EAST ASIA AND THE PACIFIC

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Burma (\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	2,000	0	0
DA	993	0	0
ESF	3,492	6,500	6,500

Burma, strategically placed between China and India in Southeast Asia, remains of continuing concern to the United States. The United States has three primary interests in Burma: promoting democracy, supporting human rights and religious freedom, and furthering effective counter-narcotics efforts. The Economic Support Funds (ESF) earmarked for Burma are keyed toward the first two national interests.

Since 1962, Burma has been ruled by a military junta, the State Peace and Development Council (SPDC), that has suppressed any form of dissent and presided over a significant deterioration of the country's economic and social performance. In 1990, the military regime set aside the results of Burma's last fair and free elections, imprisoned hundreds of democracy activists, and placed Aung San Suu Kyi, the Nobel prizewinning leader of Burma's pro-democracy forces, under de facto house arrest. ESF funds develop the capacity of the Burmese people to prepare for and manage the eventual transition to a democratic society in a participatory, transparent, and accountable manner. U.S. government assistance also maintains pressure on the SPDC to engage in meaningful dialogue with the democratic opposition leading toward a peaceful transition to civilian rule; in 2001, the regime finally initiated a confidence-building process with Aung San Suu Kyi and the democratic opposition.

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

Cambodia

(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	9,420	15,000	0
DA	0	0	22,500
ESF	14,967	20,000	17,000
IMET	0	0	200
NADR-HD	2,469	2,290	3,020
P.L. 480 Title II	2,422	0	0

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

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

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

International assistance is vital to Cambodian efforts to remove what is estimated to be as many as one million land mines and 2.5 million pieces of unexploded ordnance. It is conservatively estimated that, at the current rate of demining, it will take 20 years to reach a "mine safe" condition. Cambodia is among the top five nations in the world for the number of landmine victims, with over 800 casualties per year. The U.S. contribution to the humanitarian demining program is administered through grants to the United Nations and NGOs. A Department of Defense (DoD) ancillary training cycle for Cambodian deminers will occur within the next year.

If present trends continue, Cambodia's population will double in 25 years. ESF funds will be used for health education programs to reduce Cambodia's high birth rate, lower infant and maternal mortality rates (among the highest in Asia), and reduce the high rate of death from preventable diseases, including HIV/AIDS. The Reproductive and Child Health program provides services to over 120,000 women and children each year and has doubled contraceptive use in the last five years. USAID will also administer Development Assistance (DA) health programs that address HIV/AIDS prevention and reproductive and maternal and child health. A main objective is to increase HIV/AIDS and family health services.

The United States joined a number of international donors to train primary school teachers in the early 1990s but ceased such assistance in 1997. We plan to rejoin this ongoing, well-received program to focus on educating the next generation of Cambodians, improve literacy rates, and enhance primary school completion, especially for young girls, two thirds of whom never complete grade school. In the social sector, U.S. assistance to NGOs, international organizations, and to the Ministry of Women's Affairs will assist programs to combat human trafficking and assist the victims, mainly women and children.

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

Cambodia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2003. Provision of EDA will support humanitarian assistance efforts to include demining. As a matter of policy, resumption of IMET and provision of EDA are subject to the lifting of restrictions against Cambodia.

China Rule of Law

(\$ in thousands)

	Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF		0	5,000	5,000

Cooperation between the United States and China is vital to regional security, prosperity, and peace. China plays a key role in East Asia regional security and, through its permanent membership in the United Nations Security Council, in the security of other regions as well. Fostering rule of law and good governance in the People's Republic of China (PRC) is directly related to these national interests. The drive to sustain economic growth, coupled with increased social tension, has resulted in debates about the need to develop independent and professional political and legal institutions, the importance of involving the citizenry in governance and policy formulation, and the relationship between the state and society. This rule of law programming channels resources, training, and support to reformers focused on democracy, human rights, and rule of law.

