

# U.S. POLICY TOWARD SOUTHEAST ASIA

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON ASIA AND THE PACIFIC  
OF THE  
COMMITTEE ON  
INTERNATIONAL RELATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

—————  
MARCH 26, 2003  
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**Serial No. 108-21**  
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Printed for the use of the Committee on International Relations



Available via the World Wide Web: [http://www.house.gov/international\\_relations](http://www.house.gov/international_relations)

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U.S. GOVERNMENT PRINTING OFFICE

86-081PDF

WASHINGTON : 2003

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## U.S. POLICY TOWARD SOUTHEAST ASIA

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WEDNESDAY, MARCH 26, 2003

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON ASIA AND THE PACIFIC,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The Subcommittee met, pursuant to call, at 2:07 p.m. in Room 2200, Rayburn House Office Building, Hon. James A. Leach [Chairman of the Subcommittee] presiding.

Mr. LEACH. The Committee will come to order. I apologize to my colleagues. We had some voting in another Committee that I was obligated to be at. But on behalf of the Subcommittee, I would like to welcome our Administration witnesses. We are pleased today to review testimony from Matthew Daley, who is Deputy Assistant Secretary of State for East Asia and the Pacific, as well as Gordon West, who is senior Deputy Assistant Administrator for the U.S. Agency for International Development.

At the outset I would like to register the Committee's appreciation to our friends and allies in the region that have joined the coalition seeking to disarm Iraq of his weapons of mass destruction. These include Australia, which has forces actively engaged in the field, as well as Japan, South Korea, the Marshall Islands, Micronesia, the Solomon Islands, Mongolia, the Philippines, and Singapore. As we all understand, the Iraq issue has posed an unprecedented set of challenges for America and the world community, and whatever one's individual judgment of the issue, Congress can only express its gratitude and appreciation to the countries that are standing with the U.S. while our fighting men and women are in harm's way.

The purpose of today's hearing is to review the United States policy toward Southeast Asia. As my colleagues know, this is an enormously diverse region that continues to engage a broad range of American interests, including securing cooperation in the campaign against international terrorism.

I have a number of observations that I would ask unanimous consent to place in the record, and I would ask unanimous consent that all other Members be entitled to place statements and expand their remarks in the record as well. With no objection, let me turn to Mr. Faleomavaega. Do you have an opening statement, sir.

Mr. FALEOMAVAEGA. Mr. Chairman, I again want to thank you for your leadership as Chairman of our Subcommittee and for calling this hearing this afternoon. We have just about completed the whole cycle in terms of our jurisdiction of responsibilities that we have in overseeing the Administration's activities in this region in

the world. As I recall, we started off with the crisis in North Korea and then we also held a hearing on the crisis of the problem attending India and Pakistan in South Asia. We also had a hearing on the problems effecting the situation there in Northeast Asia. So now, today, we are covering issues affecting the countries that are part of this region, which is generally known as Southeast Asia.

I sincerely hope, Mr. Chairman, that in the process, we will also have an oversight hearing in a region called the Pacific. I think this might also include Australia, New Zealand and about 15 other island nations that are part of this.

But I do sincerely want to thank you for bringing this issue to the forefront before our Subcommittee and we are certainly delighted to have the Administration witnesses here before us. Deputy Assistant Secretary Daley, the Bureau of East Asia and Pacific Affairs, and Mr. Gordon West with USAID. We are looking forward to the gentlemen's testimony this afternoon, and I would like to extend the same courtesy to my colleagues here. If there is anyone that might want to have an opening statement they want to share with the Committee, but I want to thank you, Mr. Chairman, for this.

Mr. LEACH. Does anyone else have an opening statement? If not, let me introduce Mr. Daley, who is well known to the Committee. Mr. Daley has served in the Army and the U.S. Treasury Department. He joined the foreign service in 1976 and has had numerous assignments in Washington and overseas.

Mr. FALEOMAVAEGA. Mr. Chairman, if you will yield, I make an observation in passing. It is ironic some 15 years ago when you and I were Members of this distinctive Subcommittee for which hardly any Members of the Committee wanted to join or be a part of. But it interesting to note now that only in the past 2 or 3 years, that there has been a dramatic shift or change in the activities of our Committee, given the fact that this Subcommittee now holds the largest number of Members, ironically, if I might say, and I am just glad to see that there is tremendous interest on the part of our Committee to see that the Asia Pacific region is an integral part of our national interest, not only strategic, but as well as economic. And I think it is good that we see this and we certainly hope that our friends in the Administration will take that note of the tremendous interest we now have toward this region of the world. Thank you, Mr. Chairman.

Mr. LEACH. I thank you for your comments. Mr. West is currently USAID's Senior Deputy Assistant Administrator for Asia. He has wide experience in the Asia Pacific region having served as an AID mission director in Bangladesh and Cambodia. And prior to his Cambodia assignment, he served as Deputy Mission Director in the Philippines. He has also served in AID missions in Eastern Europe, Pakistan, Indonesia and Egypt. I thank you both for coming and I appreciate very much the Department nominating people of such an excellent background and thoughtfulness to these positions. You are both welcome to proceed as you see fit.

Without objection your full statements will be placed in the record and you may summarize as you see fit.

Mr. Daley.

**STATEMENT OF THE HONORABLE MATTHEW P. DALEY, DEPUTY ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. DALEY. Thank you, Mr. Chairman. I would like to begin by taking this opportunity to express my appreciation to you and to Members of the Committee for what has been a deep and abiding interest in Southeast Asia. This kind of support is very important to us.

Chairman Hyde's invitation requested our assessment of U.S.-Indonesia relations, counterterrorism efforts, the situation in Burma, possible troop deployments in the Philippines, the political climate and election preparations and Cambodia and human rights conditions in Vietnam, and I will touch on all of these in my oral presentation.

We view Indonesia as an example of tolerance and democracy and as an extremely important model for other Muslim countries. I believe you know that Indonesia is the fourth largest, most populous country in the world, and it is the country with the largest Muslim population. Indonesia's democratic transition gives the lie to those who would claim that Islam and democracy are mutually incompatible. And so the outcome of Indonesia's experiment with democracy has profound implications for a variety of American interests, including our strategic interests.

We think that the terrorist threat that endangers Indonesia was made graphically clear by the Bali bombing last October. Indonesia has responded to that by conducting a police investigation that has made remarkable assistance in solving the case and disrupting the Jemaah Islamiya terror network. We are providing assistance to the Indonesian nation police to help meet the terrorist threat and to make its evolution from being part of the military institution to being a civilian police force that is fully accountable for its conduct.

I must say that we are concerned that the conference report language in the FY 2003 budget request requires that all ESF funds for Indonesia be passed to AID. This is not a comment to my colleague's organization but this could eliminate our ability to fund what has been a very important program of police training completely. We are examining this problem in the Administration and it may well come back to the Congress after we have had a chance to get all the lawyers together and see if there is any conceivable way out of the circumstance in which we find ourselves.

I should note that it had been the Indonesian police and not the military who have been responsible for the terrorists arrests in Indonesia and for the very effective investigations and the very effective security cooperation we have had to protect the American Embassy and our official Americans as well as the private community.

Mr. Chairman, I know that the military-to-military relationship is one of the most controversial aspects of our bilateral dealings with Indonesia. We appreciate congressional authorization for IMET training. This is a very important part of our military relations. IMET provides us with access to the Indonesian military and it offers Indonesia military personnel exposure, not only to modern training and principles of military reform, but also, for the first time in their lives, in many cases, it exposes them to the need to think for themselves and not to accept the school solution or the

received conventional wisdom. It is from people who have had this experience that we believe the future reformers of the Indonesian military will disproportionately come.

At this stage, we have made no decisions on using the \$400,000 in IMET monies that were available to us in the FY 2003 budget. Because of the Papua murders, which I will speak about shortly, we intend, not only to vet all the IMET candidates with exceptional care, but we intend to consult most fully with the Congress before we obligate any of these monies.

The Papua murders are, indeed, one of the most significant issues of concern in our bilateral relationships, I am referring now to murders of Americans citizens in August 2002. The Indonesia police themselves have judged that the preponderance of the evidence in this case points to members of the Indonesian army as being involved in the crime. We are not going to make any definitive judgments on this case while the investigation is underway. We expect that the Indonesian government will identify and punish all of those responsible. Anything short of that is going to harm the entire bilateral relationship.

We have made our concerns known at the highest levels. We have made them known repeatedly. In response to our concerns, the Indonesia government has formed a joint police armed forces investigative team that is conducting a new investigation. They have accepted participation by American FBI agents, and our agents have traveled to Papua, but they have not yet concluded their investigation. It is my understanding that they will have to return again to Papua before they can do so.

In the political field, Mr. Chairman, 2004 will be a momentous year for Indonesia's government due to the upcoming landmark elections. Indonesia will, for the first time, hold a direct presidential election, and nationwide parliamentary elections are also going to take place next year.

On a slightly different topic I should note that we are concerned that Indonesia does not yet comply with the minimum standards that are outlined in the Trafficking Victims Protection Act. Despite significant efforts Indonesia's full compliance with minimum standards will require sustained commitment over the long term.

Mr. Chairman, let me turn now to Burma. Unfortunately, I must report that efforts to foster peaceful democratic change in Burma have come to a halt. The SPDC has released Aung San Suu Kyi, has been able to travel in Burma since here released from house arrest last spring, her most recent trips were marred by incidents instigated by government affiliated organizations.

The military dictatorship in Burma continues to severely abuse the human rights of its citizens. There is no real freedom of speech, press, assembly, association or travel. Patterns of abuse are even worse in ethnic minority areas, and these abuses include extrajudicial execution, rape, disappearance, beating, persecution and forced labor including conscription of child soldiers, censorship, forced relocation and infringements on religious freedom. We continue to support the valiant efforts of U.N. Special Envoy Razali Ismail to broker a solution, but unfortunately no date for his next visit to Burma has been announced.



We have also supported and continued to support the United Nations Special Rapporteur Pinheiro. I think it is ironic that Rapporteur Pinheiro's call for more international engagement with Burma was followed shortly by an incident in which he had to cut short his visit to Burma, just in the past few days, because he found a hidden microphone in a room that he was using to interview political prisoners.

We hope that those responsible for this incident will be punished and that Special Rapporteur Pinheiro will be able to resume his very important work.

We regret that the government of Burma has chosen to treat a representative of the United Nations with such disrespect.

We are also following the labor issues closely in Burma. The governing body of the International Labor Organization will meet this month and will consider Burma's efforts to develop a viable plan to eliminate forced labor. To date, Burma has made some progress but their efforts are less than satisfactory. Absent more substantial progress by the regime we are going to be forced to consider in conjunction with the international community additional sanctions, and/or other measures. In reaching this perspective, we are mindful of the need to have international support for sanctions if they are to be truly effective.

In the meantime, Burma is sliding even deeper into a humanitarian crisis with its faltering economy, the diversion of health care resources to the military, and its failing educational sector. Sadly, but perhaps not surprisingly, many of these problems are the consequence of wrongheaded policies choices by the SPDC. For our part, we have started and hope to expand an HIV/AIDS program that my colleague Gordon West are will address in greater detail.

Now, if I may turn to the Philippines, Mr. Chairman, I am happy to report that U.S.-Philippine relations have never been stronged in the past decade. The President Gloria Macapagal-Arroyo is a firm ally, one who, in the last year, described our bilateral relationship as a "moral partnership based on shared values and strategic interests." As the reflection of this strong relationship, President Arroyo will make a state visit to the United States this spring, and that will be only the third state visit under this Administration. President Arroyo, as you have noted, sir, is a vociferous supporter of the war on terrorism and a totally disarmed Iraq.

The Philippines indeed is a prominent and proud member of the coalition to disarm Iraq of its weapons of mass destruction. President Arroyo has also spoken out on the need for Korea to accept international nonproliferation norms. Mr. Chairman, we and the Philippine government are concerned at the growing evidence of links between Philippine and international terrorist groups including al Qaeda and Jemaah Islamiyah; and similarly, our two governments are concerned that there could be a link between the Abu Sayyaf group, which is in the southern Philippines, and Iraq.

Our current programs will enhance Philippine military counterterrorist capabilities in line with our global campaign against terrorism, and we are considering ways to increase our efforts to improve the capabilities of the armed forces of the Philippines.

We are optimistic that close bilateral consultations will produce a plan that fits the needs of both sides in the area of on the ground military cooperation. We respect the Philippines' sensitivity for guarding its constitution and laws that apply to the presence of foreign military forces. As we did last year, we would send forces to the Philippines only at the express invitation of the government in Manila.

On Cambodia, Mr. Chairman, our main policy and assistance goals are to promote democracy and promote the adherence by the Royal Cambodian government to human rights standards. We have a robust strategy to prepare for the July 27 national assembly elections and to promote human rights NGOs in civil society. However, provocative rhetoric, ethnic tensions, and political violence are a plague on the body politic of Cambodia, and they are a serious check on the process of democratization. Killings of political leaders in the run up to the national election are another major concern.

The shooting death in February of Om Radsady, a respected FUNCINPEC advisor, has focused international scrutiny on Cambodia. As the elections approach, we are pressing hard for the government to establish a safe environment for all participants to provide equal media access, and in particular, the electronic media and to control election abuses. We have directed \$11 million in support to non-governmental organizations with voter and candidate education, media programs, broadcast of candidate debates and election monitors. We support efforts to establish a credible tribunal that brings justice to senior leaders of the Khmer Rouge, who bear responsibility for the atrocities committed between 1975 and 1979.

Accountability for these crimes is important not only to bringing reconciliation and lasting peace, but also to promoting the rule of law and to developing democracy. I might mention in this election that Hans Corel, the head of the Legal Department of the United Nations recently concluded an agreement for a Khmer Rouge Tribunal with the government in Phnom Penh. It is a complicated agreement and we are studying it now. We have not had a chance to evaluate it.

Domestic and cross-border trafficking in women and children including for the purpose of prostitution remains very serious problems in Cambodia. As of April 2002 the government of Cambodia had not fully complied with minimum standards for the elimination of trafficking and had not made adequate efforts to do so. We give no assistance to the central government except in the legislatively prescribed areas of HIV/AIDS, basic education, Leahy war victims, and combatting trafficking in persons. Our assistance programs for health, especially in HIV/AIDS prevention and treatment go directly to the people of Cambodia.

On Vietnam, Mr. Chairman, our bilateral relations have expanded dramatically in recent years. From our original focus on a full accounting for our POW/MIA and refugee resettlement issues, our relations now encompass heightened cooperation on a number of global issues, including counterterrorism and HIV/AIDS to mining and disaster preparedness. One of our primary goals in Vietnam is to stimulate economic growth and development through economic and legal reform and through a promotion of greater trans-

parency in the implementation of law and policy. The bilateral trade agreement has become a catalyst for change in Vietnam along with the reform programs that are undertaken by the World Bank and the IMF. Another important goal is to encourage political and legal reforms and to increase respect for human rights.

While the government of Vietnam's human rights record remains poor, Vietnam is a much less oppressive society than it was 10 or even 5 years ago. We hold an annual Human Rights Dialogue to raise our concerns, but I have to say we are disappointed by the lack of concrete results to date. We are also troubled by continuing reports of harsh persecution in the Montagnards in the central highlands. We have made it clear we do not support separatist movements in the central highlands or anywhere else in Vietnam, but we insist that basic universally accepted human rights standards must be enjoyed by all the citizens of the country, including the Montagnards.

With that, Mr. Chairman, I will conclude my oral remarks and I will be happy to take your questions.

Mr. LEACH. Thank you.

[The prepared statement of Mr. Daley follows:]

PREPARED STATEMENT OF THE HONORABLE MATTHEW P. DALEY, DEPUTY ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. Chairman, I would like to take this opportunity to thank you and the members of the Subcommittee on East Asia and the Pacific, for inviting me to discuss our interests and policy priorities in Southeast Asia.

Chairman Hyde's invitation requested our assessment of U.S.-Indonesian relations, regional counterterrorism efforts, the situation in Burma, possible troop deployments in the Philippines, the political climate and election preparation in Cambodia, and human rights conditions in Vietnam. I will cover all these topics in the course of my presentation as well as other Southeast Asian issues of special concern.

Southeast Asia is a region in which democratization has proceeded at a mixed pace. In the past decade, the Philippines and Thailand have consolidated relatively young democracies. Indonesia, under authoritarian rule for thirty years, continues to make strides in its democratic transformation. In Laos, Cambodia, and Vietnam, we are promoting more open societies and democratic government. In Burma, although we were heartened by the release of Daw Aung San Suu Kyi last May, we have subsequently been disappointed by a lack of progress toward democratic change.

At the same time, Southeast Asia is a region that is largely coming to grips with terrorism, again with some countries moving to take effective action more rapidly than others. The common threat of terrorism has actually strengthened cooperation and our ties with key Southeast Asian countries. One need think only of October 12 in Bali. That attack shows that terrorism threatens us all and it can happen anywhere.

#### INDONESIA

Indonesia's status as the world's fourth most populous nation gives it an intrinsic importance. In addition, Indonesia has the world's largest Muslim population, thus making it a key player in our engagement with the Islamic world. Indonesia's importance to U.S. interests is further enhanced by the nation's ongoing transformation into a vibrant democracy following decades of authoritarian rule. We also have substantial commercial and environmental interests in Indonesia, a nation with significant natural, energy, and mineral resources, and a storehouse of biodiversity, home to some of the world's largest tracts of tropical rainforest and expanses of coral reef.

We view the Indonesian example of tolerance and democracy as a model for other Muslim countries. It is imperative that we support the democratic transition in Indonesia, not only because of Indonesia's intrinsic importance, but because its experience gives the lie to those who would claim that Islam and democracy are mutually incompatible. The outcome of Indonesia's experiment with democracy has profound

implications for our strategic interests in fighting terrorism, preserving regional stability, promoting human rights and the rule of law, expanding access for U.S. exports and investment, and preserving the global environment.

The risks of Indonesia's failure to consolidate its democratic gains are sobering to contemplate. A breakdown in law and order would accelerate the spread of terrorism, crime, illegal drugs, infectious disease, and trafficking in persons. A dissolution of central authority and rising separatist movements would risk destabilizing the region, raise the menace of substantial humanitarian emergencies, accelerate regional environmental degradation, and invite the growth of militarism and violence. To avoid such daunting outcomes, we must assist Indonesia with its effort to create a just and democratic society.

#### *Combating Terrorism/Police Assistance*

The terrorist threat that endangers Indonesia and its neighbors was graphically illustrated by the bombings in Bali in October of last year that killed more than 200 people, including seven Americans. Indonesia responded to this bombing by conducting a professional and competent police investigation that made remarkable progress in solving the Bali attacks and in disrupting the Jemaah Islamiyah terror network behind them. The Indonesian government has pressed ahead with domestic counterterrorism legislation and increased cooperation and consultation with its neighbors. With newfound determination, the mainstream Muslim groups that represent the vast majority of Indonesians are speaking out against the extremist fringe that are involved in acts of terrorism and other violence.

As part of our Anti-Terrorism Training Assistance Program, funded through the Non-Proliferation, Anti-Terrorism, Demining, and Related Programs (NADR) account, we are assisting the Indonesian National Police (INP) in the formation of a counterterrorism unit. Once established, this unit will substantially enhance the Indonesian Government's capability to neutralize terrorist cells and conduct terrorism-related criminal investigations.

We are concerned that conference report language in the FY 03 budget assigning all ESF monies to AID could eliminate our critical police training program, thus undercutting our highest priority effort to improve police human rights performance and their ability to deal with terrorism. We are examining the problem to see if there is any way out and may well approach the Congress again.

#### *Military-to-Military Relations*

There is no question that the military-to-military relationship is one of the most controversial aspects of our bilateral partnership. Reforms in the Indonesian military have not kept pace with Indonesia's broader democratic development. The lack of a track record on accountability for human rights abuses is of particular concern.

Nevertheless, it is in the U.S. national interest to engage with the Indonesian armed forces. For good or ill, the Indonesian armed forces will play an extremely influential role not only in the future of the Indonesian state, but also in the survival of that state. To influence the behavior and attitudes of the members of the Indonesian armed forces, and to ensure adequate protection of American and American interests in Indonesia, we must interact with them.

While military reform is lagging, there have been some signs of progress. The military has accepted more changes in its status and role in the national life over the past four years than at any other time in its history. It did not intervene in the 1999 elections, and it resisted political pressure to violate constitutional norms during the turbulent period of President Wahid's impeachment and the succession to President Megawati. The military has formally relinquished its special, parallel function in government, and accepted a sharp reduction in appointed parliamentary seats and the end of appointed representation in legislative bodies by 2004. The conviction on March 12, 2003 of an Army General officer for failing to prevent East Timor human rights abuses represents a tangible step on the path to accountability.

Fundamental problems remain, however. Progress on accountability has been slow; the military has grudgingly gone along with trials for a small number of officers for human rights abuses. Discipline remains a problem. The military also deals with inadequate central government funding through running unofficial businesses and foundations, and sometimes engaging in illicit activities.

We have supported the resumption of IMET for Indonesia because it is in the U.S. national interest to engage with the Indonesia armed forces. IMET courses provide the professional military education critical to expectations that the Indonesian armed forces will become a professional military, oriented toward external defense. This education provides the opportunity for Indonesian armed forces personnel to be exposed to concepts of civilian control of the military and accountability that are not available in Indonesia. Officers who have studied in the United States and are

familiar with the U.S. system are more likely to provide the U.S. with access that will allow for the promotion of U.S. interests. For many Indonesian armed forces officers, IMET would represent the first time in their lives that they have been challenged to think for themselves as opposed to receiving conventional wisdom.

#### *Papua*

One of the most important issues of concern in our bilateral relationship with Indonesia is the case of the murder of American citizens in Papua in August 2002. This ambush by unknown gunmen took the lives of three teachers, two Americans and one Indonesian, and wounded many others. According to public statements by the officer in charge of the initial Indonesian police investigation, the evidence pointed to possible involvement by members of the Indonesian military, rather than members of the separatist movement known as OPM. The Indonesian and international media have reported various comments by sources suggesting that members of the Indonesian Army Special Forces, known as KOPASSUS, were responsible for the attack. Other reports or theories have blamed members of the Indonesian Army Strategic Reserve, known as KOSTRAD. Despite evidence that appears to indicate that elements of the Indonesian Army were responsible for the crime, we cannot make any definitive judgments until the investigative process is complete. Until we have a better understanding of this terrible crime, we must be careful not to assign blame to institutions.

We have made clear to the Government of Indonesia that those responsible must be identified and punished. Anything short of a full accounting and punishment for those responsible will hurt our entire relationship. In response to our concerns, the Indonesian Government formed a joint Police/Armed Forces investigative team to conduct a new investigation, and accepted participation by the FBI. In mid-January, FBI agents traveled to Papua to conduct interviews of persons connected to this tragedy. The FBI agents recently finished their trip to Papua, but given the complexities of this investigation, they will have to return before they can conclude their investigation.

#### *Political Developments*

In the political field, 2004 will be a momentous year for Indonesia's government due to the upcoming landmark elections. Indonesia will hold its first ever direct Presidential election, in addition to nationwide parliamentary elections. We have provided extensive assistance to help these elections proceed smoothly, and we are also assisting the Indonesian Government in its implementation of a regional autonomy program. Indonesia's transition to democracy has been a turbulent process, but it is progressing in a very positive and dramatic manner.

Despite continued problems with impunity, corruption, and weak institutions, Indonesian democracy is characterized by a dynamic and burgeoning civil society. The trends are very positive, but require the patience of the Indonesian people, as well as interested international observers, as change is always uneven and often unpredictable. However, real change is only lasting when it comes from within rather than being imposed from outside.

The eve of an election year is bringing predictable political struggles to Indonesia. Political leaders have an eye on their campaigns to promote their respective parties' own interests. Bureaucratic infighting increases, and the public seeks avenues to voice its discontent with government policies, including through demonstrations. This is all part and parcel of the democratic process, and should be seen as evidence of continued growth rather than portents of instability.

