
7. an additional \$28,000,000 to enhance alternative development programs in Peru (Ucayali, Apurimac, and Huallaga valleys);
8. sufficient support for international law enforcement training centers including Asia, Africa, & Latin America, as well as exchanges for Mexican judges, prosecutors, and police.

EXTRADITION TREATIES

The Committee is very concerned about the frequency with which foreign nationals who commit crimes in the United States are able to avoid arrest and prosecution by fleeing to nations that do not have valid extradition treaties with the United States. In some of these cases, an extradition treaty is in effect between the United States and the nation harboring the fugitive, but it does not provide for the extradition of its own citizens.

Recent reports have highlighted the lack of effective extradition with El Salvador. The District of Columbia has 24 outstanding arrest warrants for homicide suspects who the authorities believe have returned to El Salvador.

The Committee urges the President and the Secretary of State to take every possible step to conclude effective extradition treaties where such treaties do not exist and report back to the Committee on the status of such efforts.

REFUGEE ASSISTANCE

The Committee has provided a total of \$670,000,000 for the two refugee accounts of the Department of State, the same as the budget request. However, \$10,000,000 has been shifted from "Migration and refugee assistance" to "United States Emergency Refugee and Migration Assistance Fund" in order to provide more flexibility in the use of emergency refugee assistance funds.

MIGRATION AND REFUGEE ASSISTANCE

Fiscal year 1998 level	\$650,000,000
Fiscal year 1999 request	650,000,000
Committee recommendation	640,000,000

The Committee has recommended \$640,000,000 for “Migration and Refugee Assistance”, \$10,000,000 less than the amount requested by the President. A limitation of \$12,000,000 is recommended for administrative expenses. The recommendation is based on the requested reduction of \$10,000,000 for the resettlement of Soviet, Eastern European and other refugees resettling in Israel.

TIBETAN REFUGEES

The Committee supports continued funding to assist Tibetan refugees, and expects that \$2,000,000 will be provided for this purpose. The Committee requests that the Department of State coordinate with the Agency for International Development in determining the funding responsibility for long-term assistance for Tibetan refugees, including assistance to refugees residing in India.

ISRAEL

The Committee endorses the budget request of \$70,000,000 for the resettlement of NIS, Eastern European and other refugees resettling in Israel, consistent with the anticipated reduction of funds for this program as described in House Report No. 105-401.

UNACCOMPANIED CHILDREN

The Committee supports continued funding for programs initiated through the United Nations High Commissioner for Refugees for unaccompanied and vulnerable refugee children. UNHCR has estimated that there are more than 1,000,000 refugee children who are orphaned, separated from their parents, or have other special needs as a result of armed conflict or other causes of forced migration. The Committee supports funding at last year’s level to support the initiatives being taken by UNHCR to meet the needs of these children.

UNITED STATES EMERGENCY REFUGEE AND MIGRATION ASSISTANCE
FUND

Fiscal year 1998 level	\$50,000,000
Fiscal year 1999 request	20,000,000
Committee recommendation	30,000,000

The Committee has recommended \$30,000,000 for the Emergency Refugee and Migration Assistance Fund. This is \$20,000,000 below the 1998 enacted level and \$10,000,000 above the budget request.

The Committee is very concerned the Department of State has not properly used the resources available in the emergency fund. Decisions to provide assistance from the fund for refugees in Africa were unnecessarily delayed during the current fiscal year, and the Department has been slow to respond to appeals from the United Nations High Commissioner on Refugees. The Committee requests the Department review the procedures for triggering drawdowns

from the emergency fund, and report to the appropriate committees of the Congress on possible changes in law that may be necessary to expedite the delivery of needed refugee assistance.

ANTI-TERRORISM ASSISTANCE

NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED PROGRAMS

Fiscal year 1998 level	\$133,000,000
Fiscal year 1999 request	215,900,000
Committee recommendation	152,000,000

The Committee fully funds the Administration request for the Nonproliferation and Disarmament Fund, Anti-terrorism Assistance, export control activities, and the IAEA, and increases demining funds by \$6,000,000 over last year's level.

ANTI-TERRORISM ASSISTANCE

The Committee supports the Administration's request and recommends \$21,000,000 for anti-terrorism assistance.

NONPROLIFERATION AND DISARMAMENT FUND

The Committee supports the Administration's request and recommends \$15,000,000 for the Nonproliferation and Disarmament Fund. The Committee strongly supports the core nonproliferation activities of the NDF which are designed to provide the Secretary of State with a flexible funding source to respond to urgent, unanticipated nonproliferation activities of immediate concern to the United States. Longer term programmatic activities should be funded separately and therefore subject to the normal conditions for legislative oversight and review.

DEMINING ACTIVITIES

The Committee recommends not less than \$26,000,000 for demining activities, an increase of \$6,000,000 over the fiscal year 1998 level. While \$24,000,000 less than the request, the Committee recommended level represents a 30% increase over last year's level. The Committee also notes that the Emergency Supplemental Appropriations Act for Fiscal Year 1998 (P.L. 105-174) provided an additional \$28,000,000 for demining related activities in Bosnia and Herzegovina and other land mine-affected countries in the region.

CTBT

The Committee has carefully reviewed the Administration's request for \$28,900,000 for the Comprehensive Test Ban Treaty (CTBT) Preparatory Commission. The Committee notes that previously funding for this activity was provided by another subcommittee and the Administration did not consult with the Committee prior to requesting this change. As a result, the overall fiscal year 1999 funding request for this account is significantly higher than anticipated by the Committee. The Committee would also note that arms control implementation costs are currently funded through the budgets of the Department of Defense, Department of

Energy, the Arms Control and Disarmament Agency and other relevant agencies. The cost of these activities would quickly dwarf the Nonproliferation account if other arms control implementation activities similar to the CTBT were also requested in this account. The Committee strongly opposes the transfer of the funding responsibility for arms control implementation and verification activities to this account.

The Committee has also been informed by the Senate Committee on Foreign Relations that it does not intend to consider the CTBT this year. In addition, the Committee notes that the Administration is unable to offer a possible date for entry into force of the treaty (Article XIV of the treaty stipulates that entry into force will not occur until 44 specific countries listed in Annex 2 of the treaty have formally ratified the treaty). In light of these uncertainties and the overall budget constraints on the bill, the Committee has not assumed full funding for the CTBT Preparatory Commission in this account in fiscal year 1999 although neither has it specifically prohibited the use of funds for this activity.

KEDO BURDEN SHARING

The Committee continues to strongly believe it is essential that other nations share the financial burden in responding to the North Korean nuclear threat. The United States stations 37,000 uniformed Americans in South Korea and spends over \$2,500,000,000 per year to ensure stability and peace on the Korean peninsula. The Committee fully expects other nations to do their share and fund the heavy fuel oil component of the Agreed Framework. The Committee remains extremely concerned that KEDO has assumed nearly \$50,000,000 in unpaid obligations relating to the delivery of heavy fuel oil. The Committee views with the most serious concern any action by the U.S. government which assumes debts and obligations absent congressional authority and appropriation.

DEPARTMENT OF THE TREASURY

DEBT RESTRUCTURING

Fiscal year 1998 level	\$27,000,000
Fiscal year 1999 request	72,000,000
Committee recommendation	36,000,000

The Committee has provided \$36,000,000 for debt restructuring for fiscal year 1999. This is \$9,000,000 above the 1998 level, but \$36,000,000 below the request. The Committee has included new bill language to allow for the use of the authorities available under section 572 of Public Law 100-461 for concessional debt relief for "IDA-only" countries in sub-Saharan Africa. Although not requested by the Administration, the Africa debt initiative could not be implemented absent this language. In addition, discretionary authority is provided to allow for the use of up to \$2,900,000 for implementation of improvements in the foreign credit reporting system of the United States Government; similar authority was provided for fiscal year 1998.

Three debt restructuring programs are implemented by the Administration:

1. Paris Club debt reduction for the poorest countries, for which \$37,000,000 has been requested for fiscal year 1999;
2. The Debt Buyback/Swap program under the Enterprise for the Americas Initiative, which is operated at no budget cost; and
3. A new concessional debt forgiveness program for sub-Saharan Africa, for which \$35,000,000 has been requested for fiscal year 1999.

Due to changes implemented this year in the Interagency Country Risk Assessment System (ICRAS) regarding the credit status of countries eligible for debt restructuring, the current budget cost for debt relief for the poorest countries has fallen to only \$1,400,000. Therefore the Committee is able to meet a substantial portion of the request of \$35,000,000 for the sub-Saharan Africa debt initiative.

It is the Committee's intention that \$1,400,000 be provided for debt relief for the poorest, \$31,700,000 be available for sub-Saharan Africa concessional debt relief, and that up to \$2,900,000 be used for completing improvements in the foreign credit reporting system.

The Committee requests quarterly reports on obligations made from this account, and on the purposes for which the funds are obligated. At the beginning of the fiscal year, the Administration should provide a report to the Committee pursuant to the regular notification procedures of the Committees on Appropriations on the intended use of the funds provided in this account. Such report should specify the countries which would receive debt restructuring during fiscal year 1999. The Committee understands that ICRAS credit ratings can fluctuate during the year, thus resulting in a change in the budget cost necessary to restructure debt. However, the allocation of funds suggested in the preceding paragraph is based on information provided to the Committee prior to markup. If the cost of debt relief for the poorest countries is recalculated upward, it will necessitate a decrease in the funds allocated for concessional debt relief.

In addition, at least 30 days prior to the obligation of any funds for concessional debt relief for sub-Saharan Africa, the Committee directs that the Secretary of the Treasury submit a detailed financial plan regarding such debt relief, including the criteria used to determine countries that will be eligible for such debt restructuring.

FOREIGN CREDIT DATA

The Committee is concerned about the quality of credit data available to the Department of Treasury for the tracking of foreign debt owed to United States government agencies. For example, it took four days to document United States credit exposure in Indonesia as that country's economic crisis emerged. The use of incomplete or inaccurate data can impair the ability of the Administration to implement sound international financial policies.

At the direction of the Congress, a program was begun in fiscal year 1998 to improve and automate foreign credit data. Up to \$2,900,000 is available under the Committee's recommendation for fiscal year 1999 to complete this important project. The Committee

expects and directs that all government credit agencies will cooperate in this effort, including the export financing agencies funded in title I of this Act. The inability to account accurately for the status of foreign debt owed to these agencies could be an important factor in determining the extent to which the Congress provides authority to incur further debt.

In addition, the Committee expects the Administration to resume the practice of publishing an annual report on foreign loan and loan guarantee data, and encourages the Department of Treasury to consult with the Office of Management and Budget, the Congressional Budget Office, the appropriate committees of the Congress, and other interested parties in determining the scope of such annual reports. The Committee requests that the Department of Treasury report no later than March 31, 1999, on the progress made in resuming such an annual publication.

INTERNATIONAL AFFAIRS TECHNICAL ASSISTANCE

Fiscal year 1998 level .....	.....
Fiscal year 1999 request	\$5,000,000
Committee recommendation .....	.....

The Committee is not recommending the establishment of a new appropriations account for international technical assistance by the Department of Treasury. It is deferring consideration of this request, without prejudice. The Committee notes that the activities that would be funded through this account are available through the "Development assistance" account of the Agency for International Development.

UNITED STATES COMMUNITY ADJUSTMENT AND INVESTMENT PROGRAM

Fiscal year 1998 level .....	.....
Fiscal year 1999 request	\$37,000,000
Committee recommendation .....	.....

The Committee is not recommending the establishment of a new program for community investment and adjustment within the United States. However, should there be an increase in the allocation for foreign operations in subsequent stages of the appropriations process, the Committee is prepared to approve an appropriation for the United States Community Adjustment and Investment Program.

TITLE III—MILITARY ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL MILITARY EDUCATION AND TRAINING

Fiscal year 1998 level	\$50,000,000
Fiscal year 1999 request	50,000,000
Committee recommendation	50,000,000

The Committee recommends the Administration request of \$50,000,000 for the International Military Education and Training program which represents a freeze at the fiscal year 1998 level. The Committee recommendation reflects its continued support for

the IMET program, particularly those new programs initiated in the NIS and Central Europe since 1991.

IMET, HUMAN RIGHTS AND ECONOMIC DEVELOPMENT

The Committee continues to support both the IMET program and its "Expanded IMET" component. The Committee supports a substantial human rights component in programs for all IMET countries, including information on international human rights conventions, human rights law in the recipient's country, American human rights law and policy, and appropriate behavior by military personnel. The Committee supports the holding of IMET field seminars that bring together elements of the military and indigenous human rights groups. The Committee also supports inclusion of a substantial number of civilian employees of foreign governments in IMET programs. The Committee believes that the IMET program and its expanded IMET component offer the military of other nations full exposure to how the United States military performs as a professional, highly respected institution in a civil, democratic society governed by the rule of law. It remains the Committee's view that the attainment of such a military must be a fundamental objective of any nation in its pursuit of economic growth and prosperity and that the IMET program plays an important role in supporting this objective.

INDONESIA

The Committee includes prior year bill language limiting Indonesia to expanded IMET only. It is the Committee's hope that expanded IMET training will substantially improve the human rights performance of the Indonesian military, as well as provide an opportunity for civilians to develop the defense related skills necessary for effective civil-military relations. The Committee believes this aspect of the IMET program could be particularly valuable as the political process in Indonesia continues to evolve. Increasing pluralism, combined with promised elections, offer an excellent opportunity for the Administration to engage civilians, representatives of NGOs, parliamentarians, and other appropriate individuals in expanded IMET courses specifically designed to support civilian control of the military and improved civil-military relations in a democratic society. The Committee is very disturbed by recent reports that Indonesia has been receiving military training from the United States under the auspices of the Joint Combined Exchange Training (JCET) program. While this training may not have been incompatible with the "letter of the law" it was certainly inconsistent with the "spirit" of last year's statutory provisions limiting Indonesia to only expanded IMET. In an effort to clarify this matter, the Committee emphasizes that it remains the Committee's firm belief that at the present time all military training for Indonesia should be limited only to expanded IMET.

REPORT ON FOREIGN MILITARY TRAINING

The Committee is concerned by recent reports that the Administration is engaged in extensive military training of foreign military personnel without the benefit of full congressional oversight. The

situation in Indonesia mentioned in the previous paragraph is a notable example of the difficulties which can occur when an Administration attempts to execute multiple foreign military training programs without adequate congressional or executive branch review and oversight.

The Committee therefore includes a new general provision (sec. 577) requiring a detailed report on this issue. The bill language requires the Secretary of Defense and the Secretary of State to jointly provide to the Congress by January 31, 1999, a report on all overseas military training provided to foreign military personnel under programs administered by the Department of Defense and the Department of State during fiscal years 1998 and 1999, including those proposed for fiscal year 1999. This report shall include, for each such military training activity, the foreign policy justification and purpose for the training activity, the cost of the training activity, the number of foreign students trained and their units of operation, and the location of the training. In addition, this report shall also include, with respect to United States personnel, the operational benefits to United States forces derived from each such training activity and the United States military units involved in each such training activity. This report may include a classified annex if deemed necessary and appropriate. However, the Committee emphasizes strongly that it expects this report to be unclassified and believes that the classified annex should be used only when necessary to protect intelligence sources or methods.

EAST TIMOR

The Committee continues to support a peaceful resolution of the situation on East Timor. The Committee remains convinced that human rights and democratic pluralism in Indonesia must be awarded greater respect and protection by the Indonesia Government and every effort must be made by the Government to ensure that human rights abuses, torture, political intimidation and harassment are completely curtailed not only in East Timor, but throughout Indonesia. It is the Committee's view that the current economic and political changes in Indonesia offer a rare opportunity for the Government of Indonesia to take bold and innovative steps to deal with the East Timor issue. In this regard, the Committee supports an internationally supervised referendum to determine a comprehensive settlement of the political status of East Timor.

