

## EAST ASIA AND THE PACIFIC

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**Burma**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	0	0	2,500
ESF	6,500	6,500	6,500

Burma, strategically located between China and India in Southeast Asia, remains of continuing concern to the United States. The United States interests in Burma include: promoting democracy, supporting human rights and religious freedom, fighting HIV/AIDS, furthering effective counter-narcotics efforts, World War II remains recovery, and promoting regional stability. The Economic Support Funds (ESF) earmarked for Burma are keyed toward the first two of these national interests.

Since 1962, Burma has been ruled by a military junta (now known as the State Peace and Development Council (SPDC)) that has suppressed dissent and presided over a significant deterioration of the country's economic and social performance. In 1990, the military regime set aside the results of Burma's last fair and free election, imprisoned hundreds of democracy activists, and placed Aung San Suu Kyi (ASSK), the Nobel prize-winning leader of Burma's pro-democracy forces, under de facto house arrest. U.S. government policies maintain pressure on the SPDC to engage in meaningful dialogue with the democratic opposition leading toward a peaceful transition to civilian rule. In 2002, the regime released Aung San Suu Kyi from her most recent period of house arrest and freed hundreds of political prisoners. However, no apparent progress was made toward a substantive dialogue between the regime and ASSK.

In addition to work inside the country, ESF funds also target the ethnic populations that have been expelled from Burma as a result of the regime's brutal military campaigns. U.S. government assistance provides critical aid to the growing number of refugees and displaced persons living inside Burma and along Burma's borders in neighboring countries, particularly Thailand. Such assistance helps ethnic populations maintain their cultural identities, builds and strengthens grassroots democratic institutions, and maintains pressure on the SPDC to improve its human rights record and cease persecution of religious and ethnic minorities.

Beginning in FY 2002, USAID reprogrammed \$1.0 million of global Development Assistance (DA) funding to Burma for HIV/AIDS humanitarian assistance (administered by American and international non-governmental organizations). HIV/AIDS programs in Burma will be funded by \$1.5 million of global DA requested for FY 2003 and \$2.5 million of Burma-specific Child Survival and Health (CSH) funds requested for FY 2004.

**Cambodia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	15,000	22,500	22,800
DA	0	0	2,000
ESF	20,000	17,000	15,000
IMET	0	200	200
NADR-HD	2,290	3,020	3,000
P.L. 480 Title II	1,085	0	0

Promoting peace, stability, and democratic development in Cambodia is essential to the region's stability in the wake of 30 years of war and Khmer Rouge genocide. As a participant in the 1991 Paris Peace Accords on Cambodia, the United States, other signatories and concerned members of the international community continue to have an interest in Cambodia's national reconciliation and reconstruction. A central task is to nurture democratic development in this impoverished nation, which has barely begun to establish democratic processes and institutional reforms and still lacks human capacity and resources. The level and nature of our assistance program depend on the Cambodian government's progress towards democracy and respect for human rights. With a few exceptions, current legislative restrictions do not permit funds from the Foreign Appropriations Act to be used to aid the central government of Cambodia.

Since 1997, assistance to Cambodia has been funneled almost exclusively through non-governmental organizations (NGOs) and international organizations. Legislative exceptions in FY 2002 included basic education, HIV/AIDS programs, Leahy war victims programs, and efforts to combat human trafficking. Program areas include assistance to political parties to strengthen their internal democratic participation, support for organizations engaged in strengthening civil society, health care needs such as maternal/child health, HIV/AIDS prevention, basic education, anti-trafficking, humanitarian demining, and aid to mine victims.

U.S. support will assist NGOs working specifically in the area of human rights and good governance. Some support will be devoted to creation and protection of democratic institutions. Organizations receiving U.S. assistance address such issues as domestic violence, legal education, labor rights, government transparency, environmental management, rights of women in society, rule of law training, corruption and public accountability, an independent press and legal assistance to the poor. Cambodian NGOs that helped plan, monitor, and implement Cambodia's first-ever local elections in February 2002 will focus their efforts on parliamentary elections in 2003. With Congressional approval, we would use Economic Support Fund (ESF) to support some follow-up to the parties' national election programs, including support for party communication with constituents. An overall goal of the programs is to strengthen civil society, provide for checks and balances in a strong executive, and enhance government accountability. We would also seek to find ways to make the Documentation Center of Cambodia, an archive of the Khmer Rouge genocide, a self-sustaining entity.

International assistance is vital to Cambodian efforts to remove what is estimated to be as many as one million land mines and 2.5 million pieces of unexploded ordnance. It is conservatively estimated that, at the current rate of demining, it will take 20 years to reach a "mine safe" condition. Cambodia is among the top five nations in the world for the number of landmine victims, with over 800 casualties per year. Non-proliferation, Anti-terrorism, Demining and Related Programs (NADR) assistance will fund the U.S. contribution to the humanitarian demining program, which is administered through an independent contractor and NGOs.

In the social sector, U.S. assistance to NGOs, international organizations and the Ministry of Women's Affairs will assist programs to combat human trafficking and aid the victims, mainly women and children. If restrictions were lifted, assistance might also be used to reform the judicial sector, especially in countering trafficking in persons and supporting Cambodian adherence to international adoption norms.

International Military and Training (IMET) funds will be used for human rights and rule of law training to help professionalize the Royal Cambodian Armed Forces, if the political situation in the country allows and restrictions are lifted. Funds would also be used to provide training to officers, which would help them contribute to regional stability and play an effective role in transnational law enforcement issues (narcotics, human trafficking and protection of land and natural resources). We would also use IMET training in civil-military relations, military justice, and human rights to help younger officers better understand democratic concepts.

Cambodia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2004. Provision of EDA will support humanitarian assistance efforts to include demining. As a matter of policy, resumption of IMET and provision of EDA are subject to the lifting of restrictions against Cambodia.

Child Survival and Health (CSH) funds will be used to strengthen the current health system to support maternal and child health programs and meet the reproductive, family health and infectious disease needs of Cambodia's rural population. Development Assistance (DA) funds will support basic education.