#### *Economic Issues*

2002 saw a number of positive macroeconomic developments, including steady economic growth, moderating inflation, and a strengthening balance of payments. However, the Bali bombings dealt a blow to Indonesia's tourism sector and investment climate, thus weakening Indonesia's long struggle to recover from the devastating 1997 financial crisis. As a result, economists forecast Indonesia's 2003 economic growth rate at 3.5 percent. While macroeconomic stability has been achieved, Indonesia cannot attract the investment it needs to grow and employ its people because of the uncertainty due to corruption, security concerns, opaque regulations, and a lack of legal clarity. The terrorist threat needs to be reduced to improve the investment climate, and the newly created "National Investment Protection Team" must be accompanied by reforms to the tax and customs system and the cumbersome bureaucracy. In addition, the practice of treating commercial disputes as criminal cases, a chilling factor on foreign investment, must cease.

Indonesia's long-term economic health also depends on the government tackling tough issues such as the sale of excessive state assets, civil service reform, and corruption in the judicial sector. Indonesia's \$5 billion IMF program will terminate at

the end of the year and the government is not expected to request an extension. While completion of the IMF program demonstrates the success of Indonesia's macroeconomic management in the short-term, the challenge the government now faces is maintaining market confidence in the absence of a donor-approved plan of action. To do so, Indonesia will need to announce and stick to a credible economic program.

*Trafficking in Persons (TIP)*

Indonesia is a major source, destination, and transit country for trafficking in persons for sexual and labor exploitation. Although Indonesia does not yet comply with the minimum standards outlined in the Trafficking Victims Protection Act, Indonesia has made notable efforts to bring itself closer to compliance. Some concrete results in combating TIP include a commitment of increased resources, and the attainment of some benchmarks that are in line with U.S. recommendations. These benchmarks include the establishment of a national action plan and passage of a child protection bill. Police have also become more engaged, freeing approximately 600 victims in 17 known cases in 2002, and our police training programs are contributing to this success. Despite these advances, Indonesian efforts remain weak in the area of investigation and prosecution of traffickers. Many officials and security force members continue to be complicit in TIP. Indonesia's full compliance with minimum standards will require sustained commitment over the long-term, and we will continue to urge Indonesia's government to work toward full compliance with U.S. standards.

*Religious Freedom*

The government of Indonesia generally respects the religious freedom provisions of the constitution, but there continues to be religiously motivated violence and tension. We monitor these developments closely, and are encouraged by recent evidence that there is growing religious tolerance since the Bali bombings. In particular, mainstream Muslim groups and leaders have improved dialogue with their Christian counterparts. The terrorist acts did not, as intended, drive Muslims and Christians apart, but rather brought them together to condemn the attacks and work against the spread of radicalism. We saw this most publicly over the Christmas-New Year's period, when Muslim groups committed their security staff to guard places of worship. This positive development follows the sustained successes of the Malino Accords signed in Maluku and Sulawesi, and the reported dissolution of the Muslim extremist group, Laskar Jihad, in October 2002. In Bali, although Muslims are under greater scrutiny from local Hindus, the harsher backlash that some feared did not take place.

*Human Rights*

The Indonesian military's human rights record remains poor, and serious abuses continue to be committed, particularly by Indonesian security forces in outer provinces. Our embassy reported in depth on this issue, and we actively promote respect for human rights and accountability for violations. We have seen some positive trends in Maluku and Sulawesi with the sharp decline of serious abuses last year and a reduced death toll in most conflict zones. In Aceh, the Cessation of Hostilities Agreement (COHA) has succeeded in almost halting the violence.

BURMA

With respect to Burma, unfortunately I must report that efforts to foster peaceful democratic change have come to a halt. The regime has released only a few political prisoners since late November (and those in advance of a visit by the UN Special Rapporteur), and has made new arrests of political activists in that same timeframe. Most seriously, the junta has not demonstrated a willingness to begin a real dialogue with the National League for Democracy on substantive political issues. Although Aung San Suu Kyi has been able to travel in Burma, her most recent trips were marred by incidents instigated by government-affiliated organizations and believed to be based on orders from Rangoon. An already poor economic situation has been further unsettled in recent weeks, with a banking crisis causing financial uncertainty in the country. This crisis serves as an indisputable illustration of the mismanagement of the economy by the regime.

We continue to support the efforts of UN Special Envoy Razali Ismail to broker a solution. Absent progress, we will be forced to consider, in conjunction with the international community, additional sanctions and/or other measures. However, we cannot expect universal support in these measures, and the evident lack of agreement within the international community on the appropriate approach has hampered efforts to isolate and target the regime effectively.

I also must point out that international sanctions on arms transfers to Burma have encouraged the regime to turn to China, North Korea, and Russia, as suppliers, each of which seems prepared to supply both basic and advanced weapons to Burma.

The military dictatorship in Burma severely abuses the human rights of its citizens. There is no real freedom of speech, press, assembly, association, or travel. Patterns of abuse are even worse in ethnic minority areas. These abuses include extrajudicial execution, rape, disappearance, beating, persecution, and forced labor, including conscription of child soldiers censorship, forced relocation, and the curtailment of religious freedom.

The United States has consistently co-sponsored Burma resolutions at the United Nations General Assembly and the United Nations Commission on Human Rights containing strong language condemning the ongoing systematic abuse of human rights. We have also supported and continue to support United Nations Special Rapporteur for Human Rights Pinheiro's efforts to initiate an independent, credible investigation of allegations of widespread rapes by the Burmese military. For his part, Pinheiro has proposed several options to the regime for establishing a credible mechanism for investigating allegations of human rights violations in ethnic minority areas. The regime has yet to agree to a specific mechanism.

It is ironic that after calling for more international engagement with Burma, Pinheiro cut short his visit to Burma this week after finding a hidden microphone in a room he was using to interview political prisoners. We regret that the Burmese government has chosen to treat a representative of the United Nations with such disrespect.

We hope that the individuals responsible for the bugging will be punished and that Pinheiro will be able to resume his important mission.

The U.S. Government is supportive of efforts by the International Labor Organization to engage the regime in discussions to develop a viable plan of action to eliminate forced labor.

I would also like to point out our concern about the growing humanitarian crisis of HIV/AIDS in Burma. In 2002, USAID initiated a \$1 million program to address the HIV/AIDS epidemic by funding international non-governmental organizations (INGOs) to undertake prevention activities. In FY 03, we hope to increase funding to INGOs; but, no assistance is given to the regime. Discussions with the government continue on allowing INGOs to conduct voluntary HIV testing and counseling, as well as on the regime's commitment to more effective prevention, treatment, and care programs, including for pregnant mothers and high risk groups.

#### PHILIPPINES

U.S.-Philippine relations have never been stronger in the past decade. President Gloria Macapagal-Arroyo is a firm ally who last year characterized our bilateral relationship as a "moral partnership" based on shared values and strategic interests. As a reflection of this strong relationship, President Arroyo will make a State Visit to the United States in the spring of this year, only the third State Visit in the Bush Administration.

President Arroyo has adopted an ambitious program of economic and political reform along with taking strong actions against terrorists in the Philippines. She announced last December she would not run in the 2004 election so that she can focus on her agenda including poverty alleviation, good governance, economic reform, and reconciliation between the government and insurgent groups in the southern Philippines. The United States supports this agenda, and is providing economic and development assistance.

Internationally, President Arroyo is a vociferous supporter of the war on terrorism and a totally disarmed Iraq. She has spoken out on the need for North Korea to accept international non-proliferation norms.

The Philippines is confronting a serious threat at home from Communist and Muslim insurgencies and international terrorists. There has been a recent increase in violence by the Communist People's Party and its armed wing, the New People's Army. The Moro Islamic Liberation Front (MILF), the largest Islamic extremist group in the Philippines, is responsible for attacks on both infrastructure and civilians. Philippine authorities recently arrested members of the MILF in connection with the March 4 bombing at the Davao international airport. One American was among the many killed in that attack, and three Americans were wounded. The Abu Sayyaf Group (ASG) has kidnapped several hundred Filipinos and foreigners in the last several years. It has been responsible for the deaths of three Americans. It appears that ASG is no longer interested only in kidnap-for-ransom but also in bombings and other traditional terrorist activities.

We and the Philippine Government are concerned at the growing evidence of links between Philippine and international terrorist groups, including al Qaeda and Jemaah Islamiyah. Similarly, our two governments also are concerned there could be a link between the ASG and Iraq.

We have formed a strong coalition with the Philippine government to combat terrorism in the Philippines. Last year's "Balikatan 02-1" represented a special counterterrorism-focused exercise on Basilan, at the request of the GOP. We are consulting to determine the form it should take this year, and going ahead with plans for the annual training deployment, the eighteenth in a series of exercises which began in 1981.

Current programs will further enhance Philippine military CT capabilities in line with our global campaign against terrorism. These programs are consistent with our robust overall security assistance package for the Philippines.

President Bush has told President Arroyo that we will continue to help the Philippines in its efforts against terrorism. U.S. officials traveled to Manila in February to discuss our counterterrorism cooperation. Secretary of National Defense Reyes visited Washington in late February to discuss next steps. General Abaya of the Southern Command has just left Washington after consulting with us and with DOD. We are optimistic that such close consultations will produce a plan that will fit the needs of both sides. We respect the Philippines' sensitivities regarding its Constitution and laws. As we did last year, we would send forces only at the express invitation of the Philippine Government.

#### CAMBODIA

Our main policy and assistance goals in Cambodia are to promote democracy and support RGC adherence to human rights standards. The centerpiece of the current U.S. policy is a robust strategy to prepare for the July 27 National Assembly elections and to promote human rights NGOs and civil society.

As the anti-Thai riots of January 29 indicate, provocative rhetoric, ethnic tensions, and political violence are a plague on the body politic of Cambodia and serious check on democratization. The government itself is part of the problem, as evidenced by the Prime Minister's provocative public comments in the preceding days and in the slow response by authorities on the day of the riots, and the government's use of the riots as a pretext for harassment of political opposition and independent media.

Killings of political leaders in the run-up to the national election are another major concern. The shooting death in February of Om Radsady, a respected FUNCINPEC advisor, has focused yet again international concern. Although we have confirmed reports that police captured one of Om's assailants, we continue to stress that we wish to see more prosecutions and convictions in cases of political violence and intimidation: they are entirely too rare.

As the July 27 elections approach, we are pressing hard for the government to establish a safe environment for all participants to compete, provide equal media access, and control election abuses. We are steadfast in our resolve. High-level U.S. officials during visits to Phnom Penh have made public statements highlighting our concerns. We believe the government is listening but much more needs to be done.

We have asked the RGC to provide a full report on the 1/29 events and the measures that will be taken to ensure security on the one hand and democracy and human rights on the other. Our strategy for strengthening the election process calls for support of democratic institutions and democratic parties. USG \$11 million supports NGOs with voter and candidate education, issues media programs, broadcasts of candidate debates, and well-trained cadres of election monitors.

We support efforts to establish a credible tribunal that brings to justice senior leaders of the Khmer Rouge and others who bear the greatest responsibility for atrocities committed between 1975 and 1979. Accountability for these crimes is important not only to bringing reconciliation and lasting peace, but also to promoting the rule of law and developing democracy in Cambodia. UN Legal Advisor Hans Corell stated the recently negotiated agreement is in conformity with the UN General Assembly resolution passed in December 2002, noting that the Tribunal will exercise jurisdiction in accordance with international standards of justice, fairness and due process. We hope passage and implementation of this agreement will meet the standards set out in the General Assembly resolution to ensure a credible tribunal. We are reviewing the agreement and look forward to the Secretariat's full report once it is released.

Domestic and cross-border trafficking in women and children, including for the purpose of prostitution, remains a very serious problem in Cambodia. As of April 2002, the Government of Cambodia had not fully complied with minimum standards



for the elimination of trafficking and had not made significant efforts to do so. Cambodian police have investigated trafficking crimes and some traffickers have been convicted and are serving time in prison. But, corruption, complicity of government authorities, lack of police training and poor implementation of laws facilitate trafficking of persons and similar crimes, such as baby selling.

The Ministry of Women's and Veterans' Affairs takes a lead role in combating human trafficking and alleviating the suffering of its victims. We have already provided assistance to establish a prevention program overseen by the Ministry, and to facilitate the return and reintegration of Cambodian victims. We are examining additional programs that might increase the capacity of the law enforcement establishment to bring trafficking criminals to justice.

We give no assistance to the central government, except in the legislatively prescribed areas of HIV/AIDS, basic education, Leahy war victims, and combating trafficking in persons. Our assistance programs for health, especially on HIV/AIDS prevention and treatment, are also an important area where the USG is giving value added directly to the people of Cambodia.

Bilateral relations with Cambodia are difficult to keep on an even keel in light of the January riots and subsequent political killings; nevertheless, we have close cooperation on several issues of importance to the United States: POW/MIA accounting; addressing corruption that caused us to suspend adoptions; and the return of Cambodian nationals deported by the U.S. Department of Homeland Security.

#### VIETNAM

Bilateral relations between the United States and Vietnam have expanded dramatically in recent years. From our original focus on full accounting for POW/MIA (which remains central to our concerns) and refugee resettlement, our relations now encompass heightened cooperation on a number of global issues, including counterterrorism, HIV/AIDS, de-mining, and disaster preparedness.

One of our primary goals in Vietnam is to stimulate growth and development through economic and legal reform and through promotion of greater transparency in the implementation of law and policy. The Bilateral Trade Agreement (BTA) has become a key catalyst for change in Vietnam, along with parallel reform programs undertaken by the World Bank and the IMF.

We also wish to broaden the relationship through public diplomacy, high-level official visits, and regular exchanges and raise the level of our discussions to a strategic dialogue on issues of mutual concern.

Another important goal is to encourage political and legal reforms to help bring prosperity and greater stability to the Vietnamese people, and to increase respect for human rights. While the Government of Vietnam's human rights record remains poor and freedoms of religion, speech, the press, assembly, and association are limited, Vietnam is a much less repressive society now than ten, or even five, years ago.

We continue to press Vietnam on its human rights record. While we hold an annual Human Rights Dialogue to raise our concerns with the Vietnamese on human rights violations, we have been disappointed by the lack of results from this Dialogue.

Promoting human rights and religious freedom in Vietnam is a significant Embassy activity. Mission officers speak with authorities at all levels of government on various human rights issues including religious freedom, and the status of persons of concern detained, imprisoned, or harassed.

We continue to be troubled by reported harsh persecution of the Montagnards in the Central Highlands, and we have been frustrated at the Vietnamese Government's refusal to allow us reasonable access to the region for further investigation. We have made clear that we do not support separatist movements in the Central Highlands or anywhere else in Vietnam. But, we do insist that basic, universally accepted standards must be enjoyed by all citizens of the country, including the Montagnards.

The United States encourages the Government of Vietnam to ratify International Labor Organization conventions addressing worker rights, and in the context of our expanding trade ties, to promote the recognition of core worker rights.

Given our history, the Vietnamese remain wary of our intentions. Progress toward our objectives on all fronts will require patience, consistency, and the building of trust.

#### MALAYSIA

Bilateral relations with Malaysia have historically been very good, particularly at the working level. Despite sometimes blunt and intemperate public remarks by

Prime Minister Mahathir, U.S.-Malaysian cooperation has a solid record in areas as diverse as education, trade, military relations, and counterterrorism.

Malaysia is our eleventh largest trading partner, and we are Malaysia's largest trading partner and investor. Malaysia hosts 15–20 U.S. Navy ship visits per year, and Malaysian military officers train at U.S. facilities under the International Military Education and Training (IMET) program. Bilateral ties have been especially strong since the 9/11 attacks, and reached a high point during Mahathir's working visit to Washington and meeting with the President last May.

However, Malaysian elite and public opinion was irritated by massive visa backlogs last summer after we tightened our regulations; by regrettable indignities suffered by Deputy PM Abdullah and other Malaysian leaders at U.S. airports; and by leaks of INS documents incorrectly describing Malaysia as a terror-prone country. We have stressed to Malaysia that we are streamlining our procedures to minimize inconvenience to travelers and that our goal is secure borders and open doors.

Malaysia is a staunch partner in the global war on terrorism. The Malaysian government pursues terrorists relentlessly, and currently has about 90 suspected terrorist in detention, including members of Jemaah Islamiyah, which was plotting to bomb U.S. military, diplomatic, and commercial facilities in Singapore. Some of the detainees have links to al Qaeda.

Malaysia's quiet, nuts-and-bolts support has proved crucial to our efforts. As Defense Minister Najib announced publicly last May, Malaysia granted the U.S. military overflight clearance on a case-by-case basis during Operation Enduring Freedom in Afghanistan. The Malaysian government also provides superb on-the-ground law enforcement and intelligence CT cooperation. It has agreed to freeze assets identified by the UNSC Sanctions Committee, though to date it has located no terrorist assets belonging to those entities. It requires financial institutions to file suspicious transaction reports on all names listed under U.S. Executive Order 13224, but is not yet a party to the International Convention for the Suppression of the Financing of Terrorism.

During Mahathir's U.S. visit, we signed a bilateral Declaration of Cooperation against International Terrorism. Malaysia has also played a lead role in regional CT efforts in Southeast Asia, and hosted an inter-sessional meeting CT of the ASEAN Regional Forum March 20–22. The Malaysian Cabinet has approved establishment of a Malaysia-based regional CT training center, in which we expect to play a significant role.

In recent months the tone of Malaysian rhetoric regarding the United States has soured. We have objected to a series of public remarks made by senior Malaysian officials criticizing America's role in the world, beginning with Prime Minister Mahathir's opening speech at the NAM Summit in Kuala Lumpur in late February. While we, of course, respect Malaysia's right to disagree with us on Iraq, we have engaged them diplomatically to urge their support for keeping the Iraq case in the UN Security Council and to explore other areas of common ground on Iraq.

Notwithstanding our differences on Iraq and on Middle East issues, Malaysia has repeatedly made clear that it will met its obligations to protect foreigners and related institutions. Its on-the-ground law-enforcement and intelligence cooperation against terrorism remains extremely strong, illustrating the nature of our respective national security interests.

Malaysia generally respects the human rights of its citizens although concerns remain in certain areas. The U.S. has criticized Malaysia over the years when the Internal Security Act has been used to stifle domestic opposition, although we distinguish between that use and its current implementation in a counterterrorism context. We consider detained former Deputy Prime Minister Anwar, a political prisoner, based on clear manipulation of his trials. We are following with interest the appeal of his second conviction, which is taking place this week in Kuala Lumpur.

#### SINGAPORE

Our political, commercial and military relationships with Singapore are excellent across the board. Singapore welcomes U.S. engagement in Southeast Asia as vital to regional stability. We cooperate closely with Singapore in regional and international fora, including APEC, ASEAN and the ASEAN Regional Forum (ARF) and the UN, where Singapore was a non-permanent member of the Security Council until its term expired at the end of December 2002.

Perhaps the high point of our bilateral relationship this last year was the successful conclusion of two years of negotiations on the U.S.-Singapore Free Trade Agreement (FTA). Singapore ranks 12th among our trading partners, and the U.S.-Singapore FTA will strengthen our trade relationship, eliminate barriers and tariffs, and phase out significant restrictions in several services sectors (financial, legal and the

media), as well as enhance IPR protection. The FTA is now pending before Congress per the requirements of the Trade Promotion Authority Act. I would refer you to the U.S. Trade Representative for specific questions regarding its provisions; I only note here that we at the State Department see this FTA as a major achievement in our bilateral relationship with Singapore and a positive step for the overall U.S. trade agenda.

As a member of the UN Security Council until its term expired in December 2002, Singapore worked hard for the adoption of Resolution 1441, giving Saddam one last chance to disarm peacefully. Since leaving the Council, Singapore has strongly supported the U.S. position that Saddam Hussein is a threat to the world who must be disarmed. We are proud that Singapore counts itself among the members of the Coalition for the Disarmament of Iraq, despite the fact that Singapore remains sensitive to the reaction of its Muslim population (15 percent) to such a war.

Singapore has been also been among our strongest counterterrorism partners and in the forefront of Southeast Asian counterterrorism efforts. The Government of Singapore made two highly publicized major arrests of terrorists who had been planning attacks in Singapore against U.S., British, and Singaporean targets. The first, of 13 suspects, was in December 2001 and the second, of 21 suspects, was in August 2002. The majority of these suspects were members of the Jemaah Islamiyah (JI) terrorist network active in Southeast Asia, including several who had trained with al Qaeda.

On October 17, following the Bali bombing, Singapore joined Australia, the U.S., and 47 other governments to designate the JI as a terrorist entity to the UN.

On the financial counterterrorism side, Singapore is also a regional leader. Since 9/11, the Government of Singapore has enhanced its anti-terrorist financing regime, ratified the UN Convention on the Suppression of Terrorist Financing, passed of new legislation to permit its authorities to freeze and seize terrorist assets under UNSCR 1373, and implemented asset freeze orders for the UNSCR 1267 list. To date, no terrorist assets have been identified in Singapore.

The Government of Singapore hosted a regional financial counterterrorism conference in January in which U.S. experts trained Southeast Asian and Pacific island countries in their responsibilities under the various UN financial counterterrorism resolutions.

Singapore tightly controls charities, requiring reporting on overseas partners and details on transactions. However, Singapore encourages capital influx with bank secrecy laws and lack of currency reporting requirements and does not share financial records with U.S. law enforcement authorities because of the lack of a Mutual Legal Assistance Treaty (MLAT). We have been discussing the possible benefits of an MLAT with Singapore.

Singapore was the first Asian port to sign on to the U.S. Customs Service "Container Security Initiative" (CSI) which became operational this month. CSI allows for pre-inspection in Singapore of goods destined for U.S. ports, and is an important security and efficiency measure. In addition, working with U.S. experts, Singapore has implemented a new strategic trade control system to better control trade in illegal goods that may pass through its port and to enhance worldwide non-proliferation efforts. The new system has some weaknesses, which we are working with the Singapore government to address, but still represents a significant step forward.

Our military relationship is also very strong. Although Singapore is not a treaty ally, it supports a strong U.S. military presence in the Asia-Pacific region and has offered the U.S. increased access to its facilities since the closure of our bases in the Philippines.

The U.S. and Singapore in 1990 signed a Memorandum of Understanding (MOU) allowing the U.S. access to Singapore facilities at Paya Lebar Airbase and the Sembawang wharves. Under the MOU, a U.S. Navy logistics unit was established in Singapore in 1992; U.S. fighter aircraft deploy periodically for exercises, and roughly 100 U.S. Navy vessels per year visit Singapore. The MOU was amended in 1999 to permit U.S. Navy ships to berth at a special deep-draft pier at the Changi Naval Base.

Our two militaries have extensive contacts and participate in combined military exercises regularly, supported by approximately 150 U.S. logistics personnel stationed in Singapore. In addition, Singapore is a major customer for U.S. defense sales in the Asia-Pacific region. A new RSAF Apache AH-64D helicopter training detachment has recently been set up in Arizona.

In sum, our relationship with Singapore is as strong as it's ever been. We speak plainly to each other, even when we disagree on details, in pursuing our common goals of a terror free, stable and prosperous world and we look forward to continued good relations in both the short and long term.

## THAILAND

Relations between the U.S. and Thailand are strong and multi-faceted. Thailand is one of five U.S. Treaty Allies in Asia, and we have a close and active security relationship with the Thai. Thai troops fought alongside Americans in Korea and Vietnam. More recently, Thailand has provided critical support, including a military engineering unit currently at work in Afghanistan, for Operation Enduring Freedom. Thailand has actively cooperated with us on all aspects of the war on terror.

We recognize Thailand as a fully functioning democracy in Asia. Over the last decade, the military's role in Thai politics has been greatly reduced, due to strong public opinion, through Constitutional reform and Thailand's overall political maturation. This evolution has had the support of the Thai military.

Thailand enjoys a generally free and open press.

Thailand is our seventeenth largest trading partner with two-way trade of about \$20 billion. The U.S. is the second largest foreign investor in Thailand. Last year, the U.S. and Thailand marked another milestone in the commercial relationship with the signing of a Trade and Investment Framework Agreement.

Thailand and the U.S. have been fighting drugs together for several decades, and joint U.S.-Thai efforts have led to the elimination of thousands of acres of opium previously grown in Thailand. Thailand is now no longer a significant producer of opium or heroin, though it remains a major transit point. Thailand faces a serious domestic methamphetamine problem.

In response to this situation, the Thai Prime Minister declared a ninety-day war on drugs beginning on February 1, 2003. According to media reports, the war on drugs had led to over 1,500 extra-judicial killings, of which only a handful of the alleged extra-judicial killings are under investigation. We have discussed this matter with the Thai and expressed our concerns.