SCHOOL OF THE AMERICAS

While funds in this act are not the primary funding source for the School of the Americas, the Committee continues to carefully review the activities of the School of the Americas to make certain that grant IMET funds used to support students at the School are being appropriately utilized to support United States national security objectives and to improve the professionalism of Latin American militaries. As a result, the Committee includes prior year bill language which makes clear the Committee's intent that the School not engage in any inappropriate training activities. To support this objective, the Committee withholds the obligation of IMET funds to support training at the School of the Americas until the Secretary

of Defense certifies that the instruction and training provided by the School of the Americas is fully consistent with training and doctrine, particularly with respect to the observance of human rights, provided by the Department of Defense to United States military students at Department of Defense institutions whose primary purpose is to train United States military personnel. It is not the intent of the Committee that "fully consistent" be interpreted as identical to U.S. training. The Committee's concern is specifically with respect to human rights training, in which case the Committee believes training by the School of the Americas should be fully consistent with the United States government's statutory and executive order obligations and limitations in this area. In addition, the bill requires that the Secretary of Defense submit to the Committees on Appropriations by January 15, 1999 a report detailing the training activities of the School of the Americas and a general assessment regarding the performance of its graduates during 1997.

GUATEMALA

The Committee has retained prior year language limiting Guatemala to expanded IMET only. The Committee recognizes that the peace process is continuing to move forward successfully in Guatemala. However, despite this considerable progress, the Committee believes it is premature to provide Guatemala with full IMET.

IMET AVAILABILITY

The Committee has included new language which provides that of the funds made available for IMET, \$1,000,000 may remain available until expended. The Administration requested two year availability for IMET, citing unanticipated last minute program and course cancellations which have resulted in up to \$1,000,000 being returned to the Treasury annually. The Committee does not concur with the Administration that two year availability is necessary to remedy this programming problem.

IMET TRAINING IN LATIN AMERICA

The Committee continues to encourage the Administration to make every effort to ensure that approximately 30 percent of IMET funds for Latin America will be used to support enrollment in expanded IMET courses. In addition the Committee encourages the Administration to make every effort to identify sufficient numbers of qualified, non-military personnel from countries in Latin America so that approximately 25 percent of the total number of individuals from Latin American countries attending United States supported expanded IMET programs and the Center for Hemispheric Defense Studies at the National Defense University are civilians. The Committee emphasizes that increasing the percentage of civilians from Latin America participating in expanded IMET courses should be an Administration priority.

GLOBAL GUIDELINES

The Committee commends the Administration for developing and issuing uniform global guidelines for the screening and selection of

all IMET candidates, as suggested by the Committee in last year's committee report.

The Committee believes it is important for the Administration to implement these new guidelines in a manner which ensures embassy human rights officers are participants in the evaluation process for candidate screening and selection.

FOREIGN MILITARY FINANCING PROGRAM

GRANTS

Fiscal year 1998 level	\$3,296,550,000
Fiscal year 1999 request	3,275,910,000
Committee recommendation	3,335,910,000

SUBSIDY APPROPRIATION

Fiscal year 1998 level	\$60,000,000
Fiscal year 1999 request	20,000,000
Committee recommendation	20,000,000

LOANS

Fiscal year 1998 level	(\$657,000,000)
Fiscal year 1999 request	(167,000,000)
Committee recommendation	(167,000,000)

The Committee has recommended \$3,335,910,000 in Foreign Military Financing grants, and \$20,000,000 as a subsidy appropriation for loans. The amount provided for the subsidy appropriation will support a loan program totaling \$167,000,000. Thus, the total program level of foreign military grants and loans for fiscal year 1999 is \$3,502,910,000. This program level is \$60,000,000 more than the amount requested by the President for fiscal year 1999 and \$450,640,000 below last year's program level for grants and loans.

ISRAEL

The Committee recommends a total Foreign Military Financing Program of not to exceed \$1,860,000,000 in grants for Israel. The Committee expects the Administration to provide Israel the full amount included by the Committee in the bill. These funds are to be disbursed within thirty days of enactment of this act or by October 31, 1998, whichever is later.

The Committee has included specific bill language increasing military assistance as a result of the broad dialogue on Israel's aid levels initiated by Israeli Prime Minister Netanyahu following his address to a joint session of the Congress on July 10, 1996. As noted in the section of the committee report entitled "Israel" under the heading "Economic Support Fund", it is the Committee's view that while Israel's economy has improved significantly in recent years, the security situation in the Middle East, particularly with respect to weapons of mass destruction, has worsened. The Committee is extremely concerned that Israel's technological military edge could erode as a result of the unrestrained sales of advanced military equipment, including nuclear and ballistic missile technology, to Israel's potential adversaries by nations such as Russia, China and North Korea. Media reports as recently as the spring of

this year suggest that Russia, China and North Korea were the sources of dangerous weapons of mass destruction transfers to the region.

Therefore, the Committee is convinced the United States must make every effort to carry out its long-standing policy of ensuring that Israel's technological edge is maintained. As a result, the Committee has provided an increase of \$60,000,000 above the President's request for Israel in fiscal year 1999. The Committee also believes that a sustained military improvement program will be required over the next ten years, at an annual rate of approximately \$60,000,000, to assist Israel in responding to these emerging security challenges. However, with respect to this recommended increase in military assistance, the Committee must be very clear that it cannot commit future Congresses to the future appropriation of funds. Therefore, future increases in military assistance will require the annual review of the Congress and will necessarily be based upon an assessment of the security situation at the time.

The Committee also recommends that to the extent that the Government of Israel requests that FMF grant funds for Israel be used for such purposes, and as agreed by Israel and the United States, funds may be made available for advanced weapons systems of which not less than \$490,000,000 shall be available for the procurement in Israel of defense articles and defense services, including research and development. This represents a \$15,000,000 increase over prior year levels and reflects a recognition by the Committee of Israel's need for similar annual increases over the next decade in order to provide Israel with increased flexibility in meeting the emerging security challenges in the Middle East.

EGYPT

The Committee recommends a total Foreign Military Financing Program for Egypt of not to exceed \$1,300,000,000 in Foreign Military Financing grants. The Committee fully appreciates Egypt's strategic location, its immediate proximity to Libya and Sudan both of which actively support international terrorism, its critical contribution during the Gulf War in resisting Iraqi aggression, and its essential role in the Middle East peace process. The Committee is convinced that continued military cooperation between Egypt and the United States remains in the national security interests of both countries. The Committee also strongly encourages the Administration to work with the Government of Egypt to develop mechanisms in the security assistance areas which will make our assistance to Egypt more flexible and effective. The Committee expects the Administration to consult with the Committees on Appropriations on the outcome of these discussions.

The Committee strongly supports an Egyptian acquisition program that will improve the interoperability and standardization of the Egyptian military in a manner which enhances the ability of the United States military and the Egyptian military to operate together in a tactically compatible manner. This remains one of the most important reasons why the Committee continues to support a U.S. military assistance program for Egypt which is responsible for a significant portion of Egypt's new procurement budget. In this regard, the Committee is concerned by recent reports which indicate

that Egypt is considering significant non-U.S. weapons acquisitions from other sources. The Committee believes this undercuts one of the main objectives of the U.S. military assistance program therefore the Committee intends to closely monitor the Egyptian procurement program. In addition, the Committee understands that the Government of Egypt is considering the acquisition of a tactical command and control system for its Army and is also in the process of acquiring a Forward Area Air Defense system and steel ribbon mobile pontoon bridges. The Committee strongly recommends that the Government of Egypt only purchase systems manufactured by a U.S. company that are currently fielded and in use by the U.S. Army and steel ribbon bridges developed and tested by a U.S. company specifically to meet the Egyptian Army's specifications.

JORDAN

The Committee strongly supports the Administration's efforts to improve Jordanian security and therefore recommends full funding of the President's request of \$45,000,000 for Jordan. Under the able leadership of King Hussein, Jordan plays a critical role in supporting peace and security in the Middle East. The Committee is well aware that Jordan's security requirements are extensive, particularly in the areas of ground force modernization and border security. Therefore the Committee has included prior year language providing \$25,000,000 in Department of Defense drawdown authority to assist Jordan in meeting these needs.

TUNISIA

The Committee notes the strong relationship which exists between Tunisia and the United States. Given Tunisia's important role in North Africa, the Committee urges the Administration to review the military assistance program for Tunisia to determine if it can be made more effective, particularly in the areas of excess defense articles, IMET and FMF funds.

PARTNERSHIP FOR PEACE NATIONS

The Committee continues to strongly support the Partnership for Peace (PFP) program. The Committee believes the 1999 request will continue to enhance security and stability in Europe by promoting the standardization and interoperability, as well as the continued downsizing, of the armed forces of participating nations, particularly those of nations most likely to become new NATO members. The fiscal year 1999 request for \$80,000,000 represents a \$14,350,000 decrease from the amounts allocated for the PFP program in fiscal year 1998.

PARTNERSHIP FOR PEACE NOTIFICATION

The Committee continues prior year language which requires that no FMF grant assistance shall be available for any non-NATO country participating in the Partnership for Peace Program except through the regular notification procedures of the Committees on Appropriations.

LATIN AMERICAN ARMS TRANSFERS

The Committee urges the Administration to carefully assess the security implications of last year's decision to lift the U.S. ban on high technology weapons sales to Latin America. The Committee further urges the Administration to discuss with Latin American nations broad arms transfer principles which would allow those nations to meet their security concerns without spending scarce economic resources or sparking an arms race in the region.

ADMINISTRATIVE EXPENSES

The Committee has continued a limitation on administrative expenses of \$29,910,000, the level requested by the Administration. The Committee expects the Department of Defense to carefully review administrative expenses in an effort to reduce expenditures.

FOREIGN MILITARY FINANCING SURCHARGE

The Committee has continued a limitation on Foreign Military Financing operating costs of \$340,000,000, unless notified through the Committee's fifteen day notification process. This is \$10,000,000 less than last year .

EXCESS SUBSIDY COSTS

The Committee continues prior year language allowing the subsidy costs of direct loans to be used to supplement funds available for grants under certain conditions and vice versa.

FMF EXPENDITURE RATE

The Committee continues prior year language that requires that Foreign Military Financing funds be expended at the minimum rate necessary to make timely payments for defense articles and services.

LOANS

The Committee has included a provision in the bill limiting loans to \$167,000,000.

FMF LOAN CRITERIA

The Committee is providing the Administration's full request for the FMF loan program with the understanding that FMF loans will not be made available to countries with an ICRAS rating below C-.

PROCUREMENT AGREEMENTS

The Committee has continued prior year language requiring recipients of Foreign Military Financing to sign agreements with the United States prior to using FMF funds to finance the procurement of any item not sold by the United States under the Arms Export Control Act.

PROHIBITIONS

The Committee has included bill language prohibiting military assistance to Sudan and Liberia. The Administration did not re-

quest military assistance for these countries for fiscal year 1999. Although the Committee notes the continued implementation of the Guatemalan peace agreement, the Committee believes it is premature to remove the prohibition on military assistance for Guatemala in fiscal year 1999. The Committee is aware that \$2,577,000 in previously appropriated Foreign Military Financing Funds remain available for Guatemala. The Committee expects that these funds will be used in support of the Peace Accords in a timely manner and in full consultation with the Committee.

PEACEKEEPING TRAINING

The Committee notes that the Administration is requesting \$13,000,000 in FMF funds to support peacekeeping related training and other peacekeeping support activities. This in addition to funds requested for 1999 in the "Peacekeeping Operations" account.

PEACEKEEPING OPERATIONS

Fiscal year 1998 level	\$77,500,000
Fiscal year 1999 request	83,000,000
Committee recommendation	62,250,000

The Committee recommends \$62,250,000 for voluntary contributions for International Peacekeeping Operations. This amount is \$15,250,000 below the level provided in fiscal year 1998 and \$20,750,000 below the President's request. The Committee notes that the Administration has also requested \$13,000,000 in FMF funds for peacekeeping training and activities in Africa and to support the Enhanced Peacekeeping Initiative.

AFRICAN CRISIS RESPONSE INITIATIVE

The Committee continues to support the Administration's African Crisis Response Initiative and recommends full funding for this activity at the President's request level. The Committee remains supportive of efforts to develop an African regional capability to respond to low-intensity peacekeeping activities either in lieu of United States troops or in cooperation with them. In the past the Committee has been assured by the Administration that the command arrangements will be sub-regional, regional, possibly with United States or West European participation depending on the situation, and when appropriate or requested by African states or organizations, UN sanctioned.

VOLUNTARY CONTRIBUTIONS TO WAR CRIMES TRIBUNALS

The Committee strongly supports the efforts of the two war crimes tribunals in their work to ensure the impartial administration of justice regarding war crimes committed during the Bosnian and African Great Lakes conflicts. The Committee is encouraged the Administration has announced plans to provide \$1,100,000 as a voluntary contribution for an investigation of recent events in Kosovo, as well as "in kind" contributions to enable the Yugoslav tribunal to build two new courtrooms in the Hague. To further this effort, \$3,000,000 of the funds appropriated in this act should be provided to the tribunals as voluntary contributions. However, the Committee notes that most of the funds for these activities is pro-

vided through assessed contributions to the United Nations. In addition, the Committee is aware of a report issued on March 11, 1997, by the Secretary General of the United Nations on the 1997 resource requirements for the International Tribunal for the Former Yugoslavia. This report was prepared by the Under Secretary General for Internal Oversight Services, and recommended a number of steps to reduce costs and establish procedures for assessing resource needs. The Committee strongly supports additional funding for the tribunals, if such funding is justified consistent with established budgeting standards.

TITLE IV—MULTILATERAL ECONOMIC ASSISTANCE

CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

WORLD BANK AND GLOBAL AIDS EPIDEMIC

The Committee commends the World Bank for increasing its attention to the world AIDS epidemic which is undermining economic growth in the developing world. The epidemic has already claimed 12 million lives and every day 16,000 people throughout the world are newly infected with the virus which causes AIDS. The Committee strongly urges the Administration to work with the World Bank on initiatives to address global AIDS, including consideration of the creation of an International Vaccine Purchase Fund.

ENERGY AND ENVIRONMENT AT THE WORLD BANK

The World Bank is reported as lending less than 2 percent of its portfolio to energy efficiency, demand-side management, and renewable energy development. It could be doing much more, based on demand and the importance of the energy sector to the global environment. The Committee urges the Secretary of the Treasury to work with the Bank management to substantially increase Bank energy sector lending in areas where private sector funding is not available.

INSPECTION PANEL

The Committee believes that the current inspection panel should be extended to both the International Finance Corporation and the Multilateral Investment Guarantee Agency. The existing Bank Inspection Panel should maintain the authority to review claims for their merit and basis and decide whether or not to undertake a further investigation of a project.

LOANS TO TERRORIST STATES

The Committee continues to support the basic principles and objectives of the World Bank Group. This support would be gravely weakened if the World Bank made loans to Iran, a country that has openly supported international terrorism.

CONTRIBUTION TO THE GLOBAL ENVIRONMENT FACILITY

Fiscal year 1998 level	\$47,500,000
Fiscal year 1999 request	300,000,000
Committee recommendation	42,500,000

The Committee recommends \$42,500,000 for the Global Environment Facility (GEF), administered by the International Bank for Reconstruction and Development (IBRD). The recommendation is \$7,500,000 above the 1997 and \$5,000,000 below the 1998 enacted levels. The Administration requested a sixfold increase in GEF for 1999, of which \$107,500,000 is designated for the initial installment of a four-year replenishment of GEF.