EAP's FY 2003 request will be used to expand the development of the rule of law in China by funding education and training for Chinese legal professionals and supporting reform of laws, procedures, and institutions. U.S. involvement in promoting rule of law development will increase rules-based economic development and promote respect for individual rights and democratic principles. This assistance will enable the U.S. Government to share U.S. legal expertise to bring about reform of laws, legal institutions, and legal procedures reflecting greater degrees of openness, transparency, and accountability.

Grants to NGOs, academic institutions, and legal experts will support a set of technical assistance programs that includes but is not limited to: (1) building capacity of Chinese legal aid clinics for the poor; (2) supporting election law reform; (3) training village officials; (4) supporting legislative and administrative reform to incorporate public input into law and regulation drafting; (5) building capacity of Chinese lawyers to play a positive role in upholding labor, consumer protection, and environmental laws; (6) creating bilateral working groups on substantive areas of law; and (7) sharing U.S. legal expertise to promote World Trade Organization compliance (through case studies and basic training).

East Timor (\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	24,945	25,000	19,000
FMF	1,796	1,000	2,000
IMET	0	50	100
PKO	8,500	8,000	5,000

The United States has important political and security interests in East Timor. In May 1999, the UN Assistance Mission to East Timor (UNAMET) was authorized to assist with the consultation (voting) process to determine the status of East Timor. In August 1999, the East Timorese voted against remaining part of Indonesia, an event which was unfortunately followed by rampant destruction and violence by forces opposing independence. The UN Security Council authorized an Australian-led multinational military force (INTERFET) in September 1999, and established the UN Transitional Administration in East Timor the following month to guide East Timor's transition to independence. INTERFET handed over responsibility for peacekeeping to UNTAET in February 2000. Since 1999, UNTAET has restored stability in East Timor and worked closely with the East Timorese to establish democratic governmental institutions in preparation for the territory's transition to full independence by May 20, 2002. The United States intends to continue to help the East Timorese in this transition with assistance aimed at humanitarian relief. reconstruction, institutional development, capacity-building, and economic recovery. Our goal is the emergence of a viable, democratic East Timor that is integrated politically and economically into regional and global structures and markets. For democracy, rule of law, and stability to permanently take hold in East Timor, the United States must continue to support the development of stable political and economic infrastructure in East Timor.

The most pressing need in securing East Timor's emergence as a viable democracy is maintenance of peace and stability. In FY 2002, the United States is contributing 80 police officers to the civilian police (CIVPOL) component of UNTAET, which is responsible for law enforcement functions while training the new 2,600-member East Timor Police Service (ETPS) to assume permanent responsibility for these functions. The United States is also supporting two advisors to the Office of Defense Force Development (ODFD). In addition, the United States is providing direct support to assist UNTAET efforts to train ETPS in investigations, supervision techniques, and civil disturbance management. In FY 2003, Peacekeeping Operations (PKO) funds will be needed to continue a voluntary U.S. contribution to CIVPOL, during which time CIVPOL will continue to downsize as it transfers law enforcement responsibilities to the ETPS in a phased process.

The establishment of East Timor as a new, viable democracy will require substantial institution building. ESF funds will support development of East Timor's civil society, democratic, and economic institutions by promoting the formation of NGOs to develop institutions critical to democratic governance, including effective political institutions, independent advocacy centers for human and labor rights, and a free press. Other programs will assist in the development of an independent judiciary and support training of the ETPS. Crucial to East Timor's long-term viability is restoration of its infrastructure and the creation of a healthy, sustainable economy. To achieve this, ESF funds will be directed toward rebuilding the fundamental physical elements of the economy, such as schools and roads, and to stimulating sustainable growth in East Timor's established industries while exploring new opportunities. Another goal is to establish prosperous trade ties with other nations in the region and the world that will integrate East Timor economically with the community of nations. To promote trade and combat unemployment, ESF is being used to develop coffee growing and other specialized agricultural products. The program aims to mentor

farmers to allow them to assume increasing management control of the program. The program currently includes 18,000 farm families with a goal of eventually including 24,000 families.

