

EAST ASIA AND THE PACIFIC

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Burma
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	2,000	-	-
ESF	6,954	12,923	7,000

Burma, strategically located between China and India in Southeast Asia, remains of continuing concern to the U.S. U.S. 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.

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 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 house arrest. In May of 2003, the government once again detained ASSK and many other leaders of her political party after an attack on her traveling convoy by government-affiliated thugs. The SPDC has announced plans to move forward with a "roadmap" for democratic change but has not clarified the role of the democratic opposition in these plans.

In addition to work inside the country, ESF funds also target the ethnic populations that have fled 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 and victims of trafficking 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.

Cambodia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	22,100	29,860	25,300
DA	3,687	2,000	2,200
ESF	15,000	16,900	17,000
IMET	-	-	50
NADR-HD	2,765	3,038	3,300
NADR-SALW	-	300	-

Promoting peace, stability and democratic development in Cambodia is essential to the region's stability in the wake of thirty years of war and Khmer Rouge genocide. As a participant in the 1991 Paris Peace Accords on Cambodia, the U.S., 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.

Since 1997, assistance to Cambodia has been funneled almost exclusively through non-governmental organizations (NGOs) and international organizations. 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.

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 2005. 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 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	24,838	22,367	13,500
FMF	1,990	1,988	1,000
IMET	119	150	300
Peace Corps	1,219	1,413	1,823
PKO	3,250	1,988	-

The U.S. has important political and security interests in East Timor. The people of East Timor 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 UN Mission of Support in East Timor (UNMISSET) is currently scheduled to close in May 2004 but may be extended in considerably smaller numbers to provide support to the security sector.

The U.S. intends to continue to help East Timor with assistance aimed at establishing a stable and secure democratic government and a growing market economy. 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 U.S. 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 2004, the last of the 60 police officers the U.S. contributes to the civilian police (CIVPOL) component of UNMISSET will depart. We are now working with other donors to develop follow-on police training programs.

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 and 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. Finally, because of delays in the flow of revenues from East Timor's gas reserves, ESF funds will be used to contribute to an extension of the World Bank-administered Transitional Support Program, which assists East Timor's nascent governing structures and provides critical backing for implementation of the National Development Plan promoting priorities in basic education, health and poverty reduction.

This request for \$13.5 million in ESF funds, a 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 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.

East Timor will be eligible in FY 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	-	200	250
Peace Corps	924	1,363	1,717

Civilian governments in Fiji have been overthrown three times, most recently in May 2000, because of deep communal differences. 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. Nevertheless, the government's effort to resolve political differences between the ethnic communities in a manner consistent with Fiji's constitution opened the door to a resumption of the IMET program in 2003.

U.S. interests in Fiji, the most significant of the Pacific Island countries, include encouraging stable and democratic government, promoting economic prosperity via facilitation of U.S. trade and investment and supporting 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. In 2003, Fiji contributed military and police forces to the Australian-led effort to restore peace and stability in the Solomon Islands. Fiji has offered troops for service in Iraq. 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 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	31,955	34,000	32,300
DA	39,016	31,291	32,742
ESF	59,610	49,705	70,000
IMET	276	459	600
INCLE	-	-	10,000
NADR-ATA	1,008	5,755	6,000
P.L. 480 Title II	29,540	6,604	23,000

Six years into a comprehensive political and economic transition, Indonesia has made significant progress in consolidating democratic reforms and processes. The outcome of Indonesia's democratic transition has profound implications for U.S. strategic interests in fighting terrorism; preserving regional stability; and supporting democracy, the rule of law and respect for human rights. A thriving Indonesian democracy could serve as an example and inspiration to other Muslim nations with a long history of autocratic rule.

However, serious challenges remain that could derail what is still a fragile situation. The education system is in crisis. Indonesia is the only major ASEAN country yet to recover fully from the 1997-1998 Asian Financial Crisis. Decentralization shifted responsibility for the delivery of essential human services to more than 400 local governments, most of which are ill-prepared to plan, budget and manage these services in an effective and transparent manner. Indonesia continues to face difficult problems in dealing with separatist challenges and communal strife. While the Indonesian government has made impressive progress in addressing terrorism, there is much still to be done.