**East Timor**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	25,000	19,000	13,500
FMF	1,000	2,000	2,000
IMET	43	100	150
Peace Corps	612	1,329	1,559
PKO	7,103	5,000	2,000

The United States has important political and security interests in East Timor. The UN Transitional Administration in East Timor (UNTAET) assumed responsibility for peacekeeping in East Timor in February 2000. The people of Timor-Leste celebrated full independence on May 20, 2002, completing a rapid transition from UN administration to self-rule that included development of a constitution, election of President Xanana Gusmao, transformation of the Constituent Assembly to the National Parliament, and inauguration of the new Prime Minister and Cabinet of Ministers. The United States intends to continue to help the East Timorese with assistance aimed at humanitarian relief, reconstruction, institutional development, capacity-building and economic recovery. Our goal is the emergence of a viable, democratic East Timor that is integrated politically and economically into regional and global structures and markets. For democracy, rule of law and stability to take permanent hold in East Timor, the United States must continue to support the development of a stable political and economic infrastructure in East Timor.

The most pressing need in securing East Timor's emergence as a viable democracy is maintenance of peace and stability. In FY 2003, the United States is contributing 60 police officers to the civilian police (CIVPOL) component of the United Nations Mission of Support in East Timor (UNMISSET), which is responsible for interim law enforcement and public security functions while training the new 2,800-member East Timor Police Service (ETPS) to assume permanent responsibility for these functions. The United States is also supporting two advisors to the Office of Defense Force Development (ODFD). In addition, the United States is providing direct support to assist UNMISSET efforts to enhance ETPS capabilities in field training in investigations, supervision and management, and civil disturbance management. In FY 2004, Peacekeeping Operations (PKO) funds will be needed to continue a voluntary U.S. contribution to CIVPOL, during which time CIVPOL will continue to downsize as it transfers law enforcement responsibilities to the ETPS in a phased process. PKO funds will also be needed to maintain the two advisors to the ODFD. At this time, it is not anticipated that PKO funds for East Timor will be required beyond FY 2004.

The establishment of East Timor as a new, viable democracy will require substantial institution building. Economic Support Funds (ESF) will support development of East Timor's civil society, democratic and economic institutions by promoting the formation of non-governmental organizations to develop institutions critical to democratic governance, including effective political institutions, independent advocacy centers for human and labor rights and a free press. Other programs will assist in the development of an independent judiciary and support training of the ETPS. Crucial to East Timor's long-term viability is restoration of its infrastructure and the creation of a healthy, sustainable economy. To achieve this, ESF funds will be directed toward rebuilding the fundamental physical elements of the economy, such as schools and roads, and stimulating sustainable growth in East Timor's established industries while exploring new opportunities. This request for \$13.5 million in ESF funds, a somewhat reduced level from previous years, reflects expectations that natural gas revenues will begin to flow within several years. Another goal is to establish prosperous trade ties with other nations in the region and the world that will integrate East Timor economically with the community of nations. To promote trade and combat unemployment, ESF is being used to develop coffee growing and other specialized agricultural

products. The program aims to mentor farmers to allow them to assume increasing management control of the program. The program currently includes 20,000 farm families, with a goal of eventually including 24,000 families.

East Timor is in the process of standing up a modest East Timor Defense Force (ETDF) of 1,500 active duty and 1,500 reserve personnel to meet East Timor's security needs. Although East Timor's security will ultimately depend on good relations with neighboring countries, the new nation will need an ETDF with basic equipment for defense, support, communication and transportation. Foreign Military Financing (FMF) will help ensure the establishment of an appropriately equipped force by facilitating the acquisition of non-lethal basic soldier equipment. The ETDF will need training for its new officers, and funds for a small International Military Education and Training (IMET) program have been included as well. Following independence and approval of a Presidential Determination in FY 2002 on East Timor's eligibility to purchase defense articles and services from the U.S. Government, East Timor would be eligible in FY 2004 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S. objectives of supporting East Timor's self-sufficiency, disaster management and humanitarian assistance relief, as well as of developing a professional, effective defense force.

**Fiji**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	0	100	200
Peace Corps	0	1,363	1,557

Civilian governments in Fiji have been overthrown three times, most recently in May 2000, because of deep divisions. IMET was suspended following the events of May 2000 because of the role the military played in deposing the elected government. Fiji's August 2001 parliamentary elections were judged to be free and fair but did not reduce inter-ethnic tensions in Fiji. We have made clear that further progress toward a return to full constitutional democracy could open the way for a resumption of the IMET program in Fiji.

U.S. interests in Fiji, the most significant of the Pacific Island countries, include encouraging stable democratic government, promoting economic prosperity via facilitation of U.S. trade and investment and efforts to open markets and promote broad-based growth. The U.S. and Fiji work together in regional organizations such as the Pacific Islands Forum and the Pacific Community. Fiji has been a responsible player on the global stage, providing forces to several multinational peacekeeping and observer operations since the early 1980s.

Fiji has contributed troops to multilateral peacekeeping missions over the years in Lebanon/Zimbabwe/Rhodesia, Afghanistan/Pakistan, Sinai, Kuwait, Somalia, Rwanda, Bougainville, and East Timor. Starting in 1999, Fiji joined regional nations in sending peace monitors to oversee the truce in the Solomon Islands. Renewed International Military Education and Training (IMET) funding will provide professional education and training for Fiji's Defense Force with emphasis on respect for human rights, civilian control over the military and military justice.

Fiji is eligible to receive Excess Defense Articles (EDA) in FY 2004 under Section 516 of the Foreign Assistance Act. EDA will also support Fiji's ability to contribute to regional peacekeeping endeavors.



**Indonesia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	35,568	32,568	29,250
DA	38,704	38,704	31,691
ESF	50,000	60,000	60,000
IMET	405	400	600
INCLE-SUP	4,000	0	0
NADR-ATA	0	0	4,000
NADR-ATA-SUP	8,000	0	0
P.L. 480 Title II	5,670	10,245	11,194

Few U.S. assistance programs seek as much impact on as many basic economic, security and social issues as those now operating in Indonesia. Indonesia's strong reaction to the Bali terrorist bombings in October 2002 underscored our mutual interest in preventing the world's largest Muslim country from falling prey to extremists bent on violence. The stakes for Indonesia's political stability and economic prosperity are high, and the debate on terrorism's impact has been public and vigorous. Our programs represent flexible and steadily evolving responses to profoundly significant social, economic and political trends.

Since a major reordering of priorities after 9/11, we have increased our efforts on educational exchange and outreach to the Indonesian Islamic community. We are assisting Indonesians to combat hate and intolerance with education, exchanges, diplomacy and human interaction. We are also achieving measurable success in our goals in Indonesia since 9/11, including expanding our political outreach to mainstream religious groups that oppose violence. Senior GOI officials now acknowledge the threat of terrorism, and civil society leaders are speaking out on the need to prevent terrorism from exacerbating religious tensions.