Funding for this relatively new international financial institution is complicated, in the Committee's view, by its identification as a prime funding mechanism of the United Nations Framework Convention on Climate Change. As a result, the Committee has been made aware of the concern that prior to Senate ratification or the submission of implementing legislation to the House of Representatives, the Administration may use the GEF to implement the Kyoto Protocol.

There are other matters to consider. The Committee is also aware that all of GEF's field activity is carried out by other implementing agencies, which themselves rely on contractors and non-government organizations. At least one of the implementing agencies is plagued by management problems and does not rate well in GEF's own evaluations.

The Committee recognizes that the GEF predates the Kyoto Protocol by six years and that it implements projects only in developing nations and several emerging economies in Eastern and Central Europe, whereas the Kyoto Protocol only applies to emissions reductions in the developed nations. Since 1991, the GEF has implemented over 500 projects in 119 countries, and nearly half of those are designed to conserve areas of high biological diversity, while about a third of its projects involve climate-change activities.

The Committee's budget allocation makes it difficult to consider the request for a new replenishment of GEF without sacrificing important ongoing programs. Consideration of the request for past due payments of \$192,500,00, which in effect do not count against the budget allocation, comes after two years of House approval of low GEF levels of \$30,000,000 for fiscal year 1997 and of \$35,000,000 for fiscal year 1998. In consideration of recent House action on GEF, its own structure, and the belief by some that the overall request of \$300,000,000 is an expensive and futile attempt to secure developing world participation in the emissions limitations of the Kyoto Protocol, the Committee recommends an appropriation of \$42,500,000.

It is the Committee's view that GEF resources for biodiversity conservation should be directed to countries where the highest levels of diversity and species can be found. The Committee urges the GEF Secretariat to redouble its efforts in Latin America, a region that possesses more than half of the world's remaining tropical rain forests. The Committee notes that in many developing countries, NGOs have superior capacity and expertise to implement biodiversity conservation projects, and the United States should continue to press for improved access for NGOs to GEF funding.

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Fiscal year 1998 level	\$1,034,503,100
Fiscal year 1999 request	800,000,000
Committee recommendation	800,000,000

The Committee is providing \$800,000,000 toward the U.S. contribution to the Eleventh Replenishment of the International Development Association, a reduction of \$234,505,100 below the 1998 enacted level. This is the amount requested by the Administration.

IDA AND CHINA

The Committee strongly urges the Administration to oppose further IDA loans to the People's Republic of China in light of its current strong economic performance and its abysmal human rights record. China should be graduated from IDA, as recommended by the Department of Treasury, and this recommendation should be implemented as soon as possible.

INTERNATIONAL FINANCE CORPORATION

The Committee is concerned that the Secretary of the Treasury has not convinced the International Finance Corporation (IFC) to implement policies consistent with the provisions of section 560(b) of P.L. 105-118, also known as the "Pelosi amendment", and directs the Secretary of the Treasury to ensure its implementation. The Committee believes that the IFC should operate by the same policies as the other members of the World Bank Group. Specifically, the IFC should comply with the World Bank's environment and social policies, including policies on poverty reduction, gender, and energy efficiency. The IFC should also ensure that locally affected people are consulted about projects during the project design and should require that there be public consultation required for all category A and B projects that affect communities.

CONTRIBUTION TO THE INTER-AMERICAN DEVELOPMENT BANK

PAID-IN CAPITAL

Fiscal year 1998 level	\$25,610,667
Fiscal year 1999 request	25,610,667
Committee recommendation	25,610,667

(LIMITATION ON CALLABLE CAPITAL)

Fiscal 1998 level	(\$1,503,718,910)
Fiscal 1999 request	(1,503,718,910)
Committee recommendation	(1,503,718,910)

FUND FOR SPECIAL OPERATIONS

Fiscal year 1998 level	\$20,835,000
Fiscal year 1999 request	21,152,000
Committee recommendation	21,152,000

The Committee has recommended funding for Inter-regional paid-in capital of \$25,610,667 for fiscal year 1998, the same amount as the President's request for the Inter-American Development Bank. The Committee has recommended a limitation on callable capital of \$1,503,718,910 for fiscal year 1999.

The President of the Inter-American Development has kept the Committee fully informed of the Bank's activities in Washington and in Latin America, where members had the opportunity to visit with him in the field. The Committee appreciates his candor and responsiveness.

The Committee welcomes the report that the Bank is supporting the early-stage development of a new Regional Fund for Agricultural Technology, FONTAGRO, which is to finance a Western Hemisphere program of competitive agricultural research grants, drawing on the earnings of an endowment, targeted at \$200,000,000. More than a dozen countries in Latin America and the Caribbean have recently pledged over \$100,000,000. FONTAGRO is now beginning to cooperatively engage the United States agricultural research community in aspects of its management, in individual projects of technology development, and eventually, in financing and cost-sharing. This initiative complements the Committee's efforts to restore the USAID's leadership role in global agricultural and rural development activity.

FUND FOR SPECIAL OPERATIONS

The Committee recommends \$21,152,000 for fiscal year 1999 for the soft-loan Fund for Special Operations, the same as the amount requested and \$317,000 less than the fiscal year 1998 level. The Committee notes that Inter-American Development Bank management is considering a plan to make the FSO self-sustaining within a few years. Confirmation of this graduation policy will be of interest to the Committee.

MULTILATERAL INVESTMENT FUND

Fiscal year 1998 level	\$30,000,000
Fiscal year 1999 request	50,000,000
Committee recommendation	50,000,000

The Committee recommends the requested level of \$50,000,000, all of which is past due.

CONTRIBUTION TO THE ASIAN DEVELOPMENT BANK

PAID-IN CAPITAL

Fiscal year 1998 level	\$13,221,596
Fiscal year 1999 request	13,221,596
Committee recommendation	13,221,596

(LIMITATION ON CALLABLE CAPITAL)

Fiscal year 1998 level	(\$647,858,204)
Fiscal year 1999 request	(647,858,204)
Committee recommendation	(647,858,204)

CONTRIBUTION TO THE ASIAN DEVELOPMENT FUND

Fiscal year 1998 level	\$150,000,000
Fiscal year 1999 request	250,000,000
Committee recommendation	210,000,000

The Administration is requesting \$13,221,596 for paid-in capital and a limitation of \$647,858,204 on callable capital subscriptions (which do not require appropriations) of the Asian Development

Bank. The Committee recommends an amount that is the same as the request and the 1998 enacted level.

The recommendation for the soft-loan Asian Development Fund is \$210,000,000, \$60,000,000 above the amount provided in fiscal year 1998, but \$40,000,000 less than the amount requested. The reduction is made solely because of the limited budget allocation available.

The Committee commends the United States Executive Director at the Asian Bank for her leadership in convincing her colleagues to act forcefully on two matters of concern to the Committee: (1) the establishment of thorough and effective anti-corruption mechanisms for the Bank and its members, and (2) its consideration of gender issues, especially the disproportionate loss of jobs by women in countries impacted by the East Asian crisis.

CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND

Fiscal year 1998 level	\$45,000,000
Fiscal year 1999 Budget Estimate	155,000,000
Committee recommendation	128,000,000

The recommendation for the soft-loan African Development Fund is \$128,000,000, \$83,000,000 above the amount provided in fiscal year 1998, but \$27,000,000 less than the amount requested. The percentage reductions from the requests for the Asian and African Development Funds are equal.

CAPITAL MARKETS

In order to attract private foreign and domestic capital, Africa must develop financial markets and systems that merit the trust and confidence of the international investment community. Such trust and confidence is built on capital markets that exhibit integrity, efficiency and openness. The Committee urges the African Development Fund, which is the recipient of a significant increase in funding, to designate a significant amount of resources for the development of modern capital markets in Africa.

NIGERIA

The Committee is encouraged by the release of political prisoners and the stated commitment to continue the transition to civilian democratic rule by the Nigerian military government, since the death of General Sani Abacha. Numerous problems remain and the substance of the commitments remains to be demonstrated, particularly in the areas of corruption, environmental degradation, lack of basic rights and freedoms, and impunity. The Committee is especially concerned about past and ongoing environmental degradation and human rights abuses in the Ogoni lands. The Committee urges the U.S. Executive Director at the African Development Fund and other international financial institutions to condition lending to Nigeria on the continuation of a genuine transition to democracy and civilian government.

CONTRIBUTION TO THE EUROPEAN BANK FOR RECONSTRUCTION AND
DEVELOPMENT

PAID-IN CAPITAL

Fiscal year 1998 level	\$35,778,717
Fiscal year 1999 request	35,778,717
Committee recommendation	35,778,717

(LIMITATION ON CALLABLE CAPITAL)

Fiscal year 1998 level	(\$123,237,803)
Fiscal year 1999 request	(123,237,803)
Committee recommendation	(123,237,803)

The Committee is recommending \$35,778,717 for the European Bank for Reconstruction and Development. This amount is identical to the appropriation provided in fiscal year 1998 and the same as the President's request.

The Committee intends to closely monitor the EBRD's role in financing nuclear power plants in Ukraine. The Bank's current sound financial status and good name is largely due to its outgoing president, who deserves the thanks of all member countries for his role in restoring the integrity and reputation of the EBRD under difficult circumstances.

INTERNATIONAL MONETARY FUND

CONTRIBUTION TO THE ENHANCED STRUCTURAL ADJUSTMENT
FACILITY

Fiscal year 1998 level	0
Fiscal year 1999 request	\$7,000,000
Committee recommendation	0

The Committee is unable to recommend any funding in fiscal 1999 for the Enhanced Structural Adjustment Facility of the International Monetary Fund. The President requested \$7,000,000 for this purpose, less than 30 percent of the amount requested and denied in fiscal year 1996 and the same as the amount denied in fiscal years 1997 and 1998.

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Fiscal year 1998 level	\$192,000,000
Fiscal year 1999 request (under fiscal year 1998 account structure)	214,000,000
Committee recommendation	157,250,000

The Committee is recommending \$157,250,000 for International Organizations and Programs. This is \$34,750,000 below the fiscal year 1998 level and \$156,750,000 below the President's request. However, as in fiscal year 1998, the Committee has shifted \$100,000,000 for a grant to UNICEF from this account to "Child Survival and Disease Programs Fund" under title II. Therefore, on a comparable basis, the recommendation is \$56,750,000 below the President's request.

The Committee recommendation prohibits funding for the United Nations Population Fund (UNFPA), resulting in a savings of \$25,000,000. Despite the opposition of the United States, UNFPA has decided to reestablish programs in China. The Committee be-

lieves that such programs could indirectly subsidize the policies of forced abortion and involuntary sterilization that exist in portions of that country. The Committee strongly opposes these egregious violations of human rights, and therefore is recommending that no funding be provided for UNFPA.

The Committee recommendation also includes bill language prohibiting the use of funds for the Korean Peninsula Energy Development Organization (KEDO) or the International Atomic Energy Agency (IAEA). Both organizations are funded under "Nonproliferation, anti-terrorism, demining and related programs".

The Committee supports the stated policy of the United States Government to support Taiwan's membership in international organizations accepting non-states as members, and to look for ways to have Taiwan's voice heard in organizations of states where Taiwan's membership is not possible.

The Committee supports the implementation of international treaties through international commissions, such as the International Whaling Commission, based on science-based solutions. International conservation efforts should be premised on scientific principles.

FUNDING LEVELS

With the exception of UNFPA, the Committee recommendation results in a reduction of \$9,750,000 from the 1998 level for the activities funded through this account. The Committee supports funding for the World Food Program and the United Nations Voluntary Fund for Victims of Torture at least at the 1998 final allocation levels. The Committee also supports the programs of the United Nations Development Program and the international conservation agencies funded through this account.

GOVERNMENT PERFORMANCE AND RESULTS ACT

The Committee considers the full and effective implementation of the Government Performance and Results Act, P.L. 103-62, to be a priority for all agencies of government.

Starting with fiscal year 1999, the Results Act requires each agency to "prepare an annual performance plan covering each program activity set forth in the budget of such agency". Specifically, for each program activity the agency is required to "establish performance goals to define the level of performance to be achieved by a program activity" and "performance indicators to be used in assessing the relevant outputs, service levels, and outcomes of each program activity".

The Committee takes this requirement of the Results Act seriously and plans to carefully examine agency performance goals and measures during the appropriations process. As a result, starting with the fiscal year 1999 appropriations cycle, the Committee considered agencies progress in articulating clear, cost-effective, and results-oriented (outcome) goals and measures as it reviewed requests for appropriations.

The Committee suggests agencies examine their program activities in light of their strategic goals to determine whether any changes or realignments would facilitate a more accurate and in-

formed presentation of budgetary information. Agencies are encouraged to consult with the Committee as they consider such revisions prior to finalizing any requests pursuant to 31 U.S.C. 1104. The Committee will consider any requests with a view toward ensuring that fiscal year 2000 and subsequent budget submissions display amounts requested against program activity structures for which annual performance goals and measures have been established.

TITLE V—GENERAL PROVISIONS

The Committee recommends that several of the general provisions carried in the fiscal year 1998 act be deleted. These provisions are either addressed elsewhere in permanent law, have been considered by the appropriate authorizing committee, or are no longer necessary.

The Committee has recommended the following new and revised general provisions.

Sec. 512, “Limitation on Assistance to Countries in Default” is modified by making Brazil and the Democratic Republic of Congo waiver eligible countries.

Sec. 517, “New Independent States of the Former Soviet Union” incorporates language included in the fiscal year 1988 act as 7 subsections under the heading “Assistance to the New Independent States of the Former Soviet Union” from title II.

Sec. 518A, “Foreign Organizations that Perform or Promote Abortion Overseas; Forced Abortion in the People’s Republic of China”, would amend the Foreign Assistance Act to prohibit funds for population planning organizations that perform abortions in foreign countries or engage in any activity to alter the laws or governmental policies of any foreign country regarding abortion; would permit the President to waive the restriction on performance of abortion, but impose a limitation of \$356,000,000 if such waiver is exercised; and would prohibit funds for the UN Population Fund unless certain certifications are made regarding activities in the People’s Republic of China.

Sec. 519, “Excess Defense Articles for Central European Countries” amends Section 105 of Public Law 104–164 to make Central European Countries eligible in fiscal year 1999 and fiscal year 2000 for receipt of excess defense articles.

Sec. 520, “Special Notification Requirements” is modified to add Honduras.

Sec. 522, “Child Survival, AIDS, and other activities” is modified by including authority to use funds provided under title II for the purposes of section 301 of the Foreign Assistance Act and by clarifying existing provisions relating to “child survival” to include “child survival and disease programs”.

Sec. 524, “Reciprocal Leasing” is modified by extending the authority through fiscal year 1999.

Sec. 527, “Democracy in China” is a new section providing authority to utilize the Economic Support Fund to support nongovernmental organizations located outside China if their primary purpose is to foster democracy in China.

Sec. 538, “Special Authorities” is modified to add Montenegro to the list of countries exempt from restrictions affecting assistance under titles I and II, and to remove tropical forestry and energy

programs from the list of activities exempted from restrictions affecting assistance under sections 103 through 106 of the Foreign Assistance Act.

Sec. 540, "Anti-Narcotics Activities" is modified to remove redundant language affecting section 534 of the Foreign Assistance Act, as proposed in the budget request.

Sec. 544, "Prohibition on Publicity or Propaganda" increases the funding ceiling for activities authorized under section 316 of P.L. 96-533 from \$500,000 to \$950,000.

Sec. 553, "Landmines" is modified by deleting a one-time reporting requirement.

Sec. 560, "Limitation on Assistance for Haiti", also known as the Dole Amendment, is modified by: limiting the waiver, clarifying the term "completed privatization", establishing a benchmark for measuring Government of Haiti cooperation with the United States in investigating extrajudicial killings, and excepting support for political parties, urgent humanitarian needs, and law enforcement activities, from the limitation. Certain reporting requirements are also added.

