108TH CONGRESS 1st Session | HOUSE OF REPRESENTATIVES | REPT. 108–105 Part 3

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2004 AND 2005

R E P O R T

OF THE

COMMITTEE ON ARMED SERVICES HOUSE OF REPRESENTATIVES

ON

H.R. 1950

together with

ADDITIONAL AND DISSENTING VIEWS

[Including cost estimate of the Congressional Budget Office]

JUNE 30, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2004 AND 2005

JUNE 30, 2003.—Ordered to be printed

Mr. HUNTER, from the Committee on Armed Services, submitted the following

REPORT

together with

ADDITIONAL AND DISSENTING VIEWS

[To accompany H.R. 1950]

[Including cost estimate of the Congressional Budget Office]

The Committee on Armed Services, to whom was referred the bill (H.R. 1950) to authorize appropriations for the Department of State for the fiscal years 2004 and 2005, to authorize appropriations under the Arms Export Control Act and the Foreign Assistance Act of 1961 for security assistance for fiscal years 2004 and 2005, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments (stated in terms of the provisions of the amendment in the nature of a substitute reported by the Committee on International Relations) are as follows:

Strike section 224 and insert the following:

SEC. 224. REIMBURSEMENT RATE FOR CERTAIN AIRLIFT SERVICES PROVIDED BY THE DEPARTMENT OF DEFENSE TO THE DEPARTMENT OF STATE.

(a) AUTHORITY.—Subsection (a) of section 2642 of title 10, United States Code, is amended—

(1) by striking “provided by a component of the Department of Defense to the” and inserting “provided by a component of the Department of Defense as follows:

“(1) To the”; and

(2) by adding at the end the following new paragraph:

"(2) To the Department of State for the transportation of armored motor vehicles to a foreign country to meet unfulfilled requirements of the Department of State for armored motor vehicles in that foreign country.".

(b) CONFORMING AND CLERICAL AMENDMENTS.—(1) The heading for such section is amended to read as follows:

"§ 2642. Airlift services provided to Central Intelligence Agency and Department of State: reimbursement rate".

(2) The item relating to such section in the table of sections at the beginning of chapter 157 of such title is amended to read as follows:

"2642. Airlift services provided to Central Intelligence Agency and Department of State: reimbursement rate.".

Strike section 227, relating to security capital cost sharing, and insert the following new section 227:

SEC. 227. GAO ASSESSMENT OF SECURITY CAPITAL COST SHARING.

(a) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the Congress a report on plans for security capital cost sharing between the Department of State and other Federal agencies with personnel assigned to United States diplomatic facilities under the authority of a chief of mission pursuant to section 207 of the Foreign Service Act of 1980 (22 U.S.C. 3927).

(b) REPORT ELEMENTS.—In addition to such other information as the Comptroller General considers appropriate, the report described in subsection (a) shall address and make recommendations regarding the following:

(1) The anticipated projected costs that the Department of State proposes to be paid through an interagency security capital cost sharing program.

(2) The mechanism the Department of State proposes to use in allocating assessments under such a program and any alternatives the General Accounting Office suggests be considered.

(3) Factors that should be incorporated into any process for implementing such a program and a financial assessment of such factors, including the cost of services provided to the Department of State by other Federal agencies.

(4) The means of ensuring transparency in the cost assessment process of such a program.

(5) Mechanisms for adjudicating disagreements among Federal agencies regarding assessed fees under such a program.

Strike section 701, relating to reports on benchmarks for Bosnia.

Strike title XV, relating to export controls on satellites and related items.

Redesignate sections and titles accordingly and conform the table of contents.

PURPOSE AND BACKGROUND

The purpose of H.R. 1950, the Foreign Relations Authorization Act, Fiscal Years 2004 and 2005, as amended, is to authorize activities of the Department of State in pursuit of U.S. foreign policy and national interests in fiscal years 2004 and 2005. The Committee on Armed Services met to consider those portions of the bill within its jurisdiction and that directly affected the authority and responsibilities of the Secretary of Defense and the armed forces of the United States and national security controls on certain exports. The committee adopted two amendments that would preserve or enhance U.S. national security in several areas.

First, as amended by the committee, the bill would preserve existing national security controls on communication satellite exports. Title XV of H.R. 1950, as reported by the Committee on International Relations, contained a provision that would permit the President to determine what, if any, regulatory regime would be used to control the export of communication satellites to NATO and non-NATO major allies. In effect, title XV would nullify the national security controls on satellite exports adopted in the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261) and the National Defense Authorization Act for Fiscal Year 2000 (Public Law 106–65). The satellite export provisions in both acts were adopted in response to revelations that the People's Republic of China (PRC) had exploited the export of U.S. commercial satellites to the PRC to improve the performance of its space launch vehicle and ballistic missile capabilities. Concerned that key aspects of our current military superiority depend on maintaining a technical advantage in space capabilities, the committee adopted an amendment that would strike title XV from H.R. 1950 in order to maintain existing national security controls on U.S. satellite exports.