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.

We are achieving measurable success in expanding our political outreach to mainstream organizations that oppose violence. Since the October 2002 Bali bombing and the more recent July 2003 Marriott Hotel bombing, Indonesia has demonstrated its resolve to fight terrorists and violent extremism. Senior GOI officials acknowledge the threat of terrorism, and civil society leaders are speaking out on the need to prevent terrorism from exacerbating religious tensions.

Economic Support Funds (ESF) augment and complement Development Assistance (DA) and Child Survival and Health (CSH) funds, 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 supported.

In FY 2005, DA, ESF and CSH funds will support economic growth (including counterterrorism and combating financial crimes), democracy (including tolerance advocacy, public diplomacy and strengthening local government), conflict mitigation and response, and a major new education initiative. The increase in ESF planned for FY 2005 is to support improving basic education in Indonesia as a key element of our counterterrorism efforts. This education initiative, announced by President Bush, will prepare Indonesia's children to be effective participants in their own democratic society, while reducing extremism and intolerance in favor of democracy, respect for diversity and resolution of societal and political differences

through non-violent means. Funding for this initiative will leverage and complement the larger-scale education assistance programs of Japan, Australia, the World Bank and the Asian Development Bank.

NADR funding will enable continued training and expansion of the Police Counterterrorism Task Force.

The FY 2005 IMET program will continue to build on military reform work initiated in FY 2003. Complementing the extensive DoD Counterterrorism Fellowship program, the 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 would also focus on the concepts of transparency in budgeting, logistics and acquisition processes.

INCLE funding will provide support for building civilian judicial capability in Indonesia, a key policy goal in our regional fight against international terrorism.

USAID's P.L. 480 Title II program will help 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 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	1,000	-	-
DA	1,000	-	-
IMET	-	100	100
INCLE	2,500	2,000	2,000
NADR-HD	1,200	1,412	2,500
P.L. 480 Title II	405	-	-

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 enhance its ability to deliver services to Lao citizens and improve basic social welfare. Laos is a major opium producing country and an increasingly important drug-transit point. It is also 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 September 11 attacks, 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, publicly supported U.S. actions in the war against terrorism despite our lengthy history of political disputes, and passed eight international anti-terrorism conventions.

The FY 2005 request for Humanitarian Demining programs under the Non-Proliferation, Anti-Terrorism, Demining and Related Programs (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 2005 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, thereby enhancing the efficiency of JTF activities.

Laos is eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act. 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 activities.

International Narcotics Control and Law Enforcement (INCLE) funds target alternative development and crop control programs. The principal activity is road construction projects in Luang Prabang province to provide market access to farmers. INCLE funding also supports training and maintaining special counter-narcotics units of the police and demand reduction projects to treat addicts and perform public outreach against drug use.

Malaysia
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	831	1,200	1,100
NADR-ATA	1,267	-	870
NADR-EXBS	-	80	150

The U.S. and Malaysia, one of the key Muslim states in the Southeast Asia region, cooperate closely in areas as diverse as counterterrorism, military relations, trade and education. Malaysia has been a pro-active partner in the global campaign against terrorism – pursuing terrorists relentlessly and sponsoring a Southeast Asia Regional CT Center (SEARCCT), for which we offer training. In 2002, Malaysia and the U.S. signed a bilateral declaration of cooperation to combat international terrorism. Malaysia is among our top dozen trading partners and continues to be an important market for U.S. goods and services.

Occupying a strategic location along the Strait of Malacca and the South China Sea, the Malaysian government devotes considerable resources to maintaining safe and free shipping lanes for commercial and military vessels. Malaysia is an active member of the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum. Malaysia also seeks to be an influential voice on Islamic issues and the Middle East and is currently the Chair of the Organization of Islamic Conference (OIC). Malaysia has sought to play a positive role in the peace process in the southern Philippines between the government of the Philippines and the Moro Islamic Liberation Front (MILF).

