



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

October 24, 2003
(Senate)

STATEMENT OF ADMINISTRATION POLICY

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

**S. 1426, Foreign Operations, Export Financing, and Related Programs Appropriations Act,
FY 2004**

(Sponsors: Stevens (R); Alaska; Byrd (D); West Virginia)

The Administration supports Senate passage of S. 1426, the FY 2004 Foreign Operations, Export Financing, and Related Programs Appropriations Bill, as reported by the Committee, to the extent consistent with the discussion of Section 691 below.

The Administration will work with the Congress to ensure that the FY 2004 appropriations bills ultimately fit within the top line funding level agreed to by both the Administration and the Congress. The President supports a discretionary spending total of \$786.0 billion, along with advance appropriations for FY 2005 -- in accordance with his Budget, the FY 2004 Budget Resolution, and the agreement between the Administration and the Congress. Constraining the overall growth of government spending is critical to the Nation's ability to provide needed resources for national priorities while encouraging continued economic growth. The Administration is committed to working with the Congress to ensure that its priorities are met within that overall total.

The Administration strongly opposes Section 691 of the Committee bill that would overturn the Administration's family planning policy (commonly known as the "Mexico City" policy) and would allow U.S. taxpayer funds to be provided to international organizations that perform abortions and engage in abortion advocacy. The President would veto the bill if it were presented to him with such a provision.

Additional Administration views regarding the Committee's version of the bill are:

Millennium Challenge Account (MCA)

The Administration is concerned that the Committee has provided \$300 million less than the \$1.3 billion requested for the Millennium Challenge account, an important Presidential initiative. This initiative will target the provision of foreign assistance to countries committed to ruling justly, investing in their people, and employing sound economic policies. The request represents the first installment to reach the President's commitment of \$5 billion in annual funding by FY 2006. The Senate is strongly urged to provide the full funding requested.

Emergency Plan for AIDS Relief

The Administration appreciates the Committee's strong support of the President's Emergency Plan for AIDS Relief. The bill fully funds the President's initiative and retains the flexibility for the Coordinator at the Department of State provided in H.R. 1298, which is essential for effective management of HIV/AIDS programs across the U.S. Government. However, the Administration is concerned that the regular "notwithstanding" language that is provided for implementation of HIV/AIDS programs not have the effect of overturning the provisions of P.L. 108-25, the United States Leadership Against HIV/AIDS, Tuberculosis, and Malaria Act of 2003, and encourages the Committee to clarify this language so that it is consistent with full implementation of the provisions of P.L. 108-25.

U.S. Emergency Fund for Complex Foreign Crises

The Administration is concerned that the bill fails to fund the President's request for a new \$100 million U.S. Emergency Fund for Complex Foreign Crises. This initiative is needed to provide the President with additional flexibility to respond swiftly and effectively to emerging crises worldwide.

Peace Corps

The Administration is concerned that the Senate Committee reduction to the Peace Corps will compromise the President's initiative to double the number of Peace Corps volunteers to 14,000 by FY 2007. The bill provides only \$310 million, \$49 million below the President's request of \$359 million. The Administration urges the Senate to fully fund this important initiative.

Famine

The Administration appreciates the Committee's support for a new, flexible fund to prevent and respond to famines. The Administration will work with the Senate to ensure an adequate level of resources is provided to respond to the needs of the world's most hungry and poor.

Additional Funding and Language Issues

The Administration also urges the Senate to fund the President's request for the Economic Support Fund (ESF). The bill provides \$2.4 billion, \$100 million less than the President's request of \$2.5 billion for ESF. When combined with the other earmarks and directives, this reduction would have an adverse impact upon all regional programs, particularly in Africa.

The Administration appreciates the Committee's fully funding the International Narcotics Control and Law Enforcement account. However, the funding level of \$660 million provided to the Andean Counterdrug Initiative – \$71 million less than the request, with the amount heavily earmarked – will put at risk the counter-drug and counterterrorism gains made by the Uribe Administration in Colombia over the past year and could result in a spillover of narcotics-related activity and terrorism into neighboring countries.

The Administration objects to the Committee's proposed reduction of \$30 million from the Administration's request for Foreign Military Financing (FMF) and the further \$32 million in underfunding resulting from the directed transfer to other accounts. With over 80 percent of FMF earmarked for Israel, Egypt, and Jordan, and with other directives in the Committee Report, this \$62 million reduction would have a serious impact on our global efforts to combat terrorism.

The Administration requested "notwithstanding any other provision of law" authority for assistance to Pakistan under all titles of the bill. Section 634(a) of the Senate bill only provides this authority for funds appropriated under Titles I and II of the Act. However, this provision would not allow the Administration to provide FMF to Pakistan, which is appropriated under Title IV. Therefore, we strongly urge the Senate to include Title IV "notwithstanding" authority for Pakistan as part of Section 634(a).

The Administration is disappointed that the bill provides only \$100 million of the \$300 million requested to pay for the cost of Heavily Indebted Poor Countries (HIPC) debt reduction for the Democratic Republic of the Congo (DRC).

The Administration urges the Congress to restore the \$26 million reduction from the President's request for the Agency for International Development's Capital Investment Fund.

The Administration is concerned about a number of problematic earmarks above the President's request level that will require reductions to other high priority human rights, humanitarian assistance, and development assistance programs.

The Administration objects to Section 680 that would require the United States to cooperate with the Government of Cuba on counter-narcotics matters.

The Administration will continue to work with Congress to eliminate provisions concerning the location and content of meetings between U.S. and foreign diplomats, and provisions that purport to direct executive branch officials to vote particular ways in international financial institutions, because such provisions are inconsistent with the constitutional authority of the President to conduct the Nation's foreign affairs.