Sec. 567, "Restrictions on Assistance to Countries Providing Sanctuary to Indicted War Criminals" is modified by listing Montenegro and Serbia separately in lieu of "Serbia-Montenegro (Federal Republic of Yugoslavia)".

Sec. 568, "Additional Requirements Relating to Stockpiling of Defense Articles for Foreign Countries" is modified by amending the Foreign Assistance Act to provide that not more than \$320,000,000 may be made available for stockpiles in the Republic of Korea and not more than \$20,000,000 may be made available for stockpiles in Thailand.

Sec. 573, "Enterprise Fund Restrictions" is a new section providing that prior to the distribution of any assets resulting from any liquidation, dissolution, or winding up of an Enterprise Fund, in whole or in part, the President shall submit to the Committees on Appropriations, in accordance with the regular notification procedures of the Committees on Appropriations, a plan for the distribution of the assets of the Enterprise Fund.

Sec. 574, "Cambodia" combines an existing general provision relating to multilateral assistance for Cambodia with language from title II of the fiscal year 1998 act regarding restrictions on bilateral assistance to Cambodia.

Sec. 576, "Authorization for Population Planning" retains a funding limitation of \$385,000,000 for population planning activities that was included in the 1998 act, but deletes a provision that would have apportioned such funds on a monthly basis at a level of not to exceed 8.34 percent of the total available for such activities.

Sec. 577, "Report on Foreign Military Training" is a new provision that requires a report on foreign military training funding for 1998 and 1999, and that specifies the scope of the report.

Sec. 578, "Korean Peninsula Energy Development Organization", would prohibit funds for a voluntary contribution to, or assistance for, the Korean Peninsula Energy Development Organization (KEDO).

Sec. 579, "Repeal of Restrictions on Assistance", would repeal section 907 of the FREEDOM Support Act.

PROVISIONS RETAINED FROM FISCAL YEAR 1998

The following general provisions from the fiscal year 1998 act are retained in the fiscal year 1999 act unchanged except for technical corrections and new section numbers where appropriate:

- Sec. 501. Obligations During Last Month of Availability.
- Sec. 502. Prohibition of Bilateral Funding for International Financial Institutions.
- Sec. 503. Limitation on Residence Expenses.
- Sec. 504. Limitation on Expenses.
- Sec. 505. Limitation on Representational Allowances.
- Sec. 506. Prohibition on Financing Nuclear Goods.
- Sec. 507. Prohibition Against Direct Funding of Certain Countries.
- Sec. 508. Military Coups.
- Sec. 509. Transfers Between Accounts.
- Sec. 510. Deobligation/Reobligation Authority.
- Sec. 511. Availability of Funds.
- Sec. 513. Commerce and Trade.
- Sec. 514. Surplus Commodities.
- Sec. 515. Notification Requirements.
- Sec. 516. Limitation on Availability of Funds for International Organizations and Programs.
- Sec. 518. Prohibition on Funding for Abortions and Involuntary Sterilization.
- Sec. 521. Definition of Program, Project, and Activity.
- Sec. 523. Prohibition Against Indirect Funding to Certain Countries.
- Sec. 525. Notification on Excess Defense Equipment.
- Sec. 526. Authorization Requirement.
- Sec. 528. Commercial Leasing of Defense Articles.
- Sec. 529. Competitive Insurance.
- Sec. 530. Stingers in the Persian Gulf Region.
- Sec. 531. Debt for Development.
- Sec. 532. Separate Accounts.
- Sec. 533. Compensation for U.S. Executive Directors to International Financial Institutions.
- Sec. 534. Compliance with United Nations Sanctions against Iraq.
- Sec. 535. Competitive Pricing for Sales of Defense Articles.
- Sec. 536. Authorities for the Peace Corps, The Inter-American Foundation and the African Development Foundation.
- Sec. 537. Impact on Jobs in the United States.
- Sec. 539. Policy on Terminating the Arab League Boycott of Israel.
- Sec. 541. Eligibility for Assistance.
- Sec. 542. Earmarks.
- Sec. 543. Ceilings and Earmarks.
- Sec. 545. Purchase of American-made Equipment and Products.
- Sec. 546. Prohibition of Payments to UN Members.
- Sec. 547. Consulting Services.
- Sec. 548. Private Voluntary Organizations—Documentation.

Sec. 549. Prohibition on Assistance to Foreign Countries that Export Lethal Military Equipment to Countries Supporting International Terrorism.

Sec. 550. Withholding of Assistance for Parking Fines Owed by Foreign Countries.

Sec. 551. Limitation on Assistance for the PLO for the West Bank and Gaza.

Sec. 552. War Crimes Tribunal Drawdown.

Sec. 554. Restrictions Concerning the Palestinian Authority.

Sec. 555. Prohibition on Payment of Certain Expenses.

Sec. 556. Equitable Allocation of Funds.

Sec. 557. Special Debt Relief for the Poorest.

Sec. 558. Authority to Engage in Debt Buybacks or Sales.

Sec. 559. Sanctions Against Countries Harboring War Criminals.

Sec. 561. Requirement for Disclosure of Foreign Aid in Report of Secretary of State.

Sec. 562. Restrictions on Voluntary Contributions to United Nations Agencies.

Sec. 563. Limitation on Assistance to the Palestinian Authority.

Sec. 564. Limitation on Assistance to the Government of Croatia.

Sec. 565. Limitation on Assistance to Security Forces.

Sec. 566. Limitations on Transfer of Military Equipment to East Timor.

Sec. 569. Requirements for the Reporting to Congress of the Costs to the Federal Government associated with the Proposed Agreement to reduce Greenhouse Gas Emissions.

Sec. 570. Withholding Assistance to Countries Violating United Nations Sanctions Against Libya.

Sec. 571. Aid to the Government of the Democratic Republic of the Congo.

Sec. 572. Assistance for the Middle East.

Sec. 575. Export Financing Transfer Authorities.

TITLE VI—INTERNATIONAL MONETARY PROGRAMS

UNITED STATES QUOTA IN THE INTERNATIONAL MONETARY FUND

Fiscal year 1998 level	0
Fiscal year 1999 request	\$14,500,000,000
Committee recommendation	0

The Committee defers without prejudice action at this time on the full appropriation of \$14,500,000,000, as requested by the President for the International Monetary Fund.

Having considered many constructive suggestions from Members of Congress, former senior officials in the Executive branch, and experts from the academic and business communities, the Committee concludes that American jobs and economic growth are at great risk from the international economic crisis in East Asia. The inert posture taken by Japan, which should be a catalyst for the region's recovery, is beyond comprehension. If Japan and Europe fail to take a more active role in the East Asian crisis, the global economy is facing its most difficult period since the 1930s. Neither Japan nor any major industrial nation of Europe will seek loans from the IMF; none has done so since 1978.

However urgent the need for \$17.9 billion in credit from the United States and a much greater amount from other nations, Western leadership and radical institutional reform is no less urgent. United States Treasury and Federal Reserve officials who represent the United States in the IMF and other international financial institutions can secure the additional funds requested. The necessary precondition is that they first convince a majority of their counterparts in other major industrial and developing nations that genuine reform, as suggested by this legislation, is the precondition for any additional United States appropriations.

Although the IMF may be able to meet its commitments in East Asia from existing resources, the Committee's recommendation is based upon global concerns. The Committee is aware of claims that the IMF may not have enough credit to backstop nations in the Western Hemisphere and elsewhere outside of East Asia that are currently implementing sound economic policies, but are, nonetheless, threatened by panic or speculation. Further, the Committee is aware of evidence that the IMF, in consultation with the United States Treasury, made serious errors and omissions in its surveillance of East Asia's "miracle economies" in 1997 and 1998. The Committee suggests that the IMF must take its lessons to heart by accelerating its own reform process before it can prudently use the additional resources made available directly and indirectly by this legislation.

MEASURES TO PROTECT AMERICAN INDUSTRY

The financial crisis in Asia over the past year has had a devastating effect on a number of American industries. Uncompetitive trade practices, such as tariffs, market targeting, subsidization, and non-tariff barriers, had already crippled many vital industries prior to development of the Asian financial crisis. The semiconductor, automobile, steel, shipbuilding, textile, apparel, and forest and paper product industries have been severely affected by these practices and could face ruin unless there is strict enforcement and oversight of stabilization programs promoted by international financial institutions.

The Committee in its consideration of requests for the IMF and the NAB seeks to do its utmost to protect these American industries and workers from the unintended, adverse consequences of stabilization programs that tolerate the continuation of predatory practices of certain East Asian governments. The Committee has been informed that the IMF stabilization packages are designed to sever the link between the government, financial sector, and corporate conglomerates in a way that allows companies that do not conform to market mechanisms to fail. While not unaware of the social impact of this process on Asian workers, the Committee cannot support restoration of East Asian economies largely at the expense of American workers.

The reports required by Section 602 and the commitments made by the Department of the Treasury regarding use of IMF funds to unfairly assist corporate conglomerates are an initial step toward resolving this problem. Codification of these commitments may be necessary at a subsequent stage in the legislative process should current undertakings fail. The Committee strongly encourages the

Secretary of Commerce and the United States Trade Representative to monitor the effects of the Asian economic crisis on the semiconductor, shipbuilding, paper and forest products, steel, automobile, glassware, and textile industries. This analysis shall include the collection of data on the volume and prices of imports, industry data, and accounting information from Asian producers. Where imports have risen rapidly, on a volume or value basis, either absolutely or as a percentage of domestic consumption, the Secretary of Commerce shall work with the affected industry to determine whether United States trade laws should be invoked to offset injury or potential injury to the industry.

IMF TAX ALLOWANCE POLICY

The Committee finds that the International Monetary Fund's practice of issuing tax allowances to certain employees (of whatever nationality) to be undesirable. It finds no compelling reason why certain employees of the IMF, an institution with significant influence over the tax policies of nations worldwide, should be largely isolated from the tax policies of their home countries through the use of the Fund's tax allowance. Indeed, this is potentially harmful to the extent that it isolates employers from everyday economic realities. This policy also raises the question of why a certain class of U.S. taxpayers should have its tax burden deliberately and significantly lightened through the use of IMF resources, which derive in part from American taxpayers. While the Committee understands that the origin of this policy was to establish equity among IMF employees, any value in equalizing salaries is outweighed by the above-stated shortcomings. The Committee therefore strongly encourages the U.S. Executive Director of the Fund to work against this practice at the IMF. It is expected that this will be a vigorous effort by the Administration to strike this problematic practice.

NEW ARRANGEMENTS TO BORROW

Fiscal year 1998 level	0
Fiscal year 1999 request	\$3,361,000,000
Committee recommendation	3,361,000,000

The Committee recommends an appropriation of \$3,361,000,000, the same amount requested by the Administration. The New Arrangements to Borrow (NAB) is a contingent loan arrangement in support of the International Monetary Fund. The NAB is somewhat similar to the General Arrangements to Borrow (GAB) for which United States participation was approved on two previous occasions, under Presidents Kennedy and Reagan.

HOUSE OF REPRESENTATIVES REPORT REQUIREMENTS

CONSTITUTIONAL AUTHORITY

Clause 2(l)(4) of rule XI of the Rules of the House of Representatives states that:

Each report of a committee on a bill or joint resolution of a public character, shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the law proposed by the bill or joint resolution.

The Committee on Appropriations bases its authority to report this legislation from Clause 7 of Section 9 of Article I of the Constitution of the United States of America which states:

No money shall be drawn from the Treasury but in consequence of Appropriations made by law . . .

Appropriations contained in this Act are made pursuant to this specific power granted by the Constitution.

CHANGES IN THE APPLICATION OF EXISTING LAW

Pursuant to clause 3, rule XXI of the Rules of the House of Representatives, the following statements are submitted describing the effects of provisions in the accompanying bill, which may be considered, under certain circumstances, to change the application of existing law, either directly or indirectly. Most of the language has been provided in previous measures including supplementals for the departments and agencies carried in the accompanying bill.

1. The bill contains appropriations for a number of items for which authorizations for fiscal year 1999 have not yet been enacted. The bill allows funds appropriated in the bill to be obligated in the absence of a prior authorization of appropriations.

2. The bill provides that a few of the appropriations shall remain available for obligation beyond the current fiscal year. In all cases it is deemed desirable to carry such language in order to provide for orderly administration of such programs and effective use of funds.

3. The bill contains a number of general provisions and other language which have been carried in the bill in past years.

4. Under "Export-Import Bank of the United States", funds are prohibited for the export of nuclear equipment, fuel, or technology to any country other than a nuclear-weapon state as defined in Article IX of the Treaty on the Non-Proliferation of Nuclear Weapons eligible to receive economic or military assistance that has detonated a nuclear explosive after the date of enactment. In addition, funds are available notwithstanding section 2(b)(2) of the Export-Import Bank Act of 1945 for Eastern Europe.

5. Under "Overseas Private Investment Corporation", the corporation is authorized to make expenditures, and it is stated that administrative expenses shall not include project-specific costs and other related costs. In addition, funds are authorized to be derived by transfer from the noncredit account. Finally, funds are authorized for administrative expenses by transfer from the noncredit account.

6. Funds are provided for the Trade and Development Agency, and the agency is authorized to receive reimbursements from corporations and other entities to cover the costs of grants for feasibility studies and other project planning services, to be deposited as an offsetting collection and to be available for obligation until September 30, 2000, for necessary expenses.

7. Under "Child Survival and Disease Programs Fund" the bill contains authorities for the use of the fund that were contained in the 1998 act and are consistent with the Foreign Assistance Act.

8. Under "Development Assistance" the bill contains provisions relating to abortion that were carried in the 1998 act.

In addition, a transfer from this account is authorized to "International Organizations and Programs" for a contribution to the International Fund for Agricultural Development", and subjects such a transfer to the notification procedures on the Committees on Appropriations. Finally, funds are prohibited for the central government of South Africa until the Secretary of State reports on steps the U.S. government is taking to negotiate the repeal, suspension, or termination of section 15(c) of South Africa's Medicines and Related Substances Control Amendment Act No. 90 of 1997.

9. Under "Private and Voluntary Organizations", the Committee includes a provision that funds appropriated under title II should be made available to PVOs at a level which is at least equivalent to the level provided in fiscal year 1995. It also continues provisions continued from last year on minimum funds from private sources.

10. Under "International Disaster Assistance", funds are made available for rehabilitation and reconstruction assistance.

11. Under "Micro and Small Enterprise Development Program Account", authority is provided to guarantee up to 70 percent of the principal amount of any loans notwithstanding existing law.

12. Under "Economic Support Fund", funds are available as cash grants to Israel and Egypt, and the cash grant to Israel shall be disbursed within 30 days of enactment or by October 31, 1998, whichever is later. In addition, the cash grant to Egypt is provided with the understanding that significant economic reforms will be undertaken, and the cash grant to Israel is provided with direction to the President that he ensure that the level of assistance does not cause an adverse impact on the level of non-military exports from the United States to such country.

13. Under "Debt restructuring", funds are authorized for purposes consistent with existing law, except that funds appropriated for concessional debt relief are authorized for "IDA-only" countries, and up to \$2,900,000 is authorized for improvements to the foreign credit reporting system of the United States.

14. In title II, funds are provided for micro and small enterprise direct loans and loan guarantees, and administrative expenses are appropriated which may be transferred to the operating expenses account of the Agency for International Development.

15. In title II, funds are appropriated for the administrative costs of the urban and environmental credit program, and such funds may be transferred to the operating expenses account of the Agency for International Development.

