

FOREIGN ASSISTANCE AND RELATED PROGRAMS  
APPROPRIATIONS FOR 1981

96  
Y4  
AP 6/1  
F 7/6/3/1  
981  
pt. 4

GOVERNMENT

Storage

DOCUMENTS

HEARINGS

JUN 30 1980

BEFORE A

SUBCOMMITTEE OF THE ARRELL LIBRARY  
KANSAS STATE UNIVERSITY

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON FOREIGN OPERATIONS AND RELATED AGENCIES

CLARENCE D. LONG, Maryland, *Chairman*

DAVID R. OBEY, Wisconsin

C. W. BILL YOUNG, Florida

SIDNEY R. YATES, Illinois

VIRGINIA SMITH, Nebraska

MATTHEW F. McHUGH, New York

JACK F. KEMP, New York

WILLIAM LEHMAN, Florida

CHARLES WILSON, Texas

JULIAN C. DIXON, California

EDWIN F. POWERS AND TERRY D. BEVELS, *Staff Assistants*

PART 4

	Page
International Narcotics.....	1
Refugee Affairs.....	87
Security Assistance.....	129
Briefing on Population Problems.....	293

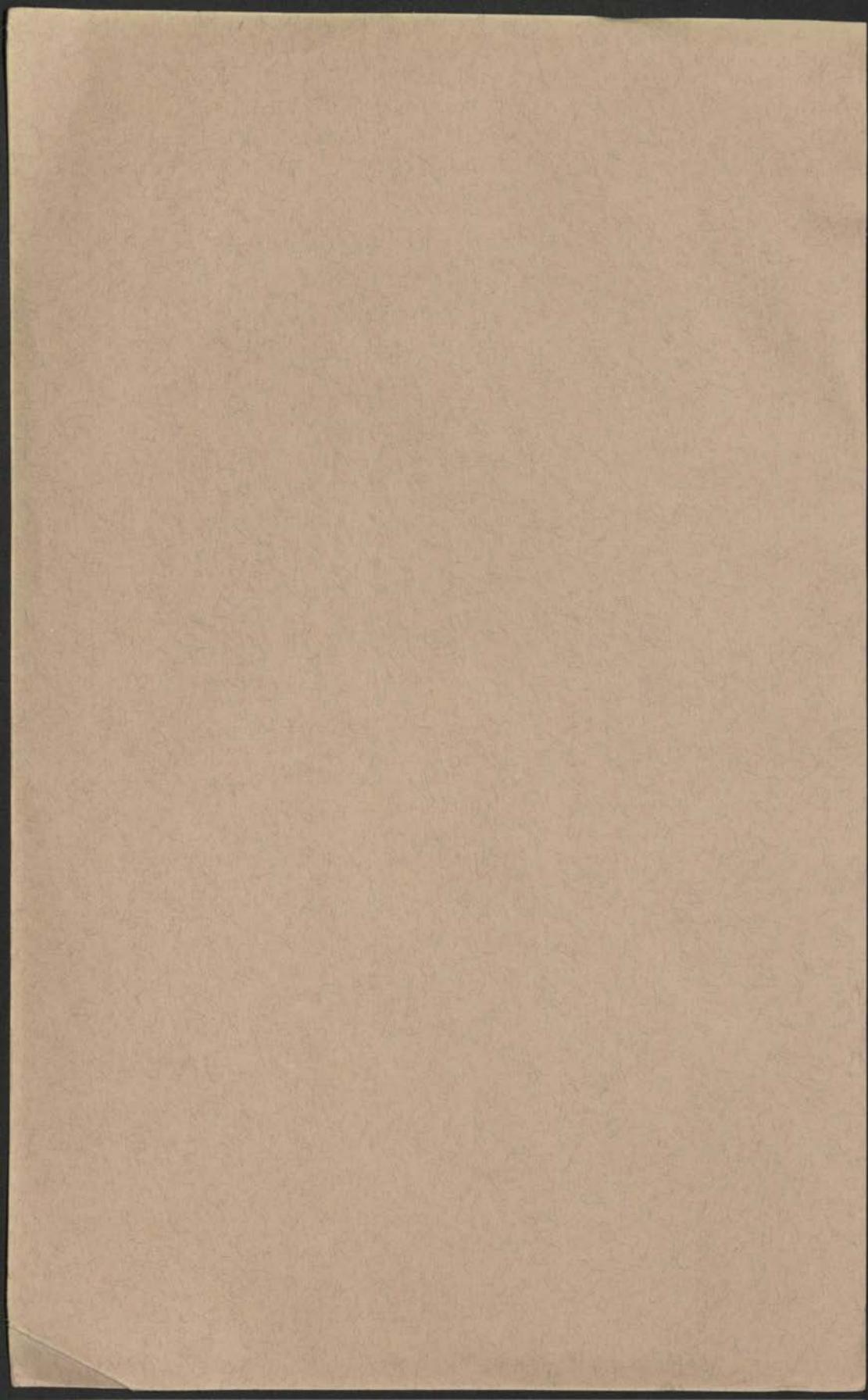
Printed for the use of the Committee on Appropriations

KSU LIBRARIES



962954 006TTV

1101



# FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS FOR 1981

---

---

## HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES NINETY-SIXTH CONGRESS SECOND SESSION

SUBCOMMITTEE ON FOREIGN OPERATIONS AND RELATED AGENCIES

CLARENCE D. LONG, Maryland, *Chairman*

DAVID R. OBEY, Wisconsin  
SIDNEY R. YATES, Illinois  
MATTHEW F. McHUGH, New York  
WILLIAM LEHMAN, Florida  
CHARLES WILSON, Texas  
JULIAN C. DIXON, California

C. W. BILL YOUNG, Florida  
VIRGINIA SMITH, Nebraska  
JACK F. KEMP, New York

EDWIN F. POWERS AND TERRY D. BEVELS, *Staff Assistants*

### PART 4

	Page
International Narcotics.....	1
Refugee Affairs.....	87
Security Assistance.....	129
Briefing on Population Problems.....	293

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE

63-122 O

WASHINGTON : 1980

## COMMITTEE ON APPROPRIATIONS

JAMIE L. WHITTEN, Mississippi, *Chairman*

EDWARD P. BOLAND, Massachusetts  
WILLIAM H. NATCHER, Kentucky  
TOM STEED, Oklahoma  
\*JOHN M. SLACK, West Virginia  
NEAL SMITH, Iowa  
ROBERT N. GIAIMO, Connecticut  
JOSEPH P. ADDABBO, New York  
EDWARD J. PATTEN, New Jersey  
CLARENCE D. LONG, Maryland  
SIDNEY R. YATES, Illinois  
DAVID R. OBEY, Wisconsin  
EDWARD R. ROYBAL, California  
LOUIS STOKES, Ohio  
GUNN MCKAY, Utah  
TOM BEVILL, Alabama  
BILL CHAPPELL, Florida  
BILL D. BURLISON, Missouri  
BILL ALEXANDER, Arkansas  
JOHN P. MURTHA, Pennsylvania  
BOB TRAXLER, Michigan  
ROBERT B. DUNCAN, Oregon  
JOSEPH D. EARLY, Massachusetts  
CHARLES WILSON, Texas  
LINDY (MRS. HALE) BOGGS, Louisiana  
ADAM BENJAMIN, Jr., Indiana  
NORMAN D. DICKS, Washington  
MATTHEW F. McHUGH, New York  
BO GINN, Georgia  
WILLIAM LEHMAN, Florida  
JACK HIGHTOWER, Texas  
JOHN W. JENRETTE, Jr., South Carolina  
MARTIN OLAV SABO, Minnesota  
JULIAN C. DIXON, California  
BENNETT M. STEWART, Illinois  
VIC FAZIO, California

