

BILL SUMMARY

Nov. 15, 2006

Fiscal Year 2007 Foreign Aid Bill

The House of Representatives on June 9 passed by a 373 to 34 vote the fiscal year 2007 foreign aid bill, which includes \$2.46 billion in assistance to Israel. Israel's aid package includes \$2.34 billion in military assistance and \$120 million in economic aid, levels consistent with the ninth year of the aid restructuring plan aimed at phasing out economic aid and shifting a portion of the savings to military assistance. The overwhelming vote on the bill represents one of the strongest votes in support of foreign aid in recent congressional history.

Key provisions that allow Israel to maximize the effectiveness of the aid such as early disbursal, which allows Israel to receive the assistance as a cash grant quickly after the bill's passage, and offshore procurement, which allows Israel to spend a portion of the military assistance domestically, are included in the bill.

The Senate draft was approved by the Appropriations Committee and contains the same pro-Israel provisions. The bill is awaiting action by the Senate.

KEY PROVISIONS:

Israel

- The bills provide Israel with an additional \$40 million to aid in the absorption of refugees from the former Soviet Union, Eastern Europe and Ethiopia.
- The bills contain language opposing the Arab League boycott of Israel.

The Palestinians

- A new provision in the House-passed bill prohibits any economic assistance for the West Bank and Gaza and eliminates the \$150 million requested by the administration for Palestinian programs. Past provisions governing aid to the PLO and PA are also included in the bill.
- The Senate draft includes all past year provisions governing aid to the PLO and PA and reduces to \$25 million the administration's request for Palestinian programs. New report language supports transparent and accountable democratic institutions and urges USAID to fund a proposed Palestinian Transparency and Accountability Center.

Iran

- House Report language included in the bill urges the president to address Russian military cooperation with Iran at the upcoming G-8 summit.
- Both bills withhold a percentage of Russian assistance until the President certifies that Russia has stopped providing Iran technical expertise, training, technology, or equipment necessary to develop a nuclear reactor or ballistic missiles.

Arab States

- The House-passed bill provides \$1.75 billion in assistance to Egypt—\$1.3 billion for military assistance and \$455 million in economic aid. Egypt’s economic assistance contains the same earmarks as last year’s bill: \$50 million is set aside for democracy programs with an additional \$50 million for educational programs.
- The Senate draft contains a “soft” earmark for Egyptian economic assistance—meaning it is not requiring the administration to spend the allotted amount—and would set aside \$44 million for education programs and \$86 million for democracy programs.
- Report language included in both bills requires the State Department to submit a report to Congress outlining steps taken to disarm outside militias in Lebanon. The Senate draft goes further, requiring the report to detail U.S. policy and programmatic objectives for disarming Hizballah, the expansion of the Lebanese army to the southern part of the country, and the protection of Lebanon’s eastern border.
- The House bill provides Jordan with \$216 million in military assistance and \$250 in economic aid. The Senate draft in contrast would provide \$206 million in military aid and \$245 million in economic assistance.
- The House bill prohibits aid to Saudi Arabia in light of religious freedom violations.