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## Calendar No. 159

106TH CONGRESS  
1ST SESSION**S. 1234****[Report No. 106-81]**

Making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JUNE 17, 1999

Mr. McCONNELL, from the Committee on Appropriations, reported the following original bill; which was read twice and placed on the calendar

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**A BILL**

Making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That the following sums are appropriated, out of any  
4       money in the Treasury not otherwise appropriated, for the  
5       fiscal year ending September 30, 2000, and for other pur-  
6       poses, namely:

DAN KEFSEVICH: "difficult & tricky"

1- suggestion:  
take on

2- EPA interpretation - legislative  
hx from last year's bill;  
State's concern is a reasonable  
point -- go thru legislative  
hx -> contradictory evidence

\* floor debate

Roger -  
Tue Wed  
March 19

Dan: will also take 2 minutes  
wind power

- Direct talk to  
Marget
- Rough currency
- update on budget
- Exec Order
- Ret D
- bioenergy  
solicitation

Roger can add  
ag perspective in  
initiative

EPA: smaller role in bioenergy

-> Sam Baldwin:  
Elliot Spiker - Interior

# United States Senate

WASHINGTON, DC 20510

September 21, 1999

Dear Chairman McConnell and Ranking Member Leahy:

We are writing to draw your attention to an important issue in the upcoming conference on the Foreign Operations FY2000 Appropriations bill.

Both the House Foreign Operations and Commerce, Justice, State Appropriations bills contain a provision – known as the “Knollenberg rider” – which on its face would prohibit “implementation” of the Kyoto Protocol prior to the Senate’s advice and consent to ratification. However, due to the ambiguity of the rider language, we are concerned that the provision could prevent the U.S. from engaging in diplomatic efforts to ensure an cost-effective, international solution to the problem of global climate change.

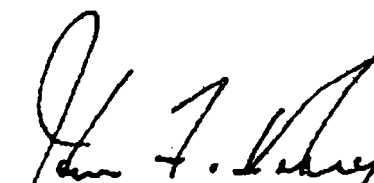
The Administration is currently engaged in vigorous international climate change negotiations pursuant to its obligations under the United Nations Framework Convention on Climate Change, which has been ratified by the Senate. These negotiations include sharing information with other countries on the United States’ successful experiences with market-based mechanisms as a tool for fighting pollution; working with other countries to find ways that these lessons could be applied to address greenhouse gas emissions; and providing technical assistance to developing countries so that they may build the capacity to more effectively limit their greenhouse gas emissions.

In no way do these activities “implement” the Kyoto Protocol. Rather, through these negotiations the Administration is promoting U.S. national interests and the bipartisan objectives of the Byrd-Hagel Resolution – specifically, that international efforts on climate change protect U.S. economic interests and engage developing countries. Because the Knollenberg rider states that none of the funds shall be used “in preparation for implementation of the Kyoto Protocol,” we are concerned that it would thwart the common sense objectives of the Byrd-Hagel Resolution. Moreover, any restrictions on the Administration’s efforts to advance these objectives in international negotiations raises Constitutional concerns.

The Senate has recognized the importance of engaging developing countries in the effort to address global climate change. U.S. climate change diplomacy should not be constrained by ambiguous rider language that would be detrimental to our national interests. We believe that the Senate approach to this issue in the Foreign Operations and Commerce, Justice, State Appropriations bills is the prudent approach, and ask that you insist on the Senate position with respect to this rider in conference.

Sincerely,

  
JOSEPH I. LIEBERMAN

  
JOHN F. KERRY

*John H. Chafee*  
JOHN H. CHAFEE

*Jim Jeffords*  
JAMES M. JEFFORDS

*Tom Daschle*  
TOM DASCHLE

*Joe Biden*  
JOSEPH R. BIDEN, JR.

*Frank R. Lautenberg*  
FRANK R. LAUTENBERG

*Jeff Bingaman*  
JEFF BINGAMAN

*J. Robert Kerrey*  
J. ROBERT KERREY

*Barbara Boxer*  
BARBARA BOXER

*Daniel Patrick Moynihan*  
DANIEL PATRICK MOYNIHAN

*Max Baucus*  
MAX BAUCUS

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**CONFERENCE REPORT ON H.R. 2606, FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000 (House of Representatives - October 05, 1999)**

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Mr. KNOLLENBERG. Mr. Speaker, I rise in strong support of the conference report to H.R. 2606, the Fiscal Year 2000 Appropriations Bill for Foreign Operations, Export Financing and Related Agencies.

As a member of the subcommittee, I want to again commend the gentleman from Alabama (Chairman **Callahan**) for the outstanding work that he has done, hard work. Shepherding an appropriations bill, particularly this bill, to the process is no easy task. Yet, he has done it with diligence and impartiality, and he has done it, frankly, with extraordinary fairness, I think; and I commend him for that.

I also, of course, want to thank the gentlewoman from California (Ms. **Pelosi**), the ranking member. I am disappointed that she is going to oppose this bill.

But I want to thank the staff as well who have contributed so much to bringing this bill to the floor in a shape I think that is satisfactory.

From the beginning, we have worked in a bipartisan fashion to craft a foreign operations bill that reflects our Nation's international priorities, and the chairman mentioned those, while adhering to the budget constraint that we face today.

Mr. Speaker, I would like to set the record straight on a provision in the conference report designed to prevent back-door implementation of the Kyoto Protocol.

Despite what was said during consideration of the rule, in no way does this provision prevent the United States from engaging developing countries under the UN Framework Convention on Climate Change signed by President Bush in 1992 and ratified by the Senate. Specifically, Articles 4, 6, and 17 allow voluntary measures and give developed country parties authority to engage in international education, listen carefully, international education, develop technologies, promote sustainable development, and assist vulnerable developing countries.

I point out to my colleagues that not one of these activities arises out of the Kyoto Protocol.

The funding prohibition states that no fund shall be used to implement or prepare to implement the Kyoto protocol.

Not one of the aforementioned diplomatic activities arising out of the U.N. Framework Convention is prevented by this prohibition.

~~The administration is free to engage developing countries under the U.N. Framework Convention. However, the administration cannot cross the line and engage other nations regarding ratification and implementation of the Kyoto Protocol, which the United States deems totally unworthy of ratification and implementation.~~

The conference report was crafted, again, in a bipartisan fashion and taking into consideration all of the views, certainly of everybody in this House. And the subcommittee, I think, has worked very well to bring all this together. We need to unite behind this fair bill that will maintain U.S. leadership and strengthen our influence across the globe.

I ask for Members certainly on the other side to rethink their thoughts about voting against this bill. We need to support this conference report.

Ms. PELOSI. Mr. Speaker, I yield 4 minutes to the gentlewoman from New York (Mrs. **Lowey**), a very distinguished member of the subcommittee and a champion for democracy and peace throughout the world.

Mrs. **LOWEY**. Mr. Speaker, I rise in opposition, reluctantly, to this conference report.

Mr. Speaker, during the August debate, I was quite clear in expressing my strong reservations about this foreign aid bill. But I voted for it, hoping that some of the most egregious funding cuts would be remedied in conference and the overall flaws in the bill would be repaired through bipartisan negotiations.

I want to commend my friend and our distinguished chairman, the gentleman from Alabama (**MrCallahan**), and our ranking member and my good friend, the gentlewoman from California (**MsPelosi**), for their hard work in crafting this bill. Despite their best efforts, however, I believe that this bill, plagued by poor funding levels from the start, still has serious problems.

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**Fiscal Year 2000 Foreign Operations Appropriations  
Conference Report  
Colloquy -- climate change language**

**Sen. Byrd:** Mr. President, Sec. 583 of the conference report contains language regarding implementation of the Kyoto Protocol. I would like to ask the distinguished Chairman and Ranking Member of the Foreign Operations Subcommittee two questions to clarify their understanding of this provision.

The United States is currently engaged in climate change negotiations to ensure meaningful participation of developing countries and to ensure that greenhouse gas emissions reductions are achieved in the most cost-effective manner. Is my understanding correct that this provision is not intended to restrict the Administration from engaging in these international negotiations related to both the Framework Convention on Climate Change (FCCC), which was ratified by the Senate in 1992, and the Kyoto Protocol to that Convention?

As you also know, the Senate has clearly expressed its views regarding the Kyoto Protocol in S. Res. 98, adopted unanimously by the Senate on July 25, 1997. That resolution calls on the Administration to support an approach to climate change that protects the economic interests of the United States and seeks commitments from developing countries to reduce greenhouse gas emissions. The Administration is aggressively engaging developing countries to reduce greenhouse gas emissions through international projects and activities emphasizing market-based mechanisms and environmental technology. It is my understanding that this provision is not intended to restrict international programs or activities to encourage commitments by developing countries to reduce greenhouse gas emissions. Is my understanding correct?

**Sen. McConnell:** I thank the distinguished Senator from West Virginia for his questions. Your understanding is correct. Sec. 583 is not intended to restrict U.S. negotiations or activities such as you have described. Rather, it is intended to prevent the Administration from implementing the Kyoto Protocol prior to its ratification.

**Sen. Leahy:** The Senator's understanding is correct. Sec. 583 is not intended to prohibit the United States from engaging in international climate change negotiations or activities that would encourage participation by developing countries.

*Veto Statement*

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**October 18, 1999****TO THE HOUSE OF REPRESENTATIVES:**

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

October 18, 1999

TO THE HOUSE OF REPRESENTATIVES:

I am returning herewith without my approval H.R. 2606, the "Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2000."

The central lesson we have learned in this century is that we cannot protect American interests at home without active engagement abroad. Common sense tells us, and hard experience has confirmed, that we must lead in the world, working with other nations to defuse crises, repel dangers, promote more open economic and political systems, and strengthen the rule of law. These have been the guiding principles of American foreign policy for generations. They have served the American people well, and greatly helped to advance the cause of peace and freedom around the world.

This bill rejects all of those principles. It puts at risk America's 50-year tradition of leadership for a safer, more prosperous and democratic world. It is an abandonment of hope in our Nation's capacity to shape that kind of world. It implies that we are too small and insecure to meet our share of international responsibilities, too shortsighted to see that doing so is in our national interest. It is another sign of a new isolationism that would have America bury its head in the sand at the height of our power and prosperity.

In the short term, H.R. 2606 fails to address critical national security needs. It suggests we can afford to underfund our efforts to keep deadly weapons from falling into dangerous hands and walk away without peril from our essential work toward peace in places of conflict. Just as seriously, it fails to address America's long-term interests. It reduces assistance to nations struggling to build democratic societies and open markets and backs away from our commitment to help people trapped in poverty to stand on their feet. This, too, threatens our security because future threats will come from regions and nations where instability and misery prevail and future opportunities will come from nations on the road to freedom and growth.

By denying America a decent investment in diplomacy, this bill suggests we should meet threats to our security with our military might alone. That is a dangerous proposition. For if we underfund our

diplomacy, we will end up overusing our military. Problems we might have been able to resolve peace-fully will turn into crises we can only resolve at a cost of life and treasure. Shortchanging our arsenal of peace is as risky as shortchanging our arsenal of war.

The overall funding provided by H.R. 2606 is inadequate. It is about half the amount available in real terms to President Reagan in 1985, and it is 14 percent below the level that I requested. I proposed to fund this higher level within the budget limits and without spending any of the Social Security surplus. The specific shortfalls in the current bill are numerous and unacceptable.

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(OVER)

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For example, it is shocking that the Congress has failed to fulfill our obligations to Israel and its neighbors as they take risks and make difficult decisions to advance the Middle East peace process. My Administration, like all its predecessors, has fought hard to promote peace in the Middle East. This bill would provide neither the \$800 million requested this year as a supplemental appropriation nor the \$500 million requested in FY 2000 funding to support the Wye River Agreement. Just when Prime Minister Barak has helped give the peace process a jump start, this sends the worst possible message to Israel, Jordan, and the Palestinians about America's commitment to the peace process. We should instead seize this opportunity to support them.

Additional resources are required to respond to the costs of building peace in Kosovo and the rest of the Balkans, and I intend to work with the Congress to provide needed assistance. Other life-saving peace efforts, such as those in Sierra Leone and East Timor, are imperiled by the bill's inadequate funding of the voluntary peacekeeping account.

My Administration has sought to protect Americans from the threat posed by the potential danger of weapons proliferation from Russia and the countries of the former Soviet Union. But the Congress has failed to finance the Expanded Threat Reduction Initiative (ETRI), which is designed to prevent weapons of mass destruction and weapons technologies from falling into the wrong hands and weapons scientists from offering their talents to countries, or even terrorists, seeking these weapons. The bill also curtails ETRI programs that help Russia and other New Independent States strengthen export controls to avoid illicit trafficking in sensitive materials through their borders and airports. The ETRI will also help facilitate withdrawal of Russian forces and equipment from countries such as Georgia and Moldova; it will create peaceful research opportunities for thousands of former Soviet weapons scientists. We also cannot afford to underfund programs that support democracy and small scale enterprises in Russia and other New Independent States because these are the very kinds of initiatives needed to complete their transformation away from communism and authoritarianism.

A generation from now, no one is going to say we did too much to help the nations of the former Soviet Union safeguard their nuclear technology and expertise. If the funding cuts in this bill were to become law, future generations would certainly say we did too little and that we imperiled our future in the process.

My Administration has also sought to promote economic progress and political change in developing countries, because America benefits when these countries become our partners in security and trade. At the Cologne Summit, we led a historic effort to enable the world's poorest

and most heavily indebted countries to finance health, education, and opportunity programs. The Congress fails to fund the U.S. contribution. The bill also severely underfunds Multilateral Development Banks, providing the lowest level of financing since 1987, with cuts of 37 percent from our request. This will virtually double U.S. arrears to these banks and seriously undermine our capacity to promote economic reform and growth in Latin America, Asia, and especially Africa. These markets are critical to American jobs and opportunities.

Across the board, my Administration requested the funding necessary to assure American leadership on matters vital to the interests and values of our citizens. In area after area, from fighting terrorism and international crime to promoting nuclear

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stability on the Korean peninsula, from helping refugees and disaster victims to meeting its own goal of a 10,000-member Peace Corps, the Congress has failed to fund adequately these requests.

Several policy matters addressed in the bill are also problematic. One provision would hamper the Export-Import Bank's ability to be responsive to American exporters by requiring that the Congress be notified of dozens of additional kinds of transactions before the Bank can offer financing. Another provision would allow the Export-Import Bank to operate without a quorum until March 2000. I have nominated two individuals to the Bank's Board, and they should be confirmed.