We continue to work closely with Thailand to address the challenge of trafficking in persons. Thailand has made great strides and has demonstrated regional leadership in the areas of protection and prevention. We have strongly encouraged Thailand to emphasize prosecution measures as a national priority, most importantly to increase law enforcement efforts in going after traffickers and reduce incidents of officials' corruption and complicity. The U.S. government has provided funds to assist Thailand in its efforts.

Thailand is making an effort to improve relations with Burma, in part to achieve cooperation on counternarcotics. Embassy Bangkok maintains contact with Burmese refugees and displaced persons in Thailand, including political activists working outside refugee camps. We also provide financial support to NGOs active in the Burmese democracy movement. Thailand's policy towards Burmese refugees and dissidents outside refugee camps is in flux. Thailand continues to accept those fleeing fighting and political persecution, but may become less tolerant of activities that complicate its effort to resolve tensions with Burma.

Thailand's relations with Cambodia were downgraded in the aftermath of January 29 anti-Thai riots in Phnom Penh. The RTG froze all aid and economic cooperation with Cambodia, and suspended diplomatic relations. The RTG has demanded an apology, compensation for losses, and thorough investigation leading to justice for the perpetrators. The two countries now seem to be repairing the rift.

## BRUNEI

The United States and Brunei have enjoyed friendly relations since Brunei's independence in 1984. The December 2002 working visit of Sultan Hassanal Bolkiah further cemented our relationship with the signing of a Trade and Investment Framework Agreement, and the establishment of a Fulbright program to increase bilateral educational opportunities.

The United States and Brunei are also examining ways of increasing military cooperation, especially increased sales of defense equipment and opportunities for training for Bruneian military officers in the U.S. This would supplement the MOU on Defense Cooperation signed in 1994, under which Brunei's armed forces engage in annual joint exercises with the U.S.

Brunei is strong supporter of counterterrorism efforts in the United Nations and in regional fora, including APEC, ASEAN AND ARF, where forceful Brunei leadership was instrumental in the adoption of strong counterterrorism declarations. After the Bali bombing, Brunei joined Australia, the U.S., and 47 other governments in the designation of the Jemaah Islamiyah to the UN as a terrorist entity. Brunei also has strengthened its legislation to control terrorist financing, and recently acceded to the UN Convention on the suppression of Terrorist Financing.

Although a strong supporter of our counterterrorism efforts, Brunei has said it deeply regrets that dialogue and diplomacy failed to avert a war and calling on the international community to seek a peaceful solution within the UN framework.

#### LAOS

U. S. policy in Laos focuses on five primary interests: ensuring the fullest possible accounting for Americans still missing in action from the Indochina War; pressing for progress on a broad range of democracy and human rights issues, including religious tolerance; supporting counter-narcotics efforts; securing the transition of the Lao economy to an open, market-oriented system; and cooperation in the war on terrorism.

The United States has maintained uninterrupted diplomatic relations with Laos since 1954. One of the ten poorest countries in the world, Laos is the only country with whom we maintain normal diplomatic relations that we do not have a normal trade relationship, and one of only three in the world without NTR (the other two being North Korea and Cuba). Two-way trade between the United States and Laos amounts to less than ten million dollars annually, with the main Lao exports being hand woven textiles, lumber and coffee. A Bilateral Trade Agreement was negotiated in 1997, which requires NTR to go into effect. In February of this year, Secretary Powell and USTR Zoellick sent a letter to the Chairs and Ranking Members of the House Ways and Means and Senate Finance Committee signaling the Administration's support and urging the Congress to consider granting Normal Trade Relations status to Laos. In response, Rep. Crane of the Trade Subcommittee issued a Request for Public Comment on NTR for Laos, open through April 21.

The promotion of human rights, including religious freedom, is an integral part of our bilateral relationship. We remain deeply concerned about Laos' poor human rights record, and have made human rights an intergral part of our ongoing dialogue with the Lao government. We are encouraged to see modest improvements in religious freedom. A Prime Ministerial Decree governing religion seeks to regularize religious practice, and local religious leaders have responded favorably. Isolated problems remain, particularly in Savannakhet province, but many previously closed churches have reopened, and we have seen fewer detentions and arrests and received no reports of new church closings.

We are aware of allegations of U.S.-based groups claiming the use of chemical weapons and "genocide" against Lao minorities, and particularly the Hmong. Our Embassy continues to investigate and evaluate all such claims, but has not been able to verify that such acts have taken place. Ambassador Hartwick traveled to Saisomboun Special Zone this fall and both the Ambassador and other Embassy officers have traveled extensively throughout Laos looking into allegations of human rights abuses both on the ground and through a web of formal government and informal contacts.

We are also cooperating with Laos on the issues of POW/MIAs and counter-narcotics. Approximately 391 U.S. Servicemen remain unaccounted for in Laos from the Vietnam War. Lao Government humanitarian cooperation in POW/MIA recovery missions is generally very good; there are five joint task force recovery missions taking place this year. We continue to seek greater Lao flexibility to facilitate our increasing the pace of searches. The League of POW/MIA families recently visited Laos, and reports that they are pleased with Lao cooperation. Laos is the third largest producer of opium in the world behind Burma and Afghanistan. The U.S. provides law enforcement and alternative development assistance to Laos in an effort to reduce opium cultivation. We are encouraged by the decline in the acreage of land devoted to opium cultivation the past two years but believe that law enforcement cooperation could be enhanced.

To date, counterterrorism cooperation has focused on strengthening Lao capability to prevent use of Laos as a possible target for terrorist activities and in preventing the use of the Lao banking sector for terrorist financial movements.

Mr. LEACH. Mr. West.

#### **STATEMENT OF GORDON WEST, SENIOR DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND THE NEAR EAST, AGENCY FOR INTERNATIONAL DEVELOPMENT**

Mr. WEST. Thank you, Mr. Chairman, USAID appreciates greatly this opportunity to speak with the Subcommittee.

The U.S. national security strategy identifies development assistance as one of the three primary pillars necessary for our national

security. And USAID is committed to ensuring that our foreign assistance programs are effectively planned and delivered to meet the challenges we face today. Emphasis on good governance, economic opportunity and respect for human rights is especially important in Southeast Asia, where countries like Indonesia and the Philippines are in the front lines in the war on terrorism. Southeast Asia remains a region of great promise, however we learned a fair amount from the 1997 Asian financial crises, and the more recent global economic downturn.

Economies and governments that look great during the boom times and were candidates for quick graduation from USAID programs now do not look quite so good under the microscope and under stress. The lack of mature political institutions that can ensure checks and balances and prevent the abuse of power and the need for self-correcting economic and fiscal structures have come to the fore in even the more developed countries in Southeast Asia.

We have found that particularly important is the strong link between good governance and sustainable economic growth. For this reason, promoting democracy and good governance is a common thread in USAID's work throughout Southeast Asia. Corruption drains Southeast Asian economies of millions of dollars each year and many people lack the basic human rights we often take for granted.

On the economic front, breaking down the systems of political patronage and the vested interest of the elite remains a key challenge throughout this region. Given the continuing reform movement in the region, Southeast Asia's most recent economic performance is somewhat improving. USAID's emphasis is on key economic policies such as bank reform and liberalization of trade combined with support for business development in targeted regions. In the health sector USAID is concerned about the potential for an HIV/AIDS epidemic in Southeast Asia.

While prevalence rates are still low compared to sub-Saharan Africa, countries like Cambodia and Burma where the adult prevalence rates are the highest in Asia present troubling situations, particularly with porous borders. Unsustainable exploitation of natural resources, environmental degradation and pollution continue to threaten the region's future economic and social development. Much of USAID's environmental work is focused on assisting community groups and local governments to improve their own resource management.

As noted by Mr. Daley, also one of the most pressing regional issues is trafficking in persons where Burma, Cambodia and Indonesia are currently ranked at tier 3, the State Department's worst ranking. While governments in Southeast Asia have been slow to act on their pledges to get tough on trafficking, there are some positive signs. Just last week, our support for the Cambodia defenders project enabled the Cambodian courts to prosecute two sex traffickers, resulting in 15-year sentences and compensation to the victims.

In the interest of the time, I am not going to go over all our country programs, but I would like to provide a few highlights of some of the most notable successes.

Indonesia, we have substantially reconfigured our aid program in response to meet the most effective, the most pressing needs of post 9/11. Just recently, USAID has contributed directly to three of Indonesia's most important developments. On December 9, 2002 a cessation of hostilities agreement for Aceh was signed. This agreement has greatly reduced the armed conflict that was killing almost 90 civilians a month and wreaking havoc on local livelihoods. We have worked with State to support the peace dialogue and continue with the monitoring of the ongoing truce.

As Mr. Daley noted, in 2004, Indonesians will have the opportunity for the first time to elect directly their local and national legislatures and their President and Vice President. USAID provided considerable support for the drafting committees that produced the constitutional amendments allowing for these direct elections. We are following up with substantial grants to promote free and fair elections and to strengthen the voices of moderate Islamic groups.

In the environmental region our public/private partnerships such as with Home Depot and BP, not only leverage \$4 for every USAID dollar spent to improve Indonesia's natural resource management, but also directly contribute to higher incomes for the rural poor.

In the Philippines, USAID continues to focus on solutions to the ongoing internal conflict between the Muslim separatists and the Philippine government. Programs addressing conflict zones in Mindanao and other southern islands now account for approximately 60 percent of our bilateral program in the Philippines. USAID programs have successfully reintegrated 13,000 former combatants into their communities and will train an additional 12,000 in 2003 and 2004.

USAID also places a very high priority on their assistance to help implement President Arroyo's economic reform agenda.

In East Timor, it is an exciting and crucial time for USAID to support their blossoming democracy and economic development agenda. Our aid programs are supporting Timorese to establish effective institutions of democracy, develop an independent media, create agriculture based jobs in rural areas, and strengthen basic health services. USAID is supporting Cambodia's tentative steps toward democracy by continuing to foster strong and motivated civil society organizations. Many groups we support are working to combat corruption and engage the public in monitoring government activities. In one example, civil society recently established Internet kiosks throughout the country. Citizens are actively using these Internet facilities now to become more informed about their voting rights and issues related to the upcoming July elections.

In Vietnam, a primary thrust of the USAID program is support for implementation of the U.S. Vietnam bilateral trade agreement. USAID advisors are helping on virtually all aspects of the economic and legislative reform needed to meet both the bilateral and the WTO accession requirements. Many of the reforms being implemented will not only open up trade, but will also result in more transparent and participatory government.

In Burma last year, we began to provide English language training to opposition groups and leaders in country, and also in country to provide assistance to NGO's in addressing the serious HIV/AIDS

situation in Burma. We hope to expand this program again through NGO's only and requesting additional funding for FY 04.

In addition to bilateral programs in Southeast Asia, we have several regional programs we will begin implementing through a new regional hub in Thailand. The greater Mekong region stands on the edge of an HIV/AIDS epidemic. It is one of the highest priority targets of the Administration. To prevent the destabilizing effects of a major epidemic, USAID is focussing on HIV/AIDS education and prevention, on expanding clinical services, and on studies of HIV/AIDS spread among drug users and migrants.

Through the U.S.-Asia Environmental Partnership, or USAEP, we have developed innovative and successful government business partnerships that address key environmental issues and create markets for U.S. businesses. This year we have integrated the most successful elements of the USAEP into our bilateral programs and shifted the management of priority regional initiatives to Thailand from Washington. We will no longer request USAEP funding as a separate line item. USAID is also playing a key role in supporting the U.S. Government's new ASEAN cooperation plan. In addition to enabling effective communications via the Internet for ASEAN members and its secretariat, we also expect to work closely with ASEAN to address the alarming regional trafficking problem.

In conclusion, I would like to thank the Members of the Committee for their support over the years to our Asia programs, particularly for your leadership on HIV/AIDS, tuberculosis, malaria, human rights, trafficking in persons and famine prevention. Thank you very much.

Mr. LEACH. Thank you very much.

[The prepared statement of Mr. West follows:]

PREPARED STATEMENT OF GORDON WEST, SENIOR DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND THE NEAR EAST, AGENCY FOR INTERNATIONAL DEVELOPMENT

#### INTRODUCTION

Thank you, Mr. Chairman and members of the Subcommittee. I appreciate this opportunity to speak with members of the Subcommittee. Our fight against terrorism in Iraq and Afghanistan underscores the need to promote stability around the world, but particularly in Southeast Asia, where countries like Indonesia and the Philippines are on the front lines in the war on terror. However, our work there is not limited to combating terrorism, nor has it ever been. We have a long history of promoting democracy, economic growth, health and natural resource management in the region. Deputy Assistant Secretary Matt Daley will address the key political factors and related budget priorities for Southeast Asia which our USAID programs continue to support.

The U.S. National Security Strategy identifies development assistance as one of the three pillars necessary to assure our national security. The U.S. Agency for International Development plays a major role in minimizing the conditions that foster terrorism, instability and other global threats. Under the leadership of Administrator Andrew Natsios, USAID is committed to ensuring that development assistance firmly supports U.S. national interests. We will take advantage of this historic opportunity presented by the President's new vision for development by closely examining what we do best, what we should be doing more, and less, of and how best to move forward.

The Millennium Challenge Account (MCA) articulates a fresh and practical framework for development. The MCA is built on the fact that our aid is most effective in situations where governments are democratic and accountable to their citizens. We will achieve more effective results in economies that are open and corruption-free, where governments invest in their people. By making explicit the causal relationship between good governance and economic growth, the President has provided



an innovative formula for more effective assistance. Our goal is to work with governments and their people to create conditions in which all Southeast Asian countries could aspire to meet the high standards for governance envisioned in the Millennium Challenge.

We will continue the initiative we started last year to work in public-private alliances, establishing new partnerships with the private sector to leverage large amounts of additional resources towards development objectives.

Conditions across Southeast Asia vary greatly, and we tailor our responses accordingly. It is a region where many fragile states threaten to become 'failed' ones, but it is also a region of democratic promise. Our USAID programs support those countries that are either struggling or moving steadily down the road to democracy, economic prosperity and human dignity.

#### REGIONAL ISSUES

In Southeast Asia, poverty, disease, unemployment, lack of education, and corruption all provide fertile breeding grounds for terrorists and conflict. In some countries, political disenfranchisement and disrespect for human rights exacerbate these problems. With some governments unable to fulfill basic social and economic necessities, some in this region may find themselves drawn into terrorist groups. USAID has demonstrated its commitment to helping the people of Southeast Asia change those conditions.

The USG supports the governments in the Philippines and Indonesia as they fight against terrorism within their borders and internationally as our partners. We support development of legislation and regulations that directly fight terrorism, such as the successful passage of anti-money laundering legislation to which we contributed.

Promoting democracy and good governance is a common thread in USAID's work in East Asia. Corruption drains Southeast Asian economies of millions of dollars each year, and many people in some countries lack the basic human rights we often take for granted. USAID focuses on helping governments address corruption head-on and supporting civil society as it pressures governments to be transparent and accountable. Elections in 2003 in Cambodia and in 2004 in Indonesia and the Philippines are opportunities for citizens to strengthen good governance in their countries. We are providing support to help make these elections the best yet in each country.

Not only is Southeast Asia still recovering from the devastating effects of the '97 financial crisis, but it is also dealing with the current global economic downturn. Meanwhile, its governments are having trouble staying the course on the economic reforms that should form the foundation for future growth. Despite these challenges, there is reason for optimism. In this sector, USAID's emphasis is on key economic policies, such as bank reform and strengthening in Indonesia and the Philippines, and promoting trade, through bilateral agreements like that with Vietnam.

In the health sector, USAID is concerned about the potential for an HIV/AIDS epidemic in Southeast Asia. While prevalence rates are still low compared to sub-Saharan Africa, countries like Cambodia with an adult prevalence rate of 2.7 percent present troubling situations. HIV/AIDS crosses borders easily in this part of the world. Among prostitutes in some countries, prevalence rates are as high as 80 percent, and rates among intravenous drug users of 93 percent are equally worrisome. Given these factors and East Asia's large population, HIV/AIDS is a time bomb. USAID has expanded its work on HIV/AIDS substantially to meet these challenges, including a rapid scale-up of our programs in Cambodia and Indonesia and a regional Greater Mekong initiative in Vietnam, Laos Thailand, Burma and two southern provinces in China. USAID supports a variety of interventions in the areas of prevention, care and support, voluntary counseling and testing, prevention of mother-to-child transmission, policy and advocacy, and stigma reduction. In Cambodia our work has helped reduce the prevalence of HIV in adults from 3.9 percent in 1997 to 2.7 percent in 2002.

Unsustainable exploitation of natural resources, environmental degradation and pollution continue to threaten the region's future economic development, inflict high social costs in health and other areas and fuel intra- and inter-state conflicts. Southeast Asia is the home to some of the world's most endangered forests and wildlife, but population growth, poverty and corruption are generating unsustainable demands on the region's environment. Much of USAID's work is focused at the community level, assisting local governments to improve resource conservation and management.

One of the most pressing regional issues I would like to highlight is trafficking in persons. The statistics from our region, both as a source and destination point

are alarming. Burma, Cambodia and Indonesia are currently ranked at Tier 3, the worst ranking given by the State Department's Global Trafficking in Persons Report. USAID is working closely with the State Department to prevent trafficking, protect the victims, and prosecute offenders. Just recently, our support of the Cambodian Defenders Project enabled them to prosecute two sex traffickers, resulting in fifteen-year sentences and compensation to the victims.

INDONESIA, THE PHILIPPINES AND EAST TIMOR—DEMOCRACY ON THE FRONT LINES

In Indonesia, the Philippines and East Timor, the governments are committed to a democratic path, but there is much more that we can do to help to make governments more accountable, give citizens the tools they need to participate effectively in the decisions that affect their lives, ensure all citizens have access to political processes and strengthen the rule of law. In addition, Indonesia, the Philippines and East Timor are struggling to mitigate internal conflicts. In the following remarks, I will outline USAID's work in these countries.

*Indonesia—a moderate Islamic nation*

Indonesia, the largest Muslim country in the world, is a critical partner in the U.S. Government's efforts to combat terrorism and maintain stability in the region. Indonesia is implementing a major transformation of its political and economic landscape, while simultaneously addressing multiple crises, from terrorism and inter-ethnic, sectarian and separatist violence to endemic corruption and rising poverty.

The USAID program in Indonesia is our largest in East Asia, and we have drastically reconfigured it to respond more effectively to post 9/11 policy priorities. Our programs give special emphasis to strengthening the voice of moderate Islamic groups, addressing the financial crime that almost crippled the government, and improving basic education. We are also working to improve people's lives at the community level, through health, livelihood, and political participation programs.

USAID has contributed directly to three of Indonesia's most important recent developments:

Signed on December 9, 2002, Aceh's fragile Cessation of Hostilities Agreement has greatly reduced the armed conflict that was killing almost 90 civilians a month and wreaked havoc on local livelihoods. Not only did we support the lengthy peace dialogue, but we have also taken the lead in monitoring the ongoing truce. Now our focus is on helping the people of Aceh rebuild their lives and their economy and supporting responsible governance under the special autonomy situation.

The October 2002 bombings in Bali that killed over 200 people devastated Indonesia's tourism revenues and shocked the country. USAID moved rapidly to provide emergency assistance and is now helping to put the economy back on track and working with local groups to dissolve tensions. Bali displays remarkable resilience, and its future looks bright.

For the first time, Indonesians will have the opportunity to elect directly their local and national legislators, President and Vice President, a major milestone for a country on its way to becoming the world's third largest democracy. These elections are the direct result of a USAID-supported constitutional amendment, and we are following up that support with work through partners like IRI, NDI, and IFES towards free and fair elections with full participation by all parties.

In the environmental area, our partnership with the private sector to combat illegal logging, not only leverages \$10 for every USAID dollar spent to improve forest resource management, but it also directly contributes to higher incomes for the rural poor.

*Philippines—swords to plowshares*

The Philippines is on the front lines of the war on terrorism in Southeast Asia. Mindanao, the home to ongoing internal conflict between Muslim separatists and the Philippine government, receives approximately 60 percent of our bilateral budget since FY 02. This funding is used to improve health and educational programs, promote livelihoods, rebuild infrastructure and reintegrate former combatants to counter vulnerabilities to terrorist influences. USAID programs have successfully reintegrated 13,000 former combatants into their communities and are training an additional 8,000 former combatants in 2003, with the remaining 4,000 slated for training in 2004.

In Mindanao and elsewhere in the Philippines, health services are being devolved to the local level. This is a challenge and an opportunity for local governments, and USAID is helping them to build their capacity to provide general health care and family planning as well as more specialized care for TB and malaria management and immunizations.

We are also working to advance desperately needed economic reforms in the Philippines. In 2002, the public sector deficit was an alarming 6 percent of GDP, due to falling tax collections. USAID's programs are critical to combating the pervasive corruption that undermines the economy and political stability. In 2003–04, we are giving special attention to improving tax administration, which is a major source of fiscal revenue that is threatened by corruption. In addition, our programs work to reform procurement, improve the judicial systems and implement effective anti-money-laundering legislation.

Governance is also weak in the regulation of public utilities. USAID's work in energy and air quality aims to establish an open, competitive market for generating and distributing electricity, electrify communities of former rebel soldiers using renewable energy in order to raise their standards of living, and reduce vehicle emissions to combat the excessive number of illnesses and deaths from respiratory illnesses.

*East Timor (Timor Leste)—building a nation*

East Timor is the newest nation on the world stage. It is an exciting and crucial time for USAID to support its blossoming democracy and economic development. Our programs are supporting the Timorese as they establish a democratic government, including assisting them in drafting and public vetting a constitution, holding free and fair elections for the Constituent Assembly and President, drafting and holding public hearings on critical legislation, and establishing an independent media.

But the majority of Timorese are still very poor and live mostly in rural areas. Today, two in five persons do not have enough food, shelter or clothing. One in two has no access to clean drinking water, and three in four have no electricity. USAID worked in East Timor prior to independence, generating rural employment and raising rural incomes for 20 percent of East Timor's coffee farmers, in a country where 43% of the rural population farms coffee. USAID-supported coffee cooperatives broke the monopoly of the Indonesian military on coffee purchasing, enabling the Timorese to find better markets.

The new Timorese government considers USAID a good partner, and we are the second largest bilateral donor after Australia. We are contributing \$12 million over three years to the central government for implementation of key elements of its national development plan. As East Timor begins to take advantage of the projected oil and gas revenues from Timor Gap, we will reassess our future assistance levels.

MAINLAND SOUTHEAST ASIA—WORKING TOWARDS DEMOCRACY

In mainland Southeast Asia (Burma and Burma/Thailand border, Cambodia, Vietnam and Laos), we are working in countries where commitment to a democratic future is unclear. We have designed our strategies in each country to provide appropriate stimuli towards democratic change, working mostly through non-governmental organizations. Our programs in mainland Southeast Asia focus largely on democratic transition, HIV/AIDS, health, environment, education and trafficking in persons.

*Cambodia*

Cambodia ranks among the poorest countries in the world, with an annual per capita GDP of \$280, low literacy rates, poor health status, and the highest official HIV/AIDS infection rate in Asia. Cambodia suffers from the legacies of war, genocide and corrupt government. U.S. objectives in Cambodia include promoting democratic practices, good governance, protection of human rights, and fighting disease and poverty.

USAID is supporting Cambodia's tentative steps towards democracy. In this year's July elections, we are strengthening the capacity of the democratic opposition and promoting an environment in which voters can make informed decisions without fear of intimidation or reprisals. After the elections, our support will continue to help build the institutional capabilities of the parties to develop leadership and messages. Years of USAID support have fostered the evolution of strong, motivated NGOs, with whom we are now working to promote democratic reforms at the national level, combat corruption, and engage the public in monitoring government activities. USAID also supports indigenous business associations which advocate for improvements in governance and transparency, reforms that will be necessary for Cambodia's accession to the WTO.

Cambodia's health services are still very weak, so our focus is on helping severely malnourished children, vitamin distribution, training for midwives, malaria prevention, improved TB treatment, and immunization outreach. Given Cambodia's high

HIV prevalence, USAID's most significant investment is in HIV/AIDS prevention and care.

Strong and relevant education is the key to the future of Cambodia. USAID has begun to develop a program to improve the quality and relevance of Cambodian education, with the aim of keeping children in school longer, especially girls.