East Timor is in the process of standing up a modest East Timor Defense Force (ETDF) of 1,500 active duty and 1,500 reserve personnel to meet East Timor's security needs. Although East Timor's security will ultimately depend on good relations with neighboring countries, the new nation will need an ETDF with basic equipment for defense, support, communication, and transportation. Foreign Military Financing (FMF) will help assure establishing an appropriately equipped force by facilitating the acquisition of non-lethal basic soldier equipment. The ETDF will need training for its new officers and funds for a small International Military Education and Training (IMET) program have been included as well. Following independence and approval of a Presidential Determination in FY 2002 on East Timor's eligibility to purchase defense articles and services from the U.S. Government, East Timor would be eligible in FY 2003 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S. objectives of supporting East Timor's self-sufficiency, disaster management, and humanitarian assistance relief, as well as of developing a professional, effective defense force.

Indonesia

(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	19,580	35,568	0
DA	51,483	38,704	71,472
ESF	49,890	50,000	60,000
IMET	0	400	400
P.L. 480 Title II	12,233	4,831	10,244

As the world's largest Muslim majority nation, Indonesia's cooperation is vital in the war against terrorism. The United States has important security, political, economic, commercial, and democracy interests in Indonesia. Indonesia's strategic location, size (fourth largest population in the world), and natural resources give it broad strategic value. A unified, prosperous, and democratic Indonesia is key to Southeast Asian and regional stability. Indonesia is undergoing a wrenching transition from the authoritarianism of the Soeharto era to a more democratic society. It faces grave challenges in fighting corruption and establishing the rule of law. It is in the U.S. interest to see it continue this transition, as well as undertake the economic structural reforms that will help restore economic growth and further Indonesia's integration into the global economy. The United States has important strategic and commercial interests in access to internationally recognized sea-lanes and straits in Indonesian waters.

In FY 2003, Development Assistance (DA) will be used primarily to help the Government of Indonesia (GOI) and Indonesian NGOs develop institutions critical to democratic governance, including impartial electoral structures, an independent and transparent judiciary, independent advocacy centers for human rights, labor unions, and a free press. Progress is measurable: Indonesia's civil society is blossoming, the press is free, the police have been separated from the military, and the Parliament has enacted significant legislation aimed at a more democratic electoral framework and devolving many powers from the central to the local level. Decades of authoritarian rule, however, stunted the development of political and judicial institutions, and much education and development remain to be accomplished before effective governance becomes the norm. A portion of DA funding and social safety net assistance will continue to be focused on projects to stabilize population growth, fight AIDS, improve child nutrition, and contribute to the overall long-term health and welfare of the Indonesian people.

Economic stability in Indonesia is important for its future. The United States will use Economic Support Funds (ESF) to back the IMF-directed economic stabilization and structural reform program for Indonesia, which provides a framework for the country's return to durable broad-based economic growth. USAID, supported by the Department of the Treasury, will use DA funds for technical assistance and training in micro-enterprise, economic growth projects, and agriculture, generating trade opportunities for U. S. exporters and helping to ensure fair treatment for American businesses.

The E-International Military Education and Training (IMET) program is currently available only for civilians in Indonesia because of military human rights abuses during Indonesian control of East Timor. We will use E-IMET for civilians in FY 2003 in order to promote broader civilian control and oversight of the Indonesia Armed Forces. Any expanded military-to-military cooperation with Indonesia is contingent on improving human rights practices and accountability for past abuses. Presidents Bush and Megawati agreed that the United States could help Indonesia improve its counterterrorism capabilities. They also stated their intent to expand cooperation to combat other transnational crimes, including piracy, organized crime, trafficking in persons, narcotics, and smuggling of small arms. The plan for achieving these goals has not yet been determined, but the Administration will continue to consult with Congress on any changes in our military-to-military cooperation with Indonesia.

Laos (\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	0	1,000	0
DA	0	1,000	2,000
IMET	0	50	100
INCLE	4,200	4,200	3,000
NADR-HD	993	1,328	1,200

U.S. interests in Laos center around counter-narcotics, resolving residual issues from the war in Southeast Asia, which still hinder bilateral trelations, and efforts to counter global terrorism.