The U.S. and Malaysia enjoy a productive and mutually beneficial defense relationship. Malaysia hosts between 15 and 20 U.S. Navy ship visits per year. Malaysia has purchased U.S.-made F/A-18 fighter planes and C-130 aircraft. U.S. military personnel participate in Malaysian military training courses, and Malaysian military officers are trained at U.S. facilities under the International Military Education and Training (IMET) program.

FY 2005 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. 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 Malaysian military capabilities and strengthen bilateral military cooperation, all the more important in our post-9/11 counterterrorism effort.

Malaysia is also engaged in training that will improve the military's ability to combat narcotics trafficking and money laundering operations. Participation in IMET is highly valued by the Malaysian military, and IMET graduates continue to advance steadily. Malaysia's army chief is a 1980 graduate of the U.S. Army Command and General Staff College at Fort Leavenworth.

Malaysia will continue to be eligible in FY 2005 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. NADR funds will also be used to continue demining programs and training opportunities for the Malaysia CT center.

Mongolia

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	10,000	9,941	10,000
FMF	990	995	500
IMET	767	850	850
Peace Corps	1,765	1,848	1,911

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 U.S. 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. Mongolia's recent contribution of peacekeeping troops in Iraq and Afghanistan is a clear indication of how these investments in Mongolia's democratic and economic development have had an impact.

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 U.S. will use funds to help to strengthen rural civil society and improve the effectiveness of the parliament and the judiciary.

Mongolia must be able to protect and maintain its own borders. Its southern border stretches 2,800 miles along China (China's longest border). Mongolia's northern border unfolds 1,900 miles along Russia. North Korea sits only some 500 miles to Mongolia's east. The Foreign Military Financing (FMF) request will assist 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 2005, E-IMET programs will be increased to train senior leadership and assist in the program of military reform and restructuring. FY 2005 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 2005. Grant EDA will be used to support disaster management and humanitarian assistance/relief.

Papua New Guinea

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	256	300	300

U.S. national interests in Papua New Guinea (PNG) derive from our overarching interest in regional stability and 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, continuing efforts to establish a government of reconciliation require that PNG armed forces retain a small presence in Bougainville. Their cooperation and ability will be necessary for any lasting settlement on the island. PNG has offered troops to the effort in Iraq, hoping to join with other nations in the Global War on Terrorism. 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 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 2005 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.

Philippines
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	22,920	29,350	28,000
DA	28,209	22,068	26,076
ESF	15,000	17,645	35,000
ESF-SUP	30,000	-	-
FMF	19,870	19,880	30,000
FMF-SUP	30,000	-	-
IMET	2,400	2,700	3,000
INCLE	-	2,000	2,000
NADR-ATA	1,939	-	2,000
NADR-SALW	155	-	-
Peace Corps	2,624	2,598	2,876

The U.S. 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 U.S. to enhance its counterterrorism capabilities. Its democratic institutions are under considerable stress, but the Philippines has an important role to play in maintaining regional peace and security as 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 U.S. have strengthened bilateral security relations and worked together to bolster Armed Forces of the Philippines (AFP) capabilities. In recognition of the critical nature of Philippine support to the Global War on Terrorism, President Bush in late 2003 designated the Philippines as a major Non-NATO Ally (MNNA), one of only eleven foreign countries so designated. U.S. assistance bolsters President Gloria Macapagal-Arroyo's progressive national agenda, including combating corruption, accelerating economic liberalization and promoting national reconciliation, particularly in Mindanao. It also supports structural reforms to increase the Philippines' strength as a market for U.S. investments and exports. The 2004 presidential election in the Philippines will serve as a referendum on Arroyo's policies, including her alliance with the U.S. in the war on terror.