Second, the committee recommends limiting the applicability of a provision in H.R. 1950 that would have transferred the financial costs of Department of State airlift requirements to the Department of Defense (DOD). Under current law, the Department of Defense may provide airlift services to other departments and agencies at cost. Section 224 of H.R. 1950 would have authorized the Secretary of Defense to provide such services to the Department of State below cost, charging the same rate that the United States Transportation Command (TRANSCOM) charges internal DOD customers. Because air transport is funded through a working capital fund under section 2208 of title 10, United States Code, which mandates full recovery of costs, section 224 would force other elements within DOD to pay higher rates in order to make up for any discounts provided to the Department of State. After consultation with the Committee on International Relations, the Committee on Armed Services adopted an amendment to section 224 so that the Department of State could only receive discounted airlift rates for the transport of armored motor vehicles. The committee understands that the Department of State would only seek such reduced rates in conjunction with the overseas travel of the Secretary of State himself. The amendment enables the Department of Defense to support limited Department of State needs, which cannot otherwise be met through routine Department of State procurement of commercial air transportation services. In doing so, the provision would ensure that limited military airlift resources remain available for military missions.

Third, the committee recommends striking section 227 of H.R. 1950, which would establish a security capital cost sharing fund controlled by the Department of State but funded, in part, by other departments and agencies with an overseas presence. As reported by the Committee on International Relations, section 227 would authorize the Secretary of State to assess and collect mandatory fees from all federal departments based on their total overseas presence. The Secretary of State would then use those funds to accelerate the construction or modernization of roughly 150 embassies and address security limitations at overseas facilities.

The provision raised several concerns. First, although the Department of State developed the concept as part of the President's "freedom to manage" initiative, the security capital cost sharing program fund has not been completely vetted, adopted, or endorsed in the interagency process or by the President. The committee understands that the Department of Defense has registerd concerns over the proposal with the Office of Management and Budget. Moreover, section 227 would not begin the cost sharing program until fiscal year 2005. Thus, it appears premature. Second, responsibility for security at its embassies is, ultimately, the responsibility of the Department of State, which is fully capable of seeking specific authority and funding from Congress for any construction or security improvements it deems necessary through the normal authorization and appropriations processes. Section 227 would negate the normal legislative process and, by arbitrarily moving funds from multiple departments to the Department of State, undermine Congressional responsibility for authorizing and appropriating funds for the activities of the federal government. Third, section 227 contained no ceiling on fees that the Secretary of State might impose on other government agencies and gave those agencies no authority over expenditure of funds appropriated to them but remitted to the Department of State. As a result, section 227 contained no incentive for the Department of State to exercise due diligence in management of the security capital cost sharing fund; it simply moved responsibility for financing Department of State activities into the budgets of other departments and agencies. At a time when the Department of Defense is assessing how to reduce spending on its own overseas facilities, the committee believes it is inappropriate for the defense budget to take responsibility for the financing of embassy construction. Finally, the provision does not offset fees based on the value of goods and services that other departments and agencies provide to the Department of State. Defense attaches, for example, routinely report the results of their discussions with foreign military services to ambassadors and country desk officers at the Department of State, improving their ability to perform diplomatic missions. Similarly, the Department of Defense provides secure courier services to the Department of State at no cost. For these reasons, the Committee on Armed Services recommends striking section 227. However, because committee members agreed with the importance of improving security at Department of State facilities, the committee adopted an amendment by Mr. Skelton directing the General Accounting Office to review the Department of State's cost-sharing proposal and identify means by which the Department of State's needs might be met.

Section 701 of H.R. 1950, as reported by the Committee on International Relations would repeal reporting requirements related to the U.S. military presence in Bosnia established by the 1998 Supplemental Appropriations and Rescissions Act and the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999. Those laws required the Departments of State and Defense to report regularly to Congress on progress made in developing a sustainable peace process in Bosnia, giving Congress a means of continually gauging the need for U.S. military deployments in Bosnia and encouraging the Executive Branch to continue its diplomatic efforts to reduce the need for those deployments. In considering and passing H.R. 1588, the National Defense Authorization Act for Fiscal Year 2004, the committee recommended repealing 65 reports required by existing law. It did not recommend repealing the Bosnia benchmarks report. Therefore, Section 701 of H.R. 1950 would essentially reverse considered decisions by Congress to require those reports in the first place, and the position of the Committee on Armed Services and House of Representatives in deciding not to repeal them as part of the fiscal year 2004 defense authorization bill. Therefore, after consultation with the Committee on International Relations, the Committee on Armed Services adopted an amendment that would strike section 701 from the bill.

Legislative History

H.R. 1950 was introduced on May 5, 2003 and was referred to the Committee on International Relations. The bill was reported (amended) May 16, 2003 by the Committee on International Relations (H. Rept. 108–105, Part I). The bill was also referred jointly and sequentially to the Committee on Armed Services, the Committee on Energy and Commerce, and the Committee on the Judiciary on May 16, 2003.

On June 26, 2003, the Committee on Armed Services held a markup session to consider H.R. 1950 as amended by the Committee on International Relations. The committee adopted the amended bill with amendments and reported the same favorably by a voice vote.

Section-by-Section Analysis

The following is a section-by-section analysis of those sections of H.R. 1950 amended by the Armed Services Committee.