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

For FY 2003, funding would be straight-lined for Developmental Assistance (DA), which now also includes funding for child survival and health programs. This assistance will be made available only through non-governmental organizations to address basic human needs. The DA request will continue a recent program that aims to broaden income-generating opportunities for poor families via production, processing and sale of raw silk and lessen the attractiveness of opium cultivation. The program focuses on areas of Laos that were intensively bombed during the war period. The request will expand U.S. efforts in this area, including HIV/AIDS prevention programs.

The FY 2003 request for Humanitarian Demining programs (under the NADR account) continues U.S. support to clear unexploded ordnance in portions of Laos that were heavily bombed during the war. Over time, the emphasis of U.S. funding is changing from direct equipment support to donations to the UN Development Program trust fund established to continue the demining programs.

The FY 2003 request for International Military Education and Training (IMET) will support POW/MIA accounting efforts through English-language training programs to Lao involved in Joint Task Force (JTF) activities. This assistance should increase the ability and speed of communications between U.S. and Lao personnel, and thereby the efficiency of JTF activities.

Laos will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2002. Grant EDA items, including communications equipment and transportation assets, will support U.S. counter-narcotics goals, the fullest possible accounting of missing personnel from the war in Southeast Asia, and demining.

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

Malaysia (\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	757	700	800
NADR-EXBS	121	150	300

Malaysia has been a cooperative partner in the global campaign against terrorism. In FY 2003, the United States will want to continue and broaden counterterrorism cooperation with Malaysia, one of the key Muslim states in the region, both bilaterally and in multilateral fora such as the Association of Southeast Asian Nations (ASEAN) and the ASEAN Regional Forum (ARF). Beyond our cooperation in the fight against terrorism, the United States and Malaysia share other, longstanding and important economic, political, and security interests. Malaysia is among our top 15 trading partners and continues to be an important market for U.S. goods and services. The United States also has a strong interest in supporting the strengthening of democratic institutions in Malaysia. Malaysia is an active member of ASEAN and a moderate member of the Organization of Islamic Conference (OIC). A supporter of the U.S. forward presence in Asia, Malaysia borders one of the world's most important maritime waterways and routinely grants the United States military transit rights over Malaysian territory and access to Malaysian ports and airfields.

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

IMET funds for Malaysia have resulted in additional benefits, such as the formation of good working relations with the Malaysian military. The Malaysian military shares our fundamental values about the military's role in society, and military-military and civilian-military cooperation is broad, open, and active. Participation in IMET is highly valued by the Malaysian military, and IMET graduates continue to advance steadily. Malaysia's Chief of Army is a 1986 graduate of the U.S. Army Command and General Staff College in Fort Leavenworth. Exposure to U.S. ideals promotes respect for human rights throughout a key branch of Malaysia's government; the Malaysian military has not been involved in systematic violations of human rights. IMET will also enhance Malaysia's ability to participate in international peacekeeping activities. Malaysia has 60 observers, 102 police, and 36 troops, for a total of 198 personnel, contributing to UN peacekeeping operations. For example, in Bosnia (UNMIBH), Malaysia has 41 police; in Kosovo (UNMIK), Malaysia has 1 observer and 47 police; and in East Timor (UNTAET), Malaysia has 16 observers, 12 police, and 20 troops. We expect Malaysia to continue participating in future peacekeeping operations as its financial situation permits.

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

Malaysia will be eligible in FY 2003 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will support the U.S objectives of maintaining a stable and cooperative military relationship and improving Malaysia's peacekeeping capabilities. As an identified Level I country for the development of enhanced international peacekeeping capabilities, Malaysia requires communications systems, training aids and equipment, and items that will increase interoperability.

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

Mongolia

(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	11,974	12,000	12,000
FMF	1,995	2,000	1,000
IMET	750	650	725
Peace Corps	1,460	1,816	1,678

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

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

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

Mongolia must be able to protect and maintain its own borders with Russia (over 2,400 miles long) and with China (over 3,000 miles). The Foreign Military Financing (FMF) request will enable the completion of the FMF-funded communications upgrade project, which will greatly enhance Mongolia's ability to deal with transborder issues, including smuggling and drug and illegal goods trafficking. These issues are among Mongolia's most critical security concerns since they hold the potential to disrupt the stability of the currently democratic government.