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 2003 FMF appropriation funded the third 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 \$30 million in supplemental funding supported activities in connection with Operation Enduring Freedom Philippines, to wit: the training of another Light Reaction Company (LRC) and provision of necessary equipment. FY 2004 and 2005 FMF will provide spare parts for equipment, overhauls and upgrades, programmed depot maintenance and improving logistics; follow-on support to our initial CT investments; and helping the Philippine Government undertake systemic reform of its military according to the recommendations laid out in the 2003 U.S.-RP Joint Defense Assessment (JDA).

The Philippines will be eligible in FY 2005 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 focus 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. AFP IMET graduates 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 guerilla 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 (MNLF), strengthen the administration of the Autonomous Region of Muslim Mindanao and support outreach to other Muslim separatist groups. Should the Moro Islamic Liberation Front (MILF) reach a peace agreement with the Philippine Government, ESF funds could also be used to provide livelihood and reintegration programs like those previously provided to the MNLF. 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 education, economic growth and the development of civil society. Child Survival and Health (CSH) funds will support child health and family planning, as well as programs to counter the spread of HIV/AIDS.

FY 2005 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.

Samoa
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	76	150	50
Peace Corps	1,364	1,301	1,538

U.S. national interests in Samoa grow out of our national security interest in regional stability. The U.S. 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.

Samoa is eligible in FY 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	151	50	150
Peace Corps	40	27	-

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.

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 helps 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. Enhancements in the Solomon Islands forces will allow it to work more effectively with the Regional Assistance Mission to the Solomon Islands (RAMSI), the Australian-led intervention that has restored law and order to the country and is now working to rebuild national institutions and systems of governance.

The Solomon Islands will be eligible in FY 2005 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.

Thailand
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	1,500	-	-
DA	1,250	-	-
FMF	1,990	995	500
IMET	1,768	2,450	2,500
INCLE	3,700	2,000	2,000
NADR-EXBS	200	380	750
Peace Corps	1,818	2,073	2,550

The U.S. has important political, economic, strategic and security interests in Thailand, which was designated a Major Non-NATO ally in 2003. 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 are in Iraq (and suffered two deaths in a late December suicide bombing in Karbala), served well at Bagram, Afghanistan as part of OEF, played a key role in INTERFET and UNTAET in East Timor and sent peace monitors to Aceh. In the war on terrorism, Thailand captured Hambali, the operational chief of Jemaah Islamiyah and the Al Qaeda link to Southeast Asia, offered other key sensitive cooperation against priority targets, has granted the U.S. 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 U.S. 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, and the U.S. and Thailand will launch Free Trade Negotiations in 2004.

In FY 2005, the U.S. 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 military professionalism and participate in international peacekeeping and reconstruction operations such as Iraq, Afghanistan, East Timor and Aceh. The FY 2005 FMF request complements other security and counternarcotics-related programs in Thailand by enhancing the Thai military's ability to combat terrorism, improving its interoperability with U.S. forces and increasing its capacity to control Thailand's 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 2005. EDA grants will advance interoperability, counterterrorism, counternarcotics and coalition peacekeeping goals, while enhancing U.S. influence and access.

INCLE programs help build, strengthen and reform criminal justice, law enforcement and investigative institutions to enhance Thai capabilities to meet the challenges of 21st century transnational and organized crime. In addition, INCLE supports Thailand's ability to conduct counternarcotics operations, facilitate crop substitution and demand reduction efforts and enhance regional and multilateral counternarcotics cooperation. Funds will be used to support legal and legislative reform, anti-money laundering measures, drug control, anti-corruption measures and crime control and criminal justice programs. INCLE funds will continue support for Thailand's Anti-Money Laundering Office to pursue drug kingpins and other transnational crime figures and their organizations. INCLE funds will support the presence of a senior Department of Justice prosecutor in the Thai Criminal Law Institute to support Thai efforts to prosecute all forms of transnational crime and will help fund the new Special Investigate Department in the Ministry of Justice to combat financial and other crimes that support terrorism. Multilaterally, INCLE funds the International Law Enforcement Academy (ILEA) in Bangkok, a cooperative U.S.-Thai undertaking.