SILVIO O. CONTE, Massachusetts  
ROBERT H. MICHEL, Illinois  
JOSEPH M. McDADE, Pennsylvania  
MARK ANDREWS, North Dakota  
JACK EDWARDS, Alabama  
ROBERT C. McEWEN, New York  
JOHN T. MYERS, Indiana  
J. KENNETH ROBINSON, Virginia  
CLARENCE E. MILLER, Ohio  
LAWRENCE COUGHLIN, Pennsylvania  
C. W. BILL YOUNG, Florida  
JACK F. KEMP, New York  
RALPH S. REGULA, Ohio  
CLAIR W. BURGNER, California  
GEORGE M. O'BRIEN, Illinois  
VIRGINIA SMITH, Nebraska  
ELDON RUDD, Arizona  
CARL D. PURSELL, Michigan

KEITH F. MAINLAND, *Clerk and Staff Director*

\*Deceased.

**FOREIGN ASSISTANCE AND RELATED  
AGENCIES APPROPRIATIONS FOR 1981**

THURSDAY, APRIL 18, 1980.

**INTERNATIONAL NARCOTICS CONTROL**

**WITNESSES**

**MATHEA FALCO, ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL NARCOTICS MATTERS**

**JOSEPH H. LINNEMANN, DEPUTY ASSISTANT SECRETARY OF STATE, INM**

**EDWIN G. CORR, DEPUTY ASSISTANT SECRETARY, INM**

**JAMES VAN WENT, EXECUTIVE DIRECTOR, INM**

Mr. LONG. Ms. Falco, I wonder if you would like to summarize your remarks in a short 5-minute statement so we will have time for questions.

Ms. FALCO. Thank you, Mr. Chairman.

I would like with your permission to submit my entire statement for the record.

Mr. LONG. Without objection, it will be so ordered.

[The information follows.]

TESTIMONY BY MATHEA FALCO  
ASSISTANT SECRETARY OF STATE FOR  
INTERNATIONAL NARCOTICS MATTERS  
BEFORE THE  
HOUSE APPROPRIATIONS COMMITTEE

~~MARCH 25~~, 1980

APRIL 17

I am pleased to be here today to discuss with you the President's budget for international narcotics control for Fiscal Year 1981. The Carter Administration continues to view drug abuse as a major health and social problem in the United States. We have also found that drug abuse and the concomitant effects of illicit production and trafficking are increasingly injurious to consuming European countries and producing Southeast Asian, Southwest Asian and Latin American countries. The Department of State, in light of both domestic and foreign drug problems, views international narcotics control as an integral part of U.S. foreign relations. We are proposing a budget of \$38,613,000 for FY 1981.

The fundamental purpose of the Department's International Control Program (INC) continues to be to impede and, where possible, eliminate the flow of illicit narcotics to the United States. We believe that the most effective way to achieve this is to work with the international community toward eliminating illicit narcotics production world-wide. Once illicit raw materials enter the market it becomes difficult to prevent more than a small part of them from reaching consumers. During the past decade, the International Narcotics Control Program brought about a reduction in the amount

of heroin entering the U.S. This success has been achieved through efforts in the Near East and, recently, through close cooperation with the Government of Mexico.

The challenge for the United States abroad in illicit narcotics matters in FY 1981 and beyond will be: to attack the escalating problem of heroin entering the United States originating in Southwest Asia; to continue our close and effective cooperation with the Government of Mexico; to build on the progress already achieved in the Golden Triangle; to stem the growing tide of illicit coca production in Latin America; and to work with governments of the Americas and the Government of Colombia in particular in reducing the vast amount of cocaine and marijuana reaching young U.S. citizens from that country.

Our main means for meeting these challenges will continue to be the Department's diplomatic efforts complemented by bilateral programs with the world's chief illicit narcotics producing and trafficking countries, in Latin America, Southeast Asia and Southwest Asia. The bilateral programs generally have one or more of the four following components: enforcement related assistance to foreign governments; crop eradication and development assistance aimed at narcotics producing areas, and assistance for

drug abuse prevention, treatment and rehabilitation efforts. The Department's Bureau of International Narcotics Matters (INM) reviews the bilateral programs on a continual basis, and seeks to initiate new projects where they could be helpful to the international narcotics control effort. For INM's country programs, we are requesting \$28,020,000 for FY 1981.

In addition to carrying out bilateral programs, INM supports work relating to illicit narcotics control and drug abuse in international and regional organizations, in particular the United Nations Fund for Drug Abuse Control (UNFDAC). The latter's projects are similar to those of the U.S., but they have the advantage of political acceptability where the U.S. has less access, for instance, Afghanistan. Other regional organizations which are supported for work in the narcotics field include the Colombo Plan nations. For INM's contributions and assistance to international and world regional organizations, we are requesting \$3,150,000 for 1981.

INM's program reaches secondary drug-trafficking countries which are important to the international narcotics control effort through our support for supply reduction

training programs. These are directed at foreign enforcement officials responsible for drug investigations and interdiction and are carried out primarily by the Department of Justice's Drug Enforcement Administration (DEA) and the Department of the Treasury's U.S. Customs Service. For international training, INM is requesting \$4,900,000 for FY 1981.

In addition to bilateral and multilateral assistance programs, the Department of State has also launched a number of diplomatic initiatives aimed at securing the increased participation of other drug consuming, industrialized countries in international drug control efforts. These initiatives, begun in 1978, have been aimed mainly at Western European countries, especially the Federal Republic of Germany, the United Kingdom, France and Italy. In my discussions with European officials, I have concentrated on the need for greater contributions by European countries to UNFODAC, the problem of drug abuse in the U.S. military forces stationed in Europe, and the need for more bilateral European illicit narcotics control efforts, especially in the field of coordinated development assistance and law enforcement in illicit narcotics producing countries.

These diplomatic efforts, which have met with considerable success during the past year, are carried out by the Department's officials abroad and in Washington. For general development and support for all of INM's programs, we are requesting \$2,543,000 for FY 1981. These funds support general salaries and expenses, contractual services, administrative costs and other project development activities.

The following chart breaks down INM's FY 1981 budget request for the international narcotics by both program regions and the subject illicit narcotic raw materials.