\* A third provision could be read to prevent the United States from engaging in diplomatic efforts to promote a cost-effective, global solution to climate change. A fourth provision places restrictions on assistance to Indonesia that could harm our ability to influence the objectives we share with the Congress: ensuring that Indonesia honors the referendum in East Timor and that security is restored there, while encouraging democracy and economic reform in Indonesia. Finally, this bill contains several sections that, if treated as mandatory, would encroach on the President's sole constitutional authority to conduct diplomatic negotiations.

In sum, this appropriations bill undermines important American interests and ignores the lessons that have been at the core of our bipartisan foreign policy for the last half century. Like the Senate's recent vote to defeat the Comprehensive Test Ban Treaty, this bill reflects an inexcusable and potentially dangerous complacency about the opportunities and risks America faces in the world today. I therefore am returning this bill without my approval.

I look forward to working with the Congress to craft an appropriations bill that I can support, one that maintains our commitment to protecting the Social Security surplus, properly addressing our shared goal of an America that is strong at home and strong abroad, respected not only for our leadership, but for the vision and commitment that real leadership entails. The American people deserve a foreign policy worthy of our great country, and I will fight to ensure that they continue to have one.

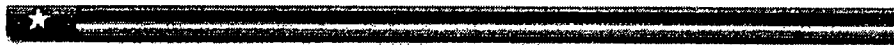
WILLIAM J. CLINTON

THE WHITE HOUSE,  
October 18, 1999.

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EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

July 29, 1999  
(House Floor)

## STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

### H.R. 2606 – FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATION BILL, FY 2000

(Sponsor: Young (R) Florida; Callahan (R) Alabama)

This Statement of Administration Policy provides the Administration's views on the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 2000, as reported by the House Appropriations Committee. Your consideration of the Administration's views would be appreciated.

The allocation of discretionary resources available to the House under the Congressional Budget Resolution is insufficient to make the necessary investments that our citizens need and expect. The President's FY 2000 Budget proposes levels of discretionary spending that meet such needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance this spending. Congress has approved and the President has signed into law nearly \$29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Congress to consider such proposals as the FY 2000 appropriations process moves forward.

As a result of the inadequate 302(b) allocation for Foreign Operations, the bill reported by the Committee on July 20th is \$1.9 billion, or 14 percent, below the program level requested by the President. Funding at this level would seriously impair the President's ability to conduct an effective foreign policy.

The Administration appreciates the efforts of the Committee to accommodate certain of the President's priorities within its 302(b) allocation, as well as the Committee's strong support for limiting the number of provisions in language that restrict and earmark the use of funds. Nonetheless, the allocation available for Foreign Operations for FY 2000 is substantially below the level requested by the President. The funding level provided by the Committee, therefore, would prevent the President from confronting or dealing effectively with new challenges and is inadequate to maintain America's leadership around the world. It would inevitably require reductions from previously enacted levels for programs managed by the Departments of State and the Treasury, the Agency for International Development, and others.

If the Congress were to enact a bill that does not resolve the significant funding shortfalls in the Committee-reported bill, the President's senior advisers recommend that he veto the bill.

The rule approved by the House on July 27th makes in order three amendments related to international family planning programs:

- The Administration strongly opposes the Smith amendment which would prohibit the U.S. Government from providing funds to foreign non-governmental organizations if these organizations use any of their own funding from non-U.S. Government sources for abortion-related services or advocacy. The Administration continues to oppose these restrictions, which would deny funding to the most experienced and qualified family planning and maternal and child health care providers. In prior years, the Administration has made clear that the President would veto the bill if it contained the "Mexico City" language. The President took such action in 1998 when he vetoed the State Department authorization bill. Should the Smith Amendment be included in the final bill presented to the President, the President would veto the bill.
- The Administration strongly supports the Greenwood amendment. This amendment bars population planning activities that are illegal in the recipient's country, but allows the organization's own funds to be used for legal activities. It provides that advocacy activities in opposition to coercive abortion or involuntary sterilization would not be grounds for disqualification of U.S. funds. The amendment also makes clear that organizations receiving U.S. funds for family planning services must certify that they will use those funds to reduce the incidence of abortion and reiterates the ban on the use of U.S. funds to perform or lobby for abortions.
- The Administration also strongly opposes the Pitts amendment, which would prohibit the use of Child Survival account funds for child spacing assistance. Child spacing plays a critical and integral role in Child Survival-funded programs aimed at saving the lives of children and their mothers, and this amendment therefore would undermine these critical maternal and child health programs.

Detailed comments on the Committee-reported bill are provided in the attachment.

Attachment

Attachment  
(House Floor)

**ADDITIONAL CONCERNS**  
**HR. 2606 FOREIGN OPERATIONS, EXPORT FINANCING AND RELATED**  
**PROGRAMS APPROPRIATIONS BILL, FY 2000**  

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**(AS REPORTED BY THE HOUSE APPROPRIATIONS COMMITTEE)**

- Multilateral Development Banks (MDBs). The Administration's request, excluding arrears payments, is 40 percent below the scheduled payments sought for the MDBs in the mid-1990s. The Committee's decision to reduce funding for the MDBs by \$493 million amounts to a 35-percent reduction to the President's request. This severe cut, and the lack of any funding for arrearage payments, would erode much of the progress made in the FY 1998 and FY 1999 appropriations bills in meeting the past-due and continued obligations of the United States to these institutions, and in strengthening our ability to get approval of important institutional reforms. In particular, the Administration is disappointed with the Committee's decision to cut a further \$200 million from the International Development Association (IDA). All of IDA resources go to countries whose people earn less than \$3 per day – 50 percent of IDA commitments are directed towards the poorest countries in Sub-Saharan Africa. This reduction would undercut congressional efforts to address the humanitarian and development needs of the continent, and, in particular, undercut the intent of the recently-passed African Growth and Opportunity Act.

The lack of any funding for the African Development Bank, the Inter-American Investment Corporation, the Multilateral Investment Fund, the Multilateral Investment Guarantee Agency, and the Community Adjustment and Investment Program (part of the North American Development Bank) – combined with the drastic cuts in the Global Environment Facility and the Asian Development Fund – would call into serious question the willingness of other donors to continue their support for these critical institutions at the very point when their support for environmental and economic development is most needed.

- Independent States of the Former Soviet Union. The Administration continues to place a high priority on our relations with this region and appreciates the Committee's ongoing efforts to reduce earmarks and restrictions on our assistance to this region. Reducing such restrictions enables the Administration to target assistance to maximize its effectiveness, especially in working with pro-reform governments and non-governmental democratic forces and the private sector. The Administration praises the Committee for its removal of restrictions on aid to local governments in Russia, although we are concerned by the removal of Presidential waiver authority for these restrictions.

The overall funding provided by the Committee, \$725 million, is not only below the requested \$1,032 million but is also \$122 million below the FY 1999 level. The Administration believes that the economic problems in Russia and the rest of the Independent States, which have created hardships for millions of people and heightened the risk of proliferation of weapons of mass destruction and related expertise, call for increased rather than decreased efforts. A reduction of the magnitude contained in the Committee mark would place threat reduction programs that are in our immediate national security interests in competition with programs that will help secure our long-term interests in the region, such as support for small businesses in the regional initiatives, exchange programs designed to develop a new generation of pro-reform leaders, and institutional partnerships. The Administration understands that an amendment may be offered that would prohibit any support for these critical threat reduction programs. The Administration opposes any such amendment.

- Kosovo and the Balkans. The Administration appreciates the Committee's provision of the full request for Assistance to Eastern Europe and the Baltic States. Nonetheless, as the crisis in Kosovo has demonstrated, there is clearly a need for additional funds to support Kosovo operations and, indeed, enhancements to various programs throughout the Balkan region. We are now working with the Departments of Defense and State and other agencies to determine current estimates for peacekeeping and for peace implementation, including additional humanitarian needs, such as refugee programs, beyond the original request. The President will submit an additional FY 2000 funding request to the Congress.
- Korean Peninsula Energy Development Organization (KEDO). The Administration strongly objects to the bill's provisions limiting the amount of the U.S. contribution to KEDO. The cut of \$20 million, or 36 percent, in funding could prevent the United States from fulfilling its commitments under the Agreed Framework to provide heavy fuel oil to North Korea and could damage our nonproliferation policy on the Korean Peninsula. In addition, the bill introduces new Presidential certifications that go well beyond what has been required in the past and could make it extremely difficult to carry out our commitments. Finally, the prohibition on the President's ability to exercise his special authorities to provide additional funding for KEDO, should he deem it to be in the national interest, is unwise.
- Wye River and Middle Eastern Assistance. The Administration welcomes the Committee's provision of the entire FY 2000 request for additional assistance for Jordan. The bill does not, however, provide \$400 million of the funds requested by the President for FY 2000 to support the Wye River Agreement, nor does it provide \$300 million of the funds requested as an FY 1999 supplemental appropriation for this purpose. Given the renewed dedication of all sides to the peace process, the Administration hopes to work with Congress to provide this funding to support and strengthen the peace process and to move toward a permanent agreement.

The Administration continues to welcome the Committee's efforts to ramp down traditional levels of assistance to countries in the Middle East. However, the Administration is disappointed at the Committee's failure to accept our specific proposal for a gradual reduction in aid to Israel and Egypt and with its decision not to incorporate the provision of an Interest Bearing Account for a portion of Egypt's Foreign Military Financing (FMF). The Administration will work with the Congress on the scoring implications of this proposal.

- Economic Support Fund (ESF). The reduction of over \$140 million to the President's request for non-Wye River ESF would effectively remove any ability that the President has to respond to a host of threats and new crises around the world. These cuts would force the reduction of programs intended to increase political stability and democratization in Africa; support democracy efforts in Guatemala, Peru, and Ecuador; and, bolster democratic reform and economic recovery in Asia.
- Debt Reduction. The cut of almost three-fourths to the President's request for debt reduction programs, from \$120 million to \$33 million, would cripple our ability to fund the bipartisan debt for environment program that was enacted by the Congress last year and would damage our ability to contribute to the Trust Fund for the Highly Indebted Poor Countries, which is an essential component of current debt reduction programs as well as of the historic debt initiative agreed to in Cologne. This initiative has received broad support from governments, multilateral institutions, religious groups, and individuals worldwide.
- Peacekeeping Operations. The Committee's \$53.5 million, or 41 percent, cut to the President's request for voluntary peacekeeping operations would decrease funds available for Organization for Security and Cooperation in Europe (OSCE) missions in Bosnia, Croatia, and Kosovo; reduce assistance for the African Crisis Response Initiative; and, diminish our ability to respond to unforeseen conflict and crises.
- Nonproliferation, Anti-terrorism, Demining, and Related Programs. The Committee has cut these programs by \$49 million, or 21 percent, from the President's request. In addition to the reduction for KEDO discussed separately, the request for export control assistance would be cut by two-thirds (from \$15 million to \$5 million). This would greatly slow our efforts to assist the NIS and other regions to develop tighter controls to prevent nuclear smuggling.
- United Nations Population Fund. The Administration is strongly committed to population and reproductive health programs and to the United Nations Population Fund (UNFPA). The Administration appreciates the Committee's recognition that it would be counterproductive to prohibit funding for UNFPA, which provides voluntary family planning and other services to over 160 countries, because of its operations in China. We are concerned, however, that the mark for International Organizations and Programs would not be sufficient to allow for an adequate contribution for UNFPA programs that save lives and promote healthy families.

U.S. Agency for International Development (USAID). The Administration is concerned about the Committee's drastic cut in Development Assistance. A \$111 million reduction below the request, or \$12 million below the FY 1999 enacted level, would threaten USAID's ability to implement such programs as the Africa Education Initiative and the Food Security Initiative, and would limit the Agency's ability to address the financial crisis in Asia, as well as to address follow-up needs from the recent natural disasters in Central America. The bill also fails to include language that would permit assistance to customs officials and offices. The Administration requested this language to encourage the free flow of commerce within regions in sub-Saharan Africa and Latin America, thereby supporting private sector development in those regions.

The Administration greatly appreciates the Committee's full funding of the Child Survival and Disease Programs request. However, within this amount, the Administration is concerned that full funding of \$10 million has not been provided for the Administrations's "School Works" initiative. This initiative addresses the critical issue of child labor in developing countries, a concern the Congress shares, and we urge the Committee to fully fund this program. We also note that the recently-transmitted, fully offset budget amendment to provide an additional \$100 million for the fight against global AIDS included an additional \$45 million for this account. We urge the Committee to provide these critically-needed additional resources.

The Administration is deeply concerned that the \$480 million funding level for USAID's operating expenses is inadequate to meet the operational demands on USAID. The Committee acknowledges the transfer of the security function from the Inspector General's (IG's) office and has reduced funding for the IG accordingly but provides no increase to cover this additional \$7.7 million cost in this account. Even if increased to cover these security requirements, the Committee's recommended operating expense level would require a reduced workforce level inconsistent with USAID's responsibility for proper oversight of the program levels that the Committee has provided. The Committee's funding level would also make it impossible for USAID to complete needed replacement of its financial management systems or to begin the significant security improvements, including temporary and permanent relocations of USAID missions, that are required to respond to the increased threats that U.S. personnel face around the world.

The bill does not contain the Administration's request for Voluntary Separation Incentives for employees of USAID (buyout authority). This buyout authority is vital to allow USAID to continue to reduce its employment levels in Washington. The Administration is also concerned that the Committee has not approved the requested authority for USAID to create a Working Capital Fund similar to those already available to the Department of State and other agencies. It is important that USAID be provided the means to capture the costs of becoming a service provider to other agencies under the ICASS system, and therefore encourage competition among agencies to provide the lowest-cost and most efficient services.

The Administration is concerned that its request for reinstatement of the Development Fund for Africa (DFA) is not included in the bill. Funding provided under the DFA affords needed stability to respond to development opportunities in Africa, as well as to complex crises on a fragile continent, and maintains our strong commitment to an Africa in transition. There are insufficient resources within the Development Assistance account to address such needs.

The Administration is disappointed that the Committee has not approved transfer authority for the Development Credit Authority. USAID's recent implementation of a credit management outsourcing contract and other credit management improvements justifies continued funding of this innovative and improved credit mechanism. We are also disappointed that the Committee has not provided subsidy budget authority for the Urban Environment Credit program.