The proactive use of American aid complements assistance from our Australian, Japanese and other allies but also sets the pace in buttressing Indonesian stability. Absent such efforts, the fabric of one of the world's most populous countries could become even more dangerously frayed in the lead up to the 2004 elections. A basic change in Indonesia's pluralist outlook could profoundly threaten the country's:

- Counterterrorism cooperation with the U.S.;
- Democratic transition;
- Territorial integrity; and
- Economic recovery.

Requested funding cements Indonesia's position as the largest American foreign assistance program in Southeast Asia. Economic Support Funds (ESF) augment and complement DA and CSH spending, coupled with small amounts of International Military Education and Training (IMET) and Non-Proliferation, Anti-Terrorism, Demining and Related Programs (NADR) funds. Through this mix of funding, both immediate and long-term U.S. security and economic objectives are melded together.

In FY 2004, Development Assistance (DA) and Child Survival and Health (CSH) funds will focus on assisting Indonesia's democratic transition; promoting economic recovery and growth; facilitating

Indonesia's decentralization process; reducing the threat of conflict in strategic areas of Indonesia; strengthening natural resources management; and improving the health of women and children. Some FY 2003 funding has been shifted to meet immediate needs in thwarting terrorist financing, preparing for 2004 national elections, supporting the peace process in Aceh and preventing conflict in Bali.

Post 9/11, we have realigned our priorities for ESF funding with new priorities for counterterrorism and financial crime support; police reform; political outreach and expanded work on religious tolerance activities; conflict prevention and mitigation; and support for Indonesia's first ever direct presidential elections in 2004.

NADR funding is to provide sustainment and expansion funds for the FY 2002 Emergency Supplemental-funded assistance for a police counterterrorism unit. In FY 2002/03, initial funds of approximately \$8 million were appropriated for support of this police CT unit. We anticipate the unit will require further support for ongoing training, additional equipment and supervision to retain and improve its effectiveness.

The International Military Education and Training (IMET) program will promote counterterrorism cooperation through improved communications with Indonesian military officers and key civilians. Programs would offer training to mid and senior-level civilian and military officials at professional military education and senior service schools with a focus on courses that emphasize the principles of a democratic civilian-led military. Courses offered would also focus on institutionalizing the concepts of transparency in budgeting, logistics and acquisition processes.

USAID's Transitional Activity Program (TAP) is a P.L. 480 Title II program helping to alleviate poverty by improving the food security and nutritional status of urban and rural poor hit hardest by the prolonged economic crisis in Indonesia. USAID plans to distribute approximately 23,000 MTs of P.L. 480 Title II commodities to an estimated 300,000 urban and rural poor in 2003. USAID will support food-for-work activities to increase food security, improve nutritional and health status, and generate temporary employment and income through small-scale community rehabilitation projects such as rural water supply systems and sanitation in urban slums. Supplementary food-for-training activities in agriculture, health and other vocational sectors will enhance skills and expand job opportunities.

**Laos**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	1,000	1,000	1,350
DA	1,000	1,000	0
IMET	0	100	100
INCLE	4,200	3,000	3,000
NADR-HD	1,328	1,200	1,700
P.L. 480 Title II	513	0	0

U.S. interests in Laos center around five main policy areas: counter-narcotics, POW/MIA recovery and unexploded ordnance from the war in Southeast Asia, human rights including religious freedom, encouraging movement towards a market-oriented economy, and efforts to counter global terrorism.

Laos, one of the ten poorest countries in the world, is slowly moving away from a command economy towards a more market-based approach. It has joined ASEAN, broadened its foreign relations, and seeks to improve its ability to deliver services to Lao citizens and improve basic social welfare. Laos is a major opium producing country, increasingly an important drug-transit point, and is facing a rapidly growing problem with methamphetamine usage. Almost 400 Americans remain missing in Laos from the Vietnam War period, and unexploded ordnance continues to wound and kill a significant number of Lao citizens and inhibit efforts to expand agriculture and infrastructure. Following the attacks on September 11, the Lao Government reversed its position and approved the State Department's long-standing request to post a regional security officer at Embassy Vientiane. The Government of Laos has issued an assets freeze order, has publicly supported U.S. actions in the war against terrorism despite our lengthy history of political disputes, and has passed eight international anti-terrorism conventions.

For FY 2004, funding will be zeroed out for Development Assistance (DA). Child Survival and Health programs (CSH) will be separated from DA in 2004. These funds will be made available only through non-governmental organizations to address basic human needs. Previously, the DA request assisted with a program that aims to broaden income-generating opportunities for poor families via production, processing and sale of raw silk and lessen the attractiveness of opium cultivation. The program centers on areas of Laos that were intensively bombed during the war period. CSH funds for Laos will focus on HIV/AIDS prevention programs.

The FY 2004 request for Humanitarian Demining programs (under the NADR account) continues U.S. support to clear unexploded ordnance and landmines in portions of Laos that were heavily bombed during the war. U.S. funding is expanded to support multiple entities including NGOs, international organizations, and UXO Lao, the quasi-government entity charged with removing unexploded ordnance in Laos.

The FY 2004 request for International Military Education and Training (IMET) will support POW/MIA accounting efforts through English-language training programs to Lao involved in Joint Task Force (JTF) activities. This assistance should increase the ability and speed of communications between U.S. and Lao personnel, and thereby the efficiency of JTF activities.

Laos will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2004. Grant EDA items, including communications equipment and transportation assets, will support U.S. counter-narcotics goals, the fullest possible accounting of missing personnel from the war in Southeast Asia, and demining.

International Narcotics Control and Law Enforcement (INCLE) funding will provide for counter-narcotics measures. The principal activity is a crop control and alternative development project in Phongsali Province. In addition, the funding will assist the Lao government to train and maintain special counter-narcotics units of the police, assist demand reduction projects to treat addicts, and perform public outreach against drug use.