Civilian control of the military, military justice, respect for international human rights standards, and preparation for participation in peace-keeping operations are promoted by International Military Education and Training (IMET) for Mongolia's Armed Forces. Such education is essential if Mongolia's military is to continue to move away from Soviet-era military doctrine, policy, and procedures. In FY 2003, E-IMET

programs will be increased to train senior leadership and assist in the program of military reform and restructuring. FY 2003 programs will focus on force structure, civilian control of the military, civilian oversight of the military budget, and drafting democratic defense legislation. These programs, enthusiastically attended by Mongolian personnel at all levels, will help develop a friendly and capable coalition partner, fully interoperable with U.S. forces.

Mongolia will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2003. This grant EDA will be used to support its transition to democracy; to improve its self-sufficiency, disaster management, and humanitarian assistance/relief; and to promote closer ties to the U.S. military. Mongolia was approved for grant transportation of EDA; without grant transportation, EDA is cost-prohibitive for Mongolia.

Papua New Guinea

(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	160	200	240
Peace Corps	816	0	0

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

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

PNG will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA for PNG will support U.S. objectives of more professional and effective forces and will enhance PNGDF capability to remove and neutralize unexploded ordnance in Bougainville and at WW II sites throughout the country. Transportation, demining, training aids, and patrol craft are desired.

Philippines

(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	9,450	25,599	0
DA	30,334	24,459	50,659
ESF	3,991	21,000	20,000
FMF	1,995	19,000	20,000
IMET	1,436	2,000	2,400
Peace Corps	1,843	2,436	2,082

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

Foreign Military Financing (FMF) will contribute to improving the military capabilities of our treaty ally in line with increasing cooperation under the VFA. A large initial outlay is needed to prevent further deterioration of essential AFP capabilities and reverse years of logistical neglect, with an emphasis on fundamental operations and maintenance tasks to bolster basic sustainability of key AFP assets rather than new acquisitions. Virtually all FY 2003 spending would be on spare parts for equipment, overhauls and upgrades, programmed depot maintenance, and improving logistics. The Philippines will be eligible in FY 2003 to receive Excess Defense Articles (EDA), which will also support U.S. objectives of increased interoperability and standardization within the AFP as well as improved participation in peacekeeping operations.

International Military Education and Training (IMET) will support this FMF approach. Funds will concentrate on improving the AFP's professionalism, discipline, and commitment to human rights. In past years, IMET training helped to encourage civilian control over the military, leading to a decline in the number of reported incidents of human rights abuses. IMET graduates who populate top AFP ranks have actively promoted close professional U.S.-AFP military-to-military relations.

Economic and Support Funds (ESF) will help the new administration implement its peace initiative in Mindanao and fund the transition of Muslim separatist guerilla fighters to peaceful pursuits, such as farming. Most of it will go into programs that maximize the economic benefits of the earlier 1996 Peace Agreement with the Moro National Liberation Front, strengthen the administration of the Autonomous Region of Muslim Mindanao, and support outreach to other Muslim separatist groups. The rest will fund anti-corruption programs to improve governance in Mindanao's cities and reduce anti-competitive investment barriers. Development Assistance (DA) programs will support wider participation in public policy and development of civil society. DA will also support child health and family planning, as well as programs to counter the spread of AIDS.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will strengthen Philippine law enforcement counterterrorism capabilities. NADR/ATA-funded courses on the financial underpinnings of terrorism and anti-money laundering assistance have proven greatly beneficial to Philippine legal, judicial, and political authorities. FY 2003 courses for Philippine authorities will continue in these and similar areas.

Samoa (\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	88	120	120
Peace Corps	1,262	1,252	1,277

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

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

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

Samoa is eligible in FY 2003 to receive Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. EDA will assist Samoa in developing an effective maritime law enforcement capability and enhance interoperability with U.S. DoD and Coast Guard forces.