Peace Corps. The Administration appreciates the Committee's efforts to support the Peace Corps within tight budget constraints. However, the Administration is very concerned that the Committee's funding level of \$240 million falls short of the amount necessary for the Peace Corps to continue to promote grass-roots development and strengthen the ties of cross-cultural understanding between Americans and the people of over 70 countries. This \$30 million, or 11 percent, reduction to the President's request for the Peace Corps would force the agency to reduce the number of volunteers currently serving overseas and to consider closing additional country programs. It would also prevent implementation of the bipartisan initiative to field 10,000 volunteers in the new century. Earlier this year, both the House and Senate passed an authorization bill with bipartisan support that would enable the Peace Corps to send 10,000 volunteers overseas.

Export and Investment Financing. The Administration appreciates the Committee's effort to fund the requested increase in the Export-Import Bank's administrative budget. However, we note the Committee's reduction in the Export-Import Bank's subsidy budget - \$80 million below the request and \$6 million below the FY 1999 enacted level. The requested increase is an important part of the President's manufactured exports initiative. The Committee's reduction would reduce the financing available to United States exporters that are attempting to continue to export during the ongoing economic downturn in Asia and much of the rest of the developing world. Because exports have been such a critical component of job creation in the United States, this cut could have a negative impact on job growth.

The Administration is also very concerned about the reduction to the President's request for the Trade and Development Agency (TDA). As with the Export-Import Bank, the requested increase for TDA is an integral part of the President's export initiative, and the Committee bill would significantly reduce TDA's ability to fund feasibility studies that help U.S. exporters take advantage of potential market opportunities.

The Administration appreciates the Committee's full funding of the administrative budget for the Overseas Private Investment Corporation (OPIC). We are concerned, however, by the Committee's reduction of \$3.5 million to the request for OPIC's subsidy. The Administration had already reduced the request by over 50 percent from the FY 1999 enacted level, and a further cut would make it difficult for OPIC to meet the needs of investors, including small businesses, who rely on OPIC financing in important markets such as Africa, the Caribbean, and Central America. Likewise, we are concerned about language that would allow OPIC to use appropriated funds to engage in direct equity investments. While OPIC has had the authority to make such direct equity investments for a number of years, the Congress has never provided funding for this authority. The Administration believes that this proposal has important budgetary and policy consequences that have not been fully reviewed. For that reason, the Administration cannot support the language allowing OPIC such authority until it has had a chance to consider this proposal thoroughly in further consultation with Congress.

The Administration would strongly oppose possible amendments that would preclude OPIC from offering new loan guarantees. Such guarantees are important to the promotion of US business opportunities in developing markets around the world. Precluding these guarantees would harm the mutually beneficial relationship between American business and the developing foreign private sectors in Africa, the Caribbean, Central America and elsewhere.

- Migration and Refugee Assistance (MRA). The Committee's \$20 million reduction to the President's request for MRA could require a reduction in annual refugee admissions and would not provide adequate resources for an initiative to address programming shortfalls in Africa necessary to provide life-saving, minimum international standards of assistance in key sectors (including nutrition, shelter, medicine, sanitation, and protection). Such reductions in assistance to refugees in Africa and elsewhere at the very time huge resources are going into Kosovo could create serious political and equity issues.
- Inter-American Foundation. The Administration strongly opposes the cut of over \$17 million to the request for the Inter-American Foundation. This reduction, which would cut funding by 75 percent of the FY 1999 enacted level, would completely debilitate the Foundation, making it impossible to continue its important work of supporting innovative development initiatives and U.S. corporate social investments in Latin America and the Caribbean. The Administration recognizes the need for changes to enhance the Foundation's internal oversight procedures and project monitoring, but significant progress has been made to date, and the Administration is committed to ensuring further improvements are made.
- African Development Foundation (ADF). The Administration commends the Committee for fully funding the request for ADF, and for recognizing the significant management and programmatic improvements that this small but important agency has implemented during the past year.

- Treasury International Affairs Technical Assistance. The Administration is concerned that the Committee has provided only \$1.5 million of the \$8.5 million requested for the Department of Treasury's International Affairs Technical Assistance program. These resources are necessary to fund the Department's plan to provide technical assistance to Ministries of Finance and Central Banks that are attempting to implement fiscal and financial reforms in Africa, Asia, and Latin America.
- Kyoto Protocol Restriction. The Committee has included language in the General Provisions that would prohibit the Administration from proposing or issuing rules to implement the Kyoto Protocol. This is an unnecessary restriction because the Administration has stated that it does not intend to implement the Protocol on global climate change until it has been ratified by the Senate.
- Additional General Provisions Language Concerns. Section 514(a) (Surplus Commodities) and section 566(b) (Sanctuary to Indicted War Criminals - Multilateral Assistance) purport to direct the Executive to take particular positions in international organizations. When construed as mandates, these provisions would encroach on the President's sole constitutional authority to control negotiations. If unchanged, this language would be construed as precatory.
- Amendment on the Baku-Ceyhan pipeline. The Administration understands that an amendment may be offered that would prohibit any U.S. Government support for financing the Baku, Azerbaijan-Ceyhan, Turkey pipeline in the Caspian Basin unless a final peace agreement was reached between Armenia and Azerbaijan on the Nagorno Karabakh region. The Administration would strongly oppose such an amendment, which would undercut U.S. energy policy, cripple U.S. efforts to provide Caspian countries with a credible economic development path linked to the west, encourage regional exporters to build export pipelines through Iran, and disadvantage U.S. businesses competing for millions of dollars in exports. It would hinder, rather than help, U.S. efforts to achieve a just peace in the region and improve Turkish-Armenian relations.

\*\*\*\*\*

## HOUSE-SENATE CONFERENCE ON H.R. 2606/S.1234

Title IV Multilateral Economic Assistance  
Foreign Operations, Export Financing, and Related Programs  
Appropriations Act, 2000

## FUNDING FOR GLOBAL ENVIRONMENT FACILITY (GEF)

House Provision:

The House bill provides only \$50 million, or \$93.3 million less than the Administration's \$143.333 million request.

Senate Provision:

The Senate bill provides only \$25 million toward arrears, compared with the Administration's request of \$143.3 million (\$107.5 million for our annual share and \$35.8 million toward arrears).

Department Position:

We prefer the GEF request level of \$143.333 million.

Talking Points:

- We prefer the request level of \$143.3 million rather than the proposed House funding level of \$50 million, or the Senate proposed level of \$25 million for contributions previously due. The Administration believes that the levels proposed by the House and Senate are unwise.
- The role of the GEF is to encourage developing countries to take on greater domestic responsibility for protecting the global environment. The GEF funds only the parts of projects that create global environmental benefits that are in the American taxpayer's interest. Recipient countries pay for local benefits of projects. The GEF also leverages funds from many other sources, including the private sector, in aiding environmentally sound projects in developing countries.

- The Administration's FY2000 request of \$143.3 million includes \$35.8 million toward clearing our long-standing arrears to the GEF's first replenishment (GEF I) and a \$107.5 million contribution towards our pledge to the current GEF replenishment (GEF II).
- It is critical for the U.S. to make good on its GEF replenishment pledge and to address the arrearage problem. A slow or inadequate response to meeting our financial commitments to the GEF threatens U.S. global environmental leadership and influence, including our ability to leverage contributions from others that promote sound environmental policy in developing countries.



"Johnston, Jake" <Jake.Johnston@mail.house.gov>  
09/21/99 12:49:59 PM

Record Type: Record

To: Julie M. Anderson/WHCCTF/EOP

cc:

Subject: FW: No tax \$ for unratified Kyoto Protocol

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FYI

-----Original Message-----

From: Hogan, Aloysius  
Sent: Tuesday, September 21, 1999 12:46 PM  
To: Dear Colleague  
Subject: No tax \$ for unratified Kyoto Protocol

Joseph K. Knollenberg  
11th District, Michigan  
Congress of the United States  
Phone: 202-225-5802  
Fax: 202-226-2356  
<http://www.house.gov/knollenberg/>

<<http://www.house.gov/knollenberg/>>

Not one tax dollar for unratified Kyoto Protocol  
STEER CLEAR OF THE INSLEE/UDALL FALSEHOODS

Not one taxpayer dollar should be spent to implement the Kyoto Protocol, and that includes dollars spent to pressure other nations into ratifying and implementing a treaty that the United States deems totally unworthy of ratification.

Representatives Jay Inslee and Mark Udall, however, want to spend tax dollars to do just that. That is totally unacceptable. The Kyoto Protocol is not a legitimate purpose for U.S. tax dollars, said the US Senate in the Byrd-Hagel Resolution, by a vote of 95-0, and says the U.S. Constitution.

Representatives Inslee and Udall make five factual errors in their Dear Colleague and Statement for the Record, respectively, regarding: 1. the Byrd-Hagel Resolution's date, and 2. contents; 3. US authority to discuss climate change; 4. the effect of the Knollenberg language; and 5. floor statements:

1. ERROR RE: BYRD-HAGEL RESOLUTION'S DATE  
The Byrd-Hagel Resolution was adopted in 1997, not last year as Representative Inslee claimed in error.
2. ERROR RE: BYRD-HAGEL RESOLUTION'S CONTENTS

flawed, unratified Kyoto Protocol!

Byrd-Hagel Resolution regarding the Kyoto Protocol  
(Passed with a Senate vote of 95-0 on July 25, 1997)

Resolved, That it is the sense of the Senate that--

(1) the United States should not be a signatory to any protocol to, or other agreement regarding, the United Nations Framework Convention on Climate Change of 1992, at negotiations in Kyoto in December 1997, or thereafter, which would--

(A) mandate new commitments to limit or reduce greenhouse gas emissions for the Annex I Parties, unless the protocol or other agreement also mandates new specific scheduled commitments to limit or reduce greenhouse gas emissions for Developing Country Parties within the same compliance period, or

(B) would result in serious harm to the economy of the United States; and

(2) any such protocol or other agreement which would require the advice and consent of the Senate to ratification should be accompanied by a detailed explanation of any legislation or regulatory actions that may be required to implement the protocol or other agreement and should also be accompanied by an analysis of the detailed financial costs and other impacts on the economy of the United States which would be incurred by the implementation of the protocol or other agreement.

Washington Post

Taking Exception  
Advice to Heed On the Kyoto Treaty

Date: Wednesday, May 6, 1998  
By: Robert C. Byrd and Chuck Hagel

The foresight of our nation's Founding Fathers has been particularly valuable in the debate swirling around the U.N. Global Climate Treaty negotiated in December 1997 in Kyoto, Japan. Nowhere has it been more evident than in the March 15 Outlook article by John Passacantando, director of Ozone Action, a nonprofit advocacy group.

Passacantando takes issue with the involvement of the Senate during the negotiations concerning this treaty, saying, "From the day [the Byrd-Hagel resolution] was passed in July, its language has shaped both the negotiations over and the debate about the global warming treaty agreed to in December 1997. Now the Byrd-Hagel resolution is also likely to influence the coming Senate debate about ratification of the treaty."

That is precisely the role the Framers had in mind when they drafted our Constitution and gave the Senate the responsibility of "Advice and Consent" on all treaties. Our system of government differs from those of the nearly 160 other nations that were involved in the Kyoto negotiations. Our legislative branch is not meant to be a rubber stamp for

our executive branch; it is co-equal with the executive branch. The administration can negotiate, but only the Senate can provide the consent necessary to give any treaty the force of law in the United States. Therefore, it would be unwise for an administration to ignore the advice of the Senate.

Passacantando said, "Senators had minimal time to research the resolution; there were no hearings." To the contrary, the resolution was introduced on June 12, 1997, and the vote did not occur until July 25, 1997. More than a month before the vote occurred, two hearings on this issue were conducted by a Foreign Relations subcommittee, the first of which included testimony from the administration's lead negotiator for this treaty. As a result of the hearings on the resolution, a report was issued by the Foreign Relations Committee more than a week before the Senate vote occurred. Sixty-five senators of both parties added their names as cosponsors to this resolution before the vote was taken.

Despite attempts by some to portray it as ambiguous, the language of the Byrd-Hagel resolution is clear. The resolution called on the president not to sign any treaty or agreement in Kyoto unless two basic conditions were met. First, the resolution directed the president not to sign any treaty that placed legally binding obligations on the United States to limit or reduce greenhouse gas emissions "unless the protocol or agreement also mandates new specific scheduled commitments to limit or reduce greenhouse gas emissions for Developing Country Parties within the same compliance period." The second requirement of the resolution was that the president should not sign any treaty that "would result in serious harm to the economy of the United States."

The Byrd-Hagel resolution was not a "handicap," as Passacantando suggested. It was the clear "advice" of the U.S. Senate -- as contemplated in the Constitution -- provided for the executive branch, which was engaged in negotiations on a treaty.

The agreement reached in Kyoto does not meet either of the criteria laid out in the Byrd-Hagel resolution. Further negotiations and work clearly will be needed this year and probably beyond before these tests can be met. These tests must be met. The U.N. Global Climate Treaty should not be signed by the president until it meets both of these clear objectives.

Robert C. Byrd is a Democratic senator from West Virginia.  
Chuck Hagel is a Republican senator from Nebraska.

Aloysius Hogan  
Legislative Director  
Office of the Honorable Joe Knollenberg  
phone: 202-225-5802  
fax: 202-226-2356  
Aloysius.Hogan@mail.house.gov  
<mailto:Aloysius.Hogan@mail.house.gov>

# Congress of the United States

Washington, DC 20515

September 21, 1999

The Honorable Bill Young, Chairman  
The Honorable David Obey, Ranking Member  
House Appropriations Committee  
H-218, The United States Capitol  
Washington, DC 20515

Dear Chairman Young and Congressman Obey:

We are writing to draw your attention to an important issue in the upcoming conference on both the Foreign Operations and the Commerce, Justice State FY2000 Appropriations bills.

Both the House Foreign Operations and Commerce, Justice, State Appropriations bills contain a provision – known as the “Knollenberg rider” – which on its face would merely prohibit “implementation” of the Kyoto Protocol prior to the Senate’s advice and consent to ratification. We are concerned, however, that the provision could prevent the U.S. from engaging in diplomatic efforts to ensure a global, cost-effective solution to the global problem of climate change.

The Administration is currently engaged in vigorous international climate change negotiations. These negotiations include sharing information with other countries about the United States’ successful experiences with market-based mechanisms as a tool for fighting pollution; working with other countries to find ways that these lessons could be applied to address greenhouse gas emissions; and providing technical assistance to developing countries so that they may build the capacity to more effectively limit greenhouse gas emissions.