16. Under "Operating Expenses of the United States Agency for International Development", the Committee has placed a ceiling of \$25,000 on the amount of such funds that can be used to pay printing costs of certain reports or studies.

17. Under "International Fund for Ireland", \$19,600,000 is provided, which shall be expended at the minimum rate necessary to make timely payment for projects and activities.

18. Under "Assistance to Eastern Europe and the Baltic States", funds are provided notwithstanding any other provision of law for economic assistance; funds are made available as if they were considered economic assistance under the Foreign Assistance Act; and funds for Bosnia are subject to certain conditions, including limita-

tions on funds for housing. Funds available for an Enterprise Fund are authorized to be deposited in interest-bearing accounts, and shall be expended at the minimum rate necessary to make timely payments for projects and activities.

19. Under "Assistance for the New Independent States of the Former Soviet Union", the Committee has included a limitation on the amount of assistance that may be made available for any one country in the region; it has also modified language concerning the uses of the Southern Caucasus fund. In addition, exceptions are made to the application of section 907 of the FREEDOM Support Act; funds are authorized for Mongolia; funds for the Government of Russia are subject to certain limitations; and certain authorities are granted for the use of funds appropriated for Enterprise Funds that were carried in the 1998 act.

20. Under "International Narcotics Control", the Department of State is provided the authority to use section 608 of the Foreign Assistance Act, without regard to its limitations, to receive excess property from an agency of the United States government for the purpose of providing it to a foreign country, subject to notification of the Committees on Appropriations.

21. Funding is provided for "Migration and Refugee Assistance", and a limitation of \$12,000,000 is provided for administrative expenses.

22. Under "United States Emergency Refugee and Migration Assistance Fund", funds are provided notwithstanding the limitations contained in section 2(c)(2) of the Migration and Refugee Assistance Act of 1962.

23. Under "Nonproliferation, Anti-terrorism, Demining, and Related Programs", funds are made available to countries other than the independent states of the former Soviet Union and international organizations when it is in the national security interest of the United States; funds are made available notwithstanding any other provision of law; and the use of funds is made subject to the notification procedures of the Committees on Appropriations. In addition, certain restrictions are placed on funds made available to the Korean Peninsula Energy Development Organization (KEDO).

24. Under "African Development Foundation", certain authorities are provided for the use of funds appropriated to the Foundation notwithstanding existing law.

25. Under "International Military Education and Training", the Committee provides IMET for Indonesia and Guatemala shall be only for expanded military education and training and limits obligation of funds for the School of the Americas pending a certification by the Secretary of Defense.

26. Under "Foreign Military Financing Program", the Committee has provided that not to exceed \$490,000,000 in FMF grants shall be available for the procurement in Israel of defense articles and defense services, and that FMF grants for any non-NATO country participating in the Partnership for Peace Program shall be subject to the Committee's regular notification procedures.

27. Under "Peacekeeping Operations", funds are made available subject to the regular notification procedures of the Committees on Appropriations.

28. Under title IV, funds for a number of international financial institutions are made available for contributions previously due, and funds are made available for the United States share of the paid-in portion of the increase in capital stock of certain institutions and limitations are placed on callable capital subscriptions.

29. Funds are made available for the United States share of the paid-in portion of the increase in capital stock of the Asian Development Bank and a limitation is placed on callable capital subscriptions.

30. Under "Contribution to the European Bank for Reconstruction and Development", the Committee has limited to \$35,778,717 the amount appropriated that may be expended for the purchase of stock during fiscal year 1999 and placed a limit on callable capital.

31. Under "International Organizations and Programs", the Committee has prohibited and conditioned the funding of certain organizations and programs.

32. Under "General Provisions":

Sec. 512. "Limitation on Assistance to Countries in Default" is modified by making Brazil and the Democratic Republic of the Congo waiver-eligible countries.

Sec. 518A, "Foreign Organizations that Perform or Promote Abortion Overseas; Forced Abortion in the People's Republic of China", would amend the Foreign Assistance Act to prohibit funds for population planning organizations that perform abortions in foreign countries or engage in any activity to alter the laws or governmental policies of any foreign country regarding abortion; would permit the President to waive the restriction on performance of abortion, but impose a limitation of \$356,000,000 if such waiver is exercised; and would prohibit funds for the UN Population Fund unless certain certifications are made regarding activities in the People's Republic of China.

Sec. 519. "Excess Defense Articles for Central European Countries" updates Section 105 of Public Law 104-164 to make Central European Countries eligible in fiscal year 1999 and fiscal year 2000 for special treatment

Sec. 520. "Special Notification Requirements" is modified to add Honduras.

Sec. 522. "Child Survival, AIDS, and other activities" is modified by including authority to use funds provided under title II for the purposes of section 301 of the Foreign Assistance Act and by clarifying existing provisions relating to "child survival" to include "child survival and disease programs".

Sec. 524. "Reciprocal Leasing" is updated by extending the authority through fiscal year 1999.

Sec. 527. "Democracy in China" is a new section providing authority to utilize the Economic Support Fund to support nongovernmental organizations located outside China if their primary purpose is to foster democracy in China.

Sec. 538. "Special Authorities" is modified to add Montenegro to the list of countries exempt from restrictions affecting assistance under titles I and II, and remove tropical forestry and energy programs from the list of activities exempted from restrictions affect-

ing assistance under sections 103 through 106, of the Foreign Assistance Act.

Sec. 544. "Prohibition on Publicity or Propaganda" increases the funding ceiling for activities authorized under section 316 of P.L. 96-533 from \$500,000 to \$950,000.

Sec. 560. "Limitation on Assistance for Haiti", also known as the Dole Amendment, is modified by: limiting the waiver; clarifying the term "completed privatization", establishing a benchmark for measuring Government of Haiti cooperation with the United States in investigating extrajudicial killings, and excepting support for political parties from the limitation. Certain reporting requirements are also added.

Sec. 567. "Restrictions on Assistance to Countries Providing Sanctuary to Indicted War Criminals" is updated by listing Montenegro and Serbia in lieu of "Serbia-Montenegro (Federal Republic of Yugoslavia)".

Sec. 568. "Additional Requirements Relating to Stockpiling of Defense Articles for Foreign Countries" is modified by amending the Foreign Assistance Act to provide that not more than \$320,000,000 may be made available for stockpiles in the Republic of Korea and not more than \$20,000,000 may be made available for stockpiles in Thailand.

Sec. 573. "Enterprise Fund Restrictions" is a new restriction providing that funds derived from reflows of Enterprise Funds are subject to notification.

Sec. 577. "Report on Foreign Military Training" is a new section requiring a report from the Secretary of Defense and Secretary of State on all overseas military training, and it specifies the scope of the report.

Sec. 578. "Korean Peninsula Energy Development Organization", would prohibit funds for a voluntary contribution to, or assistance for, the Korean Peninsula Energy Development Organization (KEDO).

Sec. 579. "Repeal of Restrictions on Assistance", would repeal section 907 of the FREEDOM Support Act.

COMPLIANCE WITH RULE XIII, CL. 3 (RAMSEYER RULE)

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 105 OF THE ACT OF JULY 21, 1996

(Public Law 104-164)

AN ACT to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to make improvements to certain defense and security assistance provisions under those Acts, to authorize the transfer of naval vessels to certain foreign countries, and for other purposes.

SEC. 105. EXCESS DEFENSE ARTICLES FOR CERTAIN EUROPEAN COUNTRIES.

Notwithstanding section 516(e) of the Foreign Assistance Act of 1961, as added by this Act, during each of the fiscal years [1996

and 1997] 1999 and 2000, funds available to the Department of Defense may be expended for crating, packing, handling, and transportation of excess defense articles transferred under the authority of section 516 of such Act to countries that are eligible to participate in the Partnership for Peace and that are eligible for assistance under the Support for East European Democracy (SEED) Act of 1989.

SECTION 61 OF THE ARMS EXPORT CONTROL ACT

SEC. 61. LEASING AUTHORITY.—(a) The President may lease defense articles in the stocks of the Department of Defense to an eligible foreign country or international organization if—

(1) * * *

* * * * *

The requirement of paragraph (4) shall not apply to leases entered into for purposes of cooperative research or development, military exercises, or communication or electronics interface projects. The President may waive the requirement of paragraph (4) for reimbursement of depreciation for any defense article which has passed three-quarters of its normal service life if the President determines that to do so is important to the national security interest of the United States. The President may waive the requirement of paragraph (4) with respect to a lease which is made in exchange with the lessee for a lease on substantially reciprocal terms of defense articles for the Department of Defense, except that this waiver authority—

(A) * * *

(B) may be exercised only during the fiscal year [1998] 1999 and only with respect to one country, unless the Congress hereafter provides otherwise.

The preceding sentence does not constitute authorization of appropriations for payments by the United States for leased articles.

* * * * *

SECTION 514 OF THE FOREIGN ASSISTANCE ACT OF 1961

SEC. 514. STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.—(a) * * *

(b)(1) * * *

(2)(A) The value of such additions to stockpiles of defense articles in foreign countries shall not exceed \$50,000,000 for each of the fiscal years 1996 and 1997 and \$60,000,000 for fiscal year 1998 and \$340,000,000 for fiscal year 1999.

(B) Of the amount specified in subparagraph (A) for each of the fiscal years 1996 and 1997, not more than \$40,000,000 may be made available for stockpiles in the Republic of Korea and not more than \$10,000,000 may be made available for stockpiles in Thailand. Of the amount specified in subparagraph (A) for fiscal year 1998, not more than \$40,000,000 may be made available for stockpiles in the Republic of Korea and not more than \$20,000,000 may be made available for stockpiles in Thailand. *Of the amount*

specified in subparagraph (A) for fiscal year 1999, not more than \$320,000,000 may be made available for stockpiles in the Republic of Korea and not more than \$20,000,000 may be made available for stockpiles in Thailand.

* * * * *

SECTION 907 OF THE FREEDOM SUPPORT ACT

[SEC. 907. RESTRICTION ON ASSISTANCE TO AZERBAIJAN.

[United States assistance under this or any other Act (other than assistance under title V of this Act) may not be provided to the Government of Azerbaijan until the President determines, and so reports to the Congress, that the Government of Azerbaijan is taking demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabakh.]

FOREIGN ASSISTANCE ACT OF 1961

PART I

CHAPTER 1—POLICY; DEVELOPMENT ASSISTANCE AUTHORIZATIONS

* * * * *

SEC. 104. POPULATION AND HEALTH.—(a) * * *

* * * * *

(h) RESTRICTION ON ASSISTANCE TO FOREIGN ORGANIZATIONS THAT PERFORM OR ACTIVELY PROMOTE ABORTIONS.—

(1) PERFORMANCE OF ABORTIONS.—(A) *Notwithstanding section 614 of this Act or any other provision of law, no funds appropriated for population planning activities or other population assistance may be made available for any foreign private, nongovernmental, or multilateral organization until the organization certifies that it will not, during the period for which the funds are made available, perform abortions in any foreign country, except where the life of the mother would be endangered if the pregnancy were carried to term or in cases of forcible rape or incest.*

(B) *Subparagraph (A) may not be construed to apply to the treatment of injuries or illnesses caused by legal or illegal abortions or to assistance provided directly to the government of a country.*

(2) LOBBYING ACTIVITIES.—(A) *Notwithstanding section 614 of this Act or any other provision of law, no funds appropriated for population planning activities or other population assistance may be made available for any foreign private, nongovernmental, or multilateral organization until the organization certifies that it will not, during the period for which the funds are made available, violate the laws of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited, or engage in any activity or effort to alter the laws or governmental policies of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited.*

(B) Subparagraph (A) shall not apply to activities in opposition to coercive abortion or involuntary sterilization.

(3) APPLICATION TO FOREIGN ORGANIZATIONS.—The prohibition of this subsection apply to funds made available to a foreign organization either directly or as a subcontractor or subgrantee, and the certifications required by paragraphs (1) and (2) apply to activities in which the organization engages either directly or through a subcontractor or subgrantee.

(4) DEFINITION.—As used in this section, the term “activity or effort to alter the laws or governmental policies of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited” includes not only overt lobbying for such changes, but also such other activities as sponsoring, rather than merely attending, conferences and workshops on the alleged defects in the abortion laws, as well as the drafting and distribution of materials or public statements calling attention to such alleged defects.

* * * * *

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) * * *

* * * * *

(i) LIMITATION RELATING TO FORCED ABORTIONS IN THE PEOPLE’S REPUBLIC OF CHINA.—Notwithstanding section 614 of this Act or any other provision of law, no funds may be made available for the United Nations Population Fund (UNFPA) in any fiscal year unless the President certifies that—

(1) UNFPA has terminated all activities in the People’s Republic of China, and the United States has received assurances that UNFPA will conduct no such activities during the fiscal year for which the funds are to be made available; or

(2) during the 12 months preceding such certification there have been no abortions as the result of coercion associated with the family planning policies of the national government or other governmental entities within the People’s Republic of China.

As used in this section, the term “coercion” includes physical duress or abuse, destruction or confiscation of property, loss of means of livelihood, or severe psychological pressure.

* * * * *

BRETTON WOODS AGREEMENTS ACT

SEC. 17. (a) In order to carry out the purposes of the decisions of January 5, 1962, [and February 24, 1983] February 24, 1983, and January 27, 1997, as amended in accordance with their terms, of the Executive Directors of the International Monetary Fund, the Secretary of the Treasury is authorized to make loans, in an amount not to exceed the equivalent of [4,250,000,000] 6,712,000,000 Special Drawing Rights, limited to such amounts as are provided in advance in appropriations Acts, except that prior to activation, the Secretary of the Treasury shall certify that supplementary resources are needed to forestall or cope with an im-

pairment of the international monetary system and that the Fund has fully explored other means of funding, to the Fund under article VII, section 1(i), of the Articles of Agreement of the Fund. Any loan under the authority granted in this subsection shall be made with due regard to the present and prospective balance of payments and reserve position of the United States.

(b) For the purpose of making loans to the International Monetary Fund pursuant to this section, there is hereby authorized to be appropriated ~~【4,250,000,000】~~ *6,712,000,000* Special Drawing Rights, except that prior to activation, the Secretary of the Treasury shall certify whether supplementary resources are needed to forestall or cope with an impairment of the international monetary system and that the Fund has fully explored other means of funding, to remain available until expended to meet calls by the International Monetary Fund. Any payments made to the United States by the International Monetary Fund as a repayment on account of the principal of a loan made under this section shall continue to be available for loans to the International Monetary Fund.

* * * * *

(d) Unless the Congress by law so authorizes, neither the President, the Secretary of the Treasury, nor any other person acting on behalf of the United States, may instruct the United States Executive Director to the Fund to consent to any amendment to the Decision of February 24, 1983, or the *Decision of January 27, 1997*, of the Executive Directors of the Fund, if the adoption of such amendment would significantly alter the amount, terms, or conditions of participation by the United States in the General Arrangements to Borrow or the *New Arrangements to Borrow*, as applicable.

* * * * *

SEC. 61. QUOTA INCREASE.

(a) *IN GENERAL.*—The United States Governor of the Fund may consent to an increase in the quota of the United States in the Fund equivalent to *10,622,500,000* Special Drawing Rights.

(b) *SUBJECT TO APPROPRIATIONS.*—The authority provided by subsection (a) shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

INTERNATIONAL FINANCIAL INSTITUTIONS ACT

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TITLE XV—OTHER POLICIES

* * * * *

SEC. 1503. ADVOCACY OF POLICIES TO ENHANCE THE GENERAL EFFECTIVENESS OF THE INTERNATIONAL MONETARY FUND.