Solomon Islands

(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	62	150	150
Peace Corps	50	23	23

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

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

The Solomon Islands will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will support U.S. objectives of the Solomons' achieving more professional and better disciplined security forces and effective maritime law enforcement and surveillance capability, as well as the capability to remove unexploded ordnance from World War II. Transportation, demining, training aids, and patrol craft are desired.

Thailand (\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	0	1,000	0
DA	0	750	3,250
FMF	0	1,300	2,000
IMET	1,852	1,650	1,750
INCLE	4,095	4,000	3,750
NADR-EXBS	30	70	50
NADR-HD	1,270	650	0
Peace Corps	1,144	1,446	1,344

The United States has important political, economic, strategic, and security interests in Thailand. As a stable democracy in a tumultuous region, Thailand serves as both a model for development and democratization and a useful base of operations for our programs and activities in Southeast Asia. In addition, Thailand plays a valuable role as a responsible regional actor. Thai troops and officers make up a substantial part of the UN Transitional Authority in East Timor, and Thailand recently offered a battalion of construction engineers and five medical teams for the reconstruction effort in Afghanistan. In the war on terrorism, Thailand granted the United States overflight and basing rights, as well as cooperating closely in the effort to cut off the financing and freedom of movement of terrorist groups. Thailand also occupies strategic ground in the war on drugs. The Golden Triangle drug-producing region is located on Thailand's northern border, and Thai and U.S. law enforcement and military units work together in the battle against drug smugglers. The same proximity brings the problems of refugees, HIV/AIDS, land mines, and trafficking in persons to Thailand.

Assistance to Thailand enhances our influence in a strategically important region, strengthens Thailand's efforts to combat narcotics trafficking and other international crime, and reinforces military cooperation with a treaty ally. Thailand's stability in turn promotes economic development and enables our \$23 billion trade relationship.

In FY 2003, the United States plans to continue successful International Military Education and Training (IMET), International Narcotics Control and Law Enforcement (INCLE), and Foreign Military Financing (FMF) programs.

Under the IMET program, we will continue to develop and maintain a Thai military committed to respecting and fostering democratic principles and capable of participating in international peacekeeping operations, such as East Timor and Afghanistan. The 2003 FMF request complements other security and counternarcotics-related programs in Thailand by enhancing the Thai military's ability to control its rugged and porous border with Burma. INCLE, FMF, and IMET assistance supports U.S. objectives of increasing Thailand's drug enforcement capability, improving interoperability with U.S. forces, and encouraging Thailand's demonstrated willingness to contribute to international peacekeeping activities. Thailand will be eligible to receive Excess Defense Articles (EDA) on a grant basis under Section 516 of the Foreign Assistance Act in FY 2003. This grant EDA will also advance interoperability, counternarcotics, and peacekeeping goals while enhancing U.S. influence and access.

INCLE programs expand Thailand's ability to conduct counternarcotics operations, assist with opium eradication efforts, facilitate crop substitution and demand reduction efforts, build and reform law enforcement institutions, and enhance cooperation with the Drug Enforcement Agency. In addition,

INCLE funds some equipment and training to Thailand's newly established Anti Money Laundering Office to go after drug kingpins and, once legislative fixes are complete, terrorist financing. Multilaterally, INCLE funds the International Law Enforcement Academy (ILEA) in Bangkok, a cooperative U.S.-Thai undertaking. ILEA provides counternarcotics and anti-crime training to participants from ten regional countries and builds cooperation among law enforcement personnel that is critical for fighting drug trafficking, transnational crime, and organized criminal enterprises. Since September 11, ILEA has included training for law enforcement personnel in techniques to disrupt terrorist financing and similar terrorist-related activities.

Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will provide export control assistance to strengthen Thailand's ability to control, detect, and interdict transfers of sensitive materials and technologies that could contribute to weapons proliferation.