Consistent with legislative strictures, we do not contribute funds to any entity of the Royal Cambodian Government (RCG), and we only engage directly with the Government in the areas of HIV/AIDS, primary education, trafficking and maternal and child health. Although our principal partners in Cambodian development remain international and Cambodian NGOs, the increased flexibility in recent years to work with certain parts of the Government has enhanced our effectiveness.

#### *Vietnam*

Vietnam, a country of 80 million people, is key to regional stability and occupies a strategic position related to China. This is an economy that has the potential to take off, but today it remains very poor. More than 50 percent of the population is too young to remember the war, and they are growing in power.

Our interests lie in helping Vietnam make the transition to a more open and market-driven economy to ensure their economic growth and stability as a trading partner. The main thrust of the USAID program is support for the implementation of the U.S.-Vietnam Bilateral Trade Agreement (BTA). Since the signing of the agreement in December 2001, imports from the U.S. have grown by 26 percent and exports to the U.S. by 129 percent.

But our assistance is not limited to trade promotion. USAID programs also work to prevent HIV/AIDS, improve and increase services to the disabled, and protect the environment.

Our hope is that improvements in economic governance related to our technical assistance to improve compliance with the BTA, will lead to interest and progress in good governance as a whole. The Vietnamese welcome USAID assistance at the official and grassroots levels and are open to our culture and goods. The Vietnamese have recently asked for USAID assistance with developing their new securities law and with a new groundbreaking NGO law. This is a mutually advantageous relationship we should continue to build.

#### *Burma*

Burma is an authoritarian state, with serious health and economic growth issues, a drug trade and rampant human rights abuses. USAID's work in Burma is focused on promoting democracy and human rights. We also provide significant humanitarian assistance to displaced Burmese on the Thai-Burmese border, through education and health programs. Last year we began to address the serious HIV/AIDS situation in Burma, where the infection rates are at critical levels. We hope to expand this program in the future.

#### *Laos*

Laos faces serious human rights concerns, widespread acute poverty and disease. Therefore, our work in Laos is largely humanitarian. The small USAID program creates jobs, promotes targeted growth through a silk production project, improves maternal and child health and educates Lao children about unexploded ordnance. With unexploded bombs from the Vietnam war era still on the ground in Laos, in some parts of the country a child is at risk simply playing outdoors. While HIV/AIDS is not yet a severe problem in Laos, we are working hard to make sure it does not become one. Maternal and child health is a major concern we are beginning to address, especially for Laos' most vulnerable children.

### TACKLING REGIONAL ISSUES

#### *Thailand*

We have no bilateral aid programs in Thailand, but there are several regional programs operating in the country. We are opening a new regional support office to support our bilateral and regional HIV/AIDS, anti-trafficking, environment, foreign disaster assistance and economic growth programs as well as our Burma border activities. The programs in Vietnam, Laos and the Burma border, where we currently have no direct hire presence, will be managed from Bangkok.

#### *ASEAN*

USAID is playing a key role in support of the U.S. Government's new ASEAN Co-operation Plan. We have arranged for information, communication and technology (ICT) assistance to the ASEAN Secretariat and key ASEAN members to enable them to communicate effectively via the Internet. We are also providing assistance

to the Mekong River Commission to address critical regional environmental management issues. In addition, we expect ASEAN to be an important partner in addressing the alarming regional trafficking in persons problems.

*Regional HIV/AIDS*

The Greater Mekong region, which includes Cambodia, Thailand, Burma, Laos, Vietnam and two southern provinces in China, stands on the edge of an HIV/AIDS epidemic. To prevent the destabilizing effects of a major epidemic, USAID is strengthening policy, advocacy and surveillance systems, while developing and applying new efforts to address the most at-risk people for HIV/AIDS and other key infectious diseases. Overall, our support has enabled national and regional partners to: better understand the extent of diseases such as HIV/AIDS, TB, and malaria; strengthen monitoring capabilities; and expand prevention and treatment services to reach more people at risk. As a result, more people in the region can protect themselves against the debilitating effects of the diseases and participate in the development of their countries.

*US-AEP*

Through the U.S.—Asia Environmental Partnership (US-AEP), USAID has developed innovative and successful government-business partnerships to address key environment issues and create markets for U.S. businesses. We have integrated the most successful elements US-AEP into our bilateral programs and will no longer request funding as a separate line item.

PUBLIC-PRIVATE PARTNERSHIPS

The ANE Bureau established a public-private alliance mission incentive fund (MIF) in FY 02 to encourage missions to seek out partnerships with private sector enterprises, donors, host country counterparts foundations, and local non-governmental organizations (NGOs), among others. A competitive process resulted in the award of \$17.5 million to 12 projects in six countries with an average mobilization of more than four alliance partner dollars to each USAID dollar. In other words, the bureau's \$17.5 million investment in these activities is expected to yield over \$70 million in outside resources being applied to our development objectives. Examples of the types of programs supported by the MIF include:

- Working with Mirant Philippines and the Philippine Department of Energy on a solar energy project in Mindanao which is delivering electricity to over 3,000 people in remote areas to promote peace and prosperity;
- An alliance with British Petroleum in a remote province in Indonesia is working with civil society groups, private firms, and local governments to put natural resources to work for the economic and social betterment of the region while protecting a unique environment; and
- A timber alliance to combat illegal logging in Indonesia which harnesses resources from The Nature Conservancy, the World Wildlife Foundation, and Home Depot.

CONCLUSION

I would like to thank the members of the Committee for their support over the years to our programs in East Asia, in particular for leadership on HIV/AIDS, tuberculosis, malaria, human rights, trafficking in persons, and famine prevention. We look forward to continued close cooperation with you and your committee as USAID implements the United States' development assistance agenda.

Mr. LEACH. I have two questions one for Mr. Daley, one for Mr. West. That relates to event of the last 2 or 3 weeks. And first with regard to a singular international issue, the war in Iraq. I have received some indirect reports from parts of the region that antagonism levels have risen about U.S. policy, and to some degree, I was even—it was even described to me that a feeling of resentment has kind of metastasized to much deeper feelings of anger and potential energizing opposition. Can you comment on that, particularly as it relates to a country like Indonesia?

And then secondly, with regard to events of the last 2 or 3 weeks, in addition to AIDS which this Committee has a long term concern about, we have this new disease the pneumonia-like SARS, which

is a potentially stunning significance to the region and the world community. Exactly what is USAID doing in response to this, either in tandem with or separate from, what the Centers for Disease Control is doing? First, Mr. Daley on the first question.

Mr. DALEY. Mr. Chairman, there is no doubt, but that the war on Iraq has exacerbated the view held among a substantial element of the Muslim population throughout Southeast Asia that the United States is hostile to Islam, and that this view has, in number of areas, produced demonstrations in the street. It has produced statements by government leaders that are very much at odds with our policy and have condemned our policy to put it bluntly. At the same time I would note that the popular manifestations against the policy have to date been peaceful. We have had excellent support from governments in allowing their citizens both to exercise their right to express their political views and, at the same time, providing security for our facilities and personnel. I think Indonesia and Malaysia get very high marks for this in particular. It is a welcome change in Jakarta. It is a welcome change from the kind of circumstances that we found ourselves in in the fall of 2001.

Mr. LEACH. Before turning to Mr. West, let me just express on behalf of the Subcommittee an appreciation for governments that may differ with us, or societies that may differ, that they have not taken it out on American personnel to date. A key part of international affairs is the obligation of host governments to protect the Embassies of other countries, and so the United States is appreciative that in controversial times that protection is provided.

Mr. West with regards to SARS.

Mr. WEST. Yes, Mr. Chairman. Generally USAID does not have the clinical capacities that CDC does so CDC is largely taking the brunt of that responsibility under cooperation with WHO. However, we do have a very close collaborative arrangement in most of our Embassies in the region, particularly since we work very closely on HIV/AIDS. So we stand ready as evidence comes out of their initial explorations to work more on the treatment side. I would note we have authorized evacuations first in Vietnam, and now in Cambodia, as of several hours ago. So it is a very big concern. We have provided \$50,000 under our OFDA emergency funds to a few of the hospitals in Hanoi, which were particularly hard hit from the initial outbreaks in SARS there. That is the first, and to my knowledge, the only direct participation that USAID has of right now, but we are prepared to cooperate with CDC in the future.

Mr. LEACH. Thank you.

Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I just have one basic question to Secretary Daley in reference to your comments that you had made concerning West Papua, New Guinea. History has not been kind to the people of West Papua, New Guinea, given the fact that this area was formerly a Dutch colony and colony in its purest sense or form. You are probably aware, Mr. Secretary, that West Papua, New Guinea, was like a trade-off at the height of the Cold War, and it was a decision of our government, either to support the dictatorship, either Suharto, and part of the process there was a hope that West Papua, New Guinea would be given

eventual independence because it was strictly a colony, having no cultural historical relationship whatsoever with Indonesia.

And I just wanted to ask you what the Administration's position, in terms of how we are going to resolve this issue. Now I know in the past that the policy has been well, this is an internal issue that Indonesia has to resolve within its own internal problems, but the fact of the matter is some 100,000 West Papuan men, women and children, were tortured and murdered by the Indonesian military. And there is a movement among the people of the West Papua that they do desire very much a sense of self-determination, which they have never been given, that the United Nations turned a blind eye to the whole problem in the incident, what happened here, and I am very concerned that there does not seem to be a sense of fairness in the process, and I am just curious as to what the Administration's position is on this, given the historical facts do not support the idea that West Papua historically has ever been part of Indonesia for that matter.

Mr. DALEY. Mr. Faleomavaega, I am afraid you are not going to like my answer. We support the territorial integrity of Indonesia. We were encouraged by the passage of the special autonomy legislation which would apply to Papua, and we were disappointed when we saw steps that would apparently degrade the impact of that legislation. We are going to continue to try and encourage the government in Jakarta to fulfill the spirit of the special autonomy legislation so that the people in Papua like the people in Aceh and other parts of the country, the local communities will have a far greater voice in the conditions of their governance and will have greater access to the natural resources and the profits that result from the exploitation of those resources in their area.

Mr. FALEOMAVAEGA. I appreciate your candid response, Mr. Secretary, and I understand your position.

But here is another problem that I am very, very concerned about, and the fact that the same issue was also taken into consideration, the question of East Timor. East Timor was a former colony of Portugal in the same fashion in the way that the Dutch had just simply carved out half of Papua, New Guinea and made that a colony, literally a colony. But despite Indonesia protestations, and with the support of the United Nations, the people of East Timor were given the opportunity to vote for self-determination, whether they wanted to become independent from Indonesia or not.

Why is it we are supporting, allowing the East Timorese the opportunity to declare their sense of self-determination and independence, and right around we are saying that this cannot be done for the people of the West Papua, New Guinea, who, like I said, have no historical or cultural connection whatsoever with Indonesia. I do not see how we can be, and I do not mean to suggest that being consistent is a fair policy either. I am just saying being fair that where we have done everything we could, now East Timor is an independent country but these 800,000 West Papua, New Guineans, and by the way, also this problem represents the largest gold mining operation going on in the world right now, and those 800,000 West Papuans, in my humble opinion, certainly deserve a better opportunity to, if we are talking about democracy, if we are so sensitive about expressing human rights violations, this is a

classic example, I see, of where we become somewhat hypocritical in our efforts to say democratize the world, let us do this and that, but these people have never been given that opportunity. I just do not see the fairness in the process. And I am not putting any blame on you, Mr. Secretary. I just want to say that I am definitely not going to give up on this issue.

I just want to ask Mr. West, excuse me, Mr. Chairman, what basically is our national policy toward providing aid toward these countries in Southeast Asia? Are we doing it for purposes of trade, for humanitarian reasons, for promoting democracy, do we have a perfectly well-grounded reason for giving support to these countries who may not necessarily be supportive of us?

Mr. WEST. We do not have a unified regional strategy as of yet. It is an option we are looking at. Really the countries align now into basically two groups. There is the Indonesia-Philippines grouping, which is a very key international concern, and then mainland Southeast Asia if you will. And in mainland Southeast Asia, we are very much focused on democracy, human rights and the theme of economic governance, but in that sense, it is really along the lines of corruption, transparency and openness in trade regimes. Our mainland S.E. Asia programs are still relatively small, but we are getting to have a fairly consistent program across that region of democracy and economic governance.

In the Philippines, in Indonesia, where we do have larger programs and in Timor, with approximately \$25 million, it is more consistent and directed overall with frankly the overall objectives of the U.S. Government in foreign policy, including counterterrorism, the war against terrorism. We are strengthening our democracy components, we are strengthening our public diplomacy and outreach to moderate groups throughout this country to give them a larger voice. We have begun, as we have in most of our Asia and the Near East region, to examine the potential for expanding education programs in the future, since the role of education is so critical to public diplomacy outreach and to intelligently dialogue with the world. And continuing on with programs that are economic reform, particularly looking at how they impact job creation and economic opportunities—

Mr. FALEOMAVAEGA. Mr. West, I know my time is up.

Mr. LEACH. If I could please—go ahead.

Mr. FALEOMAVAEGA. Just one question, then.

Mr. LEACH. Not a question.

Mr. FALEOMAVAEGA. I will wait for the second round, Mr. Chairman.

Mr. LEACH. Mr. Bereuter.

Mr. BEREUTER. I will yield to those people who can be here on time first. Thank you.

Mr. LEACH. Mr. Blumenauer.

Mr. BLUMENAUER. Thank you, Mr. Chairman. I guess my areas of inquiry are twofold. And I appreciate both panelists making reference to some of the environmental issues in the area. As we look at a half billion people, the potential impacts on the world's environment, global warming, problems of deforestation, impacts on the ocean are potentially staggering. My questions are twofold, one deals with what we are doing for these exploding urban areas. Our



USAID urban programs, I think last I checked, was the equivalent of four cruise missiles. We are reaching a point now where almost for the first time in human history, half of the world's population are in urban areas, and in the next 50 years, it will be two-thirds of the world populations, and most of this growth is occurring in these urban areas, most of them in developing countries.

And I am wondering if either of you gentleman can comment on what our plans are to help areas like Manila, Bangkok, Jakarta that are facing massive problems that can lead to unrest. I think the CIA has suggested that there may be national security implications in terms of instability, politically, economically and potentially environmentally. Can you elaborate on where we are going here, and if we are going to be able to get past four cruise missiles?

Mr. WEST. Our traditional bilateral programs have largely been what we would call green and blue. They have been rural natural resource based. Our step this year to integrate the U.S. Asia-Environmental Partnership into our bilateral programs has specifically been done to integrate what were more targeted opportunity urban programs into our mainstream programs. So we are now going to consolidate basically around the themes of air pollution in major cities in the region and in water in urban areas, wastewater in particular. As you noted, these are major issues, particularly air pollution is one of the leading contributors to reduce child survival rates, and it has a major impact on health indicators. So we are hoping, if not by dramatically increasing our funds, by using them much more wisely and by getting consolidated approaches across the region, to have a much more visible and integrated urban environmental program in Asia.

Mr. BLUMENAUER. Mr. Chairman, I do not know what that means. With all due respect, I do not think we have to have a huge outlay to have a dramatic increase. Four cruise missiles, *\$4 million*, spread across this region, does not sound to me like very much when we are dealing with some of the fundamental problems of planning, water, transportation, and I would like to, if we could, get something from you. I do not want to ambush you, but just get something in greater specificity about what it means, how much we are going to invest and what we plan on doing.

And I would think, Mr. Chairman, that this might be something that our Subcommittee may be able to add its voice. We are spilling more than what would be necessary to have a huge impact on people in terms of saving lives, improving quality of life, economic enhancement and selfishly it will affect our environment, our quality of life, if we can help improve the programs there.

The other question, I do not know where the light is, I may have exceeded my time, but I would just put on the table a request to understand specifically what these partnerships are that are referenced in terms of what it is that we are doing that will make a difference in these areas in terms of enforcing safe logging standards, in terms of other areas that might impact in terms of the environment. And it seems to me that these are not big ticket items. It is not a lot of money.

We've been reducing it through both the Clinton and Bush Administration. This is a bipartisan concern that I have. But having a sense of getting the dimension of that would help me, because

reading your testimony I do not know what you're saying in terms of what it actually means.

Mr. WEST. If I may, please. We would be pleased to get back in writing with specific details on funding and the partnerships which were initiated under what was called the Global Development Alliance. I would note that we have maintained steady funding in the environment despite our own desires to increase. We find that environment funding must come from our discretionary accounts and we are challenged by our need to also do more in democracy, governance and economic growth. So we are constrained in our environmental funding.

[The information referred to follows:]

INFORMATION SUBMITTED FOR THE RECORD BY GORDON WEST, SENIOR DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND THE NEAR EAST, AGENCY FOR INTERNATIONAL DEVELOPMENT

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USAID URBAN ENVIRONMENT PROGRAMS IN SOUTHEAST ASIA

USAID is working on urban environmental issues in Indonesia, the Philippines, Vietnam and Thailand. Much of this work has been done through the U.S.-Asia Environmental Partnership (US-AEP), which is being integrated into our country programs. Projected US-AEP funding for FY 03 is as follows: \$750,000 for Indonesia, \$380,000 for the Philippines, \$830,000 for Vietnam, and \$430,000 for Thailand.

The following describes USAID's urban environmental work, including US-AEP, in Indonesia, the Philippines, Vietnam and Thailand.

Indonesia

USAID is working on four important environmental issues in urban areas-- water/sanitation, unleaded gasoline, air quality and solid waste management

Water/Sanitation:

USAID is financing a \$4.5 million Local Government Water Services Program to help Indonesian municipalities. This program provides technical support to 24 local water supply enterprises, the associations of water utilities and water/sanitation engineers, and community groups to improve the quality and coverage of water services for urban communities. Activities are implemented through The Urban Institute.

In North Maluku, North Sulawesi and West Kalimantan, USAID/OFDA has provided a total of \$2.4 million from FY 01 through FY03 to increase slum residents' access to clean water and sanitation. Results include 20 water and sanitation projects in 40-60 villages reaching 16,000 beneficiaries. Where appropriate, there has been a special focus on providing internally displaced persons (IDPs) with improved access to potable water, supplies, and latrines. USAID partners include Action Contre la Faim (ACF), Consortium of Assistance to Refugees and the Displaced in Indonesia (CARDI) and International Medical Corps (IMC).

Access to clean water in urban areas is also dependent upon local watersheds. With \$1 million USAID supported the development and implementation of the Balikpapan Bay Watershed Plan, which will benefit the city of Balikpapan, East Kalimantan. Partners include the University of Rhode Island.

In FY 03 USAID's U.S.-Asia Environmental Partnership (USAEP) will support the Indonesian Water Supply Association to improve the financial and operational efficiency of local water supply enterprises. Approximate budget is \$600,000 in FY03. For many years USAEP has been improving access of the urban poor to clean water by working through the Indonesian Water Supply Association to improve the financial and operational efficiency of local water supply enterprises. In the latest part of this effort, USAEP helped the Indonesian Water Supply Association develop a master plan for an effective and cost-recovering program to train water enterprise professionals in the provinces. As a result, the Association now has a "bankable" plan that is attracting

donor start-up support. If it is followed, the master plan will provide demand-driven training on a sustainable basis.

USAID is also supporting urban water and sanitation improvements in Jakarta, Surabaya, and Makassar through partnerships with Church World Service (CWS), Mercy Corps, and World Vision Inc. Programs are designed to protect urban water sources, improve water and sanitation facilities, rehabilitate urban storm drains, install hand pumps to increase public access to clean water, and to improve rainwater catchments and filtration systems. The total fund for water and sanitation programs in FY 02 is \$180,719 under Title II Food for Peace.

#### Unleaded Gasoline:

USAID and the Indonesia Coalition for Unleaded Gasoline developed and launched a campaign to raise awareness on the dangers of lead exposure and the planned introduction of unleaded gasoline. After ten years of unrealized government commitments to supply unleaded gasoline, the state oil company, Pertamina, and the Government of Indonesia agreed to begin lead phase-out in February 2001. Jakarta and the highly urbanized island of Bali are the first two areas to begin using unleaded gasoline.

Since 2001 USAEP has partnered with the *Indonesia Coalition for Unleaded Gasoline* to develop and launch a campaign to raise awareness on the dangers of lead exposure and the planned introduction of unleaded gasoline. The campaign, coordinated with an unlikely coalition of government, private sector, and NGO players, followed more than ten years of unrealized government commitments to supply unleaded gasoline. In February 2001, the advocacy efforts of the Coalition and others paid off when state oil company, Pertamina, and the Government of Indonesia agreed to begin lead phase-out. Lead has been successfully phased-out of gasoline in the capital city of Jakarta and the country-wide phase-out should be complete by January 2003. The campaign has raised awareness of the dangers of lead and has provided the most consistent and focused pressure to date on the government and Pertamina to follow through with the commitments to phase-out leaded gasoline. The Jakarta area has enjoyed unleaded gasoline supply without interruption since July 2001.

#### Clean Air:

Further work on clean air involves strengthening coordination of an influential group of stakeholders known as the Partnership for Clean Emissions (MEB). With USAID assistance they are working on fuel quality standards, vehicle emission standards, and vehicle inspection and maintenance.

USAID is also working with the Institute for Transportation and Development Policy on reduced air pollution through improved traffic management and better bus transit systems in Indonesia and India. The approximate budget is almost \$2 million in FY02 under the Indonesia/India Livable Communities Initiative under a public-private alliance.

USAEP is helping to strengthen the coordination of an influential group of stakeholders on clean air policy relating to the Jakarta Action Plan to Reduce Vehicle Emissions. The Action Plan summarizes key air quality issues and was drafted by *Mitra Emisi Bersih (MEB, the Partnership for Clean Emissions)*, an association of 40 private sector, government, NGO and academic institutions.

The stakeholder dialogue will develop and advocate clear policy input for the Government of Indonesia on issues such as fuel quality standards, vehicle emission standards, and vehicle inspection and maintenance. USAEP is supporting MEB to conduct targeted focus group discussions, draft constituency-based advocacy materials, produce public outreach materials, provide regular information to journalists, and gather vehicle emission data.

**Solid Waste Management:**

USAID financed a \$200,000 study in 2001 to identify the sources of solid waste generation in the city of Manado North Sulawesi. The provincial government is using the study findings to improve its solid waste management.

USAID supported a workshop for mayors and city sanitation and finance department staff from cities in Indonesia, Singapore, the Philippines and the United States. The workshop provided Indonesian decision-makers with useful information on how other cities and countries deal with solid waste management.

Finally, different municipalities have different environmental concerns USAID also supports three local governments in the special province of Yogyakarta to strengthen inter-governmental coordination to address key environmental management problems.

To help Indonesian mayors and city sanitation and finance departments understand how to improve the collection and safe disposal of municipal solid waste, USAEP organized a workshop last year to share lessons learned in solid waste management from *cities in Indonesia, Singapore, the Philippines and the U.S.*, providing Indonesian decision-makers with useful information about the experiences of Asian countries at different levels of development. Of particular interest to the Indonesian audience was the Philippine experience building partnerships between community groups, local governments, and local companies to manage urban waste. Participants developed ideas for new roles for community groups, such as creating NGO-city agreements that would improve city services.

**Philippines**

Urban environmental activities taking place in 2003 include those focusing on *local government environment management capacity building and strengthening of local city government associations*. Select activities and success stories include:

**Environmental Management Systems in Philippine Cities:**

Since 2001, US-AEP has promoted the adoption and implementation of an ISO 14001-based environmental management system (EMS) to three pilot cities in the Philippines: *Iloilo City, Mandaue City, and Tagaytay City*. As part of this initiative, US-AEP provided a series of training programs on EMS for these cities consisting of EMS awareness training in which participants were introduced to EMS concepts and applications and the conduct of Initial Environmental Reviews. US-AEP's goal is to provide a framework that will sustain the environmental initiatives started by these cities, including management of air and water pollution, solid waste generation and disposal, and hazardous waste generation and disposal. US-AEP's training has resulted in the development of initial EMS documents for two of the cities and has

promoted environmental awareness to the local government participants and the various stakeholders in their respective communities.

#### The Greening of Iloilo City

Iloilo City is slowly emerging as the new green city in the Philippines. In partnership with US-AEP and the Asian Development Bank, the mayor of Iloilo City formulated a plan of action for a water and sanitation management project. The plan included establishment of a framework to institutionalize the project through enactment and enforcement of local ordinances; promotion of multi-sectoral protection and development of the project; provision of adequate and quality water for the city; and provision for an adequate drainage system. Baseline data is being collected for a river implementation program and drainage system and will be used in the development of an integrated improvement and development plan and master plan.