Section 224.—Reimbursement rate for airlift services provided to the Department of State

Changes to this section would preserve the Defense Department's authority to charge the State Department below-cost reimbursement rates in providing certain air transportation services to the Department of State. As amended, this section would not require the Secretary of Defense to provide services to the Department of State at below-cost reimbursement rates, but would limit the provision of such services to the State Department to those instances when transport of armored motor vehicles was required. The committee understands that the Department of State would only seek those lower rates in conjunction with travel by the Secretary of State himself.

Section 227.—Security capital cost sharing

As proposed in H.R. 1950, this provision would establish a security capital cost sharing funds program under the control of the Secretary of State, but funded through mandatory fees assessed on other departments and agencies. The committee amendment would delete this section.

Section 701.—Reports on benchmarks for Bosnia

As proposed in H.R. 1950, this section would repeal reports on progress in achieving a sustainable peace in Bosnia required by the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999. The committee amendment would delete this section.

Section 1501.—Export controls on satellites and related items

Section 1501 would let the President determine whether and how satellite exports to NATO or major non-NATO allies should be regulated, "notwithstanding any other provision of law." The committee amendment would delete this section, thus retaining current law with respect to satellite export controls.

Section 1502.—Mandatory review by Department of State

As contained in H.R. 1950, this section would establish a process for increased State Department scrutiny of satellite launches by the People's Republic of China for U.S. persons. The provision also contains Congressional reporting requirements. The committee amendment would delete this section.

Section 1503.—Export restrictions not affected

This section would direct that nothing in Title XV shall be "construed" to modify other provisions of law relating to restrictions of exports, including provisions contained in the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 and the National Defense Authorization Act for Fiscal Year 2000. The committee amendment would delete this section.

Section 1504.—Definitions

This section would define those defense services that required increased State Department scrutiny if provided to the People's Republic of China (PRC) in conjunction with the PRC's launch of a satellite. The committee amendment would delete this section.

Committee Position

On March 6, 2002, the Committee on Armed Services ordered H.R. 2581, as amended, reported to the House with a favorable recommendation by a vote of 44–6, a quorum being present.

Fiscal Data

Pursuant to clause 3(d)(2)(A) of rule XIII of the Rules of the House of Representatives, the committee attempted to ascertain annual outlays resulting from the bill during fiscal year 2004 and the four following fiscal years. The results of such efforts are reflected in the cost estimate prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974, which is included in this report pursuant to clause 3(c)(3) of rule XIII of the Rules of the House.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the cost estimate prepared by the Congressional Budget Office and submitted pursuant to section 402(a) of the Congressional Budget Act of 1974 is as follows:

JUNE 30, 2003.

Hon. DUNCAN HUNTER,
Chairman, Committee on Armed Services,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1950, the Foreign Relations Authorization Act, Fiscal Years 2004 and 2005.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sunita D'Monte.

Sincerely,

DOUGLAS HOLTZ-EAKIN,
Director.

H.R. 1950—Foreign Relations Authorization Act, Fiscal Years 2004 and 2005

CBO estimates that H.R. 1950 would authorize appropriations of $32.2 billion for the Department of State and related agencies, and for various security and economic assistance programs. Implementing the bill would result in additional discretionary spending of $30.5 billion over the 2004–2008 period, assuming appropriation of the authorized amounts, CBO estimates. The bill also contains several provisions that would affect direct spending and revenues. CBO estimates that enacting those provisions would increase direct spending by $25 million over the 2006–2008 period and have an insignificant effect on revenues.

H.R. 1950 also would affect trade in defense articles and services. It would give the President authority to control transfers within the United States of defense articles and defense services to foreign persons. It would lower the standard for violation of arms-export regulations and increase certain fines for violations of export controls. In addition, the bill would call for stringent control and scrutiny of the export of missile technology and would authorize the President to sanction any foreign governmental entity that the President determines has facilitated violations of export controls of missile equipment or technology. CBO estimates the trade-related provisions would not significantly affect federal spending.

H.R. 1950 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1950 is shown in Table 1. For this estimate, CBO assumes that the authorized amounts will be appropriated by the start of each fiscal year and that outlays will follow historical spending patterns for existing programs, except as otherwise described. The costs of this legislation fall within budget functions 050 (national defense), 150 (international affairs), 300 (natural resources and environment), and 800 (general government).

TABLE 1.—BUDGETARY IMPACT OF H.R. 1950, THE FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2004 AND 2005

	By fiscal year, in millions of dollars—					
	2003	2004	2005	2006	2007	2008
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for the State Department, Related Agencies, and Various Assistance Programs:						
Authorization Level [1,2]	17,937	900	0	0	0	0
Estimated Outlays	17,650	7,067	3,117	1,773	995	520
Proposed Changes:						
Estimated Authorization Level	0	15,221	15,570	476	478	479
Estimated Outlays	0	9,991	13,644	3,945	1,737	1,231
Spending Under H.R. 1950 for the State Department, Related Agencies, and Various Assistance Programs:						
Estimated Authorization Level [1,2]	17,937	16,121	15,570	476	478	479
Estimated Outlays	17,650	17,058	16,761	5,718	2,732	1,751
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	*	*	5	10	10
Estimated Outlays	0	*	*	5	10	10

NOTE: * = less than $500,000.

[1] The 2003 level is the amount appropriated for that year and includes appropriations provided in Public Law 108–11, the Emergency Wartime Supplemental Appropriations Act, 2003.