USAID regional programs under Development Assistance (DA) provide Thailand with the technical assistance it needs to promote economic governance reforms, improve environmental management of Thai municipalities and industries, and halt the spread of infectious diseases such as HIV/AIDS, drug resistant malaria, and tuberculosis. Because there is no USAID Mission in Thailand, all Thailand activities are implemented through USAID's regional programs. USAID will use FY 2002 and FY 2003 funds to provide technical assistance to protect vulnerable populations along its borders from infectious diseases and improve the environmental regulatory framework. Other donors include the World Bank, the Asian Development Bank, Japan International Cooperation Agency, the World Health Organization, and the European Union.

Tonga (\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	100	115	125
Peace Corps	1,094	1,004	983

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

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

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

Vanuatu (\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
IMET	64	100	100
Peace Corps	1,128	1,127	1,142

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

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

Vanuatu will be eligible in FY 2003 to receive grant Excess Defense Articles (EDA) under Section 516 of the Foreign Assistance Act. Grant EDA will support the U.S. objective of improving VMF operational effectiveness in regional peacekeeping and disaster relief efforts. Transportation, training aids, and patrol craft are desired.

Vietnam (\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
CSD	2,494	4,106	0
DA	2,999	6,950	12,456
IMET	0	50	100
NADR-EXBS	0	0	50
NADR-HD	1,650	1,500	1,700

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

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

The FY 2003 request includes funds for E-International Military Education and Training (IMET) courses to enhance English language proficiency among Vietnamese military officers. This will facilitate their attendance at conferences and confidence building meetings hosted by Headquarters, Pacific Command. Programmed FY 2001 funding for this purpose was not disbursed due to a Vietnamese failure to agree to assurances on end use and third-party transfers. The United States hopes to conclude an IMET agreement with Vietnam to allow for use of FY 2002 and FY 2003 funds.

Land mines and unexploded ordnance pose a constant danger to civilians and are a severe impediment to agriculture and economic development. FY 2003 Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) funds will be used to continue to assist Vietnam with development of a comprehensive humanitarian demining program to protect the lives of innocent civilians and to promote economic and agricultural development. NADR funds also will provide export control assistance to strengthen Vietnam's ability to control, detect, and interdict transfers of sensitive materials and technology that could contribute to weapons proliferation.

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

Regional Democracy

(\$ in thousands)

	Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF		5,894	5,000	5,000

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

EAP Regional Democracy funds promote democratic institution building in key countries of East Asia and the Pacific where transition to democracy is in progress. Non-governmental organizations (NGOs), U.S.-based and Asian, as well as governmental agencies receive support in their efforts to build democratic institutions and set standards for good governance and transparency. Democracy funds may also further enactment and enforcement of labor rights legislation and improved governmental adherence to International Labor Organization standards.

FY 2001 funds supported the rule of law in China and conservation of the cultural heritage of Tibet, as well as the return to constitutional democracy in Fiji and rule of law in China's environment sector.

FY 2002 funding will be used to combat terrorism in the region by increasing transparency at all levels of government and by strengthening civil society organizations that advocate on behalf of human rights, the rule of law, and freedom of the press, religion, and assembly. A small grants program may also be initiated to further democracy, women's rights, and civil society in the region by assisting Asian NGOs.

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

Regional Security Fund

(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	249	250	250

Active participation in and support for multilateral approaches to regional security are important elements of U.S. Asia-Pacific security policy. The United States is also a leading member of two multilateral organizations: the 23-member ASEAN Regional Forum (ARF), the only region-wide governmental forum devoted to discussion of security issues in the region; and the 5-member Northeast Asia Cooperation Dialogue (NEACD), a non-governmental (Track II) group.

In addition, the United States is a Dialogue Partner and strong supporter of the Association of Southeast Asian Nations (ASEAN) and has actively supported the informal Jakarta Working Group process on the South China Sea. ASEAN has established an expectation that differences among members will be resolved peacefully. For the last two decades there has been no major armed conflict among members. In addition, ASEAN members have worked together to resolve problems that could undermine regional security. ASEAN members chair the ARF. The United States is also a dialogue partner of the Pacific Island Forum (PIF).