(a) *IN GENERAL.*—The Secretary of the Treasury shall instruct the United States Executive Director of the International Monetary Fund to use aggressively the voice and vote of the Executive Director to do the following:

(1) *Vigorously promote policies to increase the effectiveness of the International Monetary Fund in structuring programs and assistance so as to promote policies and actions that will con-*

tribute to exchange rate stability and avoid competitive devaluations that will further destabilize the international financial and trading systems.

(2) Vigorously promote policies to increase the effectiveness of the International Monetary Fund in promoting market-oriented reform, trade liberalization, economic growth, democratic governance, and social stability through—

(A) appropriate liberalization of pricing, trade, investment, and exchange rate regimes of countries to open countries to the competitive forces of the global economy;

(B) opening domestic markets to fair and open internal competition among domestic enterprises by eliminating inappropriate favoritism for small or large businesses, eliminating elite monopolies, creating and effectively implementing anti-trust and anti-monopoly laws to protect free competition, and establishing fair and accessible legal procedures for dispute settlement among domestic enterprises;

(C) privatizing industry in a fair and equitable manner that provides economic opportunities to a broad spectrum of the population, eliminating government and elite monopolies, closing loss-making enterprises, and reducing government control over the factors of production;

(D) economic deregulation by eliminating inefficient and overly burdensome regulations and strengthening the legal framework supporting private contract and intellectual property rights;

(E) establishing or strengthening key elements of a social safety net to cushion the effects on workers of unemployment and dislocation; and

(F) encouraging the opening of markets for agricultural commodities and products by requiring recipient countries to make efforts to reduce trade barriers.

(3) Vigorously promote policies to increase the effectiveness of the International Monetary Fund, in concert with appropriate international authorities and other international financial institutions (as defined in section 1701(c)(2)), in strengthening financial systems in developing countries, and encouraging the adoption of sound banking principles and practices, including the development of laws and regulations that will help to ensure that domestic financial institutions meet strong standards regarding capital reserves, regulatory oversight, and transparency.

(4) Vigorously promote policies to increase the effectiveness of the International Monetary Fund, in concert with appropriate international authorities and other international financial institutions (as defined in section 1701(c)(2)), in facilitating the development and implementation of internationally acceptable domestic bankruptcy laws and regulations in developing countries, including the provision of technical assistance as appropriate.

(5) Vigorously promote policies that aim at appropriate burden-sharing by the private sector so that investors and creditors bear more fully the consequences of their decisions, and accordingly advocate policies which include—

(A) *strengthening crisis prevention and early warning signals through improved and more effective surveillance of the national economic policies and financial market development of countries (including monitoring of the structure and volume of capital flows to identify problematic imbalances in the inflow of short and medium term investment capital, potentially destabilizing inflows of offshore lending and foreign investment, or problems with the maturity profiles of capital to provide warnings of imminent economic instability), and fuller disclosure of such information to market participants;*

(B) *accelerating work on strengthening financial systems in emerging market economies so as to reduce the risk of financial crises;*

(C) *consideration of provisions in debt contracts that would foster dialogue and consultation between a sovereign debtor and its private creditors, and among those creditors;*

(D) *consideration of extending the scope of the International Monetary Fund's policy on lending to members in arrears and of other policies so as to foster the dialogue and consultation referred to in subparagraph (C);*

(E) *intensified consideration of mechanisms to facilitate orderly workout mechanisms for countries experiencing debt or liquidity crises;*

(F) *consideration of establishing ad hoc or formal linkages between the provision of official financing to countries experiencing a financial crisis and the willingness of market participants to meaningfully participate in any stabilization effort led by the International Monetary Fund;*

(G) *using the International Monetary Fund to facilitate discussions between debtors and private creditors to help ensure that financial difficulties are resolved without inappropriate resort to public resources; and*

(H) *the International Monetary Fund accompanying the provision of funding to countries experiencing a financial crisis resulting from imprudent borrowing with efforts to achieve a significant contribution by the private creditors, investors, and banks which had extended such credits.*

(6) *Vigorously promote policies that would make the International Monetary Fund a more effective mechanism, in concert with appropriate international authorities and other international financial institutions (as defined in section 1701(c)(2)), for promoting good governance principles within recipient countries by fostering structural reforms, including procurement reform, that reduce opportunities for corruption and bribery, and drug-related money laundering.*

(7) *Vigorously promote the design of International Monetary Fund programs and assistance so that governments that draw on the International Monetary Fund channel public funds away from unproductive purposes, including large "show case" projects and excessive military spending, and toward investment in human and physical capital as well as social programs to protect the neediest and promote social equity.*

(8) *Work with the International Monetary Fund to foster economic prescriptions that are appropriate to the individual economic circumstances of each recipient country, recognizing that inappropriate stabilization programs may only serve to further destabilize the economy and create unnecessary economic, social, and political dislocation.*

(9) *Structure International Monetary Fund programs and assistance so that the maintenance and improvement of core labor standards are routinely incorporated as an integral goal in the policy dialogue with recipient countries, so that—*

(A) *recipient governments commit to affording workers the right to exercise internationally recognized core worker rights, including the right of free association and collective bargaining through unions of their own choosing;*

(B) *measures designed to facilitate labor market flexibility are consistent with such core worker rights; and*

(C) *the staff of the International Monetary Fund surveys the labor market policies and practices of recipient countries and recommends policy initiatives that will help to ensure the maintenance or improvement of core labor standards.*

(10) *Vigorously promote International Monetary Fund programs and assistance that are structured to the maximum extent feasible to discourage practices which may promote ethnic or social strife in a recipient country.*

(11) *Vigorously promote recognition by the International Monetary Fund that macroeconomic developments and policies can affect and be affected by environmental conditions and policies, and urge the International Monetary Fund to encourage member countries to pursue macroeconomic stability while promoting environmental protection.*

(12) *Facilitate greater International Monetary Fund transparency, including by enhancing accessibility of the International Monetary Fund and its staff, fostering a more open release policy toward working papers, past evaluations, and other International Monetary Fund documents, seeking to publish all Letters of Intent to the International Monetary Fund and Policy Framework Papers, and establishing a more open release policy regarding Article IV consultations.*

(13) *Facilitate greater International Monetary Fund accountability and enhance International Monetary Fund self-evaluation by vigorously promoting review of the effectiveness of the Office of Internal Audit and Inspection and the Executive Board's external evaluation pilot program and, if necessary, the establishment of an operations evaluation department modeled on the experience of the International Bank for Reconstruction and Development, guided by such key principles as usefulness, credibility, transparency, and independence.*

(14) *Vigorously promote coordination with the International Bank for Reconstruction and Development and other international financial institutions (as defined in section 1701(c)(2)) in promoting structural reforms which facilitate the provision of credit to small businesses, including microenterprise lending, especially in the world's poorest, heavily indebted countries.*

(b) *COORDINATION WITH OTHER EXECUTIVE DEPARTMENTS.*—To the extent that it would assist in achieving the goals described in subsection (a), the Secretary of the Treasury shall pursue the goals in coordination with the Secretary of State, the Secretary of Labor, the Secretary of Commerce, the Administrator of the Environmental Protection Agency, the Administrator of the Agency for International Development, and the United States Trade Representative.

* * * * *

TITLE XVII—CONSOLIDATED REPORTING REQUIREMENTS

SEC. 1701. ANNUAL REPORT BY CHAIRMAN OF THE NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL POLICIES.

(a) * * *

* * * * *

(e) *ADVISORY COMMITTEE ON IMF POLICY.*—

(1) *IN GENERAL.*—The Secretary of the Treasury shall establish an International Monetary Fund Advisory Committee (in this subsection referred to as the “Advisory Committee”).

(2) *MEMBERSHIP.*—The Advisory Committee shall consist of 9 members appointed by the Secretary of the Treasury, after appropriate consultations with the relevant organizations, as follows:

(A) 1 member shall be a former Secretary or Deputy Secretary of the Treasury, who shall serve as the chairman of the Advisory Committee.

(B) 2 members shall be representatives from organized labor.

(C) 2 members shall be representatives from banking and financial services.

(D) 2 members shall be representatives from industry and agriculture.

(E) 2 members shall be representatives from nongovernmental environmental and human rights organizations.

(3) *DUTIES.*—Not less frequently than every 6 months, the Advisory Committee shall meet with the Secretary of the Treasury or the Deputy Secretary of the Treasury to review, and provide advice on, the extent to which individual country International Monetary Fund programs meet the policy goals set forth in this Act regarding the International Monetary Fund.

(4) *INAPPLICABILITY OF TERMINATION PROVISION OF THE FEDERAL ADVISORY COMMITTEE ACT.*—Section 14(a)(2) of the Federal Advisory Committee Act shall not apply to the Advisory Committee.

* * * * *

SEC. 1704. REPORTS ON FINANCIAL STABILIZATION PROGRAMS LED BY THE INTERNATIONAL MONETARY FUND IN CONNECTION WITH FINANCING FROM THE EXCHANGE STABILIZATION FUND.

(a) *IN GENERAL.*—The Secretary of the Treasury, in consultation with the Secretary of Commerce and other appropriate Federal agencies, shall prepare reports on the implementation of financial stabilization programs (and any material terms and conditions

thereof) led by the International Monetary Fund in countries in connection with which the United States has made a commitment to provide, or has provided financing from the stabilization fund established under section 5302 of title 31, United States Code. The reports shall include the following:

(1) A description of the condition of the economies of countries requiring the financial stabilization programs, including the monetary, fiscal, and exchange rate policies of the countries.

(2) A description of the degree to which the countries requiring the financial stabilization programs have fully implemented financial sector restructuring and reform measures required by the International Monetary Fund, including—

(A) ensuring full respect for the commercial orientation of commercial bank lending;

(B) ensuring that governments will not intervene in bank management and lending decisions (except in regard to prudential supervision);

(C) the enactment and implementation of appropriate financial reform legislation;

(D) strengthening the domestic financial system and improving transparency and supervision; and

(E) the opening of domestic capital markets.

(3) A description of the degree to which the countries requiring the financial stabilization programs have fully implemented reforms required by the International Monetary Fund that are directed at corporate governance and corporate structure, including—

(A) making nontransparent conglomerate practices more transparent through the application of internationally accepted accounting practices, independent external audits, full disclosure, and provision of consolidated statements; and

(B) ensuring that no government subsidized support or tax privileges will be provided to bail out individual corporations, particularly in the semiconductor, steel, and paper industries.

(4) A description of the implementation of reform measures required by the International Monetary Fund to deregulate and privatize economic activity by ending domestic monopolies, undertaking trade liberalization, and opening up restricted areas of the economy to foreign investment and competition.

(5) A detailed description of the trade policies of the countries, including any unfair trade practices or adverse effects of the trade policies on the United States.

(6) A description of the extent to which the financial stabilization programs have resulted in appropriate burden-sharing among private sector creditors, including rescheduling of outstanding loans by lengthening maturities, agreements on debt reduction, and the extension of new credit.

(7) A description of the extent to which the economic adjustment policies of the International Monetary Fund and the policies of the government of the country adequately balance the need for financial stabilization, economic growth, environ-

mental protection, social stability, and equity for all elements of the society.

(8) *Whether International Monetary Fund involvement in labor market flexibility measures has had a negative effect on core worker rights, particularly the rights of free association and collective bargaining.*

(9) *A description of any pattern of abuses of core worker rights in recipient countries.*

(10) *The amount, rate of interest, and disbursement and repayment schedules of any funds disbursed from the stabilization fund established under section 5302 of title 31, United States Code, in the form of loans, credits, guarantees, or swaps, in support of the financial stabilization programs.*

(11) *The amount, rate of interest, and disbursement and repayment schedules of any funds disbursed by the International Monetary Fund to the countries in support of the financial stabilization programs.*

(b) **TIMING.**—*Not later than October 1, 1998, and semiannually thereafter, the Secretary of the Treasury shall submit to the Committees on Banking and Financial Services and International Relations of the House of Representatives and the Committees on Foreign Relations, and Banking, Housing, and Urban Affairs of the Senate a report on the matters described in subsection (a).*

SEC. 1705. ANNUAL REPORT AND TESTIMONY ON THE STATE OF THE INTERNATIONAL FINANCIAL SYSTEM, IMF REFORM, AND COMPLIANCE WITH IMF AGREEMENTS.

(a) **REPORTS.**—*Not later than October 1 of each year, the Secretary of the Treasury shall submit to the Committee on Banking and Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate a written report on the progress (if any) made by the United States Executive Director at the International Monetary Fund in influencing the International Monetary Fund to adopt the policies and reform its internal procedures in the manner described in section 1503.*

(b) **TESTIMONY.**—*After submitting the report required by subsection (a) but not later than October 31 of each year, the Secretary of the Treasury shall appear before the Committee on Banking and Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate and present testimony on—*

(1) *any progress made in reforming the International Monetary Fund;*

(2) *the status of efforts to reform the international financial system; and*

(3) *the compliance of countries which have received assistance from the International Monetary Fund with agreements made as a condition of receiving the assistance.*

SEC. 1706. AUDITS OF THE INTERNATIONAL MONETARY FUND.

(a) **ACCESS TO MATERIALS.**—*Not later than 30 days after the date of the enactment of this section, the Secretary of the Treasury shall certify to the Committee on Banking and Financial Services of the House of Representatives and the Committee on Foreign Relations of the Senate that the Secretary has instructed the United States Executive Director at the International Monetary Fund to facilitate timely access by the General Accounting Office to information and*

documents of the International Monetary Fund needed by the Office to perform financial reviews of the International Monetary Fund that will facilitate the conduct of United States policy with respect to the Fund.

(b) *REPORTS.*—Not later than June 30, 1999, and annually thereafter, the Comptroller General of the United States shall prepare and submit to the committees specified in subsection (a) a report on the financial operations of the Fund during the preceding year, which shall include—

(1) the current financial condition of the International Monetary Fund;

(2) the amount, rate of interest, disbursement schedule, and repayment schedule for any loans that were initiated or outstanding during the preceding calendar year, and with respect to disbursement schedules, the report shall identify and discuss in detail any conditions required to be fulfilled by a borrower country before a disbursement is made;

(3) a detailed description of whether the trade policies of borrower countries permit free and open trade by the United States and other foreign countries in the borrower countries;

(4) a detailed description of the export policies of borrower countries and whether the policies may result in increased export of their products, goods, or services to the United States which may have significant adverse effects on, or result in unfair trade practices against or affecting United States companies, farmers, or communities;

(5) a detailed description of any conditions of International Monetary Fund loans which have not been met by borrower countries, including a discussion of the reasons why such conditions were not met, and the actions taken by the International Monetary Fund due to the borrower country's noncompliance;

(6) an identification of any borrower country and loan on which any loan terms or conditions were renegotiated in the preceding calendar year, including a discussion of the reasons for the renegotiation and any new loan terms and conditions; and

(7) a specification of the total number of loans made by the International Monetary Fund from its inception through the end of the period covered by the report, the number and percentage (by number) of such loans that are in default or arrears, and the identity of the countries in default or arrears, and the number of such loans that are outstanding as of the end of period covered by the report and the aggregate amount of the outstanding loans and the average yield (weighted by loan principal) of the historical and outstanding loan portfolios of the International Monetary Fund.