(In Thousands of Dollars)

<u>Country Programs</u>	<u>Total</u>	<u>Opium/ Heroin</u>	<u>Coca/ Cocaine</u>
Latin America	19,580	8,780	10,800
East Asia	7,940	7,940	- 0 -
Near East and Southwest Asia	500	500	- 0 -
<u>Other</u>	<u>10,593</u>	<u>- 0 -</u>	<u>- 0 -</u>
Total	38,613	17,220	10,800

The amount shown as "other" on the chart include: U.S. contributions to international organizations, the training programs carried out primarily by DEA and the U.S. Customs Service, and program development and support costs. Later in my testimony I will discuss in some detail the current movement of heroin from Southwest Asia and what steps the Department is taking in response to it.

These further breakdowns may also be of assistance to the Committee in visualizing INM's program.

The request is divided among four appropriations limitations, as follows:

(In Thousand Dollars)

Country Programs	\$28,020 (72% of total)
International Organizations	3,150 (8% of total)
Interregional Training	4,900 (13% of total)
Program Development & Support	2,543 (7% of total)

In addition, as the chart below shows, we have attempted to diversify the international narcotics program in order to put in place new methods of attacking illicit narcotics production and trafficking. Trends in INM's budget are reflected in this chart.

	Percent of Total 1980	Percent of Total 1981
Enforcement and Control	<sup>9</sup> 78.6	68.9
Income Replacement	6.85	11.7
International Organizations	6.5	8.2
Demand Reduction	2.8	4.6
Program Development and Support	4.6	6.6

HEROIN: Southwest Asia and the Near East  
 European Initiatives  
 Mexico  
 Southeast Asia

Heroin remains the major drug of concern for the International Narcotics Control program. According to the National Narcotics Consumers Committee, heroin enters the United States from three regions, as follows:

Estimated Supply of Heroin to the United States from Principal Foreign Sources, 1975-1978, from the National Narcotics Consumers Committee 1978 estimate. (UNICC)

	METRIC TONS (Percentage Shares in Parentheses)			
	1975	1976	1977	1978
Mexico	6.5 (87)	4.0 (67)	3.1 (56)	1.7-2.0 (45)
Southeast Asia	1.0 (13)	2.0 (33)	2.0 (36)	1.4-1.7 (38)
Southwest Asia	negligible (0)	negligible (0)	0.4 (8)	0.6-0.8 (17)
TOTAL	7.5 (100)	6.0 (100)	5.5 (100)	3.5-4.5 (100)

Southwest Asia and the Near East

The major new heroin threat to the United States is from the Southwest Asian countries of Iran, Pakistan and Afghanistan. Evidence indicates that Turkey serves as a location for opium refinement into heroin, although not for significant opium production. The indications that heroin originating in this region is reaching beyond Europe to the United States have been increasing.

Heroin-related injuries, hospital admissions for heroin-related problems, seizures, and the prevailing purity figures for the Northeast coast of the United States all indicate increased heroin abuse. Analysis of seizures from this region identify significantly increasing proportions of Southwest Asian heroin.

Before discussing the Department's narcotics-related strategy in Southwest Asia, I would like to describe the illicit production there in small detail. Prior to 1977, opium production in Pakistan, Afghanistan and Iran probably totalled about 500-700 metric tons, most of which was consumed by opium addicts within the region. We estimate that Iranian addicts used approximately 250 tons annually, and another 125 tons were absorbed in Pakistan. At that time Afghanistan, which produced upwards of 350 tons, was the major producer of opium in the region.

Production in the region expanded considerably in 1978 and 1979, as a result of both the breakdown in government control efforts and the inflation in regional and worldwide opium prices. By 1979, production in the three country area was at a minimum of 1000 tons, and likely higher. Although the political turmoil in Afghanistan resulted in an estimated reduction in production

from 350 tons to the current estimate of approximately 270 tons, opium production in Pakistan probably doubled by 1979 from 400 to 700 metric tons.

Iran, which until 1978 had been a net consumer of opium, produced at least 350 tons in excess of domestic requirements in 1979.

The National Narcotics Intelligence Consumers Committee (NNICC), of which the Department, DEA and others are members, has concluded that the quantity of Southwest Asian opium available for international trafficking and heroin production from the three countries from the 1979 harvest could be as high as 450-500 tons.

The Department of State has been aware of the rising production in Southwest Asia. In addition, we have monitored its increasingly distressing impact on drug abuse in Western Europe. The information the Bureau of International Narcotics Matters has received on U.S. and European consumption of Southwest Asian heroin has resulted in an anti-narcotics strategy aimed both directly and indirectly at Southwest Asia, through bilateral diplomacy and assistance, through consultations with Western European governments, and through initiatives in international and regional fora in which the major Western European countries participate.

I will begin first by reviewing in summary fashion the Department's actions with regard to Southwest Asia. Obviously, the tumultuous events in the area have not been conducive to the complex planning which effective illicit narcotics control requires. In the case of Iran and Afghanistan, only contingency planning is possible at the current time. Disturbances beginning with the murder of Ambassador Dub~~ois~~<sup>ois</sup> in 197~~8~~<sup>9</sup>, the necessity of recalling DEA's Special Agent in Charge in November 1979, and the recent Soviet invasion have made efforts to cooperate on narcotics matters with the Government of Afghanistan futile. When the larger political circumstances permit resumption of broader diplomatic activity than is currently advisable, INM is prepared, on the basis of previous cooperative anti-narcotics efforts in that country, to put forward useful suggestions. The Committee will recall AID's projects in the Helmund Valley poppy growing region of Afghanistan, as well as other narcotics-related assistance programs in which our two governments were previously involved.

The U.S. Government, similarly, has also prepared with contingency plans with regard to the problem in Iran of burgeoning opium production. Shortly before the terrorist takeover of the U.S. Embassy, INM discussed illicit narcotics problems with members of the then provisional government. Should our hostages be released, and when political conditions are appropriate, INM is fully prepared to reiterate its offer of cooperation.

In summary then, in both Afghanistan and Iran, INM is prepared to cooperate on the problem of international narcotics control. Political events in both countries have resulted in insurmountable obstacles to such cooperation at the present time.

I would like to add here that it is not impossible that representatives of the U.N. will be able to constructively discuss narcotics problems with the governments of Iran and Afghanistan at an earlier time than practicable for many concerned individual countries. In the fall of 1979, representatives from Iran, Pakistan and Afghanistan did meet together under U.N. auspices to discuss regional illicit narcotics issues and the U.N. still has a narcotics official in Kabul, Afghanistan. It is my strong recommendation that the Committee bear this possibility in mind when considering the Administration's request for a return to an unconditional \$3 million funding level for the U.S. contribution to the U.N. Fund for Drug Abuse Control.