This policy and these groups have contributed significantly to building a more stable regional security environment, fostering a climate of dialogue on regional disputes, and thereby supporting U.S. security and economic interests in the region.

Multilateral security diplomacy is in its infancy in Asia. The ARF and NEACD date from the mid-1990s. With the exception of ASEAN, most regional groups do not have an institutional character (permanent headquarters) or organs (i.e., standing councils or secretariats). Rather, they serve as fora for intergovernmental or mixed governmental and non-governmental gatherings. Programs are sponsored by participants under the rubric of the organization, not by the organization itself.

One objective of Regional Security funds will be to support dialogue and confidence-building programs, particularly within the ARF and NEACD, on contentious issues in the region. Programs such as seminars, workshops, and exchanges on traditional (e.g., arms control) and non-traditional (e.g., piracy) security challenges for officials from ARF countries will be emphasized.

A second objective will be to promote the development of multilateral institutions themselves. The ARF has begun to develop the tools of preventive diplomacy in order to make a more tangible contribution to regional security. ASEAN also looks at regional security issues and the ASEAN Secretariat can be an important tool of multilateral diplomacy. The PIF is increasing regional cooperation to improve the ability of the Pacific Island member states to respond to trans-national challenges, such as drug trafficking, money laundering, and terrorism. NEACD is studying ways to improve political interaction and discussion among its members. The United States aims to support these initiatives through direct technical assistance, seminars, exchanges, and other programs.

Finally, Regional Security funds could also be used to support the development of multilateral diplomacy in situations where regional institutions may be unable to engage effectively. Track II organizations, such as the Jakarta Working Group Process, NEACD, and the Council for Security Cooperation in the Asia-Pacific (CSCAP) can provide channels for these activities; they may also be proposed as U.S. national projects. Activities such as programs for Asian officials on the regional security implications of and possible responses to specific ethnic or religious conflict or repression of minority and political rights would be the

focus in this area. Funds could be used to support common political action agreed by groups of states in response of security challenges, such as the dispatch of special envoys or mediators. Funds could also be used in support of multilateral efforts to combat terrorism.

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

Regional Women's Issues

(\$ in thousands)

Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF	2,994	4,000	4,000

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

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

This ESF funding was initiated in FY 2000. Some of these funds were spent to begin a regional initiative to reduce the trafficking of women and children at a regional meeting of 21 nations and economies, the Asian Regional Initiative Against Trafficking in Women and Children (ARIAT), held in Manila in March 2000.

In FY 2001, Regional Women's Issues funds provided a grant to The Asia Foundation for a six country regional program addressing the three objectives above. It also funded country programs in Indonesia, Thailand, and Vietnam, as well as a regional website.

In FY 2002, funds concentrate on combating Trafficking in Persons. The State Department's first annual Trafficking in Persons report was submitted to the Congress in July 2001. Four EAP countries were in the lowest category, Tier III (i.e., countries not making significant efforts to bring themselves into compliance with the minimum standards listed in the Trafficking Victims Protection Act of 2000; that law requires imposition of certain sanctions starting in 2003). Many other countries in EAP were in Tier II (i.e., countries that do not yet fully comply with the Act's minimum standards but are making significant efforts to bring themselves into compliance). Grants will be awarded to results-oriented proposals aimed at moving these countries in the direction of better enforcement of laws and regulations for combating trafficking of persons, and better protection of and assistance to victims.

In FY 2003, Regional Women's Issues funds will continue to focus on activities that increase the political empowerment of women, reduce domestic and workplace violence against women, and combat trafficking.

South Pacific Fisheries

(\$ in thousands)

	Account	FY 2001 Actual	FY 2002 Estimate	FY 2003 Request
ESF		14,000	14,000	18,000

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

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

We are presently negotiating with the 16 governments of the FFA to extend the treaty past 2003. Increased funding authority in FY 2003 will help us reach that agreement and avoid conflict over access to and management of highly migratory fisheries resources and ensure continued unimpeded access by U.S. commercial fishing vessels to highly productive fishing areas in the Pacific Ocean, pursuant to the treaty.