* * * * *

APPROPRIATIONS NOT AUTHORIZED BY LAW

Pursuant to clause 3 of rule XXI of the House of Representatives, the following table lists the appropriations in the accompanying bill which, in whole or in part, are not authorized by law:

TRADE AND DEVELOPMENT AGENCY
 CHILD SURVIVAL AND DISEASE PROGRAMS FUND
 DEVELOPMENT ASSISTANCE
 INTERNATIONAL DISASTER ASSISTANCE
 MICRO AND SMALL ENTERPRISE DEVELOPMENT PROGRAM
 ACCOUNT
 URBAN AND ENVIRONMENTAL CREDIT PROGRAM ACCOUNT
 AID OPERATING EXPENSES
 AID OPERATING EXPENSES, OFFICE OF INSPECTOR GENERAL
 ECONOMIC SUPPORT FUND
 INTERNATIONAL FUND FOR IRELAND
 ASSISTANCE FOR EASTERN EUROPE AND THE BALTIC STATES
 ASSISTANCE FOR THE NEW INDEPENDENT STATES OF THE FORMER
 SOVIET UNION
 INTER-AMERICAN FOUNDATION
 AFRICAN DEVELOPMENT FOUNDATION
 PEACE CORPS
 INTERNATIONAL NARCOTICS CONTROL
 MIGRATION AND REFUGEE ASSISTANCE
 NONPROLIFERATION, ANTI-TERRORISM, DEMINING AND RELATED
 PROGRAMS
 DEBT RESTRUCTURING
 INTERNATIONAL MILITARY EDUCATION AND TRAINING
 FOREIGN MILITARY FINANCING PROGRAM
 PEACEKEEPING OPERATIONS
 INTERNATIONAL ORGANIZATIONS AND PROGRAMS
 NEW ARRANGEMENTS TO BORROW
 INTERNATIONAL MONETARY FUND
 COMPARISON WITH BUDGET RESOLUTION

Section 308(a)(1)(A) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), requires that the report accompanying a bill providing new budget authority contain a statement detailing how the authority compares with the reports submitted under section 302(b) of the Act for the most recently agreed to concurrent resolution on the budget for the fiscal year. This information follows:

FISCAL YEAR 1999 APPROPRIATIONS

[Dollars in millions]

	Budget authority	Outlays
Sec. 302(b):		
Discretionary	12,475	12,525
Mandatory	45	45
Total	12,520	12,570
This bill:		
Discretionary	12,471	12,525
Mandatory	45	45
Total	12,516	12,570

FIVE-YEAR PROJECTION OF OUTLAYS

In compliance with section 308(a)(1)(B) of the Congressional Budget Act of 1974 (Public Law 93-344 as amended), the following table contains five-year projections associated with the budget authority provided in the accompanying bill.

Fiscal year 1999 appropriations

	Millions
Budget authority	\$12,520
Outlays	12,570
Fiscal Year:	
1999	4,896
2000	3,065
2001	2,319
2002	914
2003 and future years	1,562

NOTE.—The amounts in this bill are technically in excess of the subcommittee section 302(b) subdivision. However, pursuant to section 314 of the Congressional Budget Act of 1974, increases to the Committee's section 302(a) allocation are authorized for funding in the reported bill for the New Arrangements to Borrow and arrearages for multilateral development banks. After the bill is reported to the House, the Chairman of the Committee on the Budget will provide an increased section 302(a) allocation consistent with the funding provided in the bill. That new allocation will eliminate the technical difference prior to floor consideration.

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 2(1)(2)(b) of rule XI of the House of Representatives, the results of each rollcall vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NUMBER: 1

Date: September 10, 1998.

Measure: Foreign Operations Appropriations Bill, FY 1999.

Motion by: Mr. Porter.

Description of Motion: To amend the Livingston amendment to repeal section 907 of the FREEDOM Support Act by retaining section 907 (imposing restrictions on assistance to Azerbaijan) until the Government of Azerbaijan ceases all blockades against Armenia and Nagorno-Karabakh.

Results: Rejected 19 yeas 30 nays.

<i>Members Voting Yea</i>	<i>Members Voting Nay</i>
Ms. DeLauro	Mr. Aderholt
Mr. Fazio	Mr. Bonilla
Mr. Frelinghuysen	Mr. Callahan
Mr. Hoyer	Mr. Cramer
Mr. Knollenberg	Mr. Cunningham
Mrs. Lowey	Mr. Dickey
Mr. Obey	Mr. Edwards
Mr. Olver	Mr. Forbes
Mr. Pastor	Mr. Hobson
Ms. Pelosi	Mr. Istook
Mr. Porter	Ms. Kaptur
Mr. Price	Mr. Kolbe
Mr. Sabo	Mr. Latham
Mr. Serrano	Mr. Lewis
Mr. Skaggs	Mr. Livingston
Mr. Visclosky	Mrs. Meek
Mr. Walsh	Mr. Miller
Mr. Wolf	Mr. Mollohan
Mr. Yates	Mr. Nethercutt
	Mr. Neumann
	Mrs. Northup
	Mr. Packard
	Mr. Parker
	Mr. Regula
	Mr. Rogers
	Mr. Skeen
	Mr. Tiahrt
	Mr. Wamp
	Mr. Wicker
	Mr. Young

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 2(1)(2)(b) of rule XI of the House of Representatives, the results of each rollcall vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NUMBER: 2

Date: September 10, 1998.

Measure: Foreign Operations Appropriations Bill, FY 1999.

Motion by: Ms. Pelosi.

Description of Motion: To amend the Livingston amendment to prohibit funds for the Korean Peninsula Energy Development Organization (KEDO) by retaining existing restrictions on KEDO and by adding language requiring "satisfactory access to facilities" to ensure North Korean compliance with the Framework Agreement on energy facilities in that country prior to the obligation of funds for KEDO.

Results: Rejected 16 yeas 29 nays.

Members Voting Yea

Mr. Edwards
Mr. Hefner
Mr. Hoyer
Ms. Kaptur
Mrs. Lowey
Mr. Mollohan
Mr. Moran
Mr. Obey
Mr. Olver
Mr. Pastor
Ms. Pelosi
Mr. Price
Mr. Sabo
Mr. Serrano
Mr. Visclosky
Mr. Yates

Members Voting Nay

Mr. Aderholt
Mr. Bonilla
Mr. Callahan
Mr. Cunningham
Mr. DeLay
Mr. Dickey
Mr. Frelinghuysen
Mr. Hobson
Mr. Kingston
Mr. Knollenberg
Mr. Kolbe
Mr. Latham
Mr. Livingston
Mr. McDade
Mr. Miller
Mr. Nethercutt
Mrs. Northup
Mr. Packard
Mr. Parker
Mr. Porter
Mr. Regula
Mr. Rogers
Mr. Skeen
Mr. Taylor
Mr. Tiahrt
Mr. Walsh
Mr. Wamp
Mr. Wicker
Mr. Wolf

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 2(1)(2)(b) of rule XI of the House of Representatives, the results of each rollcall vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NUMBER: 3

Date: September 10, 1998.

Measure: Foreign Operations Appropriations Bill, FY 1999.

Motion by: Ms. Pelosi.

Description of Motion: To increase the appropriation for Global Environment Facility (GEF) from \$42,500,000 to \$92,500,000.

Results: Rejected 19 yeas 27 nays.

Members Voting Yea

Ms. DeLauro
Mr. Edwards
Mr. Hefner
Mr. Hoyer
Ms. Kaptur
Mrs. Lowey
Mr. Mollohan
Mr. Moran
Mr. Obey
Mr. Olver
Mr. Pastor
Ms. Pelosi
Mr. Porter
Mr. Price
Mr. Sabo
Mr. Serrano
Mr. Stokes
Mr. Visclosky
Mr. Yates

Members Voting Nay

Mr. Aderholt
Mr. Bonilla
Mr. Callahan
Mr. Cunningham
Mr. DeLay
Mr. Dickey
Mr. Forbes
Mr. Frelinghuysen
Mr. Hobson
Mr. Istook
Mr. Kingston
Mr. Knollenberg
Mr. Kolbe
Mr. Latham
Mr. Livingston
Mr. Miller
Mr. Nethercutt
Mr. Neumann
Mrs. Northup
Mr. Regula
Mr. Rogers
Mr. Skeen
Mr. Taylor
Mr. Tiahrt
Mr. Walsh
Mr. Wamp
Mr. Wicker

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 2(1)(2)(b) of rule XI of the House of Representatives, the results of each rollcall vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NUMBER: 4

Date: September 10, 1998.

Measure: Foreign Operations Appropriations Bill, FY 1999.

Motion by: Ms. Pelosi.

Description of Motion: To insert additional conditions regarding worker protection, environmental protection, transparency, and openness under which U.S. participation in the International Monetary Fund might be authorized.

Results: Rejected 24 yeas, 28 nays.

Members Voting Yea

Mr. Cramer
 Ms. DeLauro
 Mr. Dicks
 Mr. Dixon
 Mr. Edwards
 Mr. Hoyer
 Ms. Kaptur
 Mrs. Lowey
 Mrs. Meek
 Mr. Mollohan
 Mr. Moran
 Mr. Obey
 Mr. Olver
 Mr. Pastor
 Ms. Pelosi
 Mr. Porter
 Mr. Price
 Mr. Sabo
 Mr. Serrano
 Mr. Skaggs
 Mr. Stokes
 Mr. Torres
 Mr. Visclosky
 Mr. Yates

Members Voting Nay

Mr. Aderholt
 Mr. Callahan
 Mr. Cunningham
 Mr. DeLay
 Mr. Dickey
 Mr. Forbes
 Mr. Frelinghuysen
 Mr. Istook
 Mr. Kingston
 Mr. Knollenberg
 Mr. Kolbe
 Mr. Latham
 Mr. Livingston
 Mr. Miller
 Mr. Nethercutt
 Mr. Neumann
 Mrs. Northup
 Mr. Packard
 Mr. Parker
 Mr. Regula
 Mr. Rogers
 Mr. Skeen
 Mr. Taylor
 Mr. Tiahrt
 Mr. Walsh
 Mr. Wamp
 Mr. Wicker
 Mr. Wolf

FULL COMMITTEE VOTES

Pursuant to the provisions of clause 2(1)(2)(b) of rule XI of the House of Representatives, the results of each rollcall vote on an amendment or on the motion to report, together with the names of those voting for and those voting against, are printed below:

ROLLCALL NUMBER: 5

Date: September 10, 1998.

Measure: Foreign Operations Appropriations Bill, FY 1999.

Motion By: Ms. Pelosi.

Description of Motion: To increase the U.S. quota in the International Monetary Fund equal to the dollar equivalent of 10,622,500,000 Special Drawing Rights (dollar value of \$14,500,000,000) and insert new language authorizing U.S. participation in the Fund under a number of conditions.

Results: Rejected 22 yeas 30 nays.

Members Voting Yea

Mr. Cramer
 Ms. Delauro
 Mr. Dicks
 Mr. Dixon
 Mr. Edwards
 Mr. Hoyer
 Mr. Kolbe
 Mrs. Lowey
 Mrs. Meek
 Mr. Moran
 Mr. Obey
 Mr. Olver
 Mr. Pastor
 Ms. Pelosi
 Mr. Porter
 Mr. Price
 Mr. Sabo
 Mr. Serrano
 Mr. Skaggs
 Mr. Stokes
 Mr. Torres
 Mr. Yates

Members Voting Nay

Mr. Aderholt
 Mr. Callahan
 Mr. Cunningham
 Mr. DeLay
 Mr. Dickey
 Mr. Forbes
 Mr. Frelinghuysen
 Mr. Istook
 Ms. Kaptur
 Mr. Kingston
 Mr. Knollenberg
 Mr. Latham
 Mr. Livingston
 Mr. Miller
 Mr. Mollohan
 Mr. Nethercutt
 Mr. Neumann
 Mrs. Northup
 Mr. Packard
 Mr. Parker
 Mr. Regula
 Mr. Rogers
 Mr. Skeen
 Mr. Taylor
 Mr. Tiahrt
 Mr. Visclosky
 Mr. Walsh
 Mr. Wamp
 Mr. Wicker
 Mr. Wolf

ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

Section 308(a)(1)(C) of the Congressional Budget Act of 1974 requires that the report accompanying any bill or resolution providing new budget authority (other than continuing appropriations) shall contain a statement of the new budget authority and budget outlays provided by that bill or resolution for financial assistance to State and local governments.

The amounts recommended in the accompanying bill contains no budget authority or budget outlays for State or local governments.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999**

(1) Agency and item	(2) Appropriated 1998 (enacted to date)	(3) Budget esti- mates, 1999	(4) Recommended in bill	(5) Bill compared with appro- priated, 1998	(6) Bill compared with budget estimates, 1999
TITLE I - EXPORT AND INVESTMENT ASSISTANCE					
EXPORT-IMPORT BANK OF THE UNITED STATES					
Limitation on Program Activity:					
Subsidy appropriation.....	683,000,000	808,000,000	745,500,000	+62,500,000	-62,500,000
(Direct loan authorization).....	(1,330,000,000)	(1,325,000,000)	(1,325,000,000)	(-5,000,000)	.....
(Guaranteed loan authorization).....	(11,300,000,000)	(15,401,000,000)	(15,401,000,000)	(+4,101,000,000)	.....
Administrative expenses.....	48,614,000	51,940,000	50,277,000	+1,663,000	-1,663,000
Negative subsidy.....	-51,000,000	-25,000,000	-25,000,000	+26,000,000	.....
Total, Export-Import Bank of the United States.....	680,614,000	834,940,000	770,777,000	+90,163,000	-64,163,000
INTERNATIONAL ASSISTANCE PROGRAMS					
OVERSEAS PRIVATE INVESTMENT CORPORATION					
Noncredit account:					
Administrative expenses.....	32,000,000	34,000,000	33,000,000	+1,000,000	-1,000,000
Insurance fees and other offsetting collections.....	-251,000,000	-260,000,000	-260,000,000	-9,000,000	.....
Direct loans:					
Loan subsidy.....	4,000,000	4,000,000	4,000,000	.....	.....
(Loan authorization).....	(133,000,000)	(200,000,000)	(200,000,000)	(+67,000,000)	.....