#### Increased Capacity in Water and Wastewater Management

US-AEP helped strengthen the *Water Environment Association of the Philippines (WEAP)*, a pioneer organization on waste and wastewater management in the Philippines. WEAP, with support from the *Water Environment Federation (WEF)* organized training workshops for water and wastewater professionals in the Philippines, established the WEAP technical resource library, and promoted technical exchange programs in the Philippines and in the United States. WEAP's objectives are to reduce the negative environmental impact of poorly trained wastewater treatment plant personnel; to conduct technical training to secure WEAP's position as a leader in disseminating training in wastewater treatment operations; to obtain visibility from technical workshops to increase memberships and strengthen WEAP as an environmental professional association; and to assist WEAP in bringing wastewater treatment and water quality issues to the attention of the Philippine government.

#### Community-Based Environmental Management System for Laguna de Bay:

Laguna de Bay is the largest lake in the Philippines and ranks as one of the largest inland bodies of water in Southeast Asia. Rapid industrialization, urbanization, and population pressure in the region has led to serious degradation of the lake and its watershed. For many years, US-AEP has been partners with the *Laguna Lake Development Authority (LLDA)* and the *Federation of River Basin Councils in the Laguna de Bay Region (FRBC)*, on efforts that assist local leaders strengthen, consolidate, and sustain community-based environmental protection and management. In June 2002, US-AEP sponsored a study tour for LLDA officials and representatives from the River Basin Councils to visit their counterpart organizations in the Chesapeake Bay region to share best practices and lessons learned in community-based environmental management. In August 2002, LLDA, FRBC and US-AEP organized an international conference and workshop in Manila to facilitate continued cooperation between conservation practitioners and experts from the Laguna de Bay and Chesapeake Bay areas. As a result of the conference, a formal commitment was signed by representatives of the governors of Laguna, Rizal, and the Metro Manila Development Authority; the Chair of the Committee of Ecology; the LLDA; and the FRBC. The commitment signifies a continued partnership between the organizations for the rehabilitation of the Laguna Lake and the development of the rivers and watersheds.

#### Solid Waste Management:

In November 1999, US-AEP and the USAID-funded *Governance and Local Democracy (GOLD)* project assisted mayors, professionals and non-governmental organizations (NGOs) in the creation of the *Solid Waste Management Association of the Philippines (SWAPP)*. SWAPP now has 200+ members representing Local Government Units, professionals, NGOs, and academia. In 2000, the Ecological Solid Waste Management Act was passed, which provides for the establishment of an integrated solid waste management system for all local government units, including the closure of existing open dumpsites and shifts to controlled dumpsites and eventually to sanitary landfills. In reaction, SWAPP assisted local governments in developing solid waste management programs. US-AEP helped SWAPP become a resource center on solid waste management and related topics. In addition, US-AEP supported the training of 50 SWAPP scholars who are now a part of SWAPP's pool of experts. After training, each SWAPP scholar conducts training seminars periodically for the next 5 years.

#### Vietnam

Urban environmental programs taking place in Vietnam in 2003 include those focusing on *improved urban air quality; water and wastewater management; and solid and hazardous waste management*. Select activities and success stories include:

##### Hazardous Waste Treatment:

In 2002, US-AEP and the U.S. *Environmental Protection Agency (EPA)* conducted hazardous waste training in Bien Hoa Province to support the establishment of Vietnam's first hazardous waste treatment facility. Participants were trained in the areas of classification, storage, disposal, transportation, and treatment of hazardous wastes. Trainees included representatives from Government Ministries covering Environment, Health, and Industry; officials from the local Hanoi and Ho Chi Minh City governments; and representatives from the business and scientific communities. US-AEP and EPA continue their hazardous waste technical assistance in 2003.

##### Phase-Out of Leaded Gasoline:

The continued use of leaded gasoline creates severe pollution and public health problems for Asian nations. Through US-AEP's support, Vietnam has accelerated its phase-out of leaded gasoline from 16 years to six. The country has also begun a public awareness campaign to promote clean air and ensure the public's acceptance of the elimination of leaded gas.

##### Sustainable, Integrated City Planning:

US-AEP supports the *International Resource Cities Program (IRCP)*, which links Asian cities with counterparts in the U.S. to help them develop sustainable, environmentally sound city management plans. In 2000, US-AEP launched a Resource Cities partnership, in collaboration with the World Bank, between Haiphong and Seattle, WA. This partnership focuses on developing a comprehensive master plan that would enable Haiphong to manage growth, develop its tourism sector, and provide adequate urban services. In 2002, Hue and Honolulu, HI entered into a second Resource City partnership, supported by US-AEP and funded by USAID's Regional Urban Development Office.

##### Greening of Industrial Parks:

In November 2002, US-AEP worked with the *Ministry of Industry (MOI)* in Hanoi to develop an Environmental Management Plan for dozens of industrial parks located in urban and rural settings throughout Vietnam to facilitate sound environmental planning within industrial development plans and reduce the potential for further environmental damage. US-AEP conducted a workshop for representatives from various ministries, companies, and provincial government bodies which highlighted EID concepts such as waste and by-product exchange, material resource recovery, shared services, and community connections. In addition, EID activities, challenges and lessons learned in China, India, Philippines, Sri Lanka, and Thailand were shared among the participants. US-AEP continues to support MOI throughout 2003 in their promotion of EID best practices at industrial sites throughout the country.

**Resource Cities:**

USAID also supports "Resource City" partnerships between two Vietnamese cities (Hai Phong and Hue) and two in the U.S. (Honolulu and Seattle, respectively). These include sharing of experience in areas including urban planning and urban environmental management.

**Thailand**

Urban environment activities taking place in 2003 in Thailand include those focusing on *improved urban air and water quality; strengthened municipal management; and improved solid waste management*. Select activities and success stories include:

**Chiang Mai Air Quality Initiative:**

Over the past decade, the northern city of Chiang Mai has become increasingly aware of air pollution impacts on the health, livelihood, and quality of life of its residents and its many tourists. In 1999, the *City of Chiang Mai*, the *Pollution Control Department (PCD)*, and the *Maryland Department of the Environment (MDE)* agreed to undertake the Chiang Mai Air Quality Initiative. In June 2002, two-and-a-half years after the initial agreement, the City released its first air quality management plan. With assistance from a team that included MDE and the U.S. Environmental Protection Agency, Chiang Mai and PCD staff developed an action plan, which included a detailed emissions inventory. In July 2002, the Mayor of Chiang Mai announced the completion of the action plan, which will be used as a template by representatives from the government, media and NGO's from over 26 Thai municipalities in the development of similar programs in other Thai cities.

**Green Fleets in Bangkok:**

The Bangkok Green Fleets project, led by US-AEP and the *Kenan Institute Asia*, has helped the Bangkok Metropolitan Administration (BMA), government agencies, and private companies to "green their fleets" by increasing the efficiency of vehicle fleet operation to reduce air pollution. The U.S. partners have transferred policies and technical options which fleet managers can use to purchase less polluting vehicles; reduce the size of their fleets by improving routing and scheduling; use alternate, less polluting modes of transportation; train drivers to reduce rapid acceleration and deceleration; improve vehicle maintenance; and switch to alternative fuels and vehicles. As a direct result of the Green Fleets project, the Pollution Control Department and Bangkok Metropolitan Mass Transit, with financial support from the Thai government, will implement a strict inspection and maintenance program in



order to reduce air emissions from private buses in late 2002. The project has also begun to have an impact beyond Bangkok. Chiang Mai City plans to begin greening their vehicle fleets in 2003.

**Municipal Manager Certification Program:**

Thai city managers, for the first time, can seek municipal management training and certification as a result of a program led by US-ABP in partnership with the *Kenan Institute Asia* and the *International City/County Management Association (ICMA)*. The program enabled the College of Local Government Development of King Prajadhipok's Institute (KPI) to develop a course curriculum and training materials for local government leaders. This training addresses a crucial problem facing the Thai decentralization process mandated by the 1997 Constitution. With ICMA's technical assistance, KPI has developed two levels of training courses: basic level -- how to manage your city; and advanced level - management of integrated urban development. The target group is elected officials from 1,129 municipalities and about 7,700 other local government units. As of 2002, about 200 participants had completed the training courses.

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GLOBAL DEVELOPMENT ALLIANCE PROGRAMS IN SOUTHEAST ASIA RELATED TO THE ENVIRONMENT

USAID has three new Public-Private Sector Alliances (previously called Global Development Alliance, or "GDA") related to the environment in Southeast Asia:

Alliance to Combat Illegal Logging in Indonesia (\$2.5 million leverages \$10 million)

In Indonesia, USAID has catalyzed a public-private sector alliance to combat illegal logging. It is groundbreaking because it builds on the strengths and talents of government, private sector and NGOs to confront the unique challenges to forest conservation in Indonesia. The alliance is comprised of USG, GOI, 5 international NGOs, numerous local NGOs, an international forestry research institution and 17 companies. Among the companies contributing financial resources to the alliance are the Home Depot, Caterpillar, and IKEA. These alliance partners are working to: (1) promote the sustainable harvest of forests; (2) develop a tracking system that identifies legal sources of wood; (3) link legal and sustainable wood products to buyers such as the Home Depot and (4) provide information needed by international banks to avoid financing forest destruction.

2. Sustainable Cocoa Alliance in Indonesia and the Philippines (\$3 million leverages \$30 million)

This alliance has been formed to promote the sustainable growth of cocoa in Indonesia and the Philippines. Cocoa is an important source of income to hundreds of thousands of smallholder farmers in East Asia; for example, there are 400,000 farmers in Indonesia. Cocoa plantings also have important environmental benefits, as they protect areas previously made vulnerable by land clearance and allow farmers to preserve traditional tree crops and forests as intercropped shade trees over the cocoa. The purpose of the cocoa alliance is: (1) to improve the quantity and quality of smallholder-grown cocoa in Indonesia and the Philippines and maintain a regular source of income for cocoa farmers; and (2) to strengthen the partnership between the local governments, universities and farmer groups and the US private sector to better utilize resources to support the sustainable development of the cocoa industry while ensuring the conservation of the forest base. Among the companies providing resources to the alliance are Masterfoods (formerly Mars, Corp) and Hershey's.

3. "Bird's Head" Alliance in Indonesia (\$5.2 million leverages \$15 million)

The "Bird's Head" Alliance is a public-private alliance among British Petroleum (BP), Britain's Department for International

Development (DFID), USAID, the Government of Indonesia, as well as private sector and non-governmental organizations in the Bird's Head region of West Papua on the island of New Guinea. The goal of the Bird's Head alliance is to establish a well-planned economic boom instead of the "gold rush" chaos often left by large industrial projects in poor countries.

BP's Tangguh gas project hopes to develop a new model for development. The high-tech gas facility will only employ about 300 people once it is completed, but under Indonesian law, some 70 percent of the post-tax profit from the gas plant is expected to be returned to the province. BP saw a need to create institutions that could develop forestry, fishing and agriculture while protecting natural and cultural resources. Currently, there is a lack of skilled local personnel able to use effectively this sudden wealth. The Bird's Head Alliance partners, including The World Wildlife Fund, The Nature Conservancy, the International City/County Management Association, ACIDI/VOCA, and Conservation International, will help build the capacities of local civil society to manage environmental resources, generating employment and incomes through agriculture initiatives. BP is funding and implementing community development, developing Tangguh in an environmentally and socially responsible manner, and supporting local economic development through strengthening local businesses and human resources. DFID is promoting sustainable forestry and developing programs to address rural poverty. IKEA provides resources to develop non-timber fiber production.

By working with companies such as BP and other non-traditional development players, U.S. foreign assistance dollars often has a much larger impact than by the use of bilateral aid alone.

Mr. BLUMENAUER. This is an area, Mr. Chairman, I hope where we can find a way to help you, where just a few million dollars will promote a quantum increase and it would I think be a significant contribution that this Committee's Members could make to help these people follow through on what my impression is really some excellent work in the field.

Mr. LEACH. Mr. Weller.

Mr. WELLER. Mr. Secretary, good afternoon. I appreciate your time today. I apologize for coming in late but I would like to focus on the Philippines if we could, of course, because of some concerns there, and now in that particular area of the Philippines, we have had some joint activity with the Philippines. I was wondering can you bring us up to date what current training joint defense exercises are under way.

Mr. DALEY. Mr. Weller, we have probably about 700 U.S. military personnel, more or less, in the Philippines today involved in a series of both exercise and training activities with the armed forces of the Philippines, and we are currently in intensive discussions with the government in Manila on how to make these programs both more effective and larger, with a specific concern with the Abu Sayyaf group (ASG) which is one of the preeminent terrorist organizations in the Philippines, and one that has an established record of killing Americans. And I think that at the risk of getting out in front of OMB, which is something I do only at great peril, I am reliably informed that we will be, I hope I am reliably informed, that we will be requesting \$30 million in the supplemental appropriations in FMF for the Philippines to further our undertakings on that matter.

Mr. WELLER. Can you also bring us up to the current situation about the progress the Philippine government is making in dealing with the Abu Sayyaf and their progress and eliminating that threat? Have they made progress? Have we gotten results from our joint exercises and activities?

Mr. DALEY. It made progress. The last operation which is known as Balikitan, or "shoulder to shoulder" in fiscal year 2002-1, resulted in the freeing of a number of hostages. Tragically, one American, Mr. Martin Burnham, was killed in the firefight that accompanied that rescue attempt. A lot of the senior leadership of the Abu Sayyaf was taken out of action in that activity; but a number that probably ranges from 100 to 300, and we do not have real firm precise numbers on this, still are in business. They have relocated largely from Basilan Island to Jolo Island, and they still pose a danger, not only to us. We believe they are responsible for a bombing in Zamboanga that killed an American special forces sergeant and wounded an officer from the same unit. They are planning other activities and we are concerned that they have what I would call operational links to Iraqi intelligence services.

And they are a danger; they are an enemy of the Philippines. They are an enemy of the United States. And we want very much to help the government in Manila deal with this challenge.

Mr. WELLER. Can you give us an example of their links with the Iraqi intelligence that you can share with us?

Mr. DALEY. There is good reason to believe that a member of the Abu Sayyaf group, who has been involved in terrorist activities was

in direct contact with an ISS officer in the Iraqi Embassy in Manila. This individual was subsequently expelled from the Philippines for engaging in activities that were incompatible with his diplomatic status.

Mr. WELLER. Mr. Secretary, it is my understanding we recently cancelled a planned U.S. deployment to Jolo Island. I was wondering what discussions have we had with the Philippine government regarding any structuring of any future deployment. Have we made any plans or changes about how we go about initiating those deployments or structuring them?

Mr. DALEY. Mr. Weller, I think you are referring to a series of discussions that we had that did not come to fruition for reasons that are both constitutional and linguistic. We were in discussions about an operation which would have involved American special forces and American Marines in support of the armed forces in the Philippines to go after the ASG. Exactly how we characterize that proposal, how we described it, was a bedeviling process and we could not find the language that was acceptable, both in Manila and in Washington. In part, it is because we have different concepts and we use language in different ways. We have to be very upfront with the Congress when we are going to put our military personnel in circumstances where they are either going to be shot at themselves or where they are going to be shooting at other people. We cannot skate over that. From the Philippines' perspective, their Constitution does not permit foreign forces to engage in combat operations in their country. How precisely to describe this in a way that was mutually acceptable was something we did not pull off successfully.

But we are still at it. And it is my expectation, my hope that within the next few weeks, we will find mutually compatible concepts and mutually acceptable language to describe the operations so that we can both be direct and straightforward with our respective parliaments, and truly do something that is going to be effective to go after the Abu Sayyaf group. If ABS took any joy from the problem we had a few weeks ago in dealing with this issue, its joy is going to be short-lived.

Mr. WELLER. Thank you, Mr. Secretary. And thank you, Mr. Chairman.

Mr. LEACH. Before turning to Ms. Watson, I would note that you made a reference to respective parliaments.

Mr. DALEY. Of Congress, sir.

Mr. LEACH. But I put us in that category. There were press reports about a number of things and negotiations that, to my knowledge, no Member of Congress was informed of. And so I would hope you would understand that negotiations with other sides that involve the commitment of U.S. troops are the types of things that the Administration would be very wise to consult with Congress about, instead of simply after the fact.

Mr. DALEY. I couldn't agree with you more, Mr. Leach.

Mr. LEACH. Ms. Watson.

Ms. WATSON. Thank you, Mr. Chairman. I appreciate you gentlemen coming. I still have an ongoing concern, and I know other Members of the Subcommittee do, too, in human trafficking and human rights. We had considered a CODEL going over. In listen-

ing to your report and reading some of it while you have been here, I am looking at Cambodia, Burma, and Indonesia as being still in violation. Can you comment, and would it be worth our time to take a CODEL over to see their progress?

I have heard from Congressman Faleomavaega that Samoa, which was mentioned last year in your report, has got in a handle on this. But you might want to mention Samoa, too. As I point out, these three areas that I think are very problematic. Can you just update us?

Mr. DALEY. Well, you have indeed put your finger right on the most difficult of the countries we deal with, although we do have problems throughout the region in some cases because of variances in local law regarding prostitution that don't correspond exactly to the way that most States in the United States address this issue.

We believe that Indonesia is trying to make real progress. It is a country that is, like Cambodia, challenged by its poverty, by corruption, and in particular, by corruption in official agencies and immigration and police departments, in particular.

Both are trying to make progress. Deputy Assistant Administrator Gordon West has referred to recent arrests in Cambodia for trafficking that I believe are unprecedented. So we are working hard on it. We are putting resources into it. I would be encouraged if a CODEL were to go to the region to look at this and a number of other issues.

Burma is a more difficult case. We don't do assistance programs with the government of Burma. Because of Burma's self-imposed isolation as well as the isolation which international communities imposed on it, it is much more difficult to get a precise idea of what is happening in this area as well as in a number of other areas.

Ms. WATSON. Would they accept a CODEL, do you think, for the purposes mentioned?

Mr. DALEY. I hesitate to hazard a guess. I mean, we would certainly encourage them to do so, but it is a very strained relationship. On a number of recent occasions, they have refused to accept staff delegations. I just don't know how it would work out. But we would be prepared to support that and try and encourage them to do it.

Ms. WATSON. We will be in touch. Thank you very much. I appreciate it.

Mr. LEACH. Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman. Gentlemen, thank you very much for your testimony. I have a couple of quick questions here, at least I think they can be answered relatively quickly. First for the record, I would appreciate knowing, Mr. West, some of the successes you think we have had at the USAID. I understand you are not asking for a line item earmark in that respect now, but I would appreciate knowing about that and sharing with the Subcommittee, if you could respond to that on the record.

Secondly, Mr. Secretary, in page 3 of your testimony, you express regret that conference report language in the fiscal year 2003 budget on assigning all ESF monies to AID could eliminate our continued police training programs. I wonder, if you could highlight now, if possible, if not for the record, those programs which you consider to be the high points of our success, or those that seem to be pro-

ceeding rather well that are now in jeopardy because of the ESF restriction?

Mr. DALEY. Mr. Bereuter, we have had, for the last few years approximately \$10 million per year that we have spent on police training, and we have started this when the police were separated from the military institution and became a civilian police force.

We have been working in a number of discreet areas: Management controls, human rights, accountability, civil disturbance training. In some of these areas it is—especially when you are talking about management controls and these sorts of things, it is a little bit difficult to point to successes in a tangible fashion. But in the civil disturbance training, I would note that the units which we have trained have, since the program began approximately 3 years ago, conducted their duties and have controlled demonstrations, disturbances of one kind or another without inflicting any fatalities on the populace. In other words, they have been equipped with the kinds of organizational skills, the kinds of tactical skills, doctrine and equipment that have enabled them to do this job without putting selector switches on full automatic. I think this is an important part of changing the perception of the police in Indonesia, of making it an institution that is going to be more accepted by the citizenry, of making it an institution which is regarded as having a legitimate role to play in helping the democratic evolution of the country. So I think it is a terribly important program.

We have also given the police the investigative skills and training that help in our counterterrorist campaign. The Indonesian police, with some help from foreign police forces, but mainly themselves, have conducted a superb investigation of the Bali bombings 24 October of last year. We face the prospect of losing the ability to help train the police and to pass on these skills.

So it is a real loss to us. As recently as 5 minutes before I came up here, we were trying to get our lawyers to tell us if there was any way out of this problem. So far they have not found one. And I can't commit the Administration but it is my hope if we are not able to find a way out that we will come back to the Congress and see if we can't work with you to see a way forward.

Mr. BEREUTER. Am I correct in assuming that is a part of the appropriation language?

Mr. DALEY. Yes, sir, it is in the conference report on the fiscal year 2003 budget.

Mr. BEREUTER. Mr. Secretary, we have been informed there is \$30 million for FMF money for the Philippines, and it is for, I believe, primarily equipping light reaction forces. Finally, Mr. West, in your statement on page 6 with respect to Cambodia, you say we do not contribute funds to any entity of the royal Cambodian government, and that is, of course, because of congressional direction. But on the same paragraph, you say increased flexibility in recent years to work with certain parts of the Cambodian government has enhanced our effectiveness. That is seemingly a contradiction. I gather it isn't that you are dealing with them through the NGOs, is that your answer to that contradiction? Or how would you explain what seems to be contradictory statement?

Mr. WEST. That does sound as if there is an error in the testimony. We are in limited areas with authorization from Congress

working with the Ministries of Health, the Ministry of Education, and the Ministry of Women's Affairs in specific programs on HIV/AIDS, on a basic education program that has just been initiated, and on trafficking in persons.

[The information referred to follows:]

INFORMATION SUBMITTED FOR THE RECORD BY GORDON WEST, SENIOR DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA AND THE NEAR EAST, AGENCY FOR INTERNATIONAL DEVELOPMENT

Gordon West  
March 26, 2003  
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WORKING RELATIONSHIPS WITH THE CAMBODIAN GOVERNMENT

Since USAID reopened in Phnom Penh in 1993, we have never provided funding directly to the Government of Cambodia (RCG) because of deficiencies, and a lack of transparency, in the RCG's accounting processes. Between 1993 and 1997, we did coordinate with parts of the RCG in planning and implementing USAID's programs, and we did fund projects that benefited the RCG directly, such as road rehabilitation and training RCG employees such as teachers and health care personnel. All of this was done through our contractors and/or NGOs. This kind of programming ceased in the wake of the 1997 coup.

Since then, the authority we have been allowed on an exceptional basis to work with the central Government of Cambodia in the areas of HIV/AIDS and health, primary education, and anti-trafficking, has permitted us to once again plan and coordinate with the Ministries involved in these sectors, and to provide training and technical assistance to their staff. We still do not provide funding directly to the RCG, and we still depend on NGOs and contractors to deliver our assistance. The ability to work with the RCG in these areas does, we believe, enhance the quality of our interventions in that we now amplify and expand the good work these Ministries are doing in HIV/AIDS prevention, care for victims, maternal and child health. Due to our coordination with the Ministries, there is also less redundancy of effort and better targeting of our resources. And in a sector such as primary education, which is a central government function in Cambodia, we are able to resume some of our critical work with the Ministry of Education in curriculum development and teacher training.



Mr. BEREUTER. So what, then, is the nature of your limitation in working with the Royal Cambodian government?

Mr. WEST. It is based on an agreement with Congress and it is basically in humanitarian areas. But we only do that after consultation.

Mr. BEREUTER. Thank you. Thank you, Mr. Chairman.

Mr. LEACH. Thank you.

Mr. Wexler.

Mr. WEXLER. Thank you, Mr. Chairman. If I could inquire of Secretary Daley, in part following on what I think was one of the Chairmen's points in highlighting the degree of anti-Americanism in the region, it would seem to me that one of the most important endeavors, or charges of the State Department at this point, is to develop a strategy particular to each region in the world of proactively where we are able, counteracting the degree of anti-Americanism that exists. Whether one agrees or disagrees with the Administration's policy in Iraq, I think we would all agree that whatever relative success we hopefully attain there will be in vain if in a region such as Southeast Asia, the pattern of anti-Americanism continues as it is.