[2] Public Law 106–113, an act making consolidated appropriations for the fiscal year ending September 30, 2000, and for other purposes, authorized appropriations of $900 million for Embassy Security, Construction, and Maintenance in 2004.

Basis of estimate

H.R. 1950 would provide a comprehensive two-year authorization of appropriations for the State Department and related agencies, and it would authorize appropriations for various security and economic assistance programs. In addition, the bill contains several provisions that would affect direct spending and revenues.

Spending subject to appropriation

CBO estimates that Divisions A and B of H.R. 1950 would authorize appropriations of about $32 billion for the Department of State and related agencies and for various security and economic assistance programs. CBO estimates that implementing the bill would result in additional discretionary spending of $30.5 billion over the 2004–2008 period, assuming appropriation of the authorized amounts.

Division A—Department of State Authorization Act, Fiscal Years 2004 and 2005. CBO estimates that Division A would authorize appropriations of about $9.3 billion in 2004, $10.7 billion in 2005, and $0.1 billion a year over the 2006–2008 period for the Department of State and related agencies (see Table 2). It would specifically authorize appropriations of $9.3 billion in 2004, $10.1 billion in 2005, and some small amounts over the 2006–2008 period. In addition to the costs covered by the specified authorizations, the division contains provisions primarily dealing with international peacekeeping, public diplomacy, and personnel, that CBO estimates would require additional appropriations of almost $0.9 billion over the 2004–2008 period to implement. CBO estimates that implementing this division would cost almost $19.5 billion over the 2004–2008 period, assuming appropriation of the specified and estimated amounts.

TABLE 2.—ESTIMATED SPENDING SUBJECT TO APPROPRIATION FOR DIVISION A OF H.R. 1950

	By fiscal year, in millions of dollars—					
	2003	2004	2005	2006	2007	2008
Spending Under Current Law for the State Department and Related Agencies:						
Authorization Level [1, 2]	9,257	900	0	0	0	0
Estimated Outlays	8,998	3,338	1,649	1,065	657	347
Proposed Changes:						
Estimated Authorization Level	0	9,340	10,694	106	108	109
Estimated Outlays	0	6,422	8,534	2,587	1,179	762
Spending Under Division A of H.R. 1950 for the State Department and Related Agencies:						
Estimated Authorization Level [1, 2]	9,257	10,240	10,694	106	108	109
Estimated Outlays	8,998	9,760	10,183	3,652	1,836	1,109

[1] The 2003 level is the amount appropriated for that year and includes appropriations provided in Public Law 108–11, the Emergency Wartime Supplemental Appropriations Act, 2003.
[2] Public Law 106–113, an act making consolidated appropriations for the fiscal year ending September 30, 2000, and for other purposes, authorized appropriations of $900 million for Embassy Security, Construction, and Maintenance in 2004.

International Peacekeeping. Section 113 would authorize the appropriation of $550 million in 2004 and such sums as may be necessary in 2005 for contributions to international peacekeeping activities. Based on information from the Department of State and adjusting for inflation, CBO estimates that the department would require $560 million in 2005.

Middle East Broadcasting Network. Section 501 would authorize annual grants for a Mideast Radio and Television Network to provide radio and television broadcasts to the Middle East region. Under current law, Radio Sawa provides radio programming to the Middle East at an annual cost of about $10 million. The Broadcasting Board of Governors (BBG) plans to add a satellite television network that would provide news, entertainment, and information programs to complement this radio programming. Public Law 108–11, the Emergency Wartime Supplemental Appropriations Act, 2003, provided $26 million in 2003 for start-up costs of the network. The bill provides an authorization of appropriations of $47 million in each of 2004 and 2005 only. Based on information from the BBG, CBO estimates that operating costs for this television network would be $37 million a year over the 2004–2008 period, and the costs for Radio Sawa would continue at about $10 million a year.

Exchange Programs. Section 251 would establish new educational and cultural exchange programs and expand existing ones in countries with predominantly Muslim populations. Section 112 would authorize the appropriation of $35 million a year for this purpose in 2004 and 2005. CBO estimates that continuing these programs would cost an additional $112 million over the 2006–2008 period.

Promotion of Free Media. Section 607 would establish an International Free Media Fund within the department to promote the development of free and independent media all over the world. The bill would authorize appropriations of $15 million in 2004 for this purpose. Section 608 would require the BBG to support free media, especially in countries where it is reducing or discontinuing international broadcasting, and would authorize appropriations of $2.5 million each year in 2004 and 2005 for this purpose.

Hardship and Danger Pay Allowances. Section 307 would increase the cap on hardship and danger pay allowances from 25 percent to 35 percent of basic pay for State Department employees serving overseas. Based on information from the Department of State, CBO estimates implementing this section would cost $8 million to $9 million annually over the 2004–2008 period.

Office of Global Internet Freedom. Section 524 would authorize the BBG to establish an Office of Global Internet Freedom to prevent foreign governments from censoring or jamming the Internet and persecuting their citizens who use the Internet. The bill would specifically authorize appropriations of $8 million a year in 2004 and 2005 to establish and operate this office. CBO estimates implementing this section would cost $8 million to $9 million annually over the 2004–2008 period.