**Malaysia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	831	800	1,200
NADR-EXBS	150	300	100

Malaysia has been a cooperative and pro-active partner in the global campaign against terrorism. In FY 2004, the United States will continue to broaden counterterrorism cooperation with Malaysia, one of the key Muslim states in the region, both bilaterally and in multilateral fora such as the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum (ARF). Beyond our cooperation in the fight against terrorism -- highlighted during PM Mahathir's May 2002 U.S. visit by the signing of a bilateral Declaration of Cooperation to Combat International Terrorism -- the United States and Malaysia share other longstanding and important economic, political, and security interests. Malaysia is among our top dozen trading partners and continues to be an important market for U.S. goods and services. The United States also has a strong interest in supporting the strengthening of democratic institutions in Malaysia. Malaysia is an active member of ASEAN. It is also a moderate member of both the Non-Aligned Movement (NAM) and the Organization of Islamic Conference (OIC); it will assume the chair of both organizations this year, giving Malaysian views on Islamic issues and the Middle East especially strong weight in the global arena. A supporter of the U.S. forward presence in Asia, Malaysia borders one of the world's most important maritime waterways. Malaysia routinely grants overflight clearances to U.S. military aircraft transiting Malaysian airspace enroute to and departing Singapore and welcomes U.S. ship visits and military aircraft in connection with the U.S.-Malaysian bilateral military cooperation relationship.

International Military Education and Training (IMET) funds will be used to contribute significantly to regional stability by strengthening our military-to-military ties and familiarizing the Malaysian military with U.S. doctrine, equipment, and management techniques. IMET will also reinforce the Malaysian military's commitment to human rights and good civil-military relations and help expand our access to and cooperation with Malaysian military leaders. Malaysia has been active in multinational peacekeeping operations, which necessitate training that promotes interoperability. Malaysia is also engaged in training that will improve the military's ability to combat narcotics trafficking and money laundering operations.

IMET funds for Malaysia have resulted in additional benefits, such as the formation of good working relations with the Malaysian military. The Malaysian military shares our fundamental values about the military's role in society, and military-military and civilian-military cooperation is broad, open, and active. Participation in IMET is highly valued by the Malaysian military, and IMET graduates continue to advance steadily. Malaysia's Chief of Army is a 1980 graduate of the U.S. Army Command and General Staff College at Fort Leavenworth. Exposure to U.S. ideals promotes respect for human rights throughout a key branch of Malaysia's government; the Malaysian military has not been involved in systematic violations of human rights. IMET will also enhance Malaysia's ability to participate in international peacekeeping activities. Malaysia has 62 observers, 98 police, and 14 troops, for a total of 174 personnel, contributing to UN peacekeeping operations. For example, in Kosovo (UNMIK), Malaysia has one observer and 46 police; in East Timor (UNMISSET), Malaysia has 16 observers and 50 police; and in Western Sahara (MINURSO), Malaysia has 10 military observers. We expect Malaysia to continue participating in future peacekeeping operations as its financial situation permits.

Although the global financial crisis slowed Malaysia's military procurement plans in the late 1990's, we expect Malaysia to look to the United States for future purchases as economic recovery continues.

Malaysia will continue to be eligible in FY 2004 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S objectives of maintaining a stable and cooperative military relationship and improving Malaysia's peacekeeping capabilities. As an identified Level I country for the development of enhanced international peacekeeping capabilities, Malaysia requires communications systems, training aids and equipment, and items that will increase interoperability.

Malaysia is also a rapidly developing transshipment point without effective controls on transfers of sensitive materials and technologies. Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will provide export control assistance to strengthen Malaysia's ability to control, detect, and interdict such transfers, particularly transshipments, which could contribute to weapons proliferation.

**Mongolia**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	12,000	12,000	10,000
FMF	2,000	1,000	1,000
IMET	686	725	850
Peace Corps	1,710	1,859	2,073

As the first communist country in Asia to reform its economy and political system, Mongolia provides an important example of democratization to all of Asia. The United States has a clear national interest to support Mongolia's transformation into a secure, democratic and stable country that can contribute to the security and prosperity of the Asia Pacific region. U.S. assistance is fostering Mongolia's transformation to a market-oriented democratic society. It is in the U.S. interest to provide support for projects that will enhance Mongolia's ability to act responsibly and independently in the regional economy and participate in regional fora that address security, narcotics, transnational crime, environmental protection and other important issues.

U.S. assistance to Mongolia is helping to establish a market-oriented and democratic society by accelerating and broadening environmentally sound private sector growth, with a particular focus on bringing change to rural areas, and consolidating Mongolia's democratic transition. Mongolians are committed to the development of democracy and a market economy, and the government continues to pursue aggressive reforms. The government's reform policies have focused on sound macroeconomic management of the economy and key issues in the banking, power and pension sectors.

U.S. assistance is contributing to sustainable economic growth through Economic Support Fund (ESF) programs targeted at market and agricultural development, human capacity development and democratic institution building. U.S. assistance is helping to overcome obstacles to growth, which include undeveloped transportation and energy supply systems, inefficient public and state-run institutions, inadequate judicial and enforcement services and inexperienced civil society organizations. Under the economic growth program, U.S. assistance is funding programs to: (1) transfer productive assets to the private sector; (2) increase the efficiency of the banking sector and financial markets; (3) improve the business environment and promote competitiveness; (4) improve the management of natural resources; and (5) promote rural sector sustainable development addressing land use, private agriculture, and herder management issues. The successful implementation of these programs will lead to longer-term banking sector, tax policy, administration, regulatory debt management, and rural sector reforms. Under the democracy program, the United States will use funds to help to strengthen rural civil society and to improve the effectiveness of the parliament and the judiciary.

Mongolia must be able to protect and maintain its own borders. Its southern border stretches 2800 miles along China (China's longest border). Mongolia's northern border unfolds 1900 miles along Russia. North Korea sits only some 500 miles to Mongolia's east. The Foreign Military Financing (FMF) request will enable the completion of the FMF-funded communications upgrade project, which will greatly enhance Mongolia's ability to deal with transborder issues, including smuggling and drug and illegal goods trafficking. These issues are among Mongolia's most critical security concerns since they hold the potential to disrupt the stability of the currently democratic government.

Civilian control of the military, military justice, respect for international human rights standards, and preparation for participation in peace-keeping operations are promoted by International Military Education and Training (IMET) programs for Mongolia's Armed Forces. Such education is essential if Mongolia's

military is to continue to move away from Soviet-era military doctrine, policy, and procedures. In FY 2004, E-IMET programs will be increased to train senior leadership and assist in the program of military reform and restructuring. FY 2004 programs will focus on force structure, civilian control of the military, civilian oversight of the military budget and drafting democratic defense legislation. These programs, enthusiastically attended by Mongolian personnel at all levels, will help develop a friendly and capable coalition partner, fully interoperable with U.S. forces.