In no way, do these activities “implement” the Kyoto Protocol. Rather, through these negotiations the Administration is promoting U.S. national interests and the bipartisan objectives of the Byrd-Hagel resolution – specifically, that international efforts on climate change protect U.S. economic interests and engage developing countries. Moreover, any restrictions on the Administration’s efforts to advance these objectives in international negotiations raises Constitutional concerns. House sponsors have specifically stated that the provision is intended to restrict the Administration’s ability to engage developing countries.

The Honorable Bill Young and David Obey  
Page Two

September 21, 1999

As mentioned above, the Senate has recognized the importance of engaging developing countries in the Byrd-Hagel Resolution. We should not place U.S. climate change diplomacy in a straightjacket that would be detrimental to our national interests. We believe that the Senate approach to this issue is the prudent approach and we ask that you recede to the Senate position with respect to this rider.

Sincerely,

John

George Miller

Max Baucus

Frank Lautenberg

Louis M. Slaughter

Mark Warner

Howard H. Berman

Eric L. Engle

Sheryll Bookout

Nancy Pelosi

Gay L. Cook

Max Baucus

The Honorable Bill Young and David Obey  
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September 21, 1999

Bill D. Hastings Haynesmen

Jim Cook

Edward J. Markey

Christie Sney

Pat T. Dink

James L. McDuff

Tom Barrett

Tom Kind

[Signature]

David Fine

Paul Holt

Luis Cappa

[Signature]

Tommy Baldwin

Mark Udall

The Honorable Bill Young and David Obey  
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September 21, 1999

Tom Lee

James

Frank Pelly

Sam M. C. Chute

Gregory W. Muto

Dennis J. Keenan

John F. Hapoliteus

William Delahant

Michael E. Capuan

Joe Schabowski

Rosa L. J. Law

John Bus

Hoyle D. Duggan

Anna G. Eshoo

Albert F. Lynn

Pete Stark

The Honorable Bill Young and David Obey  
Page Five

September 21, 1999

Robert A. Underwood  

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A. J. [Signature]

John F. [Signature]  

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cc: The Honorable Harold Rogers  
Chairman, House Appropriations Subcommittee on Commerce, Justice, State and  
the Judiciary

The Honorable José Serrano  
Ranking Member, House Appropriations Subcommittee on Commerce, Justice,  
State and the Judiciary

The Honorable Sonny Callahan  
Chairman, House Appropriations Subcommittee on Foreign Operations

The Honorable Nancy Pelosi  
Ranking Member, House Appropriations Subcommittee on Foreign Operations

OMB

only**[FULL COMMITTEE PRINT]****Union Calendar No.****106TH CONGRESS  
1ST SESSION****H. R.****[Report No. 106- ]**

Making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes.

---

**IN THE HOUSE OF REPRESENTATIVES**

, 1999

Mr. CALLAHAN, from the Committee on Appropriations, reported the following bill; which was committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

---

**A BILL**

Making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That the following sums are appropriated, out of any
- 4 money in the Treasury not otherwise appropriated, for the

1 as its principal effect discrimination, against religious  
2 groups or religious communities in the Russian Federation  
3 in violation of accepted international agreements on  
4 human rights and religious freedoms to which the Russian  
5 Federation is a party.

6 GREENHOUSE GAS EMISSIONS

7 SEC. 568. (a) Funds made available in this Act to  
8 support programs or activities the primary purpose of  
9 which is promoting or assisting country participation in  
10 the Kyoto Protocol to the Framework Convention on Cli-  
11 mate Change (FCCC) shall only be made available subject  
12 to the regular notification procedures of the Committees  
13 on Appropriations.

14 (b) The President shall provide a detailed account of  
15 all Federal agency obligations and expenditures for cli-  
16 mate change programs and activities, domestic and inter-  
17 national obligations for such activities in fiscal year 2000,  
18 and any plan for programs thereafter related to the imple-  
19 mentation or the furtherance of protocols pursuant to, or  
20 related to negotiations to amend the FCCC in conjunction  
21 with the President's submission of the Budget of the  
22 United States Government for Fiscal Year 2001: *Pro-*  
23 *vided*, That such report shall include an accounting of ex-  
24 penditures by agency with each agency identifying climate  
25 change activities and associated costs by line item as pre-  
26 sented in the President's Budget Appendix: *Provided fur-*

1 *ther*, That such report shall identify with regard to the  
2 Agency for International Development, obligations and ex-  
3 penditures by country or central program and activity.

4 WITHHOLDING ASSISTANCE TO COUNTRIES VIOLATING

5 UNITED NATIONS SANCTIONS AGAINST LIBYA

6 SEC. 569. (a) WITHHOLDING OF ASSISTANCE.—Ex-  
7 cept as provided in subsection (b), whenever the President  
8 determines and certifies to Congress that the government  
9 of any country is violating any sanction against Libya im-  
10 posed pursuant to United Nations Security Council Reso-  
11 lution 731, 748, or 883, then not less than 5 percent of  
12 the funds allocated for the country under section 653(a)  
13 of the Foreign Assistance Act of 1961 out of appropria-  
14 tions in this Act shall be withheld from obligation or ex-  
15 penditure for that country.

16 (b) EXCEPTION.—The requirement to withhold funds  
17 under subsection (a) shall not apply to funds appropriated  
18 in this Act for allocation under section 653(a) of the For-  
19 eign Assistance Act of 1961 for development assistance  
20 or for humanitarian assistance.

21 (c) WAIVER.—Funds may be provided for a country  
22 without regard to subsection (a) if the President deter-  
23 mines that to do so is in the national security interest of  
24 the United States.

*Sen For Cps*

II

**Calendar No. 159****106TH CONGRESS  
1ST SESSION****S. 1234****[Report No. 106-81]**

Making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes.

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**IN THE SENATE OF THE UNITED STATES**

JUNE 17, 1999

Mr. McCONNELL, from the Committee on Appropriations, reported the following original bill; which was read twice and placed on the calendar

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**A BILL**

Making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 That the following sums are appropriated, out of any  
4 money in the Treasury not otherwise appropriated, for the  
5 fiscal year ending September 30, 2000, and for other pur-  
6 poses, namely:

1 Russian Federation, after 180 days from the date of en-  
2 actment of this Act, unless the President determines and  
3 certifies in writing to the Committee on Appropriations  
4 and the Committee on Foreign Relations of the Senate  
5 that the Government of the Russian Federation has imple-  
6 mented no statute, executive order, regulation or similar  
7 government action that would discriminate, or would have  
8 as its principal effect discrimination, against religious  
9 groups or religious communities in the Russian Federation  
10 in violation of accepted international agreements on  
11 human rights and religious freedoms to which the Russian  
12 Federation is a party.

13 **GREENHOUSE GAS EMISSIONS**

14 **SEC. 571. (a)** Funds made available in this Act to  
15 support programs or activities promoting or assisting  
16 country participation in the Kyoto Protocol to the Frame-  
17 work Convention on Climate Change (FCCC) shall only  
18 be made available subject to the regular notification proce-  
19 dures of the Committees on Appropriations.

20 **(b)** The President shall provide a detailed account of  
21 all Federal agency obligations and expenditures for cli-  
22 mate change programs and activities, domestic and inter-  
23 national obligations for such activities in fiscal year 2000,  
24 and any plan for programs thereafter related to the imple-  
25 mentation or the furtherance of protocols pursuant to, or  
26 related to negotiations to amend the FCCC in conjunction

1 with the President's submission of the Budget of the  
2 United States Government for Fiscal Year 2001: *Pro-*  
3 *vided*, That such report shall include an accounting of ex-  
4 penditures by agency with each agency identifying climate  
5 change activities and associated costs by line item as pre-  
6 sented in the President's Budget Appendix.

7 AID TO THE GOVERNMENT OF THE DEMOCRATIC

8 REPUBLIC OF CONGO

9 SEC. 572. None of the funds appropriated or other-  
10 wise made available by this Act may be provided to the  
11 Central Government of the Democratic Republic of Congo.

12 EXPORT FINANCING TRANSFER AUTHORITIES

13 SEC. 573. Not to exceed 5 per centum of any appro-  
14 priation other than for administrative expenses made  
15 available for fiscal year 2000 for programs under title I  
16 of this Act may be transferred between such appropria-  
17 tions for use for any of the purposes, programs and activi-  
18 ties for which the funds in such receiving account may  
19 be used, but no such appropriation, except as otherwise  
20 specifically provided, shall be increased by more than 25  
21 per centum by any such transfer: *Provided*, That the exer-  
22 cise of such authority shall be subject to the regular notifi-  
23 cation procedures of the Committees on Appropriations.

None  
For Ops

II

106TH CONGRESS  
1ST SESSION

# H. R. 2606

---

IN THE SENATE OF THE UNITED STATES

AUGUST 4, 1999

Received

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## AN ACT

Making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1  
2 KYOTO PROTOCOL

3 SEC. 583. None of the funds appropriated by this Act  
4 shall be used to propose or issue rules, regulations, de-  
5 crees, or orders for the purpose of implementation, or in  
6 preparation for implementation, of the Kyoto Protocol,  
7 which was adopted on December 11, 1997, in Kyoto,  
8 Japan, at the Third Conference of the Parties to the  
9 United States Framework Convention on Climate Change,  
10 which has not been submitted to the Senate for advice and  
11 consent to ratification pursuant to article II, section 2,  
12 clause 2, of the United States Constitution, and which has  
13 not entered into force pursuant to article 25 of the Pro-  
14 tocol.

## 14 CONTRIBUTIONS TO UNITED NATIONS POPULATION FUND

15 SEC. 584. (1) LIMITATIONS ON AMOUNT OF CON-  
16 TRIBUTION.—Of the amounts made available under  
17 “International Organizations and Programs”, not more  
18 than \$25,000,000 for fiscal year 2000 shall be available  
19 for the United Nations Population Fund (hereinafter in  
20 this subsection referred to as the “UNFPA”).

21 (2) PROHIBITION ON USE OF FUNDS IN CHINA.—  
22 None of the funds made available under “International  
23 Organizations and Programs” may be made available for  
24 the UNFPA for a country program in the People’s Repub-  
25 lic of China.

**FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED  
PROGRAMS APPROPRIATIONS BILL, 2000**

July 23, 1999.—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. 2606]

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, 2000, and for other purposes.

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Sec. 532, "Separate Accounts" is modified by deleting the change in permanent law that was contained in subsection (a)(5).

Sec. 537, "Funding Prohibition for Serbia" is modified by replacing the language from the 1999 act with a funding prohibition on assistance to the Republic of Serbia, with an exemption for Kosovo and Montenegro, and for programs to support democratization.

Sec. 544, "Prohibition on Publicity or Propaganda" is modified by removing the limitation of \$750,000 on funds to carry out the provisions of section 316 of Public Law 96-533.

Sec. 546, "Prohibition of Payments to United Nations Members" is modified by prohibiting the payment of costs for attendance of another country's delegation at international conferences.

Sec. 552, "War Crimes Tribunal Drawdown" is modified to remove the exemption for a notification regarding a drawdown for the war crimes tribunals for Rwanda and the former Yugoslavia.

Sec. 559, "Limitation on Assistance for Haiti" is modified by removing the previous conditions on assistance and substituting a policy framework and a semi-annual report regarding implementation of the policy framework.

Sec. 566, "Restrictions on Assistance to Countries Providing Sanctuary to Indicted War Criminals" is modified by listing Kosovo as an entity in order to avoid the inadvertent imposition of sanctions intended for Serbia.

Sec. 667, "To Prohibit Foreign Assistance to the Government of the Russian Federation Should It Enact Laws Which Would Discriminate Against Minority Faiths" is modified by changing the section heading to refer to the Russian Federation, rather than to Russia.

Sec. 568, "Greenhouse Gas Emissions" is modified by requiring notification for programs and activities "the primary purpose of which is" promoting or assisting country participation in the Kyoto Protocol, and by requiring the Agency for International Development to report on expenditures for climate change activities by country or central program or activity.

Sec. 571, "Assistance for the Middle East" is modified by reducing the cap on Middle East spending from \$5,402,850,000 to \$5,318,150,000, but by exempting \$100,000,000 for Jordan from the calculation made to arrive at the total Middle East spending cap.

Sec. 573, "Cambodia" combines an existing general provision relating to multilateral assistance for Cambodia with language prohibiting bilateral assistance for the Government of Cambodia except humanitarian assistance, including basic education.

Sec. 574, "Authorization for Population Planning" retains a funding limitation of \$385,000,000 for population planning activities that was included in the 1999 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. 575, "Foreign Military Training Report" is modified by exempting training associated with Foreign military sales and for NATO members from the scope of the report.

Sec. 576, "Korean Peninsula Energy Development Organization", is modified—by limiting KEDO funding to \$35,000,000 from funds provided under "Nonproliferation, Anti-Terrorism, Demining and

Related Programs"; by removing the restriction on the obligation of funds prior to March 1; by allowing \$15,000,000 to be obligated prior to June 1, 2000, subject to a Presidential certification regarding North Korean compliance with various agreements; by allowing \$20,000,000 to be obligated after June 1, 2000 subject to a Presidential certification regarding North Korean compliance with various agreements or proposed agreements; by prohibiting the use of sections 451 or 614 of the Foreign Assistance Act to waive the provisions of the section; by allowing for a Presidential waiver of the certification requirements based on a finding that it is necessary due to vital national security interests; and by requiring a specified report from the Secretary of State on KEDO funding.

Sec. 577, "African Development Foundation" is a new general provision that authorizes the investment of grant funds by grantees, and allows for the Board of Directors to waive the \$250,000 project limitation contained in current law.

Sec. 579, "Notification on the Use of Operating Expenses" is a new general provision that prohibits the use of funds appropriated under "Operating Expenses of the Agency for International Development" to finance the construction (including architect and engineering services), purchases, or long-term lease of offices except through the regular notification procedures of the Committees on Appropriations.

Sec. 580, "Iraq Opposition" is modified by providing a funding ceiling of \$10,000,000 for assistance to the Iraq democratic opposition and limiting funding to groups authorized under the Iraq Liberation Act (Public Law 105-338).

Sec. 561, "AID Budget Submission" is a new general provision detailing requirements for AID's fiscal year 2001 budget justification.