Indefinite Authorizations for Currency Fluctuations. Section 113(c) would authorize the appropriation of such sums as may be necessary in 2004 to compensate for adverse fluctuations in exchange rates that might affect contributions to international organizations. Any funds appropriated for this purpose would be obligated and expended subject to certification by the Office of Management and Budget. Currency fluctuations are extremely difficult to estimate in advance, and they could result in spending either higher or lower than the amounts specifically authorized in the bill for contributions to international organizations and programs. Therefore, this estimate includes no costs associated with currency fluctuations.

Colin Powell Center for American Diplomacy. Section 230 would authorize the Secretary of State to establish the Colin Powell Center for American Diplomacy at the Harry S. Truman Building in Washington, DC. According to the Department of State, it would establish the center through a partnership with the nonprofit Foreign Affairs Museum Council (FAMC). The department would provide the space, staff, and security for the center, while FAMC would provide funding from private sources. A feasibility study is currently underway, and the department was unable to provide details that would allow CBO to estimate the operating costs of the center.

Reporting Requirements. Division A includes several provisions that would expand or introduce new reporting requirements. Combined, these provisions would raise spending subject to appropriation by about $2 million annually, but each provision would likely cost less than $500,000 a year.

Miscellaneous Provisions. CBO estimates that the following sections of Division A would have an insignificant impact on spending subject to appropriation:

- Section 206 would authorize a demonstration program in library sciences to help foreign governments improve literacy and public education in their countries by establishing or upgrading public library systems.
- Section 224 would reduce by about half the reimbursement rate paid by the Department of State to the Department of Defense (DoD) for transporting armored vehicles by air. Over the 2000–2002 period, the department reimbursed DoD an average of $2 mil-

lion a year. Based on this information, CBO estimates that implementing this section would save the department $1 million a year, which would be offset by additional costs to DoD of the same amount.

- Section 301 would authorize an exchange program for the assignment of civil and foreign service employees to fellowship positions in foreign governments, and the reciprocal assignment of foreign government employees as fellows in the department.
- Section 302 would clarify the department's authority to settle claims of back pay and other administrative claims and grievances.
- Section 310 would give the department greater flexibility in awarding meritorious step increases in salaries.
- Section 504 would authorize the BBG to conduct a pilot program to promote travel and tourism by broadcasting information on regions of the United States that rely on tourism.
- Subtitle C of title V would transfer all functions and assets of the BBG and the International Broadcasting Bureau to a new independent agency named the International Broadcasting Agency.

Division B—Defense Trade and Security Assistance Reform Act of 2003. Division B would tighten regulation of trade in defense and dual-use articles and technologies and authorize funding for various security assistance programs (see Table 3). Unlike Division A, which provides a comprehensive two-year authorization of appropriations of foreign relations authorizations, this division would authorize funding for various programs, projects, and activities through specific and indefinite authorizations of appropriation or through earmarks of funds not authorized elsewhere in the bill. For this estimate, CBO treats these earmarks as authorizations of appropriations since there are no amounts authorized for the programs in general. CBO estimates that implementing Division B would cost $3.6 billion in 2004 and $11.1 billion over the 2004–2008 period, assuming the appropriation of the necessary amounts.

TABLE 3.—ESTIMATED SPENDING SUBJECT TO APPROPRIATION FOR DIVISION B OF H.R. 1950

	By fiscal year, in millions of dollars—					
	2003	2004	2005	2006	2007	2008
Spending Under Current Law for Various Security Assistance Programs:						
Budget Authority [1]	8,680	0	0	0	0	0
Estimated Outlays	8,652	3,729	1,468	708	339	173
Proposed Changes:						
Estimated Authorization Level	0	5,881	4,876	370	370	370
Estimated Outlays	0	3,569	5,110	1,359	558	470
Spending Under Division B of H.R. 1950 for Various Security Assistance Programs						
Estimated Authorization Level [1]	8,680	5,881	4,876	370	370	370
Estimated Outlays	8,652	7,298	6,578	2,067	897	643

[1] The 2003 level is the amount appropriated for that year and includes appropriations provided in Public Law 108–11, the Emergency Wartime Supplemental Appropriations Act, 2003.

Security Assistance and Related Provisions. Title XIII would authorize the appropriation of $4.4 billion for foreign military financing and $91.7 million for international military education and training in 2004.

Sections 1321 and 1322 would authorize foreign military financing and Economic Support Fund appropriations for Israel and Egypt through 2005. The sections would specify formulas that would continue through 2005 the gradual reduction of economic assistance to those two countries and the increase in foreign military financing for Israel begun in 1999. For Israel, section 1321 would authorize foreign military financing of $2.160 billion in 2004 and $2.220 billion in 2005, and Economic Support Fund appropriations of $480 million in 2004 and $360 million in 2005. For Egypt, section 1322 would authorize foreign military financing for Egypt of $1.3 billion in both 2004 and 2005 and Economic Support Fund appropriations of $575 million in 2004 and $535 million in 2005.

Section 1337 would authorize the appropriation of $60 million a year for the nonproliferation fund in 2004 and 2005 and $25 million a year in 2004 and 2005 to secure highly enriched uranium in the states of the former Soviet Union.