Mongolia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2004. This grant EDA will be used to support its transition to democracy; improve its self-sufficiency, disaster management, and humanitarian assistance/relief; and promote closer ties to the U.S. military. Mongolia was approved for grant transportation of EDA; without grant transportation, EDA is cost-prohibitive for Mongolia.



**Papua New Guinea**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	206	240	300

U.S. national interests in Papua New Guinea (PNG) derive from our overarching interest in regional stability and from PNG's status as home to one of the world's last large remaining tropical rain forests. PNG is the largest and most populous island nation in the South Pacific and neighbor to the troubled Indonesian province of Irian Jaya. U.S. interests include strong democratic institutions, development of disaster relief capabilities, peaceful transition from civil strife to rule of law in Bougainville province, a free enterprise economic system, and PNG's stewardship of diverse natural resources. The benefits of a stable, lawful, and prosperous PNG include reduced prospects of human rights violations, environmental degradation, and international organized crime.

In Bougainville, the former belligerents are working to establish a government of reconciliation under unarmed regional peace monitors and a small UN observer mission. The PNG armed forces retain a small presence in Bougainville, and their cooperation will be necessary for any lasting settlement on the island. Continuing International Military Education and Training (IMET) programs will help build a more professional and better-disciplined PNG Defense Force (PNGDF), enhance PNGDF ability to patrol the long border with Indonesia, and improve PNGDF capability to monitor and detect illegal fishing and to apprehend persons and vessels engaged in such fishing. IMET provides professional education and training to the PNGDF, with emphasis on human rights, civil-military relations, rule of law and military justice. English language training contributes to the latter goal and offers increased ability and opportunities for fruitful interaction with the U.S. military.

PNG will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA for PNG will support U.S. objectives of more professional and effective forces and will enhance PNGDF capability to remove and neutralize unexploded ordnance in Bougainville and at World War II sites throughout the country. Transportation, demining, training aids and patrol craft are desired.

**Philippines**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	25,599	24,550	22,000
DA	24,459	26,609	23,068
ESF	21,000	20,000	20,000
ESF-SUP	12,000	0	0
FMF	19,000	20,000	17,000
FMF-SUP	25,000	0	0
IMET	2,025	2,400	2,700
INCLE	0	0	2,000
NADR-SALW	95	0	0
Peace Corps	2,169	2,611	2,946

The United States has important security, commercial, and political interests in the Philippines, a treaty ally that straddles important air and sea lanes. The Philippines has vigorously supported the international anti-terrorism coalition and is working closely with the United States to enhance its counterterrorism capabilities. Committed to democratic principles, the Philippines is an important force for regional peace and security and an active member of the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum (ARF). The Philippines has taken a leadership role in promoting a regional ASEAN anti-terrorism approach. Under the 1999 Visiting Forces Agreement (VFA), the Philippines and the United States have strengthened bilateral security relations and have worked together to bolster Armed Forces of the Philippines (AFP) capabilities. U.S. assistance will assist President Gloria Macapagal-Arroyo's progressive national agenda, including combating corruption, accelerating economic liberalization, and promoting national reconciliation, particularly in Mindanao. It will also support structural reforms to increase the Philippines' strength as a market for U.S. investments and exports.

Foreign Military Financing (FMF) will contribute to improving the military capabilities of our treaty ally in line with increasing cooperation under the VFA. The FY 2002 FMF appropriation funded the second year of a five-year plan to help the AFP achieve operational availability of critical weapons systems and sustainability of key support and logistics functions. This includes support of air, surface and ground assets and support components needed in the war on terror. The \$25 million in supplemental funding supported activities in connection with Operation Enduring Freedom Philippines, to wit: the training of two more light reaction companies (LRC) and provision of necessary equipment. Virtually all FY 2003 and 2004 spending would be on spare parts for equipment, overhauls and upgrades, programmed depot maintenance and improving logistics. The Philippines will be eligible in FY 2004 to receive Excess Defense Articles (EDA), which will also support U.S. objectives of increased interoperability and standardization within the AFP as well as improved participation in peacekeeping operations.

International Military Education and Training (IMET) will complement this FMF approach. The focus is on professional military education (to include professionalism, discipline and commitment to human rights) as well as "train the trainers" courses in the areas of maintenance and logistics. In past years, IMET training helped to encourage civilian control over the military, leading to a decline in the number of reported incidents of human rights abuses. IMET graduates who populate top AFP ranks have actively promoted close professional U.S.-AFP military-to-military relations.

Economic and Support Funds (ESF) will help the Arroyo administration implement its peace initiative in Mindanao and fund the transition of Muslim separatist guerrilla fighters to peaceful pursuits, such as

farming. Most of it will go into programs that maximize the economic benefits of the earlier 1996 Peace Agreement with the Moro National Liberation Front, strengthen the administration of the Autonomous Region of Muslim Mindanao and support outreach to other Muslim separatist groups. The rest will fund anti-corruption programs to improve governance in Mindanao's cities and reduce anti-competitive investment barriers. Development Assistance (DA) programs will support wider participation in public policy and development of civil society. DA/CSH funds will also support child health and family planning, as well as programs to counter the spread of AIDS.

FY 2004 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) and International Narcotics Control and Law Enforcement (INCLE) funds will strengthen Philippine law enforcement and counterterrorism capabilities. NADR/ATA-funded courses on the financial underpinnings of terrorism and anti-money laundering assistance have proven greatly beneficial to Philippine legal, judicial, and political authorities. FY 2004 courses for Philippine authorities will continue in these and similar areas.

**Samoa**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
IMET	113	120	150
Peace Corps	1,212	1,345	1,524

U.S. national interests in Samoa grow out of our national security interest in regional stability. The United States strives to maintain close ties with Samoa, which is a consistent supporter of U.S. positions internationally. Samoa is also a close neighbor of the U.S. territory of American Samoa, with which it has long-standing family and cultural ties. Other interests include safeguarding the welfare of the many U.S. citizens and nationals who reside in or visit Samoa, encouraging broad-based economic growth, supporting improved capacity to protect the island's environment and natural resources, and educating the public on health issues.

International Military Education and Training (IMET) supports the U.S. objective of helping Samoa develop an effective maritime law enforcement and surveillance capability. Training in basic coastal surveillance and sea borne law enforcement skills is carried out in accordance with U.S. leadership doctrines, emphasizing civilian control. Department of Defense/Coast Guard resources contribute to broad-based economic growth in Samoa by assisting Samoa's maritime police patrol to strengthen enforcement of Samoa's maritime Exclusive Economic Zone and improve safety in Samoa's fishing fleet.