The problem of illicit narcotics production has been a subject of discussion between U.S. and Pakistani officials, and the Department has and is taking action in cooperation with the Government of Pakistan. First, INM has proposed \$150,000 in law enforcement assistance to a special narcotics enforcement unit of the Pakistani Customs Service to help interdict the flow of opium leaving Pakistan. Second, the Department has re-assigned

an agricultural expert from Turkey to Pakistan, to work with the Government of Pakistan (GOP) to develop projects to replace opium poppies with other crops, and to plan for narcotic law enforcement and drug abuse treatment related assistance.

At the present time we are actively considering a proposal to help finance a study by the Pakistani Narcotics Control Board (PNCB), which will seek to determine the amount and exact location of illicit poppy cultivation in the Gilgat area of the Northwest Frontier Province (NWFP). This area is one of personal concern for Pakistani President Zia, who has witnessed the ravages of opium addiction among its inhabitants.

The Government of Pakistan has expressed concern about the extent of its narcotics problem. A ban on opium cultivation in the settled areas of the Northwest Frontier Province, where much of the Pakistani opium production occurs, was announced by the GOP in late September, 1979. The ban covers roughly 60%-70% of the opium producing region.

Reports from our Embassy in Islamabad since September indicate that the government is enforcing this ban on opium production. We estimate that during the 1980 crop year, opium production is likely to be as much as 50% reduced from the 1970 level. Part of the credit for this reduction must go to the enforcement efforts of the GOP.

European Initiatives

In addition to the Department's direct contingency plans and ongoing activity concerning Southwest Asia, INM undertook a major new series of initiatives in Europe in 1979, which are to be continued this year. The purpose of these initiatives, as I have mentioned, is to engage European governments in a more active confrontation with the problem of Southwest Asian heroin, in particular, as well as with other international narcotics concerns both bilaterally and through the U.N. Fund for Drug Abuse Control. Europe has been a major victim of the increased flow of Southwest Asian heroin.

INM has conducted the European narcotics initiatives on a bilateral and multilateral basis. I will briefly describe the highlights of our activities here, as they are directly relevant to the question of what the U.S. is doing to combat Southwest Asian heroin, and then I will return to my more detailed discussion of the international narcotics control program's budget proposal of FY 1981.

Basically, the U.S. has had extensive discussions with the Governments of the Federal Republic of Germany, the United Kingdom, Italy, France, Austria and Belgium and within the context of NATO and the Organization for Economic Cooperation and Development (OECD).

The purpose of raising narcotics matters in NATO was to bring about discussion of the impact of narcotics on NATO designated forces, and to sensitize top level European military and foreign affairs leaders to the growing Southwest Asian heroin problem. The issue was raised by Secretary of State Vance at the NATO ministerial level meetings in December, 1979, in NATO's Committee Challenges to Modern Society and recently in NATO's Military Committee.

In June 1979, Deputy Secretary Christopher tabled two U.S. proposals at the OECD ministerial level meetings. One involved a multilateral meeting of development assistance donor nations to discuss narcotics-related

development assistance to illicit narcotics producing countries. The second concerns the development of a standard form for ~~OECE member European statistics on drug abuse.~~

On the first of the two proposals, a highly successful multilateral meeting was held in the OECD's Development Assistance Committee (DAC) in January, 1980. In the DAC meeting, donor countries discussed experiences and plans concerning increased development assistance to narcotics producing regions. Representatives from UNFDAC, the World Bank, the Inter-American Development Bank and the European Economic Community also participated. The group discussed the strategy of linking development assistance projects with narcotics-related law enforcement in countries where the government is seeking to control illicit narcotics production. As a result of the meeting, we are working with UNFDAC officials to bring about multilateral working meetings later this year, to deal with narcotics-related assistance for specific countries in which several donors are interested. The purpose will be to exchange ideas and coordinate assistance. Also as a result of the meeting, U.S. and FRG officials have begun to exchange information and seek ways of coordinating activities in Thailand, Pakistan and Latin America.

The statistical initiative launched at the same time by the U.S., is under active consideration by the OECD. Consideration is being given to hiring one or more

consultants for one man year to develop comparable statistical formats for interested OECD member countries in the area of drug abuse and illicit narcotics.

In addition to U.S. drug-related initiatives in European multilateral fora, INM has also engaged in active diplomacy on the bilateral level with several European countries. Progress has been made in the Federal Republic of Germany, Italy and the United Kingdom. Of particular interest to the Committee, I believe, are the following items:

-- The FRG is increasing substantially their contribution to UNFDAC, from the equivalent of \$250,000 annually to \$1.1 million to 1980;

-- The FRG is undertaking or actively planning narcotics-related development assistance projects;

-- The Government of Italy for the first time in five years pledged \$125,000 for UNFDAC in 1979;

-- The FRG and the U.S. in 1979 established in Bonn a Central Working Group which has several committees working on drug abuse problems in the military, and planning preventive education projects;

-- The United Kingdom held a parliamentary debate on the subject of international narcotics control following my discussions in that country;

-- The Italians are developing statistical methods to survey the extent of drug abuse in Italian cities.

These are only some of the concrete achievements which have resulted as a result of active diplomatic and technical assistance efforts by INM and the Department of State during the past year. The major goal, as I have said, of these efforts has been to increase European efforts in international narcotics control, particularly in Southwest Asia. I believe that we have made substantial progress toward our goal. We plan to continue this effort this year and in FY 1981.

#### Mexico

In FY 1981, Mexico will continue to play a major role in the Department's international control program. Although heroin imported from Mexico comprises a decreasing percentage of the total entering the U.S., the amount is still substantial. According to NNICC's most recent figures, approximately 45 percent of the total volume of illicit heroin entering the U.S. was from Mexico. We, therefore, consider the maintenance of the U.S. cooperative program with the Government of Mexico (GOM) a critical element in the international drug control program.

In FY 1981, the Mexican program will be the largest single INM country program; we are requesting \$8,780,000 for it. Our support remains substantial in spite of the fact that the Mexican program level has been reduced over 50 percent in the past four years, due, in part, to the success of the eradication program and the increasing willingness and ability of the GOM to take over the program. Mexico initially contributed about \$1 for each \$1 in U.S. funds, and they now contribute manpower and resources

worth \$3 to \$4 for each \$1 of USG funds.

The principal focus of our assistance to Mexico is on maintaining the GOM's operational readiness to continue the opium eradication and heroin interdiction activities within the borders of Mexico. INM's breakdown of planned FY 1981 expenditures in Mexico falls into six parts:

1) aircraft operations and procurement, 2) aviation maintenance, 3) salary supplements, 4) remote sensing (poppy detection system), 5) field support and 6) program development and support.

As is evident from the budget proposal, INM's FY 1981 plans call for maintaining and in some respects improving, the Government of Mexico's ability to carry out its eradication and interdiction program against opium and heroin. Under aircraft operations and procurement INM will replace crashed aircraft and support training for pilots under the Mexican Attorney General, specifically in accident prevention, flight safety, and flight operations. The training is aimed at improving flying safety and operational efficiency to ensure maximum deployment of the aircraft in the eradication efforts.