Guaranteed loans:						
Loan subsidy	56,000,000	46,000,000	46,000,000	-10,000,000		
(Loan authorization).....	(1,800,000,000)	(2,600,000,000)	(2,600,000,000)	(+ 800,000,000)		
Total, Overseas Private Investment Corporation	-159,000,000	-176,000,000	-177,000,000	-18,000,000		-1,000,000
TRADE AND DEVELOPMENT AGENCY						
Trade and development agency	41,500,000	50,000,000	41,500,000			-8,500,000
Total, title I, Export and investment assistance	563,114,000	708,940,000	635,277,000	+ 72,163,000		-73,663,000
(Loan authorizations)	(14,563,000,000)	(19,526,000,000)	(19,526,000,000)	(+ 4,963,000,000)		
TITLE II - BILATERAL ECONOMIC ASSISTANCE						
INTERNATIONAL ASSISTANCE PROGRAMS						
Agency for International Development						
Child survival and disease programs fund	650,000,000	502,836,000	650,000,000			+ 147,164,000
Development assistance	1,210,000,000	1,265,798,000	1,174,000,000	-36,000,000		-91,798,000
International disaster assistance	190,000,000	205,000,000	150,000,000	-40,000,000		-55,000,000
Micro & Small Enterprise Development program account:						
Subsidy appropriations	1,500,000	1,500,000	1,500,000			
(Direct loan authorization)	(1,000,000)	(1,000,000)	(1,000,000)			
(Guaranteed loan authorization)	(48,000,000)	(48,000,000)	(48,000,000)			
Administrative expenses	500,000	500,000	500,000			
Urban and environmental credit program account:						
Subsidy appropriations	3,000,000	6,000,000		-3,000,000		-6,000,000
(Guaranteed loan authorization)	(46,000,000)	(68,000,000)		(-46,000,000)		(-68,000,000)
Administrative expenses	6,000,000	6,053,000	5,500,000	-500,000		-553,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

(1) Agency and item	(2) Appropriated, 1998 (enacted to date)	(3) Budget estimates, 1999	(4) Recommended in bill	(5) Bill compared with appropriated, 1998	(6) Bill compared with budget estimates, 1999
Development credit authority program account (by transfer).....		(15,000,000)			(-15,000,000)
Subtotal, development assistance	2,061,000,000	1,987,687,000	1,981,500,000	-79,500,000	-6,187,000
Payment to the Foreign Service Retirement and Disability Fund.....	44,208,000	44,552,000	44,552,000	+ 344,000	.....
Operating expenses of the Agency for International Development	473,000,000	483,858,000	460,000,000	-13,000,000	-23,858,000
Operating expenses of the Agency for International Development Office of Inspector General.....	29,047,000	33,000,000	31,500,000	+ 2,453,000	-1,500,000
Total, Agency for International Development	2,607,255,000	2,549,097,000	2,517,552,000	-89,703,000	-31,545,000
Other Bilateral Economic Assistance					
Economic support fund:					
Camp David countries	2,015,000,000	2,015,000,000	1,855,000,000	-160,000,000	-160,000,000
Other	385,000,000	498,600,000	471,000,000	+ 86,000,000	-27,600,000
Subtotal, Economic support fund.....	2,400,000,000	2,513,600,000	2,326,000,000	-74,000,000	-187,600,000
International fund for Ireland.....	19,600,000	.....	19,600,000	.....	+ 19,600,000
Assistance for Eastern Europe and the Baltic States.....	485,000,000	464,500,000	450,000,000	-35,000,000	-14,500,000

Assistance for the New Independent States of the former Soviet Union	770,000,000	925,000,000	590,000,000	-180,000,000	-335,000,000
Total, Other Bilateral Economic Assistance	3,674,600,000	3,903,100,000	3,385,600,000	-289,000,000	-517,500,000
INDEPENDENT AGENCIES					
Inter-American Foundation					
Appropriations .....	.....	22,000,000	20,680,000	+20,680,000	-1,320,000
(By transfer)	(22,000,000)	.....	.....	(-22,000,000)	.....
African Development Foundation					
Appropriations .....	.....	14,000,000	13,160,000	+13,160,000	-840,000
(By transfer)	(14,000,000)	.....	.....	(-14,000,000)	.....
Peace Corps					
Appropriations	222,000,000	270,335,000	230,000,000	+8,000,000	-40,335,000
Department of State					
International narcotics control	215,000,000	275,000,000	275,000,000	+60,000,000	.....
Narcotics interdiction	15,000,000	.....	.....	-15,000,000	.....
Migration and refugee assistance	650,000,000	650,000,000	640,000,000	-10,000,000	-10,000,000
Refugee resettlement assistance	5,000,000	.....	.....	-5,000,000	.....
United States Emergency Refugee and Migration Assistance Fund	50,000,000	20,000,000	30,000,000	-20,000,000	+10,000,000
Nonproliferation, anti-terrorism, demining and related programs	133,000,000	215,900,000	152,000,000	+19,000,000	-63,900,000
Total, Department of State	1,068,000,000	1,160,900,000	1,097,000,000	+29,000,000	-63,900,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

(1) Agency and item	(2) Appropriated, 1998 (enacted to date)	(3) Budget estimates, 1999	(4) Recommended in bill	(5) Bill compared with appropriated, 1998	(6) Bill compared with budget estimates, 1999
Department of the Treasury					
Debt restructuring.....	27,000,000	72,000,000	36,000,000	+ 9,000,000	-36,000,000
International affairs technical assistance.....	.....	5,000,000	.....	.....	-5,000,000
United States community adjustment and investment program.....	.....	37,000,000	.....	.....	-37,000,000
Subtotal, Department of the Treasury	27,000,000	114,000,000	36,000,000	+ 9,000,000	-78,000,000
Total, title II, Bilateral economic assistance.....	7,598,855,000	8,033,432,000	7,299,992,000	-298,863,000	-733,440,000
(By transfer).....	(36,000,000)	(15,000,000)	.....	(-36,000,000)	(-15,000,000)
(Loan authorizations).....	(95,000,000)	(117,000,000)	(49,000,000)	(-46,000,000)	(-68,000,000)
TITLE III - MILITARY ASSISTANCE					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Military Education and Training.....	50,000,000	50,000,000	50,000,000	.....	.....
Foreign Military Financing Program:					
Grants:					
Camp David countries.....	3,100,000,000	3,100,000,000	3,160,000,000	+ 60,000,000	+ 60,000,000
Other.....	196,550,000	175,910,000	175,910,000	-20,640,000	.....
Subtotal, grants.....	3,296,550,000	3,275,910,000	3,335,910,000	+ 39,360,000	+ 60,000,000
(Limitation on administrative expenses).....	(23,250,000)	(29,910,000)	(29,910,000)	(+ 6,660,000)	.....

Direct concessional loans:							
Subsidy appropriation	60,000,000	20,000,000	20,000,000	-40,000,000			
(Loan authorization)	(657,000,000)	(167,000,000)	(167,000,000)	(-490,000,000)			
FMF program level	(3,953,550,000)	(3,442,910,000)	(3,502,910,000)	(-450,640,000)			(+60,000,000)
Total, Foreign military assistance	3,356,550,000	3,295,910,000	3,355,910,000	-640,000			+60,000,000
Special Defense Acquisition Fund:							
Offsetting collections	-106,000,000	-19,000,000	-19,000,000	+87,000,000			
Peacekeeping operations	77,500,000	83,000,000	62,250,000	-15,250,000			-20,750,000
Total, title III, Military assistance	3,378,050,000	3,409,910,000	3,449,160,000	+71,110,000			+39,250,000
(Limitation on administrative expenses)	(23,250,000)	(29,910,000)	(29,910,000)	(+6,660,000)			
(Loan authorization)	(657,000,000)	(167,000,000)	(167,000,000)	(-490,000,000)			
TITLE IV - MULTILATERAL ECONOMIC ASSISTANCE							
FUNDS APPROPRIATED TO THE PRESIDENT							
International Financial Institutions							
World Bank Group							
Contribution to the International Bank for Reconstruction and Development:							
Contribution to the Global Environment Facility	47,500,000	300,000,000	42,500,000	-5,000,000			-257,500,000
Contribution to the International Development Association	1,034,503,100	800,000,000	800,000,000	-234,503,100			
Total, World Bank Group	1,082,003,100	1,100,000,000	842,500,000	-239,503,100			-257,500,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

(1) Agency and item	(2) Appropriated, 1998 (enacted to date)	(3) Budget estimates, 1999	(4) Recommended in bill	(5) Bill compared with appropriated, 1998	(6) Bill compared with budget estimates, 1999
Contribution to the Inter-American Development Bank:					
Paid-in capital	25,610,667	25,610,667	25,610,667	.....	.....
(Limitation on callable capital subscriptions).....	(1,503,718,910)	(1,503,718,910)	(1,503,718,910)	.....	.....
Fund for special operations	20,835,000	21,152,000	21,152,000	+ 317,000	.....
Contribution to the Enterprise for the Americas					
Multilateral Investment Fund	30,000,000	50,000,000	50,000,000	+ 20,000,000	.....
Total, contribution to the Inter-American Development Bank.....	76,445,667	96,762,667	96,762,667	+ 20,317,000	.....
Contribution to the Asian Development Bank:					
Paid-in capital	13,221,596	13,221,596	13,221,596	.....	.....
(Limitation on callable capital subscriptions).....	(647,858,204)	(647,858,204)	(647,858,204)	.....	.....
Contribution to the Asian Development fund.....	150,000,000	250,000,000	210,000,000	+ 60,000,000	-40,000,000
Total, contribution to the Asian Development Bank.....	163,221,596	263,221,596	223,221,596	+ 60,000,000	-40,000,000
Contribution to the African Development Fund.....	45,000,000	155,000,000	128,000,000	+ 83,000,000	-27,000,000
Contribution to the European Bank for Reconstruction and Development:					
Paid-in capital	35,778,717	35,778,717	35,778,717	.....	.....
(Limitation on callable capital subscriptions).....	(123,237,803)	(123,237,803)	(123,237,803)	.....	.....

North American Development Bank:					
Paid-in capital	56,500,000				-56,500,000
(Limitation on callable capital subscriptions)	(318,750,000)				(-318,750,000)
International Monetary Fund					
Contribution to the enhanced structural adjustment facility	7,000,000				-7,000,000
Total, International Financial Institutions	1,458,949,080	1,326,262,980			-132,686,100
(Limitation on callable capital subscript)	(2,593,564,917)	(2,274,814,917)			(-318,750,000)
International Organizations and Programs					
International organizations and programs	192,000,000	314,000,000	157,250,000		-34,750,000
(By transfer)	(2,500,000)	(2,500,000)	(2,500,000)		
Total, title IV, Multilateral economic assistance	1,650,949,080	1,971,762,980	1,483,512,980		-167,436,100
(By transfer)	(2,500,000)	(2,500,000)	(2,500,000)		
(Limitation on callable capital subscript)	(2,593,564,917)	(2,274,814,917)	(2,274,814,917)		(-318,750,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR 1998 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR 1999—Continued

(1) Agency and item	(2) Appropriated, 1998 (enacted to date)	(3) Budget estimates, 1999	(4) Recommended in bill	(5) Bill compared with appropriated, 1998	(6) Bill compared with budget estimates, 1999
TITLE VI					
FUNDS APPROPRIATED TO THE PRESIDENT					
International Monetary Programs					
Loans to International Monetary Fund 1/ .....	.....	3,361,000,000	3,361,000,000	+ 3,361,000,000	.....
United States Quota, International Monetary Fund 1/ .....	.....	14,500,000,000	.....	.....	-14,500,000,000
Total, International Monetary Programs .....	.....	17,861,000,000	3,361,000,000	+ 3,361,000,000	-14,500,000,000
Grand total.....	13,190,968,080	31,985,044,980	16,228,941,980	+ 3,037,973,900	-15,756,103,000
(By transfer).....	(38,500,000)	(17,500,000)	(2,500,000)	(-36,000,000)	(-15,000,000)
(Limitation on administrative expenses)	(23,250,000)	(29,910,000)	(29,910,000)	(+ 6,660,000)	.....
(Limitation on callable capital subscript)	(2,593,564,917)	(2,274,814,917)	(2,274,814,917)	(-318,750,000)	.....
(Loan authorizations)	(15,315,000,000)	(19,810,000,000)	(19,742,000,000)	(+ 4,427,000,000)	(-68,000,000)

1/ The amounts shown for the President's request were requested as an FY 1998 supplemental.

CONGRESSIONAL BUDGET RECAP					
Total mandatory and discretionary	13,190,968,080	31,985,044,980	16,228,941,980	+ 3,037,973,900	-15,756,103,000
Mandatory	44,208,000	44,552,000	44,552,000	+ 344,000	.....
Discretionary including arrearages & IMF	13,146,760,080	31,940,492,980	16,184,389,980	+ 3,037,629,900	-15,756,103,000
Arrearages	-359,753,100	-502,485,334	-351,952,000	+ 7,801,100	+ 150,533,334
IMF .....	.....	-17,861,000,000	-3,361,000,000	-3,361,000,000	+ 14,500,000,000
Discretionary excluding arrearages & IMF	12,787,006,980	13,577,007,646	12,471,437,980	-315,569,000	-1,105,569,666

ADDITIONAL VIEW OF DAVID R. OBEY, AND NANCY PELOSI

INADEQUATE RESOURCES TO MEET NATIONAL SECURITY REQUIREMENTS

The current 302(b) allocation for the fiscal year 1999 Foreign Operations bill of \$12.475 billion is simply not adequate to meet our national security requirements or to meet our obligations and responsibilities as the world's only superpower. In addition, the commitments by the Republican leadership to "protect" resources for International Affairs in the context of last year's budget agreement have been broken by this low allocation level.

The total recommended in the bill of \$12.471 billion for discretionary programs, excluding the funding for the International Monetary Fund, is \$315 million below the fiscal year 1998 level, and \$1.1 billion below the Administration's fiscal year 1999 request. In addition only \$352 million of the \$503 million requested for International Bank Arrears is included in the bill. The bill contains only \$3.5 billion of the \$18 billion requested for the International Monetary Fund replenishment. The administration has cited the "serious under-funding, which raises issues of congressional support for an effective foreign policy, a strong national security policy, and continued economic prosperity". If the bill were presented to the President in its current form, the President's advisors would recommend a veto.

The changes that have come about in the world in the last decade have given the United States unprecedented opportunities to enhance our national and economic security by solidifying our global leadership and by bringing democracy to many countries. The budget allocation process should put our national security as the top priority. By constructing an allocation that shortchanges our foreign policy goals, the Committee has failed to meet its foremost responsibility.

The programs which should be funded at a higher level include assistance for the New Independent States, the Peace Corps Demining programs, the Export Import Bank, the Protocols to implement the Comprehensive Test Ban Treaty, the Korean Peninsula Energy Development Organization, the Global Environment Facility, the International Organizations account, and the International Monetary Fund.

The funding level of \$590 million for programs in the New Independent States will severely disrupt efforts to accelerate reform and bring democracy in those countries. Many NIS countries are just now beginning to see benefits from economic reform and are struggling to adapt their economies to the global market. At this funding level, assistance to virtually all NIS countries will be reduced from last year's levels. With respect to Russia clearly events there warrant a reassessment of both our bilateral and multilateral

aid programs. However, there should be no question that some level of bilateral engagement with Russia is necessary, and that efforts to help regional and local governments break away from central control should continue. In other countries these cuts will slow recovery efforts from years of war and take away from incentives for achieving peaceful solutions.

While the bill does contain funding of \$3.5 billion for the IMF's New Agreements to Borrow, it does not fund the \$14.5 billion necessary for the IMF quota increase. It also contains conditions for funding, which according to the Administration are unworkable in their current form, and would have the effect of indefinitely delaying the availability of resources to the IMF if enacted. The Congress has debated the IMF replenishment for a full year. In that time economic crisis has spread from Asia to Russia, and is now threatening to strike Latin America. The IMF now has only \$7 to \$12 billion in usable quota resources. It is time for Congress to act on this replenishment. The IMF should be held accountable for the success or failure of its programs in specific countries, and is badly in need of institutional reform. However, the fact remains that replenishment of the IMF will ultimately benefit American workers, businesses and farmers by protecting our economic strength.

The bill also denies all funding for the Korean Peninsula Energy Development Organization. The Agreed Framework between the United States and North Korea provides the only basis for U.S. access to facilities in North Korea and is the best tool available to the United States to bring about a cessation of nuclear weapons and ballistic missile development programs in that country. By zeroing out this funding the Committee has taken an action that could seriously destabilize security on the Korean Peninsula and place U.S. Troops in great danger.

The bill also contains language restricting organizations receiving AID family planning assistance from using their own funds to seek to change laws in their own country. This provision punishes organizations for engaging in legal activities in their own countries that would be protected by the First Amendment, if carried out in the United States. As currently structured the provision would even muzzle organizations from speaking out against abortions in their own countries. The President has indicated clearly that this language is unacceptable and that he will veto any bill containing it.

The bill only contains \$42.5 million of the \$300 million requested for the Global Environment Facility (GEF) of the World Bank. The GEF was created in 1991 by the Bush Administration in response to the vast needs in developing countries for multilateral resources devoted to mitigating environmental problems. It is currently funding programs to address a variety of environmental problems including the promotion of a biodiversity, creating energy efficiency and cleaning up polluted water. The claim that it is directly linked to the Framework Convention on Climate Change or the Biodiversity Convention is false and misleading. The work being accomplished with these funds is necessary, with or without these international agreements. Without additional funding GEF will run out of money soon and this vital work will stop.

There are many programs in the bill which are funded adequately and in many instances our views and priorities were accommodated. However, we remain opposed to the bill in its current form for the reasons indicated and will oppose its passage on the floor.

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