IMET programs for Samoan military and civilian medical personnel aim to help the Samoan Department of Health better manage scarce resources and improve the overall quality of health care in Samoa. IMET training has also helped Samoan police officers participate more effectively in the UN-sponsored peacekeeping force in East Timor, which Samoa joined in 2000. This was the first time that Samoa made a contribution to a peacekeeping force. There is no doubt that the training provided under IMET helped contribute to Samoa's readiness.

Samoa is eligible in FY 2004 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will assist Samoa in developing an effective maritime law enforcement capability and enhance interoperability with U.S. Department of Defense and Coast Guard forces.

**Solomon Islands**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
IMET	146	150	50
Peace Corps	28	27	0

In the interests of regional security, economic prosperity, and reduced threats of conflict or environmental degradation, U.S. assistance to the Solomon Islands focuses on strengthening the nation's capabilities to secure its maritime borders, encouraging its democratic institutions, and preserving its biodiversity.

U.S. International Military Education and Training (IMET) assists the country to strengthen the discipline, professionalism, and integrity of its security forces and develop an effective maritime reconnaissance force. Training in basic coastal surveillance and seaborne law enforcement skills help guarantee that the 1997 Solomons-Papua New Guinea border agreement continues to be honored. It also increases the country's ability to maintain control of its own fishery resources.

The Solomon Islands will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will support U.S. objectives of the Solomons' achieving more professional and better-disciplined security forces and effective maritime law enforcement and surveillance capability, as well as the capability to remove unexploded ordnance from World War II. Transportation, demining, training aids, and patrol craft are desired.

**Thailand**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	1,000	1,000	3,000
DA	750	2,250	750
FMF	1,300	2,000	1,000
IMET	1,748	1,750	2,450
INCLE	4,000	3,750	2,000
NADR-EXBS	70	50	1,500
NADR-HD	650	0	0
Peace Corps	1,267	1,694	1,922

The United States has important political, economic, strategic and security interests in Thailand. As a stable democracy, Thailand serves as both a model for development and democratization and a useful base of operations for our programs and activities in Southeast Asia. In addition, Thailand plays a valuable role as a responsible regional actor. Thai troops and officers make up a substantial part of the UN Transitional Authority in East Timor, and Thailand recently sent peace monitors to Aceh. Thai construction engineers will participate in the reconstruction effort in Afghanistan, and the Thai Ministry of Foreign Affairs has donated to the UN Afghanistan Reconstruction Fund. In the war on terrorism, Thailand has granted the United States overflight and landing privileges, cooperated closely on information sharing, and worked with us to curtail terrorist finance and track and impede the movement of terrorists. Thailand also occupies strategic ground in the war on drugs. Thailand borders two of the world's three largest opium producers and is a huge market for Burmese methamphetamines. Thai and U.S. law enforcement and military units work together in the battle against drug smugglers. Thailand also works with the United States on refugees, HIV/AIDS, land mines, and trafficking in persons.

Assistance to Thailand enhances our influence in a strategically important region, strengthens Thailand's efforts to combat terrorism, narcotics trafficking and other international crime, and reinforces military cooperation with a treaty ally. Thailand's stability in turn promotes economic development. Our two-way trade is \$21 billion.

In FY 2004, the United States plans to bolster successful International Military Education and Training (IMET) programs, and continue International Narcotics Control and Law Enforcement (INCLE), and Foreign Military Financing (FMF) programs.

Under the IMET program, we will continue to encourage the Thai military to respect and foster democratic principles and participate in international peacekeeping operations, such as East Timor and Aceh. We will also continue to encourage Thai participation in coalition operations outside of Thailand, such as Afghanistan. The 2004 FMF request complements other security and counternarcotics-related programs in Thailand by enhancing the Thai military's ability to combat and control terrorism, and control its porous border with Burma. INCLE, FMF, and IMET assistance supports U.S. objectives of increasing Thailand's counterterrorist and drug enforcement capability, improving interoperability with U.S. forces, and encouraging Thailand's demonstrated willingness to contribute to coalition operations, and international peacekeeping activities. Thailand will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2004. This grant EDA will also advance interoperability, counterterrorism, counternarcotics, and coalition and peacekeeping goals, while enhancing U.S. influence and access.

INCLE programs expand Thailand's ability to conduct counternarcotics operations, assist with opium eradication efforts, facilitate crop substitution and demand reduction efforts, build and reform law enforcement institutions, and enhance cooperation with the Drug Enforcement Agency. In addition, INCLE will maintain funds for equipment and training for Thailand's Anti Money Laundering Office to go after drug kingpins and, once legislative fixes are complete, terrorist financing and other transnational organized crime. Multilaterally, INCLE funds the International Law Enforcement Academy (ILEA) in Bangkok, a cooperative U.S.-Thai undertaking. ILEA provides counternarcotics and anti-crime training to participants from regional countries and builds cooperation among law enforcement personnel that is critical for fighting drug trafficking, transnational crime, and organized criminal enterprises. Since September 11, ILEA has included training for law enforcement personnel in techniques to disrupt terrorist financing and similar terrorist-related activities.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will provide assistance under the Export Control and Related Border Security Assistance (EXBS) program to strengthen Thailand's ability to control, detect, and interdict transfers of sensitive materials and technologies that could contribute to weapons proliferation. In FY 2004 the EXBS program will propose to begin activities to help Thailand strengthen its legal authorities and enforcement capabilities.

USAID's programs, supported with FY 2003 and FY 2004 Development Assistance (DA) and Child Survival and Health (CSH) funds, provide Thailand with the technical assistance it needs to improve environmental management of Thai municipalities and industries, halt the spread of infectious diseases such as HIV/AIDS, drug-resistant malaria, and tuberculosis, and lessen the incidence of trafficking in persons. All Thailand activities are implemented through USAID's regional programs, although a new regional support office will open in Bangkok in FY 2003.

**Tonga**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
IMET	115	125	125
Peace Corps	1,043	1,071	1,145

The United States wants Tonga's support in regional organizations, such as the Pacific Community, the Forum Fisheries Agency, and the South Pacific Regional Environment Program. Tonga has consistently supported U.S. positions at the United Nations since joining in 1999.

Tonga joined other regional nations in 1999 (New Zealand, Australia, Vanuatu, and Fiji) in providing unarmed peace monitors once a truce was achieved in Papua New Guinea's Bougainville Island province. International Military Education and Training (IMET) provides professional education and training for Tonga's Defense Force, with emphasis on respect for human rights, civil-military relations, rule of law, and military justice. IMET also helps to support Tonga's ability to contribute to regional peacekeeping endeavors.