Missile Threat Reduction Assistance. Title XIV would authorize the appropriation of $250 million for assistance to countries that agree to destroy their ballistic missiles and their facilities for producing those missiles. Under the bill, the President would determine the terms and conditions for providing the assistance which could be economic or military in character. For this estimate, CBO assumes the funds would be appropriated at the rate of $50 million a year over the 2004–2008 period, consistent with report language accompanying the bill, and the rate of spending would be comparable to that for the Former Soviet Union Threat Reduction.

Belarus. Title XV would authorize the appropriation of such sums as may be necessary in 2004 and 2005 for assistance and radio broadcasting to promote the development of democracy and civil society in Belarus. The assistance could be used to develop democratic parties, nongovernmental organizations, an independent broadcasting and print media, or to observe elections. Based on information from the State Department, CBO estimates that funding for such assistance in Belarus would continue at the 2003 level of $10 million each year. Based on information from the BBG, CBO further estimates that funding for international broadcasting to Belarus would double to $3 million a year, for an increase of $1.5 million each year over the amount authorized in Division A of the bill.

Israeli-Palestinian Peace Enhancement Act. Title XVI would express the sense of the Congress with respect to U.S. recognition of a Palestinian state and express a willingness to provide substantial economic and humanitarian assistance to such a state. It would authorize the appropriation of such sums as may be necessary to promote the economic and civil development of a Palestinian state. However, the President must certify a binding peace agreement between Israel and the Palestinians has been achieved under a set of conditions before any assistance may be provided to a Palestinian state. The President may waive the certification and the restrictions would not apply to humanitarian or development assistance provided to nongovernmental organizations for the benefit of the Palestinian people. CBO estimates that implementing title XVI would cost $0.8 billion over the 2004–2008 period, assuming the appropriation of the necessary amounts. The estimate assumes that funding in 2004 would continue at the 2003 rate and would increase to over $0.3 billion a year over the 2006–2008 period.

It is difficult to estimate the cost of implementing title XVI because of the uncertainty over when or whether Israel and the Palestinians may reach an agreement recognizing a two-state solution to peace in the Middle East region. Under the roadmap to a permanent two-state solution, as outlined by the State Department on April 30, 2003, the goal would be a permanent status agreement in 2005. CBO estimates that substantially increased funding for the Palestinian people could begin by that year.

Neither the bill nor the Committee report accompanying the bill provide much guidance for interpreting the intent of the phrase "substantial economic and humanitarian assistance." For the purpose of the estimate, CBO assumes that funding in 2004 for West Bank/Gaza in the Economic Support Fund would continue at the $75 million funding level appropriated for 2003 and triple to $225 million in 2005. For the 2006–2008 period, we assume that the funding for a Palestinian state would be increased by the $95 million that the United States has in the past contributed for assistance to the Palestinian people through the United Nations Relief and Works Agency for Palestinian Refugees. That increase would raise funding to $320 million a year. In the past, breakthrough agreements such as the Camp David accords and peace with Jordan have been followed by bilateral assistance appropriations of billions or many hundreds of millions of dollars. Funding after a true peace agreement between Israel and the Palestinians could be much higher than CBO estimates. Without an agreement, funding would be much lower.

Miscellaneous Provisions. Title XVII contains a number of provisions that would authorize appropriations for various economic and security assistance programs. They include:

- Section 1703 would authorize $2 million a year in 2004 and 2005 for a cooperative development program with Israel.
- Section 1706 would authorize $25 million a year in 2004 and 2005 for economic assistance for East Timor.
- Section 1707 would authorize $15 million a year in 2004 and 2005 for grants to individuals and groups supporting democracy building efforts in Cuba.
- Section 1709 would authorize $18.6 million a year in 2004 and 2005 for a Congo Basin forest partnership program.
- Section 1710 would authorize $10 million for programs to provide equipment and training to law enforcement officials, prosecutors, and judges in foreign countries in interpreting intellectual property laws and in complying with obligations under various international copyright and intellectual property treaties and agreements.
- Section 1711 would authorize assistance to law enforcement agencies in India and Ireland in 2004 and 2005. Based on information from the State Department, CBO estimates that implementing the provision would cost $3 million each year, assuming the appropriation of the necessary funds.
- Section 1712 would authorize $24 million in 2004 and such sums as may be necessary in 2005 for the human rights and democracy fund administered by the Department of State. Based on information from the Department of State, CBO estimates funding in 2005 would continue at the level specified for 2004.
- Section 1715 would authorize the appropriation of $1 million in 2004 and such sums as may be necessary in 2005 for a grant

to the African Society for programs in Africa. CBO estimates funding in 2005 would continue at the level specified for 2004.

Direct spending and revenues

CBO estimates that several provisions in the bill would increase direct spending or have an insignificant effect on receipts.

Transfer of Defense Articles in the U.S. War Reserve Stockpile for Allies (USWRSA). Section 1332 would extend for five years the President's authority to transfer to Israel obsolete or surplus defense articles in the USWRSA in Israel in return for concessions to be negotiated by the Secretary of Defense. The concessions may include cash, services, waiver of charges otherwise payable by the United States, or other items of value. Since articles may be transferred by sale under current law, CBO estimates that the authority provided by the section could be used to negotiate noncash concessions thereby lowering offsetting receipts to the DoD.