Remote sensing is also aimed at helping the GOM to improve its current effectiveness in opium poppy eradication. The implementation of a remote sensing system will give the GOM a long term capability to keep in check any potential resurgence of illicit cultivation by detecting new cultivation almost immediately. Protection against such a resurgence is a major concern of the

U.S. Government.

Southeast Asia: Burma  
Thailand  
Southeast Asia Region

The third major geographic region which produces heroin directed at the U.S. market is Southeast Asia. Approximately 28 percent of the total FY 1981 Country Program INC Appropriation request is programmed against the illicit opium/heroin produced in East Asia, primarily in the Golden Triangle confluence of Burma, Thailand and Laos. INM funding supports major bilateral projects with the Governments of Burma and Thailand, with additional assistance to the ASEAN organization, as well as to its member nations of Malaysia and Indonesia. There is no INM direct funding support for illicit narcotics activity involving Laos, although the United Nations Fund for Drug Abuse Control (UNFDAC), to which the US is the major contributor, does support a narcotics supply reduction program in that country.

Burma is the largest producer of illicit opium/heroin in East Asia, with an average annual crop of 300-350 (NNICC) tons. Due to unfavorable weather conditions over the past two growing seasons and increased suppression capabilities of the GUB, production

has recently been estimated at some 50-75 percent less than normal, or about 100 to 160 metric tons, with the resultant effect of less Burma-source heroin reaching world markets. GUB suppression efforts are targeted against the poppy fields, principally in the Shan State, against the opium transporters, and against refineries along Burma's borders with Thailand.

The GUB's principal narcotics suppression activities have been carried out by the Burma Army with Air Force support. Since 1975, the United States Government has assisted the Burmese efforts by providing 25 helicopters, five fixed-wing transport aircraft, a small amount of communications equipment, and related maintenance and training assistance. This equipment has been used in crop eradication, enforcement efforts against elements known to traffic in opium, and occasionally in attacks on refinery sites along the Thai border. Burma's eradication effort has substantially reduced opium cultivation in the Kayah State and Southern Shan State - from 50 tons in 1978 to 5 tons in 1979 -, forcing production into more remote areas.

Among the concerns of the GUB are its own growing domestic drug abuse problem and insurgent groups financing their activities from funds derived from the

illicit narcotics traffic. A major inhibiting factor in GUB control efforts has been a lack of central government authority in areas where opium is cultivated and refined. Many of these areas are controlled by the well-armed insurgent forces, including the Burmese Communist Party, involved in the opium trade.

In FY 1979, INM provided \$4.6 million to suppress illicit opium production and trafficking; similar program levels are planned for FY 1980 and FY 1981. At the present, both helicopters and fixed-wing aircraft are aging. In FY 1981, we expect a requirement for major engine, airframe and avionics overhaul. To the extent that economy in maintenance and repair can be achieved by development of GUB-institutionalized aviation maintenance capability, INM funding will support establishment of maintenance facilities and training of GUB technical and management personnel. The project will also fund contract maintenance and repair where in-house capability cannot be developed on a timely or economically feasible basis.

Additionally, the project will continue support for pilot projects initiated in FY 1979 and FY 1980 to provide income replacement to the hilltribe peoples

whose traditional income derived from opium crops will be eliminated by the GUB narcotics suppression program. We are also exploring the possibility of further assistance projects with the U.S. AID in Rangoon. For narcotic-related assistance to Burma, we are requesting \$4.6 million for FY 1981.

Thailand

Thailand's ethnic hilltribe peoples produce far less opium than does Burma - with approximately 50 and 20 metric tons being produced in the past two years respectively. Much of this production is consumed internally by Thailand's estimated 400,000 to 600,000 opium addicts, and for medicinal purposes by the northern hilltribes peoples themselves. Thailand's chief role in the illicit international narcotics trade is to process the opium into heroin and to provide a conduit for transit of heroin originating in the Golden Triangle, destined for Australia, Europe and the US.

At the \$2.7 million level for FY 1981, INM funding will support Thai-US bilateral illicit narcotics assistance projects in the following three areas: police and customs interdiction assistance, income replacement/agricultural development, and preventive education and treatment and rehabilitation.

Since enforcement of narcotics control laws is a high priority in Thailand, the RTG has developed programs to reduce narcotics trafficking through Thailand, reduce domestic cultivation of opium and meet the growing challenge of drug abuse among the Thai population. The efforts of the Thai police have been steadily improving. Due in part to USG provided training in narcotics interdiction, investigation and teaching methodology, narcotics seizures and trafficker arrests have increased. In 1978, for example, Thai enforcement agencies seized the equivalent of 8-tons of opium. The RTG recognizes that much remains to be done to reduce further the quantity of opiates entering the illicit international narcotics markets.

A major INM goal in Thailand is to provide effective support for the Thai Government and major assistance donors in their attempt to reduce hilltribe economic dependence on opium poppies as a cash crop, and thereby reduce the incentive to produce opium. Development projects in Thailand have introduced crop/income replacement to provide a decent standard of living for hilltribe people, while reducing the supply of opium.

In 1979, the Royal Thai Government (RTG) established a Northern Control Board (NNCC) under the office of Narcotics Control Board (ONCB) to provide necessary coordination for all RTG elements in Northern Thailand involved in narcotics related development assistance.

ONCB has prepared a five year operations plan for highland agricultural development in the opium growing areas of the highland of Mae Chaem Watershed and has initiated opium poppy field land classification and socio-economic surveys.

The activities are designed to utilize the results of previous U.S. supported crop research, with major emphasis on the shift to actual field applications to test crop varieties and farming techniques.

During FY 1981, efforts and funding will be concentrated upon appropriate support to the efforts of larger scale donors, including AID. Typically, activities include pre-implementation studies and infrastructure developmental planning necessary for large, comprehensive rural development projects in the opium growing watersheds of Northern Thailand.

For several years the UN program for Drug Abuse Control has played the leading role in crop/income substitution in Northern Thailand. The UNFDAC program has conclusively demonstrated that many crops with high income potential can be grown in Northern Thailand. During FY 1981 UNFDAC will extend its pilot project to additional villages in Northern Thailand. This project will be the main focus of income substitution in the North of Thailand.

INM also supports demand reduction activities in Thailand prevention education, treatment and rehabilitation.

To give one example, our FY 1981 project in drug abuse treatment and rehabilitation continues the support of a planned 5-year project. FY 1981 will be the third year of project activities in support of the Thai-Ministry of Public Health, the Office of Narcotics Control Board and the Bangkok Metropolitan Health Department to increase the availability of voluntary detoxification treatment and rehabilitation counseling for narcotics addicts; to develop a comprehensive preventive health education program for students and the general public in Bangkok; to develop a systematic

method of identifying addicts at public health clinics; and to develop appropriate administrative, supply, research and evaluation support.