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 2005, the NADR program will focus on activities to help Thailand strengthen its legal authorities and enforcement capabilities.

USAID's programs 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. A new regional support office opened in Bangkok in FY 2003.

Tonga
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	127	125	135
Peace Corps	1,076	1,051	1,296

The U.S. values 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. Tonga has offered troops for service in Iraq. 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 2005 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 2003 Actual	FY 2004 Estimate	FY 2005 Request
IMET	106	100	110
Peace Corps	1,454	1,568	1,867

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 2005 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.

Vietnam
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
CSH	5,300	6,600	5,700
DA	7,671	3,000	4,500
IMET	-	100	50
NADR-EXBS	100	230	280
NADR-HD	2,427	2,076	2,600

The U.S. has a national security interest in promoting a stable, globally integrated Vietnam with increasing economic prosperity and U.S. trade relations. The U.S. 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 U.S. 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 2005 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 Pacific Command Headquarters.

Landmines and unexploded ordnance are a constant danger to civilians and a severe impediment to agriculture and economic development. FY 2005 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 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 helping children with disabilities and developing local capacity to include them in educational programs. Future programs will place more emphasis on sustainability by building local capacities to support these disabled groups.

ASEAN
(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	-	994	2,500

Economic Support Funds (ESF) for the ASEAN region will support activities under ASEAN Cooperation Plan (ACP), announced by the Secretary of State in August 2002. These funds also complement the President's Enterprise for ASEAN initiative. These senior-level U.S. policy initiatives provide for an essential U.S. government regional presence in Southeast Asia and complement the work of other countries like China, Japan, Korea, India and the EU, which have similar programs with ASEAN.

Funding supports projects with three goals: (1) Bolstering the administrative and project implementation capacity of the ASEAN Secretariat. The U.S. has an interest in an effective regional support structure for meetings involving senior U.S. officials and a growing number of cooperative activities. (2) Building regional cooperation to address transnational challenges of importance to both ASEAN and the U.S., including terrorism, human trafficking, narcotics and HIV/AIDS and other infectious diseases. ASEAN is an effective partner in helping to solve problems that cross borders within the region. (3) Fostering ASEAN economic integration and development. These two objectives cover issues of interest to ASEAN, the U.S. government and our private sector and include investment policies, customs reform, standards and the ASEAN Free Trade Area (AFTA).

Regional Security Fund

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	200	-	250

Active participation in and support for multilateral approaches to regional security are important elements of U.S. Asia-Pacific security policy. The U.S. 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 five-member Northeast Asia Cooperation Dialogue (NEACD), a non-governmental (Track II) group.

In addition, the U.S. 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 U.S. 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, which thereby supports 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 2005, Regional Security funds will 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., counter-terrorism and maritime security) challenges for officials from ARF countries will be emphasized.

In FY 2004, the ARF continued 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 2005, the Fund will support the continued movement of the ARF in this direction.

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 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	1,000	1,988	1,000

Regional Women's Issues funding helps advance human rights and promotes democracy by improving the status of women throughout East Asia and the Pacific (EAP). Elevating the status of women is an important prerequisite for developing a populace that is healthier, educated, and functions better as a skilled labor force. This type of development contributes to building an environment that promotes democratic values and institutions. This strengthens the foundation for accomplishing other high priority goals.

Funding for Regional Women's Issues will focus on empowering women through political participation, economic independence and elimination of violence against women. This program will work with ESF-eligible governments in the region listed on Tier 2 and the Special Watch List of the Trafficking in Persons Report and support or expand existing projects that promote women's empowerment. Empowerment is an important component in fighting trafficking, corruption and poverty.

South Pacific Fisheries

(\$ in thousands)

Account	FY 2003 Actual	FY 2004 Estimate	FY 2005 Request
ESF	17,829	17,894	18,000
ESF-REIMB	171	-	-

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 U.S. 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.

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