So in that light, and just the background, I mean, maybe many people saw, I saw, Secretary of State was on Al Jazeera television this morning, I have no idea what impact that has, I applaud the effort. And I understand that the Department is making a significant effort in the Middle East to have a more proactive representation or portrayal of American policy.

I think we would also agree without, in any way, faulting that program that that effort should have occurred 15 years ago in that region. In this region in the world, it seems that we are not yet quite at the crisis point that we obviously are in the Middle East. So at this point where it seems before the crisis, where a positive strategy might actually have some constructive results, what, if any, attention is being paid to that kind of strategic development? And what specific programs, if there are, have been developed so that 3 years from now, or 5 years from now, Mr. Leach is not asking the same question, saying why is it that anti-Americanism is greater than it was 3 years ago?

Mr. DALEY. Mr. Wexler, I should probably plead guilty to not having been sufficiently clear in my response to Mr. Leach. What I see developing in the region now is not anti-Americanism, per se, as much as it is a strong reaction to our policy in Iraq. I think, for example, in a country like Malaysia, I don't see broad anti-Americanism, although I do see a very clear, forcefully sometimes bitingly articulated opposition to our policy in Iraq.

There is the danger in the region that our policies are seen as anti-Muslim. This can lead to anti-Americanism. I think I would also say that we agree with you that at the end of the Cold War, we dropped off on a lot of our public diplomacy programs. These are my personal words now, not Administration policy—but I would say that we sort of took the assumption the Cold War was over and we didn't have to do these things anymore. We didn't have to explain ourselves and present ourselves and policy to the world. It was all going to fall into place. It didn't work out well. So we are revitalizing very substantially public diplomacy efforts. I think you

will see that we are going to be putting unprecedentedly large resources behind this.

In the meantime, we have had some successes. I would point to Indonesia. I would say that, led by Ambassador Skip Boyce, our public diplomacy program has had a significant impact on changing opinion in the country. We see today that the debate in Indonesia is dominated by the moderates of the Islamic community, and it is not dominated by the radicals, which it was a year and a half ago. So we can have an impact.

Our TV presentation, which we called the "Shared Values Initiative," that tried to explain that society in the United States shares important basic values with Islam, and tried to present to members of the Islamic community abroad the life experiences of Muslims in America was very successful. We were able to place that in Malaysia on television and we were able to place it in Indonesia. We also had an unprecedented town hall meeting where we assembled 50 Indonesians and 50 Americans and hooked them up by live satellite television, and had exchanges about the very issues that are most of concern.

So, we are doing a lot more than we were doing a year ago or 2 years ago. I think that at a comparable hearing next year, you will see a quantum leap in both the level of effort that we are making, and I hope in the level of effectiveness that we are having.

Mr. WEXLER. Thank you, Mr. Chairman.

Mr. LEACH. Thank you, Mr. Wexler.

Mr. Tancredo.

Mr. TANCREDO. Thank you, Mr. Chairman. It is about, and Mr. Daley, specifically I have a question, it is about Indonesia. And I appreciate, although I am sorry I was not here for your verbal testimony, I appreciate your very candid comments, especially about the incident in Papua last year, the Timika case. And I guess I am wondering now, after just listening to what you have just said about our relationship with Indonesia, I am wondering about the extent to which we can continue to hope that there will be, on our part anyway, a diligence behind our efforts to try and bring some resolve, resolution to this case and bring these perpetrators to justice, recognizing that we also have these ongoing diplomatic efforts with the country, and to some extent, because there are implications I should say that there are behind the involvement of the military in this particular action, in this particular case in West Papua, that that might inhibit our desire to actually get to the bottom of this case.

And I guess I am looking for you, looking to you for some reassurance that that is not the case on our part on the one hand, and on the other hand that you feel that we are having—we are receiving the cooperation necessary from the government in Indonesia to actually get this thing settled.

Mr. DALEY. I would like to state unequivocally that it is our determination to assist the FBI in following the investigative path wherever that leads. As I indicated in my both written testimony and in my oral remarks, there are clear indications that members of the Indonesian army were among the perpetrators of this event. That conclusion, I believe, was first articulated fairly clearly by the Indonesian police themselves, as they did their own investigation.

We have raised this issue at the highest levels. We have done so as often as was necessary to reach the position where we are now, that there is a new investigation under way and one with the involvement of the FBI.

We have given them what I hope they will say is full and effective support in terms of our diplomatic activities. We have made no secret of the fact that an effort to sweep this issue under the rug is going to have a negative effect across the board on our relationship. The possibility that members of the Indonesian military may have been involved and the various other equities that we see in a strategic relationship and internal stability are not going to dissuade us from pursuing justice in this case.

I hasten to add that there is a gap between concluding that members of the Indonesian military were involved and coming to the conclusion, that the institution itself at responsible levels was involved in this crime. I mean, that is something that we are going to have to wait for the FBI to determine. FBI officers were out in the field in Timika actively investigating. I think they interviewed well over four dozen members of the Indonesian military as well as a comparable number, I believe, of civilians. They are back in Washington now assessing the results of those initial round of interrogations. It is my understanding that they will have to return to Papua for further investigations. I don't believe they are over yet.

Mr. TANCREDO. Do you know if they were allowed to accumulate any physical evidence?

Mr. DALEY. They were not allowed to take physical evidence out of Indonesia. We have been having a discussion with the Indonesian police and authorities on that matter. The sticking point, when the FBI agents returned to the United States, involved how many members of the Indonesian government would be needed to accompany that evidence here for chain of custody purposes to because the initial prosecutions would take place in Indonesia. So there is a chain of custody issue. It is not resolved. We want to see it resolved so that the full analytical and forensic capabilities of the FBI can be brought to bear on this case. That is an open question, sir.

Mr. TANCREDO. Thank you, Mr. Daley.

Mr. LEACH. Mr. Royce.

Mr. ROYCE. Thank you, Mr. Chairman. Secretary Daley, I would like to focus on Vietnam. The Vietnamese government continues to repress political freedom. When I was there, I had an opportunity to meet with several political prisoners. They are still held today. Freedom House's annual report shows that political and civil liberties in Vietnam is near the bottom of the pile. They continue to rank it as "not free." We have had the 10th round of U.S. Vietnam human rights dialogue held in November, and I guess the State Department reports this year it is "dissatisfied with the lack of progress from those dialogues."

In addition to seeing "no progress" on religious restrictions and detentions the State Department reports "freedom of the press and the expression of Vietnam worsened this year." I think that is something of an understatement, given the government taking over the Internet and widespread arrests of those that have used the

Internet without authorization. So my question is what is our policy to encourage political reform in Vietnam.

Mr. DALEY. I can't take any exception to how you characterize the problem. Indeed, Mr. Royce, you have either done us a compliment of reading our reports, or we should be using you to draft our reports. I am not sure which, but we are on the same page.

Mr. ROYCE. Not quite, because in your report here today, you said Vietnam is a much less repressive society now than 10 or even 5 years ago.

Mr. DALEY. I would stand by that.

Mr. ROYCE. I will just share with you this, my personal observations, it is about where it was 5 or 10 years ago. My most recent concern is Dr. Nguyen Dan Que, who is a long-time human rights activist in Vietnam. He was once again arrested last week. This followed his March 13th statement in which he criticized the Vietnamese government's refusal to implement political reforms and lift controls on the media. Dr. Que correctly noted,

"The state hopes to cling to power by brainwashing the Vietnamese people through stringent censorship and through its absolutist control over what information the public can receive."

He went on in this communique to endorse legislation that I have introduced to enhance broadcasts from Radio Free Asia into Vietnam, as well as combat Internet jamming and censorship by the Vietnamese government. And I would just like to say, Mr. Secretary, we know that these broadcasts are effective because the Vietnamese government spends so much time attempting to jam them.

A foreign ministry spokesman recently accused Radio Free Asia of disseminating information that is "untrue, distortional and slanderous." So they put a lot of effort into trying to denounce it, but it is one of the only sources of objective news for the Vietnamese people. And I have raised this before, but I would just like to say, we need a strategy to defeat Vietnam's jamming of these broadcasts. We have the capability to use new technologies that make it tougher to jam. And I want to know if this issue has been raised with the government. Because, you know, in the past we were able to convince Russians, we were able to convince the Eastern Europeans not to jam the broadcasts. We do have some leverage to use. I just want to see if we have tried to use it. Thank you, Mr. Secretary.

Mr. DALEY. I don't know if we have or not, to tell you the truth, but it sounds like something we should be raising if we haven't and let me look into it.

Mr. ROYCE. Why don't we talk later about it. Why don't we find an effective way to try to raise it. If they won't lift the jamming, why don't we follow up and see what technology we have employed elsewhere. And I know we have tried some new technology and try to apply that in Vietnam on the broadcasts.

Mr. DALEY. I will commit to you that we will raise it if we haven't already.

Mr. ROYCE. Thank you, Mr. Chairman.

Mr. LEACH. Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you, Mr. Chairman. Apologize for not being here during the rest of the hearing. There was, of course, another hearing in the International Terrorism Subcommittee going on at precisely the same time. And I am going to ask some of the same questions that I asked there. And isn't it interesting to note that in Afghanistan, in the border area in Afghanistan and Pakistan, has something in common directly with Laos and Burma, Mr. Daley. You know what that is, don't you? All the world's heroin comes from that part of the world is a little hint.

Mr. DALEY. Connections between terrorist groups.

Mr. ROHRABACHER. That is correct. There is heroin being produced there and then there is terrorism and tyranny associated with the production of that heroin. Have we seen any drop this production of heroin from the Laos-Burma region in the last 10 years?

Mr. DALEY. Yes. The production of heroin in Laos has been something less than 10 metric tons a year, and it has kind of bounced up and down for the last decade. I am not aware that I can tell you that there has been a trend downward. But in the case of Burma, there has probably been about a 75 percent reduction in heroin production in the last 5 years.

Mr. ROHRABACHER. Mr. Chairman, I would like to note that that testimony should be underscored for everyone to pay attention to. Because I think that is so outrageously wrong that one of us has got exactly the opposite sources of information or the opposite people have come to the opposite conclusions. And we will have to hold one of us accountable for not knowing what they are doing. So I will double-check on the sources that I have been talking to, but I think that a 75 percent reduction in the amount of heroin production in Burma—

Mr. DALEY. In the last 5 years.

Mr. ROHRABACHER. In the last 5 years that is—I am incredulous to hear an American official suggest that. But I will go back and we will talk about this at a future hearing. I think it should be noted.

In Burma, Aung San Suu Kyi, there has been no progress whatsoever with getting the compromise between Aung San Suu Kyi and what they used to be called, SLORC, they call themselves some other nice name. They used to be called the SLORC.

Mr. DALEY. I confess I still think of them as the Shlurk, but I think they now go by SPDC.

Mr. ROHRABACHER. I still call them the SLORC and I still call it Burma. Just because good guys—they can call themselves good guys or benevolents or something like that, I wouldn't use that term. But there hasn't been much progress along that line, has there?

Mr. DALEY. First, I have to say that both parties have maintained a certain degree of confidentiality about the frequency level and content of their discussions. Both the National Democracy Party and the government have been less than forthcoming with us in that regard. But, my judgment would be that they have not engaged in a significant, substantive dialogue about the political issues that confront the country.

Mr. ROHRABACHER. That is disappointing. Let's just note that Burma is a country that they did have an election, and that is not

just where a military group, military thugs have taken over and there is no legitimate alternative. We actually had an election there 10 years, 12 years ago now. And I think it behooves the west to be a little more active in trying to promote freedom there. Although at least, we are not trying to help the Burmese by giving them most-favored-nation status like we do with the thugs in Vietnam.

Speaking about that, I would agree with Mr. Royce's analysis that if you take a look at the sort of details of what is getting thrown in jail, it does not appear that there has been progress in the last few years. But is it your testimony that this economic engagement that we have had, that that has brought around some sort of a liberalization among Vietnamese regime?

Mr. DALEY. I try and paint a slightly less direct connection between economic engagement and liberalization of the regime. Certainly, if a country is going to try and participate in the global marketplace, it is going to have to open up to freer exchanges of information, freer movement of people. We do believe that having an interest in the rules of the road as they apply between countries is going to create a greater stake in peace and stability, and it is going to over time—and that is not weeks and months, but years and decades—produce more open and freer regimes. But proving that in any one case is a tough proposition.

Mr. ROHRABACHER. I have been watching that in China. And we haven't seen any liberalization in China, and I am afraid that Vietnam will go down the same route as China. Economic progress and a lot of money and then a dictatorship that has not permitted any free newspapers, still represses people's religious faith, et cetera. And very quickly here in Cambodia, has there been any political killings leading up to this election that is coming up?

Mr. DALEY. Well, there have been a number of political killings. And the most recent and best known was the murder of Om Radsady, who was a senior advisor to FUNCINPEC, in February of this year.

Mr. ROHRABACHER. When we take a look at the region we have got these Burmese, you and I have a difference of opinion as to whether or not these gangsters are still involved in the drug trade.

Mr. DALEY. If I may take your question on levels of heroin production, I will respond formally to the Committee within a reasonably short period of time.

Mr. ROHRABACHER. I think that is an important issue. If you are wrong on that, to have a person at your level being as opposite as I think you are on this particular question is disturbing. But Burma, Cambodia, and Laos, the Hmong people we know are still in a bad situation. And, according to this Congressman, the drug production, which is totally under the control of the Laotian government, is still running rampant in the country. This region does not seem to be going in a very good direction.

Mr. DALEY. Well, I think if you look at countries like Thailand, Singapore, Malaysia, you would come to a different conclusion.

Mr. ROHRABACHER. Surely.

Mr. DALEY. I personally was disappointed when ASEAN took the decision to expand to include Burma, Cambodia, Laos when it did because these countries are so far behind the political, social, eco-

conomic development process of the core ASEAN countries that I think it has diluted ASEAN's cohesion and has become a drag on the institution.

Mr. ROHRABACHER. I would suggest that the Philippines is the pivotal country to make a decision on whether the region is improving or digressing. And in the Philippines, they have seem to have gone through a major crisis. And with the United States' help, we have helped them through a great terrorist threat.

And my last question is just simply, do you expect the United States—we have forged a terrific relationship with the Philippines. Do you expect there to be an expansion on that in terms of a military cooperation in the future? The first effort we made seemed to be successful, and we pulled back. Will there be more in that type of cooperation in the future?

Mr. DALEY. I expect to see more efforts. I hope we come to an agreement with the government of Manila on this within the next few weeks. We also have been asking for an increase in the Supplemental Appropriation of \$30 million in FMF for the Philippines. We will be looking for other ways to try and help the Philippines address the very real challenges that they have.

Mr. LEACH. Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman, and thank you for your testimony today and your work. I would like to touch briefly on three countries, first of all, on Vietnam. You know, the minority of us who argued against the bilateral agreements absent language which link it to human rights progress, have mentioned a disappointment in human rights dialogue. That, while disappointing, is not surprising at all. Many of us argued then and would continue to do so now, and Mr. Rohrabacher certainly took the lead on this, and that the only way in a dictatorship or even in an emerging democracy, that you get any meaningful reform in human rights is to have some significant carrots and some significant sticks. And it seems to me that adding sanctions or withholding an agreement pending some modest, not even substantial, just modest, progress would be a means of accomplishing that.

Last Congress I introduced, and got passed, the Human Rights in Vietnam Act. It failed in the Senate. They never took it up. There was a hold on it by Senator Kerry. But it passed over here almost unanimously in a recorded vote. It linked continued aid, unless there was progress in human rights, aid that would be capped in a certain fiscal year. You might tell us, if you would, if the Administration would support such an initiative, since they are very disappointed in the results of human rights in Vietnam. So we would freeze any additional economic aid pending some progress. What they are doing to the Montagnards is an abomination. We need to speak out more forcibly than I think we have thus far regarding this issue. I know we have made inquiries and we are trying to a greater access. I have been there as well and I associate myself with Mr. Royce as well, it seems that there has been a deterioration rather than improvements especially of late.

Again to make the case why linkage to sanctions could lead to progress in the area of human rights, the biggest fight we had on the trafficking legislation, the biggest bar none was on sanctions. I know because I led the effort. It was my bill, and Sam Gejdenson

was a cosponsor and great friend in fighting for that legislation, along with Senator Wellstone and Senator Brownback on the Senate side. The biggest fight we had was the sanctions regime which kicks in this year.

We argued, and I think with merit—based on what we see happening in other countries—was that without some kind of sanction pending, and by giving our Ambassadors and our folks at State a long lead time, 2 years before the sanctions kick in to make progress, to get out there and start to do something. You noted in Indonesia that there have been notable efforts to bring itself closer to compliance with the minimum of standards but they remain weak in terms of investigation and prosecution. I would respectfully argue that none of that progress on trafficking—and that goes for Israel, which has brought itself into compliance, South Korea, which went from tier 3 to tier 2, as well as many other nations, Kostunica in Serbia, they raided, as you know, some 400 brothels where women have been trafficked—none of that would have happened, in my humble opinion, if we did not have a clear sanction pending.

And my question is, why doesn't the Department see the interconnectedness of this? Vietnam will not make progress in the area of human rights. We argued it and it will not make progress until there is something that out there that might harm them. I remember meeting with Napoleon Duarte in El Salvador back in 1984. I asked him what is your view on the sanctions of the human rights conditions that were being fixed on the military aid to that country. He said keep them; it helps me within my own government.

You remember the argument here was to strip off those sanctions or the human rights criteria and give it to him because he was a good man. But he himself said it helped him within his own government.

I hope Indonesia will get the word they have got to make some significant progress, or else there will be a loss. So I offer that. I mean, we see progress being made. And I would encourage you to look at the trafficking legislation as a model. We tried that in other areas and failed. We tried to do a child labor bill, with a very similar sanctions structure. It passed the House, never passed the Senate. We did the same thing with religious freedom.

It was greatly modified in the Senate, and now it is still a relatively good law, but it lost the real kick that it might have had in the area of religious freedom. I would hope you would take that back. But you have, in your own testimony, the proof I would respectfully submit that sanctions do work, because they are working in country after country. And we have an opportunity right now to really admonish these countries, demarsh them and tell them get with the program, or else we are very serious about that. I asked Secretary Powell the other day if he is sending out the word, that we are not kidding, these sanctions are real.

Finally, on Burma, maybe you might want to respond on the issue of rape. As you know is being used as a terrible means of that country to repress its own people. The child soldiers number 70,000, the largest of any other country in the world. The refugee problem, which we know is spilling over into Thailand—maybe you responded to that earlier—but if so could you elaborate on that? I



am also deeply concerned about Vietnam and the fact we still don't get it on even modest sanctions regimes. They don't have to be onerous, but we have to say we mean what we say, especially dictatorships, dollars and cents, it seems to me it is working all over the world with the trafficking in persons, why not apply it to other areas?

The Human Rights in Vietnam Act, which I will try to get passed, will likely run into a blizzard of opposition that thinks that if you just make nice and trade with them, things will get better. It doesn't get better. There are some economic benefits that go to certain people, especially the oppressors, but by and large, the political and religious oppression continues unabated in these dictatorships.

Mr. DALEY. You covered a lot of ground, and let me refer to the various points. Please, if I miss one, come back at me. First, we don't have an Administration statement of position on your legislation. So I can't tell you how we will come out on it.

We do judge that the human rights circumstances in Vietnam are better than we were 5 or 10 years ago, and that is not to say they are good today. It is not to say they haven't deteriorated recently.

Mr. SMITH. Have they recently? Just so we know, on the record.

Mr. DALEY. There certainly have been some recent indications that I would regard as a deterioration, both problems in the central highlands and problems elsewhere. Now, that doesn't mean we are totally at our wit's end forgetting cooperation from Vietnam. For example, at the end of the day after a lot of long, quiet, patient diplomacy, Vietnam acquiesced in the movement of approximately 1,000 Montagnards from refugee camps in Cambodia to the United States. So we do have our opportunities over time when we do things in a very persistent and very quiet way, to make progress.

I am of the school that believes that greater economic openness again over time, and I measure that in decades rather than years, is going to produce more open societies.

With respect to sanctions in general, I sometimes think that the threat of sanctions is more effective than the imposition of sanctions, in particular, in countries that have what I would call minimal or tenuous connections with us. If the connections are very extensive and broad, then the possibility of sanctions has a much greater impact. If it is a country where we have very few connections, then additional sanctions, I don't think, are going to be important points of leverage for us.

That is one of the problems on Burma. When we look at what additional sanctions we can impose on Burma, which we are currently examining, for every idea that we have come up with, there have been some real negatives in terms of the impact on democracy supporters in Burma or democracy supporters outside of Burma, or other impacts such as the implications that certain sanctions might have for our WTO obligations and the prospect of being taken to WTO court.

So these are complicated proposals in many cases. If we don't have a lot of support in the international community, then the proposals may sometimes have symbolic value if adopted but lack real

value. Or they may even drive events in a direction that we would prefer not to see them go.

Mr. SMITH. Would the gentleman yield for one additional statement.

Mr. LEACH. I would.

Mr. SMITH. I appreciate that. Just let me respond with respect that decades to a person who is suffering torture is an eternity. I have passed two laws on victims protection to help the people that have been tortured, the Torture Victims Relief Acts. Not only from the many meetings and hearings, but even more so, the 6, 7 hours at a time spent talking to people at conferences (where you are there for the whole day), you just hear the post traumatic stress disorders that they carry with them to the day they die.

We have 500,000 walking wounded in the United States alone who are torture victims, that is just in the United States; they came in mostly under asylum. It seems to me, when we are willing to impose sanctions because of intellectual property rights problems or piracy of CDs and the like, torture and egregious human rights behavior, it seems to me, we ought to trump that. And we can make a difference. At least on the margins and could lead to reform. Always remembering my own mind what President Duarte told me because in our debates here in the United States, and Jim will remember this well, there were whole groups of people in the Congress who said don't saddle the administration in San Salvador with these human rights conditions when the President himself was arguing throw them in there. It helps me stop the right wing death squads. Let me also say that—I guess I have over stepped my time but—

Mr. LEACH. Would the gentleman yield? Sometimes when an individual is saying very profound things they ought to be entitled to extra time.

Mr. SMITH. Just to encourage some reevaluation on the issue of linkage even with minimum standards. Our bill was almost dead. I lost track of the number of times because of State Department opposition and White House opposition. Had it not been for the left, right, and everyone else in between our coalition that we had developed. And again, Sam Gejdenson was crucial to the enactment of that legislation, who is not with us in the House anymore, it made the difference. But we had to overcome that hurdle. There was the sense of sanctions. We said these are modest nonhumanitarian sanctions, and yet we ran into a buzz saw. And yet it is having an impact. I think it would have an impact on the largest human rights abuses being committed if we applied them and extended that. Please take that back and give it some thought.

Mr. LEACH. Thank you for those very profound observations. Let me say, I would like to ask if other people had other questions, I would like to limit it to one or so. Because it can be torture to go on all day, at the risk of—

Mr. TANCREDO. Sanctions will be applied to this Committee.

Mr. LEACH [continuing]. At the risk of dehumanizing the torture word, I apologize. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Just one area, Mr. Chairman. Mr. West that is dear to my heart, part of our public effort I guess you might want to call it public diplomacy, education to the extent that I have

always felt very strongly that probably no greater force for good that our country certainly can provide in terms of educational opportunities from students from these countries, foreign countries. And I noted that over half a million foreign students attend our American colleges and universities.

And in our particular region that we are discussing today, Southeast Asia, I am very curious because I believe over 60,000 of those foreign students are from mainland China alone. Looking at it also the fact that 40,000 students are from Taiwan. And I am curious, Mr. West, if you have any figures in terms of the number of foreign students attending American colleges and universities from Southeast Asia? Do we have any figures on that? Has the State Department conducted any studies or survey or breakdown in any way that demonstrates what is there? I always feel that a student getting an education is more than just an education, I think it incorporates American values, what we believe, what we stand for.

And when they return to these countries, I believe it can only be as a plus for our country in establishing better relationships with these people. And potentially they could also be the nucleus of the leadership that could be provided for these countries. I am curious, Mr. West, if USAID is firmly committed to the idea that educational opportunities for these, for students from these countries representing the Southeast Asia, are we taking any initiative to do this to allow this to take place? For that matter I am curious do we have any figures?

Mr. WEST. USAID does not have figures on higher education in the U.S. I am sure, particularly given our interest in student visas these days, I am sure we have quite detailed information in State and other areas. USAID had largely gone out of the higher education degree business, for better or worse, probably a little over a decade ago. There is considerable debate now whether scholarship funds ought to be reinitiated.