According to DoD, much of the materiel in the USWRSA in Israel was used in the recent Iraq conflict and the department is conducting a new inventory to determine what stocks remain. DoD also indicates that the existing authority has not been used for Israel in the past, though similar authority has been used for the stockpile in Korea. Given the current status of the USWRSA in Israel, CBO estimates the authority would not be used in 2004 and probably not in 2005. If the authority provided in section 1332 were used to the same extent as that for the stockpile in Korea, CBO estimates forgone receipts would total between $5 million and $10 million a year over the 2006–2008 period.

Colin Powell Center for American Diplomacy. Section 230 would authorize the Secretary to provide museum visitor and educational outreach services at the center and to sell, trade, or transfer documents and articles that are displayed at the center. Any proceeds generated from these services or sales would be retained and spent by the center. CBO estimates that this provision would have an insignificant net effect on direct spending.

Arms Export Controls. Provisions in titles XI and XII would revise licensing requirements for the export of certain defense articles and technology and would lower the standard and increase fines for violations of export controls. CBO estimates implementing the provisions would have an insignificant effect on receipts and direct spending.

Intergovernmental and private-sector impact: H.R. 1950 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Previous CBO estimates

On April 24, 2003, CBO transmitted a cost estimate for S. 925, the Foreign Relations Authorization Act, Fiscal Year 2004, as ordered reported by the Senate Committee on Foreign Relations on April 9, 2003. Several sections in Division A of H.R. 1950 are similar or identical to sections of S. 925 and would have similar costs. (The Senate bill would authorize appropriations only for 2004, whereas H.R. 1950 would authorize appropriations for 2004 and 2005.)

On June 9, 2003, CBO transmitted an estimate for S. 1161, the Foreign Assistance Authorization Act, Fiscal Year 2004, as reported by the Senate Committee on Foreign Relations on May 29, 2003. Several sections in Division B of H.R. 1950 are similar or identical to sections of S. 1161 and would have similar costs; however, the Senate bill would provide a more comprehensive authorization of appropriations for economic and security assistance programs in 2004.

On June 11, 2003, CBO transmitted a cost estimate for H.R. 1950, the Foreign Relations Authorization Act, Fiscal Years 2004 and 2005, as reported by the House Committee on International Relations on May 16, 2003. Both versions of the bill have similar or identical sections and would have similar costs; however, H.R. 1950 as ordered reported by the House Committee on Armed Services does not include provisions affecting cost-sharing for the construction of new diplomatic facilities and export controls on satellites.

Estimate Prepared by:

Federal Costs: State Department: Sunita D'Monte, Security Assistance and Foreign Aid: Joseph C. Whitehill.

Impact on state, local, and tribal governments: Victoria Heid Hall.

Impact on the Private Sector: Patrice L. Gordon.

Estimate approved by: Paul R. Cullinan, Chief for Human Resources Cost Estimates Unit of the Budget Analysis Division.

Committee Cost Estimate

Pursuant to clause 3(d) of rule XIII of the Rules of the House of Representatives, the committee generally concurs with the estimate contained in the report of the Congressional Budget Office.

Oversight Findings

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, this legislation results from hearings conducted by the committee pursuant to clause 2(b)(1) of rule X.

With respect to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(1) of the Congressional Budget Act of 1974, this legislation does not include any new spending or credit authority, nor does it provide for any increase or decrease in tax revenues or expenditures. The fiscal features of this legislation are addressed in the estimate prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974.

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the committee amendments do not authorize specific program funding. However, the committee amended section 224 relating to the reimbursement rate for airlift services provided to the Department of State to ensure the fiscal integrity of the working capital fund established pursuant to 10 U.S.C. 2208.

Constitutional Authority Statement

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the committee finds the authority for this legislation in Article I, section 8 of the United States Constitution.

STATEMENT OF FEDERAL MANDATES

Pursuant to section 423 of Public Law 104–4, this legislation contains no federal mandates with respect to state, local, and tribal governments, nor with respect to the private sector. Similarly, the bill provides no unfunded federal intergovernmental mandates.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported by the Committee on International Relations, are shown in Report 108–105 part 2, filed on June 11, 2003.

The Committee on the Armed Services adopted amendments (shown at the beginning of this report) to the bill as reported by the Committee on International Relations. Changes in provisions of existing law that would result from those amendments and differ from the changes that would result from the bill as reported by the Committee on International Relations 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):

TITLE 10, UNITED STATES CODE

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Subtitle A—General Military Law

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PART IV—SERVICE, SUPPLY, AND PROCUREMENT

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CHAPTER 157—TRANSPORTATION

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[§ 2642. Reimbursement rate for airlift services provided to Central Intelligence Agency]

§ 2642. Airlift services provided to Central Intelligence Agency and Department of State: reimbursement rate

(a) AUTHORITY.—The Secretary of Defense may authorize the use of the Department of Defense reimbursement rate for military airlift services [provided by a component of the Department of Defense to the] *provided by a component of the Department of Defense as follows:*

(1) To the Central Intelligence Agency, if the Secretary of Defense determines that those military airlift services are provided for activities related to national security objectives.

(2) To the Department of State for the transportation of armored motor vehicles to a foreign country to meet unfulfilled requirements of the Department of State for armored motor vehicles in that foreign country.