Sec. 583, "Kyoto Protocol" is a new general provision prohibiting funds in this Act from being used to propose or issue rules, regulations, decrees or orders for implementation of the Kyoto Protocol.

Sec. 584, "Contribution to United Nations Population Fund" is a new general provision limiting funding for UNFPA to \$28,000,000 and imposing restrictions on the use of funds in China.

#### PROVISIONS RETAINED FROM FISCAL YEAR 1999

The following general provisions from the fiscal year 1999 act are retained in the fiscal year 2000 act unchanged except for technical corrections, references to fiscal year 2000, and new section numbers where appropriate:

- Sec. 501. Obligations During Last Month of Availability.
- 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. 512. Limitation on Assistance to Countries in Default.

BEB

73L-7820  
Cand Clamen

**Bartholomew, Carolyn**

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**From:** Albright, Craig  
**Sent:** Monday, July 12, 1999 4:00 PM  
**To:** Bartholomew, Carolyn  
**Subject:** Climate Change

Carolyn:

Here is the language from FY99 VA-HUD. As I mentioned, this language is currently included in the FY00 Ag and Interior bills, the latter being added by amendment at full committee, without objection. Let me know what you think

Have a great day and I'll talk to you soon. Thanks!

Craig

"Sec. \_\_\_\_ None of the funds appropriated by this Act shall be used to propose or issue rules, regulations, decrees, or orders for the purpose of implementation, or in preparation for implementation, of the Kyoto Protocol which was adopted on December 11, 1997, in Kyoto, Japan at the Third Conference of the Parties to the United Nations Framework Convention on Climate Change, which has not been submitted to the Senate for advice and consent to ratification pursuant to article II, section 2, clause 2, of the United States Constitution, and which has not entered into force pursuant to article 25 of the Protocol."

## ADDITIONAL TALKING POINTS ON KNOLLENBERG AMENDMENT

- WHEN THIS LANGUAGE WAS ADDED TO THE VA-HUD APPROPRIATIONS BILL LAST YEAR, IT WAS MY UNDERSTANDING FROM THE DEBATE AND DISCUSSION AT THAT TIME THAT IT WAS INTENDED SOLELY TO BLOCK ACTIONS TO IMPLEMENT THE KYOTO PROTOCOL IN ADVANCE OF SENATE ADVICE AND CONSENT.
- THE SENATE HAS MADE IT CLEAR THROUGH THE BYRD-HAGEL RESOLUTION, THAT IT WILL NOT GIVE ADVICE AND CONSENT TO THE KYOTO PROTOCOL UNLESS AND UNTIL WE RECEIVE SUBSTANTIAL COMMITMENTS FROM DEVELOPING COUNTRIES FOR GREENHOUSE GAS REDUCTIONS.
- I AM CONCERNED THAT THERE IS AN ATTEMPT HERE TO SET UP A CATCH-22 WHEREBY WE CAN'T PROCEED WITH DOMESTIC EFFORTS TO REDUCE GREENHOUSE GAS EMISSIONS UNTIL WE SEE MORE PROGRESS FROM DEVELOPING COUNTRIES, BUT IF THE ADMINISTRATION ENGAGES THESE COUNTRIES IN DISCUSSIONS OR PROGRAMS TO REDUCE GREENHOUSE GAS EMISSIONS, THEY WILL BE ACCUSED OF TRYING TO IMPLEMENT THE KYOTO PROTOCOL THROUGH THE BACK DOOR.
- I AM INFORMED THAT NEITHER AID NOR THE STATE DEPARTMENT HAS ANY INTENTION OF TAKING ACTIONS TO IMPLEMENT THE KYOTO PROTOCOL PREMATURELY. BUT WE NEED TO MAKE IT CLEAR THAT THIS PROVISION WILL NOT RESTRICT THESE AGENCIES FROM AGGRESSIVELY PURSUING THE UNITED STATES' INTEREST IN INCREASING DEVELOPING COUNTRY PARTICIPATION IN EFFORTS TO REDUCE GREENHOUSE GAS EMISSIONS. THAT IS NOT KYOTO IMPLEMENTATION, IT IS JUST GOOD FOREIGN POLICY.

TALKING POINTS

- The inclusion of language in the bill related to the Kyoto Protocol is unnecessary because the Administration has not, and has repeatedly stated that it will not, take any actions solely intended to implement the Kyoto Protocol unless and until the Senate approves that protocol.
- Any actions funded by this bill that the Administration undertakes with developed and developing countries to reduce greenhouse gas emissions would be fully consistent with the UN Framework Convention on Climate Change and existing statutory authority.
- The State Department and AID are aggressively pursuing developing country participation in reducing greenhouse gas emissions, consistent with the Byrd-Hagel Resolution and President Clinton's decision that the Kyoto Protocol will not be submitted until we achieve meaningful participation from these countries. It would be unfortunate if overzealous interpretation of the Knollenberg language hampered these important efforts.

(If the Subcommittee is determined to include language in the bill, we would expect that the intent is not to go beyond the Knollenberg Amendment of last year, and to include report language that states the intent is solely to prevent the issuance of federal regulations designed solely for the purpose of Kyoto Protocol implementation.)

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(If the Subcommittee is determined to include language in the bill, we would expect that the intent is not to go beyond the Knollenberg Amendment of last year, and to include report language that states the intent is solely to prevent the issuance of federal regulations designed solely for the purpose of Kyoto Protocol implementation.)

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### Knollenberg Amendment

**Description/background:** Rep. Joe Knollenberg (R-MI) intends to offer language that he attached to the VA-HUD Appropriation bill last year. The amendment prohibits the use of funds provided in the bill "to propose or issue rules, regulations, decrees, or orders for the purpose of implementation, or in preparation for the implementation, of the Kyoto Protocol." This language has been interpreted by the Administration only to apply to activities of a regulatory nature, and this view is supported by the legislative history of the provision.

Although the Administration has no intention of implementing the Kyoto Protocol, or taking actions to prepare for its implementation, prior to its ratification, it is unclear how the Knollenberg language would apply to State Department activities funded in the Foreign Operations Appropriations Act. The only Kyoto-related activities that the Department funds via the Foreign Operations bill are the United States' contributions to the International Panel on Climate Change (IPCC) and the UN Framework Convention on Climate Change, which was ratified by the U.S. in 1992. We do not control these funds after they are conveyed to these entities, and none of the funds are provided for purposes prohibited by the Knollenberg language.

However, opponents of the Kyoto Protocol are likely to interpret this language more broadly to restrict anything that they see as furthering that protocol. Even if such broad interpretations are on shaky legal ground, the attachment of this language to this and other appropriations is likely to have a chilling effect on activities by the Department of State, AID, and other agencies, which are designed to promote greater greenhouse gas reductions by developing countries. Greater developing country participation, in turn, is a key element of satisfying the Byrd-Hagel resolution, which stated in effect that the Senate would not give advice and consent to the Kyoto Protocol until developing countries had given specific scheduled commitments to reduce greenhouse gas emissions.

Lastly, if Knollenberg is interpreted to include the elaboration of international rules to give effect to the Kyoto Protocol, it could have disastrous consequences on our ability to affect the future direction of international climate change policy. For example, a broad interpretation of Knollenberg might consider a U.S. position paper on how the Clean Development Mechanism called for in the Kyoto Protocol should work to be "rules...in preparation for implementation, of the Kyoto Protocol." Such an interpretation does not serve the United States interest, and it raises substantial questions of infringement on the foreign policy-making prerogatives of the Executive Branch under Article II of the Constitution.

**Department position: Oppose.**

OPTIONAL FORM 99 (7-90)

**FAX TRANSMITTAL**

		# of pages = 1
To Julie Anderson	From MARK	
Dept./Agency	Phone # 712-1004	
Fax # 395-2342	Fax #	

NSN 7540-01-317-7368 5089-101 GENERAL SERVICES ADMINISTRATION

**Talking Points on Knollenberg Amendment  
U.S. Agency for International Development**

Rep. Knollenberg (R-PA) intends to offer the following amendment to the FY 2000 Foreign Operations Appropriations Act:

None of the funds appropriated by this Act shall be used to propose or issue rules, regulations, decrees, or orders for the purpose of implementation, or in preparation for implementation of the Kyoto Protocol which was adopted on Dec. 11, 1997, in Kyoto, Japan at the Third Conference of th Parties to the U.N. Framework Convention on Climate Change, which has not been submitted to the Senate for advice and consent to ratification pursuant to article II, section 2, clause 2, of the U.S. Constitution, and which has not entered into force pursuant to article 25 of the Protocol.

This amendment is unnecessary for two reasons:

1. The Administration has assured Congress that no funds will be spent to implement the Kyoto Protocol, which has not been ratified by the U.S. Senate.
2. The Committee has already adopted language which speaks to the issue of the Kyoto Protocol. Sec. 568(a) provides that "Funds made available in this Act to support programs or activities the primary purpose of which is promoting or assisting country participation in the Kyoto Protocol to the Framework Convention on Climate Change (FCCC) shall only be made available subject to the regular notification procedures of the Committees on Appropriations."

AID Climate Change Testimony  
8:00 a.m., July 22, 1999

*Discussion Paper*

**Possible Criticisms**

- AID's climate change programs violate the Administration's pledges against backdoor implementation of the Kyoto Protocol
- The programs are inappropriately tied to the Kyoto negotiations rather than the agencies sustainable development goals
- AID's climate change programs in India are inappropriate (and possibly illegal) given India's nuclear activities.

**General Approach**

AID should defend vigorously its existing climate change programs, including its India program, on the grounds that they are in the national interest, within its statutory authority, consistent with the administration's pledge to avoid premature implementation of Kyoto and tied to sustainable development.

AID should not defend its climate activities primarily on energy and conservation grounds.

AID should refute the notion that its programs either "implement Kyoto" or represent "preparation" for implementation of Kyoto. Implementation is inherently domestic, while AID activities are international.

Absent OLC guidance, AID should avoid a Constitutional claim that its programs fall within the Executive Branches' inherent foreign policy powers.

AID should seek to preserve its flexibility to engage in climate change activities of the type it has already initiated, including programs related to issues in the multilateral climate change negotiations.

In this regard, AID should oppose the Knollenberg amendment to the foreign operations bill on the ground that it is unnecessary, and should resist vigorously efforts to expand

that amendment to limit AID's authority to conduct its existing climate change programs.

AID need not define (i) "backdoor implementation," (ii) "meaningful participation," (iii) the Administration's overall interpretation of the "Knollenberg amendment" or (iv) other general climate change issues, except to the extent necessary to defend AID programs. (AID should feel free to refer questions on these general issues to the White House and State Department.)

AID should defend programs that have some arguable connection to the Kyoto negotiations - such as some assistance to Kazakhstan and workshops on CDM -- on the grounds that the programs:

- (i) further legitimate sustainable development goals, including climate change,
- (ii) are consistent with the Framework Convention on Climate Change, and
- (iii) support our international climate change objectives, including with respect to the further elaboration of the modalities for the Kyoto Protocol.

AID should avoid speculating about what development assistance activities might cross the line and constitute "backdoor implementation."

AID should defend its India program as being within its authority and in the national interest, but should defer to the White House and State Department questions regarding the lifting of any policy-based or statutory sanctions on India, including with respect to climate change programs.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

THE DIRECTOR

September 17, 1999

The Honorable C.W. Bill Young  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

The purpose of this letter is to provide the Administration's views on H.R. 2606, the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 2000, as passed by the House and by the Senate. As you develop the conference version of the bill, your consideration of the Administration's views would be appreciated.

The allocation of discretionary resources available to the House and Senate under the Congressional Budget Resolution is insufficient to make the necessary investments that our citizens need and expect. The President's FY 2000 Budget proposes levels of discretionary spending that meet such needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance this spending. Congress has approved and the President has signed into law nearly \$29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Congress to consider such proposals as the FY 2000 appropriations process moves forward.

If the Congress were to enact a bill that does not resolve the significant funding and language problems in the current House and Senate versions of the bill, as discussed in this letter and its enclosure, the President's senior advisers would recommend that he veto the bill.

Insufficient Overall Funding

The versions of the bill passed by the House and Senate for Foreign Operations are approximately \$1.9 billion, or 14 percent, below the program level requested by the President. Funding at this level would seriously impair the President's ability to conduct an effective foreign policy and is inadequate to maintain America's leadership around the world. It would inevitably require deep reductions from previously enacted levels for programs managed by the Departments of State and the Treasury, the Agency for International Development, and others.

### Support for Needed Flexibility

The Administration appreciates the continuing House support for minimizing earmarks and restrictions in this bill. The Senate restrictions, when combined with the reduced funding level, would seriously limit the President's flexibility to conduct an effective foreign policy. For example, the Senate earmark to train and equip a security force in Kosovo would reduce the Administration's flexibility, and given current intra-Kosovar rivalries, could threaten the lives of American military and civilian peacekeepers. The designation of Serbia as a terrorist state would have the unintended consequence of cutting off aid to Front Line and other states, even if they provide only humanitarian assistance to the Former Republic of Yugoslavia. Furthermore, the Senate's approach provides no support for the State Department's component of the Enhanced Threat Reduction Initiative (ETRI) to reduce proliferation threats. The Administration appreciates the Senate bill language and House report language clarifying that a 50-percent reduction in aid to the government of Russia would apply only to the central government. Both the House and Senate versions of the bill contain this provision, which would tie the reduction to certification that Russia is not assisting Iran's development of nuclear and ballistic missile technologies. However, the Senate, unlike the House, does not exempt programs that are designed to achieve those nonproliferation goals.

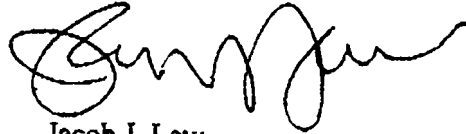
### Family Planning

The Administration notes its appreciation to the House for funding the United Nations Population Fund (UNFPA). UNFPA is a vital program, which provides valuable voluntary family planning and other services in over 160 countries.

Yet, the Administration strongly opposes the "Mexico City" policy provision included in the House-passed bill, which would prohibit the U.S. Government from providing funds to foreign non-governmental organizations if these organizations use any of their own funding from non-U.S. Government sources for abortion-related services or advocacy. The Administration opposes these restrictions, which would deny funding to the most experienced and qualified family planning and maternal and child health care providers. In prior years, the Administration has made clear that the President would veto the bill if it contained the "Mexico City" language. The President took such action in 1998 when he vetoed the State Department authorization bill. Should this language be included in the final bill presented to the President, the President would veto the bill.