Tonga is eligible to receive Excess Defense Articles (EDA) in FY 2004 under Section 516 of the Foreign Assistance Act. EDA will also support Tonga's ability to contribute to regional peacekeeping endeavors and the development of an effective maritime law enforcement capability.



**Vanuatu**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
IMET	95	100	100
Peace Corps	1,212	1,414	1,572

U.S. national interests in Vanuatu center on strengthening the nation's democratic institutions. Other interests include building Vanuatu's capacity to secure its maritime borders and encouraging programs that protect the island's environment and fragile natural resources.

The small Vanuatu Mobile Force (VMF) must patrol a vast area of ocean. U.S. Coast Guard training in maritime law enforcement supplements Australian and New Zealand programs and upgrades VMF capabilities. International Military Education and Training (IMET) will also help improve force discipline and enhance its effectiveness in regional peacekeeping and disaster relief efforts.

Vanuatu will be eligible in FY 2004 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will support the U.S. objective of improving VMF operational effectiveness in regional peacekeeping and disaster relief efforts. Transportation, training aids and patrol craft are desired.

**Vietnam**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
CSH	4,106	4,006	7,200
DA	6,950	8,450	4,000
IMET	0	100	100
NADR-EXBS	20	50	50
NADR-HD	1,500	1,700	1,600

The United States has a national security interest in promoting a stable, globally integrated Vietnam with increasing economic prosperity and U.S. trade relations. The United States also has an interest in helping disadvantaged groups, such as those at high risk of contracting HIV/AIDS, the disabled, displaced children, and victims of natural disasters, landmines, and unexploded ordnance.

The United States seeks to enhance Vietnam's ability to be a constructive regional player by encouraging Hanoi's active participation in the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF), and other strategic dialogues. We also seek to diminish mistrust through incremental expansion of military-to-military contacts.

The FY 2004 request includes funds for Expanded International Military Education and Training (E-IMET) courses to enhance English language proficiency among Vietnamese military officers. This will facilitate their attendance at conferences and confidence building meetings hosted by Headquarters, Pacific Command. Programmed FY 2002 funding for this purpose was not disbursed due to a Vietnamese failure to agree to assurances on end use and third-party transfers. The United States hopes to conclude an IMET agreement with Vietnam to allow for use of FY 2003 and FY 2004 funds.

Landmines and unexploded ordnance pose a constant danger to civilians and are a severe impediment to agriculture and economic development. FY 2004 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will be used to continue to assist Vietnam with development of a comprehensive humanitarian demining program to protect the lives of innocent civilians and to promote economic and agricultural development. NADR funds also will provide export control assistance to strengthen Vietnam's ability to control, detect and interdict transfers of sensitive materials and technology that could contribute to weapons proliferation.

Development Assistance (DA) and Child Survival and Health (CSH) funds will focus on select vulnerable groups, including victims of war injuries, land mines, or annual floods, as well as orphans and displaced children and those at high risk of contracting HIV/AIDS. These funds will continue to help improve opportunities for war victims and children at risk. For the war victims and victims of mines left by war, activities will focus on providing orthotic and prosthetic devices as well as rehabilitation for those in need of artificial limbs. These funds will promote barrier-free access in building design and construction and increase the participation of the disabled in the decision-making process. There will be more emphasis on children with disabilities and in developing local capacity to include them in educational programs. Future programs will place more emphasis in sustainability by building local capacities to support these disabled groups.

**ASEAN Regional**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	0	0	2,500

New in FY 2004, the ASEAN fund will operate in support of the ASEAN Cooperation Plan (ACP) announced by the Secretary of State in August 2002. The Fund complements the President's Enterprise for ASEAN initiative and will support projects in three areas: bolstering the administrative and project implementation capacity of the ASEAN Secretariat; building regional cooperation on transnational challenges, including terrorism, human trafficking, narcotics, and HIV/AIDS and other infectious diseases; and fostering ASEAN economic integration and development, including investment, customs reform, standards, and the ASEAN Free Trade Area (AFTA).

The ASEAN Regional Fund will support capacity building projects to enable the ASEAN Secretariat to support the organization more effectively as the chairmanship rotates among member countries. Assistance in developing ASEAN capabilities to counter the many transnational challenges facing the region reinforces U.S. policies and national interests, such as terrorism, narcotics trafficking, and people smuggling and human trafficking. Finally, support for "ASEAN Integration" will facilitate ASEAN development as an effective economic and political organization. To this end, the Fund will address ASEAN needs in human resource development, information technology, regional economic integration, and sustainable environmental management of forest and coastal areas.

**Regional Democracy**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	5,000	5,000	4,000

It is in the U.S. national interest to facilitate democratization in nations where it has been slower to take root or which are in a critical stage in their evolution towards full democracy. By helping groups and institutions that are working for more open and democratic government and the development of market-based institutions, the United States is also attacking one of the roots of terrorism, thus enhancing our own national security.

EAP Regional Democracy funds promote democratic institution building in key countries of East Asia and the Pacific where transition to democracy is in progress. Non-governmental organizations (NGOs), U.S.-based and Asian, as well as governmental agencies receive support in their efforts to build democratic institutions and set standards for good governance and transparency. Democracy funds may be used to further enactment and enforcement of legislation to develop civil society, labor rights, and improved governmental ability to adhere to a broad range of international standards.

FY 2002 funding was used to combat terrorism in the region by increasing transparency at all levels of government and by strengthening civil society organizations that advocate on behalf of human rights, the rule of law, and freedom of the press, religion and assembly.

As in FY 2003, in FY 2004 the Fund will again focus on combating the roots of terrorism in the region in part through support of governments seeking to develop or expand educational and economic opportunities in areas, many with majority Muslim populations, where such opportunities have been lacking. We will continue to work closely with The Asia Foundation and other well-established international NGOs to implement a balanced and effective strategy.