Southeast Asia Regional Assistance

INM's third area of assistance is to Southeast Asian narcotics transit countries. We support demand reduction activities - including drug abuse treatment, rehabilitation and prevention projects - throughout Southeast Asia, in the Philippines, Indonesia, Malaysia, and Thailand. The specific country programs have been the treatment programs for metropolitan Bangkok, Thailand, already cited and, training for the addiction treatment program of the Malaysian Government. With U.S. support, ASEAN has undertaken a drug abuse preventive education workshop for ASEAN participants conducted by the Government of the Philippines, and a treatment/training program, sponsored by Malaysia.

A second important Asian regional activity is the consistent work done in promoting illicit narcotics demand reduction activities throughout the area by the representatives of the Colombo Plan, a regional multilateral organization. The latter organization's usefulness is in fostering exchanges of ideas and personnel in the field of drug abuse control throughout the ASEAN region.

INM's plans for future demand reduction work in the ASEAN region include, 1) the sharing of resources between countries and the U.S. in achieving regional demand reduction goals, 2) the development and use of common data protocols to allow some degree of data comparability, 3) prevention program design for local school and community programs, and 3) the development of rehabilitation models for local institutions. INM also hopes to support more preventive educational work aimed at increasing the role of the individual citizen can play in controlling narcotics abuse.

COCAINE AND OTHER DRUGS: Latin America

That part of INM's program which is not targeted against heroin is aimed at curtailing the cocaine supply and the massive flow of other illegal drugs entering the United States. As with heroin control efforts, the cocaine control program involves a full range of activities, for example, interdiction in Colombia, interdiction and preventive education projects in Ecuador, and agricultural development and coca control in Bolivia and Peru.

To curtail the international flow of illicit cocaine from South America, INM has adopted the following strategy: reduce coca production through developing alternative income opportunities, control of licit production and eradication; use diplomatic initiatives to gain serious commitment and cooperation from governments in producing, transit and consuming countries; increase the effectiveness of investigative control and interdiction efforts in producing and transit countries through technical assistance.

In the major coca countries, Bolivia and Peru, the USG goal is to reduce coca production to that level desired for legal domestic consumption and export. A permanent solution to the problem is a long term and complex, involving change of deeply held cultural values and mores.

In FY 1981, INM is planning to help develop both an effective host government narcotics enforcement capability and coca production and marketing regulatory ability. The program in Bolivia will attempt to establish a coca marketing control board in conjunction with planned coca reduction which will ensure the supply of coca leaf for legitimate purposes; i.e., set quotas, purchase all licit production, act as the sole legal market entity, etc. Moreover, the project, through planned agricultural development in the Chapare region, will attempt to reduce the economic hardships associated with the curtailment of coca production.

In Peru, INM intends to support agricultural crop research and pilot programs in rural development loans. In both countries, the INM strategy will be successful only if coca control-replacement efforts are complemented with strong enforcement measures.

The FY 1981 strategy for Colombia and Ecuador is to improve the governments' effort to interdict narcotics transiting the countries and immobilize the trafficking organizations who profit from the trade. In FY 1980, significant resources have been planned for Colombia to mount an intensified land-air-sea interdiction campaign for drugs en route to the US. Assistance will be provided to both military and civilian government organizations to detect, surveil, and intercept traffickers. Finally, in Ecuador, modest assistance will be provided to support

ongoing police, Customs and education efforts.

Rather than describing each of the projects associated with INM's Andean country program in Latin America, I would like to talk in detail about several of its major aspects -- the status of cocaine interdiction efforts in Latin America as a whole, the development assistance projects planned for Peru and Bolivia, and the intense enforcement activity underway in Colombia.

NNICC estimates that 19-25 metric tons of cocaine were smuggled into the United States in 1978 (the most recent annual figures available from DEA), compared to 19-23 tons in 1977, approximately a 5 percent increase. Cooperative interdiction efforts between the US and some Latin American producing and transit countries have resulted in an increase in cocaine seizures. The following chart presents interdiction efforts in eight Latin American and Caribbean countries during a two-month period at the end of 1979.

LATIN AMERICAN SEIZURES (KILOGRAMS)

<u>Country</u>	<u>Cocaine Hydrochloride</u>	<u>Cocaine Base</u>	<u>Coca Paste</u>	<u>Laboratories</u>
Argentina	8	-	-	-
Bahamas	198	-	-	-
Bolivia	334	375	-	1
Colombia	201.70	475.471	35	2
Honduras	61.50	-	-	-
Mexico	6.80	-	-	-
Panama	.76	-	-	-
Peru	-	1,101.74	-	2
TOTAL	810.75	1,952.211	35	5

These seizures, if the coca derivatives were converted into the finished product, would represent almost half of the 6.7 metric tons of cocaine seized in these areas during the period July 1, 1978, to June 30, 1979. They also represent almost 15 percent of the 19-25 metric tons of cocaine estimated to have been smuggled into the US during that year. These actions underscore the continuing efforts that some Latin American and Caribbean countries are making to stem the flow of drugs to illicit world markets.

#### Peru and Bolivia

Crop/income substitution and coca control plans are moving ahead in Peru and Bolivia. Political conditions in Bolivia led to a change in government in that country in 1979, which disrupted US-Bolivian narcotics-related plans for FY 1980. Nevertheless, based upon preparatory activities in FY 1979 and to some extent in FY 1980, INM plans next year to assist in establishing a coca marketing and regulatory agency in FY 1981. Through commodities, training and administrative support from INM, and complemented by the agricultural and rural development work under consideration by USAID, the new GOB agency, ESTANCO, will regulate and oversee control of all aspects of licit coca cultivation and marketing. Its grower registration and crop control functions will be assisted by the work of the related DNSP unit. ESTANCO's marketing

operation for the traditional Bolivian coca chewer will be based on controls and quota setting of coca cultivation, and its role as sole legal purchaser of coca leaf from the farmers. ESTANCO will work Bolivian enforcement agencies to deny traffickers access to the coca while ensuring that licit crop levels are met.

The Peruvian Government in 1979 experimented successfully with coca drop destruction on a small scale. As a result of their ability to carry out their plan at that time, the government may consider further coca destruction. A change from military to civilian government is anticipated in July 1980. INM is planning to work with the new government in both interdiction and development assistance efforts.

Based on studies and preparation done in FY 1979 and FY 1980, an extensive crop control program is planned for the Hunauco-Tingo Maria regions of Peru in FY 1981. The government is planning to require farmers to destroy illegal coca plantings. INM will support activities toward cooperatives which will provide agricultural assistance, credit, extension and marketing services to the farmers.

Collaborative work begun in 1979 through a project agreement with the National Agrarian University in Tingo

Maria which will continue to provide practical research, demonstration and extension services for area farmers. INM funds will complement USAID funds in FY 1981 for agricultural development and incentives in the Tingo Maria area. It is intended at this time that production by legitimate producers will be controlled to supply legal domestic consumption and export. INM funds will support current efforts of the coca marketing regulatory agency, ENACO, which will work with Guardia Civil units to deny access to legal production by illicit consumers and control illegal acreage. The GOP will furnish trained extension agents and support campaigns and activities of ENACO and Guardia Civil personnel to destroy illicit coca production.