We look forward to working with the conferees to address our mutual concerns.  
Additional Administration comments are provided in the enclosure.

Sincerely,



Jacob J. Lew  
Director

Enclosure

Identical Letter Sent to The Honorable C. W. Bill Young,  
The Honorable David R. Obey, The Honorable Sonny Callahan,  
The Honorable Nancy Pelosi, The Honorable Ted Stevens,  
The Honorable Robert C. Byrd, The Honorable Mitch McConnell,  
and The Honorable Patrick J. Leahy

Enclosure  
(Conference Committee)

**ADDITIONAL CONCERNS**  
**H.R. 2606 -- FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED**  
**PROGRAMS APPROPRIATIONS BILL, FY2000**  

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**(AS PASSED BY THE HOUSE AND BY THE SENATE)**

The Administration looks forward to working with the conferees to address the following additional concerns:

- **Multilateral Development Banks.** The President's request, excluding arrears payments, represents a 40 percent reduction from the levels of scheduled payments sought for the Multilateral Development Banks (MDBs) in the mid-1990s. Both the House and Senate bills, which cut this already reduced level by 35 percent and 32 percent respectively, fall unacceptably short in funding the President's request. These severe cuts, and the lack of full funding for arrearage payments, would erode much of the progress made in the FY 1998 and FY 1999 appropriations bills in meeting the past-due and continued obligations of the United States to these institutions, and would erode our ability to get approval of important institutional reforms.

*International Development Association (IDA).* The Administration is particularly disappointed with the IDA reductions. The requested funds are for the first year of the IDA-12 replenishment, which includes reforms supported by the United States for many years and includes no further IDA funding for China. While recognizing congressional concerns about the World Bank's approval of an IDA-loan for the Western Poverty Project in China, the Administration urges the conferees to restore IDA's full funding of \$803 million, as this is the single most important global facility for assisting the world's poorest nations.

*Global Environment Facility (GEF).* The Administration urges the conferees to restore full funding of \$143 million for GEF, the most important global facility for promoting sound environmental policy in developing countries. This request includes \$107.5 million in initial funding for a new replenishment that includes agreement on major institutional reforms.

*African Development Bank (AfDB) & Fund(AfDF).* The Administration supports the Senate decision to provide the full \$5 million requested for the African Development Bank and urges the conferees to provide the entire requested amount of \$127 million for the Fund. Both of these requests include initial funding for new replenishments, which include agreement on major institutional reforms.

*Multilateral Investment Guaranty Agency (MIGA).* The Administration supports the Senate decision to provide the full \$10 million requested for MIGA. The requested amount represents the first scheduled payment to a general capital increase.

*Inter-American Investment Corporation (IIC) & Multilateral Investment Fund (MIF).* The Administration calls upon the conferees to provide the \$25 million and the \$29 million requested for IIC and MIF, respectively. These programs play important roles in encouraging private sector development in Latin America. The request for the IIC is the initial funding for a new replenishment, which includes significant institutional reforms.

*Asian Development Fund (ADF).* The Administration urges the conferees to restore the ADF's full funding of \$177 million, which funds social and economic development programs in Asia's least developed countries.

- Kosovo and the Southeastern Europe Initiative. The Administration appreciates the Senate support for funding above the original request, but prefers the House language, which does not place earmarks on the Support for Eastern Europe Democracy (SEED) account. These earmarks would eliminate the President's ability to meet unanticipated economic stabilization needs in the war-ravaged Balkan region. For example, the funding limitations on Bosnia would increase the risk of weakening the peace established in that country as the Kosovo conflict subsides. Furthermore, the Administration is strongly opposed to language that could be interpreted as requiring the training and equipping of the Kosovo Liberation Army (KLA), a policy prescription completely at odds with the recent agreement by the KLA to disarm under NATO supervision. If adopted, we believe such a provision could threaten the lives of U.S. military and civilian peacekeepers and humanitarian care providers, especially in light of existing intra-Kosovar rivalries.

The Administration has also begun consultations with Congress on additional funding requirements for Foreign Operations accounts to respond to the unanticipated costs of peace implementation in Kosovo and to improve prospects for peace in the rest of the Balkans. The Administration appreciates continuing congressional interest in this region and the vital U.S. security interests at stake. The programs under consideration would include police training, elections and democratic reforms, investigation and prosecution of war crimes, technical assistance to promote economic revitalization in Kosovo, and assistance to promote economic reform and private investment in Southeastern Europe.

- Assistance to the New Independent States (NIS). The Administration strongly supports the language of the House passed-bill, which reflects the ongoing efforts to reduce earmarks and restrictions on our assistance to this region. Reducing such restrictions enables the Administration to target assistance, thus maximizing its effectiveness, especially in working with pro-reform governments, non-governmental democratic forces, and the private sector. The Administration praises the House and the Senate for clarifying that restrictions on aid to Russia do not apply to local governments.

The Administration strongly opposes the insufficient funding levels provided by the Senate (\$780 million) and the House (\$725 million), both of which fall far short of the requested \$1,032 million but also below the FY 1999 enacted level of \$847 million. The Administration advanced the Expanded Threat Reduction Initiative (ETRI) on the basis that the economic problems in Russia and the rest of the Independent States, which have created hardships for millions of people and heightened the risk of regional instability and proliferation of weapons of mass destruction and related expertise, call for increased rather than decreased efforts. The State Department's portion of ETRI is a vital and complementing component of a multi-agency undertaking. Although the Senate has endorsed ETRI and Foreign Operations funding for it, no Foreign Operations resources have been made available by either the Senate or the House. This places threat reduction programs that are in our immediate national security interests -- such as accelerated destruction of Russian nuclear and chemical weapons, nonproliferation and enhanced export control efforts, and withdrawal of Russian military forces from neighboring countries -- in competition with other essential programs that will help secure our long-term interests in the region. Such programs include: small business development in the regional initiatives, exchange programs designed to develop a new generation of pro-reform leaders, and institutional partnerships.

- Korean Peninsula Energy Development Organization (KEDO). The Administration strongly objects to provisions in both bills that could jeopardize our ability to fulfill commitments under the Agreed Framework and damage our nonproliferation policy on the peninsula. Proposed cuts of \$20 million in the House and \$15 million in the Senate to the Administration's funding request of \$55 million could prevent the United States from fulfilling its commitment to ensure provision of heavy fuel oil to North Korea. Both bills introduce new Presidential certification requirements that go well beyond those to which the Administration has agreed and have been legislated in the past and that could make it extremely difficult to carry out our commitments. The Senate requirement for a 45-day delay in Presidential certification could seriously undermine our funding schedule for KEDO. Finally, we strongly oppose the prohibition in the Senate bill on the use of Economic Support Funds for KEDO and similar provisions in the House bill restricting the President's authorities to provide added funds for KEDO should it be deemed in the national interest.

- Wye River and Middle Eastern Assistance. The Administration welcomes the House provision of the entire FY 2000 request for additional assistance for Jordan. However, we are concerned that the House does not provide the remaining \$400 million, and that the Senate provides none of the \$300 million requested by the President for FY 2000 to support the Wye River Agreement. Similarly, neither house has provided the remaining \$800 million of funds requested as an FY 1999 supplemental appropriation for this purpose. The Administration stresses that this funding is essential to support the renewed commitment of the Israelis and Palestinians to implement Wye and achieve a historic permanent status agreement over the next year. The renewed dedication of the parties was demonstrated with the signing of the Sharm el Sheikh memorandum. Implementation of the agreement resumed immediately, with the first round of prisoner releases, followed by the next stage of Israeli redeployments in the West Bank, and the relaunching of permanent status negotiations on September 13, 1999. The Israelis and Palestinians have committed to achieving a framework agreement on the most difficult permanent status issues by February 2000 and a final permanent status agreement by September 2000. To support them as they take these difficult decisions over a condensed time frame, the Administration believes it is essential for Congress to act immediately and provide the full amount of the President's Wye request.

The Administration welcomes the efforts of both the House and Senate to continue to ramp down the traditional levels of assistance to Israel and Egypt but continues to support the levels advanced in the President's request. The Administration urges the conferees to continue to recognize Egypt's crucial role in the assisting the Israelis and Palestinians in the peace process. The Administration reiterates its offer to work with the Congress in the review and development of efforts supporting Egypt's advancement of peace in the region.

- Economic Support Fund. We are concerned that both the House and Senate significantly reduce the President's non-Wye River request for the Economic Support Fund, the House by \$192 million and the Senate by \$194 million. These reductions would significantly constrain the President's ability to respond to a host of threats and new crises around the world. These cuts would force the reduction of programs intended to increase political stability and democratization in Africa; support democracy efforts in Guatemala, Peru, and Ecuador; and, bolster democratic and economic reform in Asia, as well sustain implementation of the Belfast Good Friday Accord.
- Debt Reduction. The Administration urges the conferees to fully fund the President's original request of \$120 million for debt reduction programs. Failure to do so would cripple our ability to fund the bipartisan debt for environment program that was enacted by the Congress last year and would damage our ability to contribute to the HIPC Trust Fund, which is an essential component of current debt reduction programs as well as of the Cologne debt initiative.

The expanded Heavily Indebted Poor Countries (HIPC) initiative is supported by a wide range of religious and charitable organizations, and was agreed to by the G-7 in Cologne. It is critical that the United States demonstrate its leadership by providing the necessary funding support for the first year of this initiative, which enjoys bipartisan and international support.

- Peacekeeping Operations. The Senate's \$50 million and the House's \$53 million reduction in the President's request for voluntary peacekeeping operations would decrease funds available for Organization for Security and Cooperation in Europe (OSCE) missions in Bosnia and Croatia; significantly reduce assistance for the African Crisis Response Initiative and African regional peacekeeping operations, such as ECOMOG, and eliminate funding for Haiti. In addition, such a substantial reduction would raise international concern that the United States may not support its fair share of the international police force that will help to implement the Kosovo peace settlement, for which new resources will be needed. Adequate funding is also critical for support of regional peacekeeping activities such as ECOMOG that has helped to maintain stability and avert the kind of humanitarian disasters that require much greater expenditure of resources.
- International Narcotics and Crime. Both the House and the Senate versions of the bill reduce the Administration's request of \$295 million, the House by \$10 million and the Senate by \$80 million. A cut of the magnitude enacted by the Senate would significantly impact programs designed to implement the National Drug Control Strategy, including alternative development efforts in Columbia, Peru, and Bolivia, and would reduce our support for the U.N. Drug Control Program and other important multilateral anti-narcotics efforts. It would also significantly undercut the President's new International Crime Control Strategy, which was released in May 1998.
- International Organizations and Programs/United Nations Population Fund. The Administration is strongly committed to the global sustainable development programs in the International Organizations and Programs (IO&P) account, and in particular to the population and reproductive health programs in the United Nations Population Fund (UNFPA). The Administration appreciates the House's recognition that it would be counterproductive to prohibit funding for UNFPA, which provides voluntary family planning and other services to over 160 countries, because of its operations in China, and urges the Conferees to adopt this approach. We are concerned, however, that the overall level for International Organizations and Programs, in both the House and Senate, would be insufficient to allow for an adequate contribution for UNFPA programs and other important multilateral development activities that save lives, promote healthy families, and otherwise serve the national interest.

- Nonproliferation, Anti-Terrorism, Demining, and Related Programs. Both the House and the Senate have reduced the Administration's request of \$231 million for critical nonproliferation and anti-terrorism programs in this account, the House by \$49 million and the Senate by \$56 million. In addition to the request for KEDO addressed above, both the House and Senate would provide only \$5 million of the \$15 million request for export control assistance, a vital program for improving nonproliferation capabilities in the NIS and elsewhere. The Administration opposes proposals in both bills to eliminate the funding request of \$10 million for the new Counter-terrorism initiative, which is needed to reduce international movement of terrorists and weapons by improving border controls and communication with U.S. agencies, and by developing new weapons detection equipment. We oppose the Senate's proposal to reduce \$3 million of the request of \$43 million for the International Atomic Energy Agency (IAEA), a reduction which would slow efforts to strengthen the agency's activities to inhibit nuclear proliferation. Finally, the Administration opposes the Senate proposal to reduce the request of \$33 million for Anti-terrorism Assistance (ATA) by \$13 million. The Senate proposed level for ATA would greatly reduce vital programs to train personnel from foreign governments to counter the threat of terrorism and weapons of mass destruction.
- School of the Americas. The Administration opposes the provision in the House bill that would prohibit any funding from the bill for the Army's School of the Americas, a school for training military personnel from Latin American countries. The School of the Americas contributes to our efforts to professionalize Latin American militaries, to increase respect for democracy, civilian oversight, and human rights.
- U.S. Agency for International Development (USAID). The Administration urges the conferees to provide full funding of \$508 million for USAID's operating expenses as a starting point. The bilateral foreign assistance program administered by USAID is an essential component of American foreign policy. However, neither the House nor the Senate provides the funds needed for USAID to maintain adequate staff to oversee its programs while making required investments in information technology in Washington. AID already faces additional requirements from the congressionally-mandated transfer of the security function to USAID from its Inspector General. In addition, the Agency is incurring the higher-than-anticipated costs of improving security at overseas posts. Reductions from the request level would require the Agency to reduce its staff by even more positions than already planned, which would be inconsistent with USAID's responsibility for proper oversight of the program levels provided by the House and Senate.

The Administration appreciates the Senate's support for a number of its development initiatives. In particular, the Senate's support for the "School Works" program will provide important resources for the fight against child labor. We also urge the conferees to follow the lead of the Senate and fully fund the "School Works" program. However, the Administration is concerned about the House bill's drastic cut in Development Assistance, as well as an unprecedented level of earmarks and directives in the Senate bill. These cuts and directives would threaten USAID's ability to implement such programs as the Africa Education Initiative and the Food Security Initiative and would limit the Agency's ability to address the consequences of the financial crisis in Asia, as well as support Summit of the Americas commitments throughout the Western Hemisphere.

The Administration appreciates the Senate's approval of transfer authority for the Development Credit Authority and urges the conferees to include the Senate provision. We are concerned that the House has not provided subsidy budget authority for the Urban Environment Credit program.

The Administration is concerned about the reductions in the International Disaster Assistance account, particularly the \$45 million cut in the Senate. Such a cut would limit USAID's ability to meet humanitarian needs in other parts of the world, particularly in Africa. It would also threaten USAID's ability to provide assistance to the victims of nuclear, chemical, or biological disasters abroad, and would limit the ability of the Office of Transition Initiatives to provide needed assistance to countries that are making the transition from conflict situations.