In our own education work, if you will, our return on investment figures have shown rather dramatically that primary education is the largest return on investment in terms of education dollars. And we have had somewhat limited funds, particularly in the Asia region, so we are putting our initial monies all in basic education. In Cambodia—we are starting in Indonesia and now in the Philippines. But we also are aware of the tremendous return we have had in terms of the number of senior leaders and others from prior scholarship programs. It is being looked at, but it is not a major component now.

Mr. FALCOMA. Thank you, Mr. Chairman.

Mr. LEACH. Thank you, Mr. Smith.

Mr. SMITH. No thank you.

Mr. LEACH. Ms. Watson. Mr. Wexler.

Mr. WEXLER. Thank you, Mr. Chairman. If we could talk about a positive thing for a moment. I think the one area that I think we would all agree is very heartening is our relationship with Singapore. And I was hoping that you could give us—and you may have done this at the beginning and apologize if this is a repetition—of the status of the free trade agreement that we have with Singapore. And I realize you are not the trade representative, but I would hope that you would give us your analysis of what will be

the impact of the hopeful passage of that free trade agreement, what will be the impact on our relationship with Singapore and what, if any, impact will there be broader than Singapore?

And back to the original thought that I tried to bring up in terms of a strategy of developing a more pro American sentiment, will the agreement with Singapore be a part of an effort to entice or promote America's interest beyond Singapore in a positive way? Is this a part of major part of our strategy, or is that an overblown expectation as to this agreement? So if you could tell us exactly where we are and if you have done that already, please tell me. Two, if you could tell us what impact it will have?

Mr. DALEY. Mr. Wexler, we have signed a Free Trade Agreement with Singapore. It has been submitted to the Congress. It can't go into effect for, I believe, 90 days after we provide the text to the Congress, if memory serves me correctly. We think that it is going to increase opportunities in important ways for American companies, particularly in some of the service sectors, finance and so forth, to do more business in Singapore.

Singapore is currently our 12th largest trading customer. It is our hope that the effect of the Free Trade Agreement is going to increase that volume of trade. More importantly, and you touched on this in your question, it is going perhaps to provide a model for other free trade agreements in the region.

We are currently beginning discussions with Australia on a Free Trade Agreement. I am sure that both sides are going to look to the Singapore agreement as a point of reference, not necessarily as a template, but certainly as a point of reference as to how certain issues are handled. More broadly, although I address Singapore in the prepared testimony, not in the oral testimony, so many things are going well there that Singapore looms as one of these really happy spots in the S.E. Asia portfolio. It has been a staunch and effective supporter on a number of very critical political issues. When it was a non-permanent member of the U.N. Security Council—it left that capacity in December of last year—Singapore worked very closely with us. We tend to have similar strategic perspectives.

Singapore is uniquely positioned as a member of the Non Aligned Movement to help us understand the dynamic that motivates other countries and motivates the NAM as an organization. Singapore has given us close and effective cooperation on counterterrorist issues. Some of the most important developments in breaking the back of Jemaah Islamiya as a terrorist organization had their genesis in Singapore, and the very effective work by the Singapore intelligence services. So it is a country with which we have very candid, sometimes brutally candid private exchanges when we have a difference of view, but they are always constructive. So it is one of the most important countries that we have got in the portfolio.

Mr. LEACH. Thank you. This brings this hearing to an end. I want to thank both of you for your professional involvement and good judgment. I would just like to make one kind of elliptical observation, and that is that I think most in Congress strongly support upgraded public diplomacy. But enhanced public diplomacy is no substitute for good policies. And to paraphrase Robert Frost,

good policies make good neighbors. Thank you. The Committee is adjourned.

[Whereupon, at 4:01 p.m., the Subcommittee was adjourned.]



## A P P E N D I X

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### MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE ROBERT WEXLER, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, thank you for holding today's subcommittee hearing on U.S. policy toward Southeast Asia. As you know, Southeast Asia has become a focal point in the war against terrorism, especially in recent months. As such, I believe it is critical for Congress to fully examine and discuss the strategic, economic and cultural partnerships that exist between the United States and the diverse nations and peoples of this region.

I also want to thank Deputy Assistant Secretary Daley and Senior Deputy Assistant Administrator West for testifying before our subcommittee and providing their insight as to the myriad of challenges and obstacles facing America in Southeast Asia, in addition to their assessment of our nation's priorities in the region.

Mr. Chairman, as American-led efforts to disarm Saddam Hussein and remove his regime from power are now underway, it is important to remember that at the end of the day, our actions in Iraq will have wide-spread reverberations that will extend far beyond the Middle East, possibly reaching as far as Southeast Asia. While we all hope that "Operation Iraqi Freedom" will send a strong message that those who perpetrate terror, develop weapons of mass destruction and support violence throughout the world will not be tolerated, it is quite possible that military action in Iraq could lead to an increase in terrorism and instability in several Southeast Asian nations, including Indonesia, Singapore, Malaysia and the Philippines.

The threat of terrorism is not new to this region, and many terrorist experts agree that the nations of Southeast Asia could spawn the next generation of terrorists like Al Qaeda. Since 9/11, we have witnessed a rise in terrorism and militant Islam in the region, culminating with the tragic bombing in Bali, Indonesia last October and the continuation of violence in the southern Philippines. With deepening economic crisis and a rise in anti-Western fundamentalism and anti-American sentiment, this region has become increasingly fertile ground for international terrorist organizations, or a hotbed of terror outside of the Middle East. It is therefore the responsibility of the United States and our allies in the region to make every effort to fight terrorist elements in Southeast Asia and bring justice to those individuals and organizations responsible for these heinous acts.

Mr. Chairman, America's foreign policy cannot rest solely on Iraq and neglect regions like Southeast Asia. It would be a grave mistake for the United States to overlook Southeast Asia, which is critical to our economic stability and efforts to fight international terror. As the bombing in Bali demonstrated, all nations of the world are now facing this increasingly elusive threat, unprecedented in its severity and scope. This threat knows no borders and targets men, women and children—American, Indonesian, Australian and Malaysian alike. Therefore, the United States must remain engaged in Southeast Asia and assist them in their fight against terror—in conjunction with our efforts to do so in other parts of the world.

Cooperation between nations in Southeast Asia and the United States extends far beyond fighting terror to the economic, social and political fields. I am particularly heartened that we have strengthened our strategic partnership with Singapore, a key ally in the war against terror and with whom we have completed negotiations on a free trade agreement that would eliminate tariffs on all traded goods and services and protect intellectual property rights. This past January, the White House notified Congress of its intent to enter into an FTA with Singapore—America's first in Asia—and I plan on fully supporting its full and expeditious implementation when it comes to the floor of the House. America's relationship with Singapore is

a longstanding and mutually beneficial one which I envision will only grow stronger in the years to come.

Mr. Chairman, it is my hope that this flourishing relationship will serve as a testament to the commitment of the Bush Administration to the future of U.S.-ASEAN ties. As nations facing the same threats, the United States and the countries of Southeast Asia have no choice but to work together to ensure a brighter future, characterized by economic prosperity, stability and peace. This is the only way to ensure that our current efforts in Iraq are not in vain, but rather, will truly pave the way for increased global security and freedom that will be sustained for generations to come.

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QUESTIONS FOR THE RECORD SUBMITTED TO THE HONORABLE MATTHEW P. DALEY, DEPUTY ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE, BY THE HONORABLE JAMES A. LEACH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA, AND CHAIRMAN, SUBCOMMITTEE ON ASIA AND THE PACIFIC, AND MR. DALEY'S RESPONSES

*Question:*

*What training and joint defense exercises are being contemplated with the Philippines? In what provinces would these exercises take place?*

*Response:*

President Bush told President Arroyo during her May 19 State Visit that we will continue to help the Philippines in its efforts against terrorism. The two Presidents noted that the terrorist Abu Sayyaf Group (ASG) had been driven substantially from the island of Basilan after last year's successful "Balikatan" exercises. They agreed to hold another joint military activity in the near term. However, the terms of reference for that activity have not yet been agreed.

*Question:*

*What is the policy of the Philippines toward the Moro Islamic Liberation Front (MILF), and what are the prospects for resolution of that longstanding conflict? In addition, what is the policy of the U.S. regarding the MILF and how does it differ, if at all, from U.S. policy toward the Abu Sayyaf Group (ASG)? To the extent the U.S. does differentiate between the MILF and ASG, what is the rationale?*

*Response:*

President Arroyo entered office vowing to pursue reconciliation between the government and insurgent groups in the southern Philippines, including the Moro Islamic Liberation Front (MILF), the largest Islamic insurgency in the Philippines.

The Philippine government and the MILF hailed a ceasefire agreement signed in March 2001 as a major milestone, even though both sides continued to routinely violate that agreement. In the wake of charges that the MILF cooperated with the terrorist Abu Sayyaf Group and the Jemaah Islamiyah network, President Arroyo in early 2002 ordered that peace talks be handled through "back channel" discussions. After many delays, peace talks resumed in late March 2003. But there is a great lack of trust on both sides, particularly since February 11 when the AFP launched a major offensive in the Cotabato area against MILF camps. Manila claims that the MILF is responsible not only for a series of bombings that have destroyed power stations in southwestern Mindanao, but also for the March 4 Davao City airport bombing that killed an American and 19 other people.

For our part, the United States supports the territorial integrity of the Philippines, but recognizes that the Muslim population of Mindanao has legitimate grievances of long standing. We have offered to assist the process of reaching a peaceful solution and believe that a satisfactory outcome will not be achieved by force of arms. The U.S. has no evidence that the MILF has targeted Americans and urges care in assessing responsibility for specific acts. We have called upon the MILF to sever connections with international terrorists and engage in negotiations rather than violence. For its part, the MILF recently has promised not to target civilians. The United States will be prepared to help underwrite a settlement with resources and has asked the United States Institute of Peace to consider playing a key role in assisting the process of reconciliation.

The Government of the Philippines called off a round of talks with the MILF set for early May in Malaysia, after the head of its negotiating panel resigned and the Government launched punitive military operations. On June 2, the MILF said it had begun a ten-day unilateral ceasefire, but clashes with government troops continued in Mindanao.



President Bush reviewed developments concerning the MILF with President Arroyo during her May 19 State Visit. In the joint press conference following their meeting, President Bush called on the MILF to abandon the path of violence. The President committed the U.S. to providing diplomatic and financial support to a renewed peace process. President Arroyo expressed appreciation for the economic assistance recently allocated by the U.S. Congress to support peace in Mindanao.

The Abu Sayyaf Group (ASG) has been designated by the U.S. as a Foreign Terrorist Organization (FTO). The ASG has targeted civilians in its violent attacks, and kidnapped several hundred Filipinos and foreigners, including four Americans, in the last several years. The ASG has been responsible for many deaths, including those of two of the kidnapped Americans and an American soldier killed in a bombing in Zamboanga in October 2002.

During President Arroyo's State Visit, the two Presidents reaffirmed their commitment to destroy the ASG once and for all. They agreed to hold another joint military activity in the near term. However, the terms of reference of that activity have not yet been agreed.

*Question:*

*What is the status of U.S. development program in Mindanao? How has the violence in the southern Philippines affected our development assistance in that region?*

*Response:*

Over 60 percent of current USAID programs in the Philippines assist Mindanao. USAID is providing programs to help 25,000 former Moro National Liberation Front combatants develop the capability of making a living for themselves and their families, and to provide education, electrification and other services to their communities. It is hoped that these programs, which are highly valued by recipients, will provide an incentive to Moro Islamic Liberation Front combatants to return to peace talks with the Philippine authorities. In addition to livelihood and community programs, USAID's small infrastructure projects in conflict-affected areas are repairing farm roads and jetties. USAID also provides business development support, micro finance services, health delivery and education programs in the region.

The U.S. will not put resources into a war zone. USAID, while staying in close touch with the Regional Security Officer, has been able to carry out programs in Mindanao with very little disruption. Filipino contract employees who live in Mindanao carry out much of the work in Mindanao.

#### BURMA

*Question:*

*How many Burmese political prisoners have been released in the past year, and how many remain in detention? Are released prisoners freed unconditionally, or are they required to make any commitments or promises related to their political activities?*

*Response:*

The Government of Burma reported that it released 331 political prisoners in 2002. In 2003, it has thus far released 26 (21 were released in early May 2003). Approximately 1,300 "security detainees" remain in detention, according to ICRC and other organizations. This number includes former insurgents and those accused of abetting insurgencies, as well as politicians and students. According to the National League for Democracy, approximately 100 of its members remain in detention. In addition, 19 members of the parliament elected in 1990 remain under detention.

Released political prisoners are currently required to sign a document based on section 401 of the Prison Manual which states that they would be subject to serving the balance of their sentence, as well as any new sentence imposed by the authorities, if they are again taken into custody.

*Question:*

*The U.N. Special Rapporteur on Burma suddenly cancelled his mission to Burma this Monday (March 24) when he discovered a bugging device in a prison room where he was interviewing detainees. Do you think this incident will decrease the likelihood that the UN special envoy to Burma, Razali Ismail, will return to Rangoon in the near future to pursue reconciliation between the military government and the democratic opposition?*

*Response:*

The U.S. continues to support the efforts of United Nations Special Envoy Tan Sri Razali Ismail to foster dialogue between Daw Aung San Suu Kyi and the Burmese regime. We have urged officials at the highest levels of the regime to establish a date for the Special Envoy's next visit to Burma and have been advised that a visit may take place in June.

*Question:*

*Under what circumstances would the Administration certify Burma for anti-narcotics assistance?*

*Response:*

There are two issues here: certification and assistance. The criteria for certification of Burma's counternarcotics efforts are the same as they are for any other country on the list of so-called Major Producing and Transit Countries: in accordance with the legislation, we must determine that a nation has not "failed demonstrably to make substantial efforts" to adhere to their obligations under the relevant U.S. laws and international conventions in order to be certified. In Burma's case, the President determined that Burma had failed this test in 2002, despite the fact that it had reduced opium production by more than 75 percent over the past six years. One major factor in reaching this decision was that Burma remains a major center for methamphetamine production.

Assistance is a separate issue and has two standards that must be met. Section 706(2)(A) of the Foreign Relations Authorization Act, Fiscal Year 2003 requires that the President identify those countries that have demonstrably failed to adhere to their obligations under international counternarcotics agreements. Under the stronger provisions of the 1997 Foreign Operations Appropriations Act, the United States is prohibited from providing counternarcotics assistance to the Government of Burma until the President determines Burma is "fully cooperating" with the United States on counternarcotics. We are not considering any bilateral counternarcotics assistance to the Government of Burma, and there has been no discussion of removing Burma from the Majors list.

*Question:*

*What plans are currently being considered to increase U.S. humanitarian assistance to Burma through international NGOs and U.N. agencies, especially on HIV/AIDS, malaria, TB, and other urgent concerns?*

*Response:*

We remain strongly concerned about the growing humanitarian crisis in Burma. In 2002, USAID initiated a \$1 million program to combat the growing HIV/AIDS epidemic in Burma. USAID is funding only international non-governmental organizations (INGOs) to undertake education and intervention programs to promote prevention, treatment and care; there is no direct or indirect U.S. assistance to the regime. Discussions with the government continue on allowing INGOs to conduct voluntary HIV testing and counseling, as well as a greater commitment to more effective and comprehensive prevention, treatment, and care programs. USAID anticipates providing an additional \$1 million to INGOs for fighting HIV/AIDS in 2003 and is considering providing a larger amount for 2004. Per Congressional request, USAID is also exploring the allocation of \$1 million to combat malaria and other infectious diseases among Burmese along the Burma-Thailand border. While U.S. assistance is not channeled through the UN Theme Group on HIV/AIDS, the U.S. consults with the Theme Group, other donors, the National League for Democracy, and others with an interest in providing humanitarian assistance to the people of Burma to ensure that it is coordinated and effective.

The Board of the Global Fund to Fight AIDS, Tuberculosis, and Malaria approved earlier this year a two-year, \$7 million grant to Burma to prevent and provide treatment for tuberculosis. The U.S. made a strong statement that an INGO or other international organization should receive and disburse the grant, and we remain in contact with the Global Fund Secretariat to ensure that these conditions are met.

*Question:*

*When does the U.N. expect to release an assessment by the various U.N. agencies and a suggested framework on the specific needs for humanitarian aid?*

*Response:*

According to the UN Country Team in Rangoon, the release of the draft report has been postponed pending further review at UN Headquarters. Once the report is released, the UN has said that all stakeholders (including the National League

for Democracy) will have a chance to review and comment. We understand that the report will identify several root causes for the imminent humanitarian crisis in Burma, namely bad policy, poor social services, and weak civil society and economic institutions. The report will lay out several general prescriptions for addressing these problems, and two or three specific proposals for making rapid inroads.

*Question:*

*How active are Bangladesh, China, India, Japan and Thailand in their economic and political interaction with the Burmese regime? What is the nature and conditionality, if any, of assistance they may provide to Rangoon? What are their respective motives in seeking engagement with Burma?*

*Response:*

All of Burma's neighbors have established good relations with the Government of Burma. While most, including India, Thailand, and Bangladesh, are democracies that would prefer to see a democratic transition in Burma, they have been motivated to improve relations with Burma by three separate considerations. First, all of Burma's neighbors believe they cannot wait for the arrival of a democratic government to address issues like narcotics, crime, war, disease, and underdevelopment that can undermine their own development and destabilize the region. Second, these states have a continuing interest in economic cooperation and integration, both regionally and bilaterally. Third, several of Burma's neighbors fear that Burma's isolation may open up avenues for the extension of Chinese influence into Southeast and South Asia. To counter this, they have developed targeted aid programs to support their interests. To the best of our knowledge, none of these programs has carried any conditionality, whether political or otherwise.

*Question:*

*Has the Administration considered posting a fully credentialed Ambassador to Burma to push the process of dialogue and human rights improvements, and has it discussed this possibility with Aung San Suu Kyi and others in the democracy movement in Burma?*

*Response:*

We have maintained our diplomatic representation in Rangoon at the Chargé d'Affaires level since 1990 as one element in a package of measures designed to pressure the military regime in Burma to progress toward national reconciliation. The administration is not considering a change in our level of representation at this time; our Chief of Mission in Rangoon meets regularly with Aung San Suu Kyi and other members of the democracy movement.

#### EAST TIMOR

*Question:*

*Killings in East Timor earlier this year have raised fears about resurgent militia activity and possible cross-border incursions launched from Indonesian West Timor. What is the Administration's assessment of the current security situation in East Timor, and how is that affecting donor plans to draw down the numbers of U.N. peacekeepers and police personnel in that country?*

*Response:*

Eight civilians were killed by a small group of armed men with automatic weapons in two incidents near the border with Indonesian West Timor in January and February 2003. These men almost certainly crossed the border from West Timor, and there is evidence that they are former members of 1999-era Timorese pro-Indonesia militias. There are also unsubstantiated claims that they could be supported by elements of the Indonesian military. United Nations peacekeeping troops from the UN Mission of Support in East Timor (UNMISSET) responded to these incidents, and several of the alleged perpetrators have been detained. There have been no attacks since February 24, 2003.

While UNMISSET troops have the capacity to address this limited threat to East Timor's security, it is the Administration's assessment that because of the continuing presence of former militia members in West Timor, as well as the limited capacity of the Timorese police to deal with crime, the security situation in East Timor will require continued vigilance for the foreseeable future. This has affected donor plans for the draw down of international forces in the country: The UN Security Council recently approved a "pause" in the drawdown of UNMISSET troops which will keep approximately 500 soldiers in East Timor for six months longer than planned. (There are currently 3,600 UN troops in East Timor.) Through UN

and bilateral programs, the East Timor Defense Forces and National Police are being trained to assume full responsibility for security in the country. Starting in the east of the country, the responsibility for security is being handed over, district-by-district, to the Timorese government. The USG is providing \$2.05 million in security assistance in FY03 (\$2 million for Foreign Military Financing and \$50,000 for International Military Education and Training). There are 47 American police officers serving with UNMISSET's police contingent.

Much progress has been made; however, bilateral assistance programs from the U.S. and other interested countries will be needed for some time. A UNMISSET task force is examining what UN and other international programs will be needed following the closing down of the UN mission in May 2004. We believe East Timor's long-term security will be best served by enhancing the police-training programs, including the strengthening of the Border Patrol Unit and other gendarme components with the training and armaments to address adversaries armed with automatic weapons. The USG is providing \$5.8 million in police assistance in FY03 (\$5 million in voluntary contributions to the UN Civilian Police and \$800,000 for our bilateral training program). Since the bulk of our assistance is provided via UNMISSET, police training programs will need to be financed by INCLE or ESF funds after May 2004.

*Question:*

*East Timor's parliament recently approved article 11 of a new immigration bill, which contains restrictions that, among other things, prohibit foreign citizens from being involved with activities, meetings, or entities "of a political nature." Article 12 allows the Interior Ministry to prohibit the participation of foreigners in conferences and other activities "whenever they may threaten relevant interests." International NGOs involved in democracy building have grave concerns about these broad restrictions. What is the State Department's view of this pending legislation?*

*Response:*

In late-February the Government of East Timor (GOET) introduced the Immigration and Asylum Act into Parliament, part of a continued effort by the GOET to replace Indonesian and United Nations laws and regulations. The act covers a wide range of immigration and asylum issues, many of which are critical in East Timor's development as an independent state. However, the act has drawn considerable criticism by opposition parties, local and international NGOs, and members of the Diplomatic Corps for several articles in the act that restrict foreigners from engaging in any political activity in East Timor. The strongest criticism focuses on the language in Article 11 and 12 of the act, though other articles have also received criticism by human rights organizations and are being examined to determine if they violate several international treaties the GOET has signed.

On April 30 the Parliament approved new language for Article 11 and 12 in response to internal and international criticism. Though the revisions have been approved, the entire Immigration and Asylum Act must still be passed by Parliament. Several opposition parties found these changes to be insufficient to address the Act's deficiencies, and walked out of Parliament in protest.

The provisions barring foreigners from political activity and giving the Prime Minister the right to prevent them from organizing meetings would appear to conflict with East Timor's Constitution, which (like the U.S. and other constitutions) guarantees rights including freedom of speech and association to "persons," not "citizens." There are also some asylum-related provisions that might violate East Timor's obligations under the Refugee Convention, and other provisions that could make life very difficult for foreign businesses and NGOs without which the country would be poorer both economically and otherwise.

Approximately half of the \$25 million U.S. foreign assistance program for East Timor supports democracy and governance programs, including capacity-building efforts for the Timorese parliament. Specifically, the U.S. and others have approached the GOET to discuss the bill. This and other efforts appear to have produced a slight change of position evidenced by the introduction of the amendments to Article 11 and 12. While the revisions represent a modicum of progress, the language of the bill is still likely to damage East Timor's international standing as an open society.

*Question:*

*Last month, the U.N.-backed Serious Crimes Unit in East Timor indicted the former Indonesian Defense Minister, General Wiranto, and six other senior Indonesian officers in the killings that followed East Timor's 1999 independence referendum. Do you believe that those indictments have merit? What is the legal force of those indictments?*

*Response:*

The Serious Crimes Unit (SCU) was set up in June 2000 to try cases of genocide, war crimes and other serious violations of international humanitarian law committed between January 1 and October 25, 1999. The SCU, which is staffed by international personnel who report to the East Timor Prosecutor-General, has filed 59 indictments, charging a total of 243 persons. More than 30 have been convicted to date.

We support the work of the Serious Crimes Unit in seeking accountability for the atrocities committed in East Timor.

These indictments were issued by a court located in East Timor, and thus have legal force in East Timor. Other countries have the option of cooperating with East Timor through the mechanism of an Interpol warrant, should the East Timor Government seek the assistance of Interpol to gain custody of those indicted by the SCU.

In 2000, when East Timor was a UN protectorate, the Government of Indonesia signed a Memorandum of Agreement with the UN, agreeing to transfer to East Timor individuals indicted for crimes committed in connection with the 1999 atrocities. However, the Government of Indonesia later claimed that the Memorandum of Understanding never entered into force because it was never approved by Parliament.