The coca control programs in Peru and Bolivia are intended to be complementary to AID rural development efforts there. The strategy is to combine enforcement, regulatory structures and development assistance to move farmers out of traditional and relatively lucrative coca production into new income producing activities. INM has been working with AID to develop a project for the major coca growing areas in each country. For Bolivia, a loan/grant project which would require AID funding of \$25-\$35 million over a five-year period has been planned. Similarly, for Peru, an approximately \$39 million development assistance project of seven years duration has been designed. We are hopeful that AID will provide the funds necessary to carry out the plans in both countries.

I would like to add one footnote here about Peru on a matter of grave concern to ourselves and to many members of Congress; that is, the presence of approximately thirty American citizen prisoners detained for alleged narcotics offenses, most of whom are held in Lima's overcrowded Lurigancho Prison. To clarify the record on this subject, the United States is actively working with Peruvian authorities to reform that part of the judicial system concerned with narcotics prosecutions. In an FY 1980 budget item, approved by the Congress, we are providing assistance to the Government of Peru for establishing a special prosecutor's office intended to expedite processing of narcotics cases. Second, agents of the US Government do not participate in Peruvian Government arrests; this is explicitly prohibited by the Mansfield Amendment.

#### Colombia

The third area of major concern in Latin America is our cooperative program in Colombia. As the Committee is aware, President Turbay in his inaugural address said that he would "wage an implacable crusade" against drug traffickers. This symbolized a considerable turnabout in Colombian policy from a previous posture of lip service with little effective implementation. The signing of Decree 2144, which provided severe regulation of air traffic into Colombia, and the assignment of a

narcotics interdiction mission to the Colombian Armed Forces, concrete expression was given to President Turbay's commitment to narcotics law enforcement. The Guajira Peninsula on the northern coast of Colombia became the focal point of a brigade-strength effort backed up by units of the Navy and Air Force. The Peninsula, with its more than seventy thousand hectares of marijuana plantings, as well as innumerable clandestine air strips and unpatrolled coves, became synonymous in Colombia and the rest of the world with drug trafficking. Most of the marijuana and a considerable part of the cocaine that Colombia is estimated to ship to the United States -- about 70 percent of our market for both products according to estimates -- leaves from the region.

The strategy behind the north coast campaign is simple in concept although much more complex in execution; it is to attack traffickers at their most vulnerable and fragile point -- their lines of supply. By interdiction of the US air traffic into and out of the Guajira clandestine air strips, and Navy patrol of the northern coast and adjacent sea lanes, movement of the drugs to the US market would be seriously impeded. The objective is to make the cost of doing business from Colombia intolerable.

Our experience in the past year has led us to perceive certain gaps and shortfalls in the joint US-Colombian effort which we hope to resolve through application of

FY 1980 funds provided by Congress. The increase of resources foreseen in FY 1980 also leads us to hope that by building on the excellent results already obtained, a major blow may be struck against trafficking from the north coast of Colombia. One of our principal problems has been the development of an early warning system that would enable the Colombians to detect US origin aircraft on their way to a clandestine landing in Colombia and either scramble helicopters with troops to raid the landing sites or alternatively to intercept the planes while they are still airborne. Under previous programs we made available two Korean war-vintage, prototype radar units that have had major operational and maintenance difficulties. As it now stands the Colombian Armed Forces must rely on hearing the incoming aircraft or on sighting the planes through regular air patrols. Since one of the results of the campaign has been the shifting of illegal operations to nighttime hours, such methods are grossly inefficient and adequate radar capability is thus a priority need.

At this time we intend to provide one fixed radar unit which will be located at the Colombian military base at Riohacha in the Guajira Peninsula. We will also provide spare parts and training Colombian personnel.

Another growing deficiency in carrying out operations against drug smugglers is the lack of fast patrol craft

for operations off the northern coast of Colombia. The destroyers in the Colombian Navy are old, in need of spare parts and are expensive to operate. They are, in addition, hardly suited for the type of Navy patrol activities we envision as necessary for narcotics enforcement. It was estimated at the beginning of the northern coast campaign that getting one of the aging destroyers to a station off the northern coast cost the program about \$29 thousand for each such operation. The provision of three 105-foot patrol craft for the Colombian Navy will thus correct a serious gap in the campaign.

Since the Coast Guard of the Colombian Customs Service has retained authority over territorial waters up to twelve miles and will be responsible for narcotics work within that limit, we propose to furnish an additional 105-foot patrol craft to supplement the Coast Guard's current inventory, most of which has been refitted at Colombian expense. The other costs in the project cover PASA personnel, travel, training and local purchases. Maintenance, fuel, and crew costs will be the responsibility of Colombian Customs.

The intensive use of Colombian Air Force helicopters during the course of the northern coast campaign has proven to be the backbone of the operation. This has provided us with both a problem and an opportunity. One result has been the deterioration of Air Force equipment

because of its use in a sandy desert and in an atmosphere with a high salinity content. We propose the repair of four to five Colombian Air Force helicopters.

They will be reconditioned and refitted so that the military will continue to commit them for use against traffickers. The helicopters will be stationed at Rioacha where we have built a helipad.

The judicial police working under the auspices of the Attorney General's office was created at the end of 1977 as a means of fielding a specialized narcotics unit which would be appropriately trained and equipped with US assistance. Theirs is the basic statutory responsibility in the interdiction of narcotics traffic. Their creation, which was strongly supported by the US, was an attempt to overcome serious deficiencies of other Colombian law enforcement agencies at that time. After some growing pains the judicial police have begun to give an excellent account of themselves in the fight against traffickers and have devoted themselves almost exclusively to our first priority -- the interdiction of cocaine. The Colombian record on cocaine during FY 1979 is one of solid achievement: the Attorney General's office seized 598 kilograms of cocaine, while other police agencies seized 706 kilograms.

The heart of the Attorney General's program has been the operation of an air wing with several U.S.-supplied helicopters which has given that office a wide-ranging enforcement capability. We propose to establish a central air group of five or six helicopters that will be available to all police agencies involved in narcotics control, but which will be administered by the Attorney General. We have received a commitment to this concept from the Attorney General and are now in the process of establishing operation procedures for the aircraft. The other civilian law enforcement agencies are enthusiastic about the idea and have offered their cooperation.

We are also allowing some funds to cover the cost of spare parts and a contract for the maintenance and operation of the aircraft. We recently signed a contract with a Colombian company for the maintenance and operation of the helicopters currently in the air wing for a three-month period. Depending on our experience with that company, we will enter into a longer term contract for the maintenance and operation of the central air group. Our eventual aim is for maintenance and operation of such aircraft to be undertaken by the Colombian Government as soon as such a capability exists and the method can be worked out.

The National Police, under new and impressive leadership, has become very active recently in narcotics work to include some impressive seizures, e.g., a world record seizure of 580 kilos of cocaine base and paste in September 1979. In addition, current Colombian plans call for an elite unit of some 600 National Police to be created and stationed on the northern coast. Since this project is still in the process of gestation, a modest sum of money is being proposed pending the organization of the new unit.