The Administration supports the Senate's decision to provide for the Voluntary Separation Incentives (buyout authority) for employees of USAID. The buyout authority is vital to allow USAID to continue to reduce its employment levels in Washington. The Administration also supports the Senate's approval of authority for USAID to create a Working Capital Fund. It is important that USAID be provided the means to capture the costs of becoming a service provider to other agencies to provide the lowest cost and most efficient services. We urge the conferees to include both of these provisions, which have no discretionary budget implications.

- Global HIV/AIDS Initiative. On July 19th, the Administration proposed a \$100 million, cross-agency initiative to address the global AIDS epidemic. This effort would leverage the collective strengths of the Agency for International Development, the Department of Health and Human Services, and the Department of Defense to increase our efforts to reduce the worldwide spread of the HIV/AIDS. The proposal, which is fully offset, includes an additional \$45 million for USAID, \$35 million for HHS, and \$10 million for DoD, along with an additional \$10 million in food aid that will be programmed for AIDS orphans. The House bill, regrettably, does not include the \$45 million for the AID portion of this program. While the Senate has included additional funding for AIDS in its bill and the House has recommended additional funding in report language, these amounts added by Congress are insufficient to meet this growing crisis, and come at the expense of other development assistance priorities. We strongly urge the conferees to fully fund the Foreign Operations component of the President's Global AIDS Initiative.
- Peace Corps. The Administration is concerned that the proposed cuts of \$50 million in the Senate and \$30 million in the House to the President's request of \$270 million would have serious consequences for the Peace Corps. Funding levels in both bills would reverse current progress toward the goal of 10,000 volunteers, which was strongly endorsed in the Peace Corps reauthorization bill enacted earlier this year with broad, bipartisan support. The proposed funding levels would also require the Peace Corps to consider closing additional overseas programs and hamper the agency's ability to respond to humanitarian crises and natural disasters through its Crisis Corps program. We strongly urge the conferees to support the President's request, in order to provide as many opportunities as possible for Americans to serve overseas.
- Export and Investment Financing. The Administration appreciates the congressional effort to fund the requested increase in the Export-Import Bank's administrative budget. However, we note the reductions from the request in the Export-Import Bank's subsidy budget would reduce the financing available to the President's Manufacturing Export Initiative. Because exports have been such a critical component of job creation in the United States, these cuts could have a negative impact on job growth.

The Administration supports full-funding of the President's request for the Trade and Development Agency (TDA). As with the Export-Import Bank, the requested increase for TDA is an integral part of the President's export initiative. Both the House and Senate levels would significantly reduce TDA's ability to fund feasibility studies that help U.S. exporters take advantage of potential market opportunities.

The Administration appreciates the House's full funding of the administrative budget for the Overseas Private Investment Corporation (OPIC). The Senate level, which is \$3.5 million reduction below the request, or \$1 million below the FY 1999 enacted level, could threaten the agency's capacity to operate in a financially responsible and prudent manner and runs counter to efforts to mobilize U.S. private sector support for key foreign policy priorities. We also urge the Conferees to support the Senate's full funding of OPIC's subsidy budget in order to meet essential program needs.

The Administration believes that the Senate provision mandating OPIC to establish an investment fund is inappropriate because it would eliminate OPIC's discretion to determine whether such a fund is financially viable. Likewise, the Administration does not support language that would allow OPIC to use appropriated funds to engage in direct equity investments because it would have important budgetary and policy consequences.

- Migration and Refugee Assistance (MRA). The House's \$20 million reduction and especially the Senate's \$50 million reduction to the President's request for MRA could require a substantial reduction in annual refugee admissions. These levels would not provide adequate funding for an initiative to address programmatic shortfalls in Africa necessary to provide life-saving, minimum international standards of assistance in key sectors (including nutrition, shelter, medicine, sanitation, and protection). Such reductions in assistance to refugees in Africa and elsewhere at the very time huge resources are going into Kosovo could create serious equity issues.
- Inter-American Foundation. The Administration strongly opposes the absence of support by the Senate and the debilitating cuts by the House. We strongly encourage support for the Inter-American Foundation at least at the FY1999 enacted level of \$20 million, which would enable the Foundation to maintain its current level of contributions in the vital Latin American and Caribbean region. The steadfast commitment toward democracy and economic liberalization in Latin America and the Caribbean has been a U.S. Government priority for decades. The Inter-American Foundation's work of supporting innovative development initiatives and creating U.S. corporate partnerships is a distinctive complement to the U.S. Government's goals in Latin America and the Caribbean.
- African Development Foundation. The Administration urges the conferees to approve the House recommendation of \$14.4 million, the full appropriations request. We commend the House for recognizing the significant contributions of the African Development Foundation at the grassroots level, including micro-credit, trade, and investment programs. The Administration also appreciates the Senate and the House acknowledgments of the Foundation's improvements in private sector outreach, programming, and management.

- Treasury International Affairs Technical Assistance. The Administration is concerned that the House and Senate have provided only \$1.5 million of the \$8.5 million requested for the Department of Treasury's International Affairs Technical Assistance program. These resources are necessary to fund the Department's plan to provide technical assistance to Ministries of Finance and Central banks that are attempting to implement fiscal and financial reforms in Africa, Asia, and Latin America.
- Kyoto Protocol Restriction. The House bill includes a rider prohibiting implementation of the Kyoto Protocol. The Administration opposes the inclusion of this unnecessary provision because we do not intend to implement the Protocol prior to Senate ratification. Further, applying these restrictions to international negotiations and activities raises serious Constitutional concerns.
- Language Concerns. Several provisions within the House and Senate bills purport to direct the Executive to take particular positions in international organizations: in the House bill, sections 514(a) and 566(b); in the Senate bill, sections 567(d), 564, 578, and 589. When construed as mandates, these provisions would encroach on the President's sole constitutional authority to conduct negotiations. If unchanged, this language would be construed as precatory.

Three other provisions of the Senate bill raise constitutional concerns that should be addressed in conference:

- Section 577(a) (United States assistance to the Palestinian Authority) appears to condition the Executive's ability to obligate certain funds on the prior performance of discretionary acts by the Comptroller General. So understood, it is an unconstitutional aggrandizement of congressional power under Bowsher v. Synar.
- The provision in title II entitled "Burma," which makes the provision of certain funds "subject to consultation and guidelines provided by the leadership of the Burmese government elected in 1990," would infringe upon the President's sole authority to recognize foreign governments.
- The provision in title II entitled "Nonproliferation, Anti-Terrorism, Demining and Related Programs" would require, as a condition for the use of certain funds, that the Director of the Central Intelligence Agency supply "all relevant intelligence bearing on North Korea's compliance with the provisions of this proviso" to designated congressional committees. Insofar as this provision might, in application, be read to require the disclosure of information that the President would have the constitutional authority to withhold, it would be objectionable.

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Foreign Operations, Export Financing, and  
Related Programs Appropriation Bill 2000

8

# Calendar No. 159

106TH CONGRESS }  
1st Session }

SENATE

{ REPORT  
{ 106-81

## FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATION BILL, 2000

JUNE 17, 1999.—Ordered to be printed

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

### REPORT

[To accompany S. 1234]

The Committee on Appropriations reports the bill (S. 1234) making appropriations for Foreign Operations and related programs for the fiscal year ending September 30, 2000, and for other purposes, reports favorably thereon and recommends that the bill do pass.

#### *Amounts in new budget authority*

Fiscal year 1999 appropriations .....	\$31,719,553,000
Fiscal year 2000 budget estimate .....	14,615,535,000
Amount of bill as reported to Senate .....	12,744,055,000
Bill as recommended to Senate compared to:	
1999 appropriations .....	- 19,050,004,000
Budget estimate .....	- 1,870,480,000
Fiscal year 1999 omnibus emergency supplemental .....	411,437,000
Fiscal year 1999 emergency supplemental .....	1,640,800,000

F199      F1200      Cam  
\$192.5M    \$143M      \$25M  
-25

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GCF

1 Russian Federation, after 180 days from the date of en-  
2 actment of this Act, unless the President determines and  
3 certifies in writing to the Committee on Appropriations  
4 and the Committee on Foreign Relations of the Senate  
5 that the Government of the Russian Federation has imple-  
6 mented no statute, executive order, regulation or similar  
7 government action that would discriminate, or would have  
8 as its principal effect discrimination, against religious  
9 groups or religious communities in the Russian Federation  
10 in violation of accepted international agreements on  
11 human rights and religious freedoms to which the Russian  
12 Federation is a party.

13

**GREENHOUSE GAS EMISSIONS**

14 SEC. 571. (a) Funds made available in this Act to  
15 support programs or activities promoting or assisting  
16 country participation in the Kyoto Protocol to the Frame-  
17 work Convention on Climate Change (FCCC) shall only  
18 be made available subject to the regular notification proce-  
19 dures of the Committees on Appropriations.

20 (b) The President shall provide a detailed account of  
21 all Federal agency obligations and expenditures for cli-  
22 mate change programs and activities, domestic and inter-  
23 national obligations for such activities in fiscal year 2000,  
24 and any plan for programs thereafter related to the imple-  
25 mentation or the furtherance of protocols pursuant to, or  
26 related to negotiations to amend the FCCC in conjunction

1 with the President's submission of the Budget of the  
2 United States Government for Fiscal Year 2001: *Pro-*  
3 *vided*, That such report shall include an accounting of ex-  
4 penditures by agency with each agency identifying climate  
5 change activities and associated costs by line item as pre-  
6 sented in the President's Budget Appendix.

7           AID TO THE GOVERNMENT OF THE DEMOCRATIC  
8                                   REPUBLIC OF CONGO

9           SEC. 572. None of the funds appropriated or other-  
10 wise made available by this Act may be provided to the  
11 Central Government of the Democratic Republic of Congo.

12                                   EXPORT FINANCING TRANSFER AUTHORITIES

13           SEC. 573. Not to exceed 5 per centum of any appro-  
14 priation other than for administrative expenses made  
15 available for fiscal year 2000 for programs under title I  
16 of this Act may be transferred between such appropria-  
17 tions for use for any of the purposes, programs and activi-  
18 ties for which the funds in such receiving account may  
19 be used, but no such appropriation, except as otherwise  
20 specifically provided, shall be increased by more than 25  
21 per centum by any such transfer: *Provided*, That the exer-  
22 cise of such authority shall be subject to the regular notifi-  
23 cation procedures of the Committees on Appropriations.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

(F)

June 30, 1999  
(Senate Floor)

## STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

### S. 1234 – FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATION BILL, FY 2000

Sponsors: (Stevens (R), Alaska; McConnell (R), Kentucky)

This Statement of Administration Policy provides the Administration's views on the Foreign Operations, Export Financing, and Related Programs Appropriations Bill, FY 2000, as reported by the Senate Appropriations Committee. As the Senate considers the Committee-reported bill, your consideration of the Administration's views would be appreciated.

The Administration appreciates the Committee's efforts to accommodate some of the Administration's priorities within its 302(b) allocation. However, the inadequacy of the 302(b) allocation has forced the Committee to make choices that are simply unacceptable.

The allocation of discretionary resources available to the Senate under the Congressional Budget Resolution is simply inadequate to make the necessary investments that our citizens need and expect. The President's FY 2000 Budget proposes levels of discretionary spending that meet such needs while conforming to the Bipartisan Budget Agreement by making savings proposals in mandatory and other programs available to help finance this spending. Congress has approved, and the President has signed into law, nearly \$29 billion of such offsets in appropriations legislation since 1995. The Administration urges the Congress to consider such proposals.

This legislation is a critical element of America's national security budget. As a result of the inadequate 302(b) allocation for Foreign Operations, the Committee bill is more than \$1.9 billion, or 13 percent, below the program level requested by the President, which would result in the severe under-funding of a number of crucial programs. A bill funded at this level would be grossly inadequate to maintain America's leadership around the world. It inevitably would require severe reductions from previously enacted levels for programs managed by the Departments of State and Treasury, the Agency for International Development, and other agencies.

JUN-30-99 18:18 FROM: ADI

The bill provides neither the \$500 million requested by the President to support the Wye River Agreement, nor any of the \$800 million requested as an FY 1999 supplemental appropriation. It also would significantly increase our arrears to various multilateral development banks, after three years of bipartisan progress in reducing these arrears, thus undermining our leadership in these institutions. The Committee's decision not to fund the Expanded Threat Reduction Initiative undermines our ability to reduce the proliferation threat and continue the elimination of weapons of mass destruction (WMD). The cut in funding for debt reduction programs would preclude our leadership in reducing debt of the poorest countries. Given current tensions on the Korean peninsula and the 37,000 U.S. troops stationed there, the reduction for the Korean Peninsula Energy Development Organization (KEDO) is ill-advised.

Moreover, the bill contains substantial earmarks and objectionable restrictions on language which, when combined with the reduced funding level, would seriously limit the President's flexibility to conduct an effective foreign policy. Various provisions concerning Kosovo, in the context of difficult and fluid circumstances on the ground, are particularly ill-advised. For example, the earmark to train and equip a security force in Kosovo would reduce the Administration's flexibility and, given current intra-Kosovar rivalries, could threaten the lives of American military and civilian peacekeepers. The designation of Serbia as a terrorist state would have the unintended consequence of cutting off aid to Front Line and other states, even if they provide only humanitarian assistance to the Former Republic of Yugoslavia. The total prohibition on assistance to Russia pending certification that Russia is not assisting Iran's development of nuclear and ballistic missile technologies would complicate our efforts to achieve those very goals and would undermine other vital American interests in ensuring constructive relations with a more stable Russia.

If the Congress were to enact a bill that does not resolve the significant funding and language problems in the current Committee bill, as discussed in this Statement of Administration Position and its attachment, the President's senior advisers would have no choice but to recommend that he veto the bill.

Detailed comments on the Senate Committee-reported bill are provided in the attachment.

Attachment

(Senate Floor)

**ADDITIONAL CONCERNS**  
**S. 1234 FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED**  
**PROGRAMS APPROPRIATIONS BILL, FY 2000**  

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**(AS REPORTED BY THE SENATE APPROPRIATIONS COMMITTEE)**

For the following accounts, the Administration urges the Senate to restore funding to the levels in the President's FY 2000 request.