## INDONESIA

*Question:*

*The IMF has suggested the creation of a new anti-corruption commission in Indonesia. What are the prospects that such a commission will be operational later this year?*

*Response:*

The Indonesian government's most recent Letter of Intent to the IMF, submitted March 18, 2003, commits the government to have a fully operational Anti-Corruption Commission by December, 2003. A law establishing the commission has already been passed by Indonesia's Parliament. Nominees for the commission must be sent to Parliament for approval by July, 2003 and the government is currently considering prospective nominees. We believe the government is on track to name commission nominees and to establish this commission by the required dates.

*Question:*

*What is the status of the IMF lending program in Indonesia? Is it in the interest of Indonesia for the IMF to have an active lending program there? Why or why not?*

*Response:*

The Indonesian government announced on January 21, 2003, that it would end its lending program with the IMF at the end of this year. The government is now completing a one-year extension of its three-year, \$5 billion IMF Extended Fund Facility program that began in August, 2001. We understand that Indonesia is considering entering into a post-program monitoring agreement with the IMF, after the end of the lending program, in which the IMF would continue to monitor progress towards achieving objectives and targets initiated under the IMF lending program. We encourage such continued engagement with the IMF, as it would help to reassure the private sector that economic reforms initiated by the Indonesian government will remain on course.

Departure from the IMF program means that Indonesia will not qualify for further debt rescheduling by the Paris Club group of creditors. It appears, however, that the Indonesian government is capable of meeting financing requirements for its 2004 budget without this support. We understand that the Indonesian government plans to replace \$3 billion in prior Paris Club debt rescheduling with a variety of funding sources, including higher borrowing from the World Bank and Asian Development Bank (ADB), cash collections from the sale of residual assets belonging to the Indonesia Bank Restructuring Agency (IBRA), the recapitalization of bond amortizations, and further issuance of domestic bonds.

While it is up to the Indonesian government and people to decide on the utility of an IMF lending program, the Indonesian government needs to maintain market confidence and convince investors of their commitment to economic reform with or without an IMF program and its attendant conditionalities. Indonesia should ensure the existence of a clear and credible agenda for reform, including specific targets on core issues such as fiscal deficits, privatizations and asset sales.

*Question:*

*What assistance is the U.S. providing to the Indonesia police, including to BRIMOB, and what is the funding request for FY04? What is the status of U.S. efforts to help create an elite CT unit within the Indonesian police forces?*

*Response:*

The U.S. Government has two discrete assistance programs for the Indonesian National Police. The first is the program administered by the Department of Justice's International Criminal Investigative Training and Assistance Program (ICITAP). The ICITAP program is designed to assist the Indonesian National Police in implementing the reforms needed to transform this service from an authoritarian model to a force suitable for a democratic society. This program has been funded since FY 2001. In FY 2003, we plan on using \$10 million in Economic Support Funding (ESF) to support Indonesian National Police transformation and professionalization efforts. Our funding request for FY 2004 includes \$11.5 million in ESF for the ICITAP program.

However, an earmark on FY 2003 ESF funds that directs all ESF funding to go to USAID programs may stymie our plans. PL 108-7, the Fiscal Year 2003 Omnibus Bill, restricts ESF spending in Indonesia to only USAID programs: "Provided further, that of the funds appropriated under this heading, \$60,000,000 shall be made available for the United States Agency for International Development for assistance for Indonesia." To avoid halting this key program, we are pursuing using a Section 632 (a) transfer to resolve the possible consequences of the earmark through discussions with USAID and Congress.

Our second channel for police assistance is through the State Department Bureau of Diplomatic Security's Anti-Terrorism Training Assistance (ATA) program, which is funded by the Non-Proliferation, Anti-terrorism, Demining, and Related programs (NADR) account. In the FY 2002 Emergency Supplemental, \$8 million in NADR funding was appropriated for training and equipping a Police counterterrorism unit. In March 2003, an ATA program management team arrived in Indonesia to begin preparations for the training, which is now underway. Training for selected students will include ATA-instructed Counterterrorism Response Team (CRT) and Explosives Incident Countermeasures (EIC) courses, and FBI-instructed Investigations courses. Police are also scheduled to receive additional ATA training in crisis management and WMD awareness in 2003, and several selected ATA courses are under consideration for 2004. Our funding request for FY 2004 for continuation of the ATA program includes \$4-million through the NADR account.

U.S. assistance is not provided to Indonesian National Police Mobile Brigade (BRIMOB) units. However, individual members of BRIMOB have participated, and are participating, in ATA courses on a case-by-case basis after careful screening of these individuals. No BRIMOB members currently participate in the ICITAP police program.

*Question:*

*In response to the rising level of conflict in Papua, a number of civilian, police and church leaders have launched something called the Zone of Peace initiative. What is that initiative, and does it have the support of the United States?*

*Response:*

The Papuan "Zone of Peace" is not a formal initiative but rather a concept. It means different things to different people but is generally taken to mean extending non-violence and demilitarization to the province and rejecting tribal or ethnic conflict. The Papuan council of tribal chiefs, some non-governmental organizations and religious groups support the idea, but have not taken concrete steps to formalize it. The Indonesian government objects to the term "Zone of Peace" because it implies that there is currently a war in Papua.

The United States Government supports efforts to give Papuans a greater role in deciding how the province is governed through the implementation of the far-reaching Special Autonomy law. As we do elsewhere in Indonesia, we support the respect for human rights and rule of law in Papua. However, we do not believe that the Zone of Peace concept is sufficiently defined for us to take a position on it.

*Question:*

*What is your assessment of the work so far of the ad hoc tribunal for East Timor in Jakarta? Will the outcome of the tribunal have any impact on U.S. decisions to resume various forms of military cooperation with Indonesia?*

*Response:*

On March 15, 2002, the Government of Indonesia convened an Ad Hoc Human Rights Tribunal for East Timor, to try persons who allegedly committed atrocities during April and September, 1999 in Liquica, Dili, and Suai. To date, the Tribunal has completed 16 of 18 trials and convicted 5 defendants, while acquitting 11. All the sentences have been for terms less than the legally mandated minimum of ten years.

While we welcome the recent conviction of a General Officer by the Tribunal, we continue to urge the Government of Indonesia to mount effective prosecutions of the remaining Tribunal cases in a manner that meets international standards of justice and fully utilizes the wealth of available evidence. We hope the appeals process will serve more effectively to bring to justice those most responsible for the atrocities committed in East Timor in 1999.

Our military-to-military relationship with Indonesia supports U.S. goals of assisting Indonesia with its complex transition to democracy. Progress on accountability for human rights abuses on the part of the military has, however, been slow. There are many reasons for this lack of progress, including lack of political will by the Government of Indonesia and the public to press the military for reforms, as well as institutional resistance within the military. Nonetheless, we continue to urge the Government of Indonesia in the strongest terms to pursue accountability for all human rights abuses.

Indonesian Government handling of the Ad Hoc Tribunal cases will be an important factor in our evaluation of future military assistance programs for Indonesia, along with other factors such as U.S. national security interests, respect for human rights, civil-military relations, political developments in Indonesia, and the regional strategic environment.

## PHILIPPINES

*Question:*

*What training and joint defense exercises are being contemplated with the Philippines? In what provinces would these exercises take place?*

*Response:*

President Bush told President Arroyo during her May 19 State Visit that we will continue to help the Philippines in its efforts against terrorism. The two Presidents noted that the terrorist Abu Sayyaf Group (ASG) had been driven substantially from the island of Basilan after last year's successful "Balikatan" exercises. They agreed to hold another joint military activity in the near term, in which the U.S. will provide support to ongoing AFP-led operations against the ASG.

*Question:*

*What is the policy of the Philippines toward the Moro Islamic Liberation Front (MILF), and what are the prospects for resolution of that longstanding conflict? In addition, what is the policy of the U.S. regarding the MILF and how does it differ, if at all, from U.S. policy toward the Abu Sayyaf Group (ASG)? To the extent the U.S. does differentiate between the MILF and ASG, what is the rationale?*

*Response:*

President Arroyo entered office vowing to pursue reconciliation between the government and insurgent groups in the southern Philippines, including the Moro Islamic Liberation Front (MILF), the largest Islamic insurgency in the Philippines.

The Philippine government and the MILF hailed a ceasefire agreement signed in March 2001 as a major milestone, even though both sides continued to routinely violate that agreement. In the wake of charges that the MILF cooperated with the terrorist Abu Sayyaf Group and Jemaah Islamiyah network, President Arroyo in early 2002 ordered that peace talks be handled through "back channel" discussions. After many delays, peace talks resumed in late March, 2003. But there is a great lack of trust on both sides, particularly since February 11 when the AFP launched a major offensive in the Cotabato area against MILF camps. Manila claims that the MILF is responsible not only for a series of bombings that have destroyed power stations in southwestern Mindanao, but also for the March 4 Davao City airport bombing that killed an American and 19 other people. Meanwhile, the U.S. has no evidence that the MILF has targeted Americans. The MILF also recently has promised not to target civilians.

The Government of the Philippines called off a round of talks with the MILF set for early May in Malaysia, the head of its negotiating panel resigned and the Government launched punitive military operations. On June 2, the MILF said it had

begun a ten-day unilateral ceasefire, but clashes with government troops continued in Mindanao.

President Bush reviewed developments concerning the MILF with President Arroyo during her May 19 State Visit. In the joint press conference following their meeting, President Bush called on the MILF to abandon the path of violence. The President committed the U.S. to providing diplomatic and financial support to a renewed peace process. President Arroyo expressed appreciation for the economic assistance recently allocated by the U.S. Congress to support peace in Mindanao.

The Abu Sayyaf Group (ASG) has been designated by the U.S. as a Foreign Terrorist Organization (FTO). The ASG has targeted civilians in its violent attacks, and kidnapped several hundred Filipinos and foreigners, including four Americans, in the last several years. The ASG has been responsible for many deaths, including two of the kidnapped Americans and an American soldier killed in a bombing in Zamboanga in October, 2002.

During President Arroyo's State Visit, the two Presidents reaffirmed their commitment to destroy the ASG once and for all. They agreed to hold another joint military activity in the near term, in which the U.S. will provide support to ongoing AFP-led operations against the ASG.

*Question:*

*What is the status of U.S. development program in Mindanao? How has the violence in the southern Philippines affected our development assistance in that region?*

*Response:*

Over 60 percent of current USAID programs in the Philippines assist Mindanao. USAID is providing programs to help 25,000 former Moro National Liberation Front combatants develop the capability of making a living for themselves and their families, and to provide education, electrification and other services to their communities. It is hoped that these programs, which are highly valued by recipients, will provide an incentive to Moro Islamic Liberation Front combatants to return to peace talks with the Philippine authorities. In addition to livelihood and community programs, USAID's small infrastructure projects in conflict-affected areas are repairing farm roads and jetties. USAID also provides business development support, micro finance services, health delivery and education programs in the region.

The U.S. will not put resources into a war zone. USAID, while staying in close touch with the Regional Security Officer, has been able to carry out programs in Mindanao with very little disruption. Filipino contract employees who live in Mindanao carry out much of the work in Mindanao.

#### THAILAND

*Question:*

*As you know, many Thai editorial boards and NGOs, as well as groups like Amnesty International, have expressed concern about more than a thousand reported killed drug trafficking suspects by Thai security forces since early February. To what extent, if any, are many of these deaths tantamount to extrajudicial executions? If Thailand is sanctioning extrajudicial executions, what are the implications for U.S.-Thai relations?*

*Response:*

The Department of State is closely following Thailand's anti-drug campaign, which began on February 1, 2003. According to media reports, since that time up to two thousand drug suspects have been killed under suspicious circumstances. We have no firm information on the numbers involved, but we do believe that large numbers of people have been killed during this campaign. We have repeatedly expressed our concern about these killings to senior officials of the Royal Thai Government (RTG) both in Bangkok and Washington. We continue to press for a halt to these killings and for investigation and prosecution of those responsible. The RTG has informed us that it has formed two special committees to investigate cases of suspected extrajudicial killings. To date, we have not received any concrete information on the number or progress of these investigations, and we continue to press the RTG for results.

#### VIETNAM

*Question:*

*The March 17 detention of prominent democracy advocate Dr. Nguyen Dan Que was preceded by several other detentions of intellectuals and writers in Hanoi and Ho Chi Minh City late last year. Some of them received harsh prison sentences, such*



*as Nguyen Khac Toan, who was sentenced to 12 years on spying charges last December. Do you see a pattern in these arrests, or has there been any official explanation for this crackdown?*

*Response:*

We are deeply troubled over Dr. Que's arrest and have repeatedly expressed to the Vietnamese Government our strong concern for his welfare. The Government of Vietnam has a consistent policy of cracking down on dissidents, and we do not at this point see the detention of Dr. Que as part of a new policy or systematic campaign against activists. While we see these individuals as dissidents peacefully expressing their views, the GVN charges them with "endangering national solidarity."

*Question:*

*In a recent report to Congress concerning the U.S.-Vietnam Human Rights Dialogue, the Administration "suggested specific actions that [Vietnam] could take to illustrate a commitment to progress." What were those actions? Will there be another dialogue meeting this year?*

*Response:*

The Administration is deeply concerned about the human rights situation in Vietnam. On November 8, 2002, the Department of State held the 10th round of the U.S.-Vietnam Human Rights Dialogue in Washington. During the November dialogue we expressed our dissatisfaction with the lack of results from past dialogues and made clear to the Government of Vietnam (GVN) that if we are to continue the dialogues, they must lead to concrete results. We suggested improvements in four major areas that the GVN could make:

1. *Prisoners of concern*, including releasing all those incarcerated or detained for expression of their peaceful political or religious views, such as Nguyen Dan Que, Thich Quang Do, Thich Huyen Quang, Father Nguyen Van Ly, Pham Hong Son, Le Chi Quang, Tran Van Khue, Nguyen Vu Binh and Nguyen Khac Toan; and providing international observers with access to detainees;
2. *Access to areas of concern*, including expanded access to the Central and Northwest Highlands, and increased access to prisons by members of the international and diplomatic communities;
3. *Religious freedom*, including ending campaigns of forced renunciations of faith; allowing churches forcibly closed to re-open; allowing organized religions to choose their own leaders, hold conferences, and receive official registration, all without interference or harassment; investigating allegations of harassment, murder and disappearances of clergy; permitting individuals to join the organized religion of their choice and worship freely;
4. *Judicial and legislative reform*, including movement on key initiatives, programs and changes in law and legislation, such as freedom of association, trafficking in persons, child labor, a review of Decree 31/CP, transparency in trials, access to legal counsel and appeal, repeal the Internet regulation, and harmonization with ILO standards.

Unfortunately, we have seen little progress since November and some backsliding has occurred. We have made our disappointment with the lack of results known to the Government of Vietnam. In the months ahead, the Department of State will be monitoring the human rights situation in Vietnam and will continue to seek tangible progress in improved human rights.

*Question:*

*How would you assess Vietnam's implementation of its Bilateral Trade Agreement with the U.S.? Are there any key areas still requiring improvement? Have prior disagreements regarding U.S. restrictions on the import of Vietnamese catfish been resolved to the satisfaction of both countries?*

*Response:*

The U.S.-Vietnam Bilateral Trade Agreement (BTA) is the centerpiece of our economic relations with Vietnam. It is now nearly a year and a half since the BTA came into force on December 10, 2001, and the USAID-funded Support for Trade Acceleration (STAR) began working with the Vietnamese government to assist its implementation of the BTA. The Government of Vietnam (GVN) has made significant changes since December 2001, although progress has been uneven. Many of Vietnam's core commitments were due upon entry and we believe that the GVN is in most cases making a good faith effort to meet most of those obligations in the

face of continued weak capacity. The GVN spent much of the last year formulating action plans for implementation by reviewing the legal framework and assessing needed changes to bring laws, rules, and regulations into conformity with the BTA. While Vietnam has made significant overall progress, there remains particular concern with implementation of its commitments to protection of intellectual property rights (IPR) and transparency.

The anti-dumping case regarding Vietnamese catfish exports to the United States continues. The case will be resolved in mid-June at the end of the legally mandated process.

*Question:*

*In its recent report to the Congress, the State Department asserts that "the situation in the Central Highlands appears to have deteriorated." Has the U.S. Embassy in Hanoi urged the Vietnamese Government to publish a central registry of all Central Highlanders held in pretrial detention, and a list of all those convicted and sentenced for peacefully expressing their views or attempting to seek asylum abroad?*

*Response:*

A: The Embassy has not asked the Government of Vietnam (GVN) to publish such lists. In the case of pre-trial detention, we would want to narrow any list to those detained on what we consider political grounds. However, Vietnam does not make such distinctions. In fact, the charges for those we believe are arrested for peaceful expression of views generally are "damaging national unity" or "engaging in espionage".

Instead, we maintain our own lists of those we feel have been detained and imprisoned for peacefully expressing their political and religious views. We periodically ask about the status of particular individuals on our list. Most of this list was presented to the GVN at the November 2002 Human Rights Dialogue. The Embassy has received information from the GVN on the status of a handful of individuals.

The GVN is cooperating on refugee cases involving Montagnards, a term commonly used to identify members of ethnic minorities who traditionally have lived in Central Highland areas. Only 9 cases (consisting of 85 people) remain to be cleared for interview. Since June 1, 2002, 34 Montagnard cases (156 individuals) have departed Vietnam under various immigration and refugee programs.

The GVN has previously declined Embassy requests to provide lists of individuals sentenced for attempted flight across the border. The U.S. Embassy in Hanoi and our Consulate General in Ho Chi Minh City have repeatedly expressed concern over the unjustified treatment of asylum seekers as lawbreakers.

*Question:*

*Human Rights Watch (HRW) published a partial list of 70 Montagnards given prison terms over the last year. Has the Embassy sought confirmation of the status of any of those 70 individuals? What has been Vietnam's response?*

*Response:*

The Embassy has repeatedly asked the Government of Vietnam for information on the status of individuals listed in reports by Human Rights Watch and other advocacy groups. The Vietnamese Government has not responded to these requests for information on political prisoners and detainees. Embassy contacts have provided details about some of the individuals named in the January 2003 HRW report; this information is generally similar, but not identical, to HRW's information.

#### CAMBODIA

*Question:*

*Now that Cambodia has fired the independent NGO, Global Witness, what can be done to restore credibility and transparency to the process of monitoring illegal logging in Cambodia? Is the World Bank moving ahead with the next disbursement of a \$30 million infrastructure loan, which had been held up because of the dispute over Global Witness?*

*Response:*

The Royal Government of Cambodia (RGC) confirmed on April 22 that it had allowed Global Witness's contract as an independent forest monitor to expire. On April 25 the State Department issued a statement calling for the RGC to move promptly to uphold its commitments to work with an independent, international forest monitor. There must be a credible process through which information about forestry crimes in Cambodia can be accurately gathered, tracked and acted upon. We consider independent monitoring of forests a significant factor in future donor deci-

sions and important for multilateral bank support. The World Bank has not released a \$15 million Structural Adjustment Credit, which includes forestry-related conditions.

*Question:*

*In light of the renewed crackdown in the Central Highlands of Vietnam, is the U.S. encouraging Cambodia to reopen the provincial refugee camps for Vietnamese asylum seekers, which have been closed since last March? Is the Administration pushing for UNHCR access to the Central Highlands at the U.N. Commission on Human Rights now meeting in Geneva?*

*Response:*

As a signatory to the 1951 UN Convention Relating to the Status of Refugees and its 1967 Protocol, Cambodia has undertaken certain obligations regarding asylum seekers. We continue to call on the Cambodian government to meet its obligations under the convention to provide first asylum all individuals seeking refuge, including Montagnards. We sporadically receive reports of new arrivals across the border from Vietnam; if these reports are accurate, we call on the Cambodian authorities to treat these people in line with the 1951 Convention. Regarding the re-opening of refugee camps near the border, these camps were opened in 2001 in response to the large influx of Montagnards and then closed in March 2002 when the some 900 remaining Montagnards were moved to Phnom Penh for U.S. resettlement processing. Unless there were another such influx, we do not believe that the re-establishment of camps in this area is necessary because unconfirmed reports appear to indicate only a small number crossing the border.

At the UN Commission on Human Rights, no country resolution on Vietnam was under consideration this year.

*Question:*

*What is the Administration's view of the new draft agreement between Cambodia and the U.N. on a Khmer Rouge tribunal? Do you believe that the agreement adequately vindicates concerns about witness protection, impartiality, and fair trial guarantees? Does the U.S. currently anticipate providing any assistance for that tribunal?*

*Response:*

We are committed to supporting efforts to establish a credible tribunal with UN participation to bring to justice senior leaders of the Khmer Rouge and others most responsible for atrocities committed under the Khmer Rouge regime (1975–1979). Given international involvement, we expect that the tribunal will exercise its jurisdiction in accordance with international standards of justice, fairness, and due process. We also expect that implementation of the UN-Cambodia agreement will meet the standards set out in the December 2002 UN General Assembly resolution (57/228) that provided the Secretary General with a mandate on this matter.

The establishment of a credible tribunal within Cambodia is a key step towards ending the climate of impunity in the country. Achieving a credible process, however, will not be easy given the state of the judiciary in Cambodia today.

We have voiced our intention at the United Nations to contribute to a credible Khmer Rouge Tribunal with UN participation, although we have also indicated that it would have been better to delay consideration of the Tribunal until after the Cambodian national elections in July.

*Question:*

*After the anti-Thai riots last month, the Cambodian Government closed an independent radio station (Beehive Radio) and arrested two journalists on questionable charges of incitement. Has the U.S. Embassy protested those arrests? What was Cambodia's response to U.S. concerns? Do those events have implications for the upcoming national elections?*

*Response:*

Immediately after the arrests of journalists in the wake of January 29 anti-Thai riots, the U.S. protested in the strongest terms at high levels not only the government's slow response and consequent failure to protect diplomatic persons and property, but the apparent scapegoating of opposition figures and independent media. Interest expressed by the international community appears to have had an effect; the Royal Government of Cambodia soon released the journalists and appears to have ceased pursuing charges of incitement. Beehive Radio is broadcasting again at full capacity, including 8 hours of programming every day of shows produced by the Cambodian Center for Human Rights. The U.S. government has expressed a num-

ber of times our most serious concern about the events of January 29 and subsequent violence, including the senseless murder of senior FUNCINPEC advisor Om Radsady in mid-February. On the elections, we have noted that it is essential that the government establish a safe environment now for all participants to compete, provide equal access to the broadcast media, and control election abuses. We have requested a full report on the January 29 events, which the RGC is preparing.

*Question:*

*What measures are in place to prevent political violence in the run up to the Cambodian elections? Is there a coordinated strategy being developed with the other key donors?*

*Response:*

In addition to strong representations to the government on the need to curb political violence, the donors and nongovernmental organizations have met regularly with the National Election Committee to send the message that election abuses must be dealt with swiftly and efficiently. Diplomatic representatives are meeting on a regular basis, both among themselves and with NGO's, to review the election preparations. The U.S. government has mounted an \$11 million election strategy which includes enhanced human rights monitoring and reporting and more traditional election monitoring during the campaign period. Another element of the strategy has been to increase each political party's capacity to enhance its own safety and security. The Department in coordination with USAID reviews progress on those programs on a regular basis.

*Question:*

*Is there any reason the Peace Corps should have a presence in Thailand, a developing country with a per capita GDP of almost \$2,500 and yet not have a presence in Cambodia, an impoverished country with a per capita GDP of \$270? Does the Department of State favor a return of the Peace Corps to Cambodia in the near future?*

*Response:*

The State Department favors a return of the Peace Corps to Cambodia in the near future. The Cambodian government continues to express a strong interest in a Peace Corps presence in the country. We understand that the Peace Corps, an independent agency, is considering Cambodia as one among a number of nations in which it might conduct a country assessment in fiscal year 2004.

QUESTION FOR THE RECORD SUBMITTED TO THE HONORABLE MATTHEW P. DALEY, DEPUTY ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE, BY THE HONORABLE DANA ROHRABACHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND MR. DALEY'S RESPONSE

*Question:*

*Is it true that opium production in Burma has dropped by 75% in the last 5 years?*

*Response:*

According to a CNC report dated March 20, 2003, and based on on-site inspection and analysis of satellite imagery, opium production in Burma totaled no more than 630 metric tons in 2002, down more than 26 percent from a year earlier, and down more than 73 percent from the 2,365 metric tons produced in 1997. The United Nations Office on Drugs and Crime has reported a drop in opium production of similar proportions in this timeframe.