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ADDITIONAL VIEWS OF REPRESENTATIVE VIC SNYDER

H.R. 1950, as referred to the Committee on Armed Services, contained Section 227 that authorized a program of capital security cost sharing for security and construction of new embassies. Under the program, agencies and departments of the government who station personnel overseas in U.S. embassies would have paid the Department of State an amount annually based on the number of personnel stationed in the various diplomatic facilities and the type of office space they occupied. These funds would then have been applied to construction of new embassies in future years.

The Manager's amendment to the bill struck the capital security cost-sharing program authorization provision along with several others. I offered a second-degree amendment to the manager's amendment to put the section back in, but with additional safeguards to ensure transparency, fairness, and accountability. My amendment was unfortunately rejected by a vote of 25–21, and the manager's amendment was adopted by voice vote.

It is important to note, first of all, that the capital security cost-sharing program did not originate as a whim of the State Department to lay its bills off on others departments of the government. The 1999 Overseas Presence Advisory Panel report called for such a measure as a management tool to encourage agencies to examine their presence in diplomatic facilities and align those with their actual needs. Similarly, the President's Management Agenda 2002 called for a mechanism to link agency policies, integrate "rightsizing" into workforce plans, and link the overseas assignment process with construction planning. The cost of an embassy is directly linked to its size and security requirements and these, in turn, are directly linked to the size of the workforce stationed there. It is in our interests, as stewards of the taxpayer dollars, to encourage agencies to actually link their requirements with their actual overseas presence and, hopefully, reduce the cost of replacing our many inadequate and unsafe embassies.

A second advantage of the program would have been to accelerate the ongoing program to replace the many woefully inadequate and insecure U.S. diplomatic facilities around the world. Over half of all U.S. diplomatic facilities are considered to have inadequate security. And scarcely a month goes by without another report of an attack, attempted attack, or planned attack that was foiled on one of our embassies or consulates. In the past, a number of these attacks have succeeded and Americans have been killed. These attacks will not stop. There will be future attacks, some of them will succeed, and Americans will be killed. The chances of this happening are a lot higher if we continue on the current path versus adopting the capital security cost-sharing program and accelerating the replacement of insecure facilities. I am afraid that the Committee's action, if allowed to become law, will continue us on the current path of slowly replacing these facilities, over 26 years instead of 14 under the capital security cost sharing plan, and risking the lives of the dedicated Americans who serve our government overseas.

VIC SNYDER.

DISSENTING VIEWS OF REPRESENTATIVE ELLEN O. TAUSCHER

I am deeply concerned that while the Armed Services Committee usually tries to craft legislation that strengthens national security and sustains American technological leadership, the committee's decision to strike language relating to the export of satellites in the State Department Authorization bill was both misguided and harmful to U.S. interests.

The short debate regarding satellite export controls preceding the vote focused extensively on the 1996 incident in China involving Loral and Hughes but had little to do with the substance of Title XV, the section of the bill before the committee that dealt with NATO and major non-NATO allies of the United States. The debate also ignored the larger opportunity the committee had before it to take a modest step toward reforming the United States' satellite export control regime which remains dangerously out of sync with developments in satellite technology.

While the transfer of licensing authority to the State Department in 1998 is not the only reason for the dismal state of the commercial satellite market today, the slow review process of licenses at State is undermining an industry we used to dominate at a time when the nation's economy is in a major slump.

Indeed, the market share of the U.S. industry for internationally competed orders fell from a historic seventy-five percent in the early 1990s to less than fifty percent in 1999 and 2000. So far, 2003 is a disastrous year for industry as well.

Commercial satellites provide cell phone and internet access as well as vital information to businesses and help protect Americans at home and abroad. They also offer video, data and voice service to millions of users around the world.

They should not be subjected to the same convoluted, archaic and paper regulatory processes as weapons.

The language in Title 15 was tightly focused on providing the President with urgently needed authority to determine the appropriate process for licensing commercial communication satellites to our NATO allies.

It maintained all the national security safeguards put in place in 1998 including: tight restrictions on satellite activities with China; a ban on launches in China; DoD cradle-to-grave monitoring of interactions with any foreign nationals; Tiananmen sanctions; launch vehicles licensing; and technology control plans.

Finally this Presidential authority did not apply to military, scientific, weather and remote sensing satellites that all remain under the jurisdiction of the State Department.

Our national security is closely linked to our technological leadership which guarantees the military advantage we have today.

But our national security is being undermined by a sick industry that is falling behind its European competition in the world market.

This decline will hurt the men and women that are working to produce our defense and intelligence satellite systems. With extensive national security safeguards in place, the President should have the authority to decide how to regulate commercial satellites.

This small reform would remove some of the unpredictability and time lag that is involved in the State Department's review, which irresponsibly regards all satellite technology as sensitive and controlled, irrespective of its use, its intended recipient, or its availability from non-U.S. sources.

The President has the authority to determine the licensing regime for our most lethal military weapons—that authority should be extended to commercial satellites.

By voting to strike Title XV of the State Department bill, this committee is abrogating its oversight of international developments that are having a significant impact on the United States' security and economy and has lost the opportunity to make itself part of a thoughtful solution to this serious problem.

ELLEN O. TAUSCHER.

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