Multilateral Development Banks. The reduction of \$444 million, or 32 percent, by the Committee to the President's request for the Multilateral Development Banks would unravel the progress made in the FY 1998 and 1999 appropriations towards meeting the past-due obligations of the United States to these institutions and in meeting our continued obligations to them at the much-reduced level that has been negotiated over recent years. In particular, the lack of any funding whatsoever for the African Development Fund and the drastic cuts in the requests for the Global Environment Facility and the Asian Development Fund would call into question the willingness of other donors to continue their support for these critical institutions at the very point when their support for environmental and economic development is most needed.

Southeast Europe and Kosovo. The Administration appreciates the increase in Support for Eastern Europe Democracy (SEED) funding in recognition of U.S. security interests in restoring and sustaining stability in Southeast Europe. However, we strongly oppose the earmarks of the SEED account, earmarks that, if enacted, would eviscerate the President's flexibility in meeting any unanticipated economic stabilization needs in this war-ravaged region. In addition, the funding limitations on Bosnia would only increase the risk that the peace we have worked to establish in that country could begin to unravel just as the Kosovo conflict shows signs of abatement.

With regard to Kosovo, the Administration is strongly opposed to language which, coupled with the language contained in the Committee report, could be interpreted as aimed at training and equipping the Kosovo Liberation Army (KLA), a policy prescription diametrically at odds with the recent agreement by the KLA to disarm under NATO supervision. If adopted, we believe this provision could threaten the lives of American military and civilian peacekeepers and humanitarian care providers, particularly in view of current intra-Kosovar rivalries.

The Administration also strongly opposes the designation of the Government of Serbia as a state sponsor of international terrorism and gross human rights violator. While egregious, the actions taken by officials of that Government against the Kosovar people do not constitute "international terrorism" as that term is used in U.S. terrorism legislation. The provision contains neither a waiver, nor an authority to "de-designate" and would impinge on the authority of the Secretary of State. Moreover, the bill's designation of Serbia as a state sponsor of international terrorism could have the unintended consequence of imposing sanctions on Front Line States and other countries that, whether because humanitarian or other concerns, provide assistance of any kind to the Government of the Federal Republic of Yugoslavia. This could further destabilize an already war-torn region and make more difficult the task of assuring stability in the broader region.

Sec. 567 – Restrictions on Assistance to Countries Providing Sanctuary to Indicted War Criminals. While the Administration appreciates the Committee's desire to speed the apprehension and trial of war criminals, the Administration opposes any provision that would increase restrictions in current law on former Yugoslav entities harboring war criminals as too restrictive, unnecessary, too burdensome in implementation, and jeopardizing successful Dayton implementation.

Assistance to the Newly Independent States (NIS). The Committee bill would reduce the President's request for assistance to the NIS by 24 percent, and over half of the \$780 million that is provided would be earmarked for three countries in the region. This would leave little in funding for reforming countries such as Moldova, or to fund the vitally important Expanded Threat Reduction Initiative. The reduction in the Committee bill would also reduce funding for programs that the Senate has supported aimed at fostering grass root support for reform in the region, including micro-lending and exchange programs. Such cuts would undermine our efforts to help the countries of the region to become integrated into the global economy and play constructive roles in global affairs. They equally would make it more difficult to press for further market reforms and to support democratic forces across the region.

The Administration strongly opposes conditioning all assistance to Russia on a certification that Russia is not assisting the Government of Iran's development of nuclear and ballistic missile technologies. This would complicate our efforts to achieve those very goals and would undermine other vital American interests in ensuring constructive relations with a more stable Russia.

Expanded Threat Reduction Initiative (ETRI). The Committee provides no support for proposed increases for this critical national security initiative. We have made dramatic strides in securing nuclear materials and important progress in strengthening export controls in these countries. The primary objective of the Expanded Threat Reduction Initiative is to further reduce international security threats by expanding and accelerating U.S. and international assistance activities in Russia and the other NIS to address high priority security and proliferation concerns. This initiative has received wide support in Western Europe and Japan. The costs of having to defend against weapons of mass destruction (WMD) proliferation are enormous. At a fraction of such costs, the international community can join together to reduce the proliferation threat through ETRI.

Korean Peninsula Energy Development Organization (KEDO). The Administration strongly objects to the bill's provisions concerning KEDO. The cut of \$15 million, or 20 percent, in funding for KEDO could prevent the United States from fulfilling its commitments under the Agreed Framework to provide heavy fuel oil to North Korea and could damage our nonproliferation policy on the Korean Peninsula. Restrictions on funding relating to North Korean missile exports and "nuclear capability" would also jeopardize our ability to meet our commitments on the peninsula. Stopping North Korea's ballistic missile and nuclear programs, including its exports, are a priority goal of the Administration and a key focus of Secretary Perry's review of U.S. policy, but any failure by the United States to uphold the Agreed Framework risks giving North Korea an excuse to develop both ballistic missiles and nuclear weapons. In addition, the requirement for a 45-day delay in Presidential certification would seriously undermine our ability to maintain the funding schedule for KEDO. Finally, we strongly oppose the prohibition on use of Economic Support Fund (ESF) funds for KEDO, which would unduly restrict the President's flexibility to deal with unexpected foreign policy developments.

Wye River and Middle Eastern Assistance. The Committee bill fails to provide any of the \$500 million requested by the President for FY 2000 to support the Wye River Agreement, nor does it provide any of the \$800 million requested as an FY 1999 supplemental appropriation for this purpose. Given the renewed dedication of all sides to the peace process, this complete lack of funding would undercut the U.S. Government's efforts to support this historic opportunity to strengthen the peace process and move toward a permanent agreement.

The Administration continues to welcome the efforts of the Committee to ramp down traditional levels of assistance to countries in the Middle East. However, the Administration is disappointed both at the Committee's failure to accept our specific proposal for a gradual reduction in aid to Israel and Egypt and with the Committee's decision not to incorporate the provision of an Interest Bearing Account for a portion of Egypt's Foreign Military Financing (FMF). The Administration will work with the Congress on the scoring implication of this proposal.

Economic Support Fund (ESF). The reduction of almost \$200 million to the President's request for non-Wye River ESF would effectively remove any discretion that the President has to respond to a host of threats around the world. These cuts would force the reduction or elimination of programs intended to increase political stability and democratization in Africa; support democracy efforts in Guatemala, Peru, and Ecuador; sustain implementation of the Belfast Good Friday Accord; bolster democratic reform and economic recovery in Asia; and, support Arab/Israeli cooperation programs in the Middle East.

Debt Reduction. The cut of almost two-thirds to the President's request for debt reduction programs, from \$120 million to \$43 million, would cripple our ability to fund the bipartisan debt for environment program that was enacted by the Congress last year and would damage our ability to contribute to the Trust Fund for the Highly Indebted Poor Countries, which is an essential component of current debt reduction programs as well as of the historic debt initiative agreed to in Cologne. This initiative has received broad support from governments, multilateral institutions, religious groups, and individuals worldwide.

Peacekeeping Operations. The Committee's \$50 million, or 38 percent, cut to the President's request for voluntary peacekeeping operations would decrease funds available for Organization for Security and Cooperation in Europe (OSCE) missions in Bosnia and Croatia, significantly reduce assistance for the African Crisis Response Initiative, and eliminate funding for Haiti. In doing so, such a substantial reduction would also raise international concern that the United States may not support its fair share of the international police force that will help to implement the Kosovo peace settlement, for which new resources will be needed.

International Narcotics and Crime. The cut of \$80 million, or 27 percent, to the President's request for International Narcotics and Crime programs would significantly impact programs designed to implement the National Drug Control Strategy, including alternative development efforts in Columbia, Peru, and Bolivia, and would reduce our support for the U.N. Drug Control Program and other important multilateral anti-narcotics efforts. A cut of this magnitude would also significantly undercut the Administration's programs in support of the President's new International Crime Control Strategy, which was released in May 1998.

Nonproliferation, Anti-terrorism, Demining, and Related Programs. The Committee has cut these programs by \$56 million, or 24 percent, from the President's request. In addition to the reduction for KEDO discussed separately, the request for export control assistance would be cut by two-thirds (from \$15 million to \$5 million). This would greatly slow our efforts to assist the NIS and other regions to develop tighter controls to prevent nuclear smuggling.

Peace Corps. The Administration is very concerned by the Committee's \$50 million, or 19 percent, reduction to the President's request for the Peace Corps. This reduction, which would cut funding by over \$20 million from the FY 1999 enacted level, would require the Peace Corps to reduce the current level of volunteers by over 1,000. It would also prevent implementation of the bipartisan initiative to field 10,000 volunteers in the new century. This Administration goal was enacted into law in 1985 as "the policy of the United States and the purpose of the Peace Corps," and was confirmed in this year's Peace Corps reauthorization (which was approved by the Senate by unanimous consent).

U.S. Agency for International Development (USAID). The Administration appreciates the Committee's support for a number of the Administration's development initiatives. In particular, the Committee's support for the "School Works" program will provide important resources for the fight against child labor.

However, the Committee bill and accompanying Senate Committee Report contain an unprecedented number of earmarks, directives and recommendations for funding, with over 30 earmarks in bill language and over 60 directives or recommendations in report language. When combined with the degree of specificity for funding -- in some cases down to the project type and appointed grant recipient -- these produce an unmatched and unwarranted level of micro-management.

The Administration appreciates the increase over FY 1999 in funding for USAID's operating expenses. However, the reduction of almost \$13 million from the request, coupled with the higher-than-anticipated costs of improving security at overseas posts, would force USAID to reduce its permanent staff by even more positions than already planned. P.L. 105-277, the FY 1999 Omnibus Consolidated and Emergency Supplemental Appropriations Act mandated the transfer of the security function to USAID from its Inspector General.

Although sufficient disaster assistance resources have been provided for Kosovo through supplemental appropriations, the 20-percent reduction to the Administration's FY 2000 disaster assistance request would limit USAID's ability to meet humanitarian needs in other parts of the world, particularly in Africa. It would also threaten USAID's ability to provide assistance to the victims of nuclear, chemical, or biological disasters abroad, and would limit the ability of Office of Transition Initiatives to provide needed assistance to countries that are making the transition from conflict situations.

The Administration is disappointed that the Committee has not approved transfer authority for the Development Credit Authority. USAID's recent implementation of a credit management out-sourcing contract and other credit management improvements justifies continued funding of this innovative new credit mechanism.

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The Administration is concerned that its request for reinstatement of the Development Fund for Africa (DFA) is not included in the bill. Funding provided under the DFA affords needed stability to respond to development opportunities in Africa, as well as to complex crises on a fragile continent, and maintains our strong commitment to an Africa in transition.

Finally, we are concerned that the Committee has not approved the requested authority for USAID to create a Working Capital Fund similar to those already available to the Department of State and other agencies. We hope to work with the Senate to give USAID the means to capture the costs of becoming a service provider to other agencies under the ICASS system and, therefore, encourage competition among agencies to provide the lowest-cost and most efficient services.

Migration and Refugee Assistance (MRA). The Committee's \$50 million reduction to the President's request for MRA would require a reduction in annual refugee admissions to the United States of up to 10,000. A reduction of this magnitude also would eliminate resources for an initiative to address programming shortfalls in Africa and South Asia necessary to provide life-saving, minimum international standards of assistance in key sectors (including nutrition, shelter, medicine, sanitation, and protection). Such reductions in assistance to refugees in Africa and elsewhere at the very time huge resources are going into Kosovo would create serious political and equity issues.

Export and Investment Financing. The Administration appreciates the Committee's effort to support the President's export initiative by increasing funding for the Export-Import Bank, especially the administrative budget, which is essential to the Bank's efforts to increase small business exports. We urge the Senate, as this bill progresses, to increase the Bank's credit subsidy budget to the President's requested level to enable U.S. exporters to continue to export to the developing world during the ongoing economic downturn.

The Administration is very concerned about the reduction in funding for the Trade and Development Agency (TDA) below both the President's request and the FY 1999 enacted level. The request for TDA is an integral part of the President's export initiative, and the Committee bill would significantly reduce TDA's ability to fund feasibility studies that help U.S. exporters take advantage of potential market opportunities.

Likewise, the Administration is very concerned about the reduction in administrative expenses for the Overseas Private Investment Corporation. This \$3.5 million reduction below the request, or \$1 million below the FY 1999 enacted level, could threaten the agency's capability to operate in a financially responsible and prudent manner, and runs counter to efforts to mobilize U.S. private sector support for key foreign policy priorities.

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The Administration believes the Senate provision mandating OPIC to establish an investment fund is inappropriate because it would eliminate OPIC's discretion to determine whether such a fund is financially viable.

African Development and Inter-American Foundations. The Administration strongly objects to the suspension of funding for the Inter-America Foundation. It is inappropriate to suspend funding for an entire agency as the result of the alleged improprieties of individual staff members.

The Administration appreciates the Committee's efforts to support the African Development Foundation (ADF). However, the Committee's funding level of \$12.5 million still falls short of the amount necessary for the ADF to continue its important work of supporting Africans at the grassroots level, including micro-credit and trade and investment programs. The Committee has previously acknowledged the ADF's improvements in private sector outreach, as well as the Foundation's streamlining of operations.

International Organizations & Programs. The Administration opposes the \$22 million cut in the request for IO&P's. Further, while we strongly support the programs earmarked by the Committee, the Administration must retain its flexibility in funding these programs, consistent with an overall assessment of the national interest.

Treasury International Affairs Technical Assistance. The Administration is concerned that the Committee provided only \$1.5 million of the \$8.5 million request for the Department of the Treasury's International Affairs Technical Assistance program. These resources are necessary to fund the Department's plan to provide technical assistance to Ministries of Finance and Central Banks that are attempting to implement fiscal and financial reforms in Africa, Asia and Latin America.

Silk Road Strategy Act. The Administration strongly supports passage of the Silk Road Strategy Act, which may be added to the bill as an amendment. We appreciate the Committee's continued efforts to reduce restrictions in section 907 of the FREEDOM Support Act. This Administration, like its predecessors, has opposed section 907 and called for its repeal. Section 907 damages U.S. national interests by undermining the United States' neutrality in seeking to promote a settlement in the Nagorno-Karabakh dispute; by restricting our ability to provide assistance that would encourage economic and broad legal reforms in Azerbaijan; and, by limiting our efforts to advance an east-west energy transport corridor. While the Silk Road Strategy Act does not provide for the full repeal of Section 907 that the Administration has sought, it would allow the President to waive these restrictions if he determined that they were not in the national interest of the United States.

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