**Regional Security Fund**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
ESF	250	250	250

Active participation in and support for multilateral approaches to regional security are important elements of U.S. Asia-Pacific security policy. The United States is a leading member of two multilateral security organizations: the 23-member ASEAN Regional Forum (ARF), the only region-wide governmental forum devoted to discussion of security issues in the region; and the 5-member Northeast Asia Cooperation Dialogue (NEACD), a non-governmental (Track II) group. In addition, the United States is a Dialogue Partner and strong supporter of the Association of Southeast Asian Nations (ASEAN). ASEAN has established an expectation that differences among members will be resolved peacefully. For the last two decades there has been no major armed conflict among members. In addition, ASEAN members are working together to combat terrorism and other transnational issues and have cooperated to address problems that could undermine regional security. ASEAN members chair the ARF. The United States is also a dialogue partner of the Pacific Island Forum (PIF). These groups have contributed significantly to building a more stable regional security environment, fostering a climate of dialogue on regional disputes, and thereby supporting U.S. security and economic interests in the region.

Multilateral security diplomacy is in its infancy in Asia. The ARF and NEACD date from the mid-1990s. With the exception of ASEAN, most regional groups do not have an institutional character (permanent headquarters) or organs (i.e., standing councils or secretariats). Rather, they serve as fora for inter-governmental or mixed governmental and non-governmental gatherings. Programs are sponsored by participants under the rubric of the organization, not by the organization itself. In FY 2004, one objective of Regional Security funds will be to support dialogue and confidence-building programs, particularly within the ARF, on contentious issues in the region. Programs such as seminars, workshops, and exchanges on traditional (e.g., arms control) and non-traditional (e.g., piracy and related maritime security threats) challenges for officials from ARF countries will be emphasized.

A second objective will be to promote the development of multilateral institutions themselves. The ARF has begun to develop the tools of preventive diplomacy in order to make a more tangible contribution to regional security. In FY 2003, the ARF began to develop effective counter-terrorism tools that incorporated inter-ministerial (inter-agency) approaches to combating terrorism, including justice, military, finance and customs, and immigration dimensions. In FY 2004, the Fund will support the continued movement of the ARF in this direction. ASEAN also looks at regional security issues, and the ASEAN Secretariat can be an important tool of multilateral diplomacy. The PIF is increasing regional cooperation to improve the ability of the Pacific Island member states to respond to trans-national challenges, such as drug trafficking, money laundering, and terrorism.

Finally, Regional Security funds could also be used to support the development of multilateral diplomacy in situations where regional institutions may be unable to engage effectively. Track II organizations, such as NEACD and the Council for Security Cooperation in the Asia-Pacific (CSCAP) can provide channels for these activities; they may also be proposed as U.S. national projects. Activities such as programs for Asian officials on the regional security implications of and possible responses to specific ethnic or religious conflict or repression of minority and political rights could be an area for project support. Funds could be used to support common political action agreed by groups of states in response of security challenges, such as the dispatch of special envoys or mediators. Funds could also be used more broadly in support of multilateral efforts to combat terrorism.

These efforts contribute to the gradual development of more functional multilateral institutions that can actively bring resources to bear on the resolution of regional issues. The creation of such tools will promote U.S. interests by enhancing regional stability and respect for international norms for interstate relations.

**Regional Women's Issues**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	4,000	4,000	3,000

The Regional Women's Issues Fund helps advance democracy and human rights by improving the status of women throughout East Asia and the Pacific (EAP). Improving the status of women leads to full enfranchisement of all citizens, higher educational levels for half the population, and a more skilled and healthier labor force. This strengthens the foundation for accomplishing other high priority goals.

The three objectives of Regional Women's Issues are to increase women's participation in the political process, eliminate violence against women in all its forms, and reduce the trafficking of women and children within and from the East Asian and Pacific region.

Economic Support Funds (ESF) were initially provided in FY 2000. In previous fiscal years, the funds concentrated on combating Trafficking in Persons (TIP). The State Department has compiled and submitted two annual Trafficking in Persons reports to the Congress in July 2001 and June 2002. In the 2001 TIP Report, four EAP countries (Burma, Cambodia, Indonesia and South Korea) were in the lowest category, Tier III (i.e., countries not making significant efforts to bring themselves into compliance with the minimum standards listed in the Trafficking Victims Protection Act of 2000; that law requires imposition of certain sanctions starting in 2003). In the FY 2002 TIP Report, three EAP countries (Burma, Cambodia and Indonesia) were in Tier III. Many other countries in EAP were in Tier II (i.e., countries that do not yet fully comply with the Act's minimum standards but are making significant efforts to bring themselves into compliance). Grants are awarded to results-oriented proposals aimed at moving these countries in the direction of better enforcement of laws and regulations for combating trafficking of persons, and better protection of and assistance to victims. In FY 2003, more emphasis will be placed on projects with regional scope, as trafficking in persons is also a transnational issue.

In FY 2004, the Regional Women's Issues Fund will focus on women's empowerment and the improvement of women's social status through increased participation in the political process. This approach will supplement Bureau of International Narcotics and Law Enforcement Affairs (INL) and other efforts to fight TIP problems in the region, as well as to help advance democracy and human rights in the region.

**South Pacific Fisheries**  
(\$ in thousands)

Account	FY 2002 Actual	FY 2003 Request	FY 2004 Request
ESF	14,000	18,000	18,000

The 1988 South Pacific Multilateral Fisheries Treaty is a key component of our strong overall foreign relations with the Pacific Islands States and a model for others. It provides a solid foundation upon which the United States and the member states of the Pacific Islands Forum (known as the South Pacific Forum until October 1999) can cooperatively address the challenges of sustainable fisheries conservation in the South Pacific. This treaty, through positive multilateral cooperation, achieves profitable, sustainable management of fisheries resources, and ensures continued access for U.S. commercial fishing vessels to the Pacific Ocean tuna fishing areas.

Since the treaty came into force, our annual payment obligations under the treaty have ensured access to broad areas of the Pacific, including parts of the exclusive economic zones of the 16 governments which make up the Forum Fisheries Agency (FFA). This positive fisheries relationship, as well as a common desire to conserve fisheries resources in the South Pacific, has carried over into the ongoing multilateral negotiations for a conservation and management regime in the Central and Western Pacific, where we are cooperating closely with the Pacific Island States. The goal of these ongoing negotiations is to develop a mechanism to ensure that highly migratory resources in that region are not depleted.

The treaty with the 16 governments of the FFA has been extended for another ten years -- until 2013. The increased funding authority in FY 2003 enabled the United States to reach agreement to extend the agreement and avoid conflict over access to and management of highly migratory fisheries resources, thereby ensuring continued unimpeded access by U.S. commercial fishing vessels to highly productive fishing areas in the Pacific Ocean, pursuant to the treaty. Activities to support this treaty will continue in FY 2004.