We also have allotted funds for training of all agencies involved in narcotics control although a substantial portion of this amount probably will be used in training the 600-man National Police unit. This money will be used for both in-country training for which qualified American personnel will come to Colombia to conduct courses and out-of-country training where Colombian personnel will attend courses given by DEA and Customs. We have an oral commitment from the chief of the National Police to provide us with a building on the National Police Academy grounds for the creation of a narcotics training academy to which access will be provided for the training of civilian personnel of all law enforcement agencies

involved in narcotics interdiction.

The Committee should be aware that the items mentioned above are proposals which are now in the process of being negotiated by the Embassy with various elements of the Colombian Government, but the basic thrust of these projects undoubtedly will be retained. UNFDAC, International Training; International Treaties; Development Assistance

I would like to cover four remaining areas of the Department's activities in international narcotics control - the U.S. contribution to the U.N. Fund for Drug Abuse Control, current U.S. treaty negotiations regarding narcotics, and the Department's efforts to increase development assistance in narcotics producing areas through working with the multilateral development banks and AID.

UNFDAC

The United Nations Fund for Drug Abuse Control (UNFDAC) continues to be an essential organization for achieving more effective international narcotics control, primarily because its acceptance as an international organization enables it to work in areas of high narcotics production that are currently denied to the United States Government. This is particularly important at the present time, since Southwest Asia now constitutes the largest opium producing area in the world, and of the three

leading opium producing countries, two of them (Iran and Afghanistan) are currently unavailable for US-host government cooperation on narcotics matters.

UNFDAC accomplishments include the conclusion of a successful pilot income substitution project in Thailand that has led to a follow-on project signed recently. The 5 year multi-sectoral project in Burma is achieving its objective as it enters its fourth year, and UNFDAC has a modest project in Laos where USG cooperation in narcotics control is restricted. UNFDAC projects are also in process in Pakistan and an expanded program there is contemplated; an UNFDAC official is stationed in Afghanistan; Turkey's large scale crop substitution effort, carried out through UNFDAC, is recognized as a success in controlling licit production. UNFDAC efforts in Turkey now are focussed on enforcement. In short, UNFDAC is carrying out projects at both ends of the "Golden Crescent" that are contributing to the effort to stop the flow of narcotics from the region.

If other governments do not provide increased financial support to UNFDAC, the Fund will be forced to cut back further in its programs. We are encouraging by increased contributions from voluntary organizations such as the Norwegian Church Fund (which has unofficially pledged \$1.5 million over the next three years) and by other unofficial pledges from Australia, the Japan Shipbuilding Association, and the quadrupled contribution of the Federal Republic of Germany. Total donations, however, will probably still be considerably below what we would like and the US contribution,

in accordance with 1979 authorizing legislation, will have to be curtailed.

International Training

To strengthen the effectiveness of international cooperation in narcotic control, INM provides for the training of foreign nationals in narcotics control techniques developed in this country. Once trained, these officials can deal more effectively with the illicit drug problem in their own countries, thereby contributing more to the international narcotics control effort. International training is conducted by the Drug Enforcement Administration (DEA) and the U.S. Customs Service and is funded by INM.

In fiscal year 1979, 1,494 individuals from 26 countries, the combined South Pacific region, and the combined Caribbean region received international narcotics control funded training in enforcement and interdiction techniques. Approximately \$5.3 million was expended.

The recipient countries were:

Austria	Malaysia
Belgium	Mexico
Bolivia	Morocco
Brazil	Pakistan
Burma	Panama
Colombia	Peru
Ecuador	Singapore
Egypt	Sri Lanka
Guatemala	Sweden
Honduras	Thailand
Hong Kong	Turkey
India	Venezuela
Indonesia	South Pacific Region
Liberia	Caribbean Region

For FY 1981, we are proposing \$4.9 million for this purpose.

International Treaties

On the question of narcotics-related treaties, the Department of State in coordination with the Department of Justice has been conducting negotiations with the Government of Colombia (GOC) regarding new treaties in the areas of extradition and mutual assistance in law enforcement.

The recently concluded and signed extradition treaty with the GOC follows the form and content of other recently signed extradition treaties but also includes several innovations, for example:

-- Jurisdictional Provision. Extradition for offenses committed outside the territory of the requesting State provided that the requested State would have had jurisdiction over the offense in similar circumstances.

-- Extraditable Crimes. A comprehensive scheduled list of extraditable offenses include those relating to narcotics, including psychotropic and other dangerous drugs.

-- Extradition of Nationals. Permit either State to extradite its own nationals. In the event that a requested State refused to extradite its own nationals on the basis of nationality it would be obliged to submit the case to its competent authorities for the purpose of prosecution. The new treaty imposes an obligation on the requested State to extradite all persons involved in punishable acts in both States and it can be shown that the offense was intended to be consummated in the

requesting State. Under this provision, the U.S., for example, may request the extradition of certain Colombian exporters of narcotics.

The United States and Colombia have also concluded formal discussions on a new treaty on mutual assistance in law enforcement.

The treaty with Colombia provides, inter alia, for the designated competent authorities of either State to respond to requests for assistance in collecting evidence needed in connection with pending or possible prosecutions. Signature is expected in the near future.

The two treaties would substantially aid the U.S. and Colombia in the prosecution of a wide range of criminal activities, especially in the area of narcotics. In addition, the U.S. recently ratified treaties on extradition and mutual assistance with Turkey and is in the process of concluding formal discussions with the Netherlands on similar treaties. The Department is currently encouraging and supporting similar efforts in other key areas for narcotics concerns, including the Caribbean and the Far East.

Development Assistance

While I have mentioned development assistance projects in narcotics growing regions in several places in my testimony, I would like to briefly discuss the concept further. Income replacement projects comprise 6.5 percent of our FY 1980 budget. For FY 1981, we are proposing that they comprise 11.7 percent. While INM does not have the funds to support major development projects, we are able to provide what is, in effect, seed money for planning or support funds for projects underway by AID in order to increase or define their narcotics-related component. Using our resources, we have worked with AID to develop projects in Peru and Bolivia, to assist an AID project in northern Thailand, provide for pilot income replacement projects in Burma, and to arrange an AID survey for Colombia.

In addition, we have and are continuing to discuss with the Department of the Treasury, the International Development Cooperation Administration and the offices of the U.S. Executive Directors at the international banks the need to provide more loans aimed at income replacement for narcotics producing regions and to put restrictions

on certain loans to prevent their use in assisting opium poppy or coca production.

In January, the Department of the Treasury provided INM with information necessary to produce a report which will list most international bank and U.S. bilateral assistance loans and grants relevant to narcotics related efforts. My office is currently reviewing this information, which will serve as the basis for recommendations to be included in the report. The latter is called for under the Interagency Agreement for the Sharing of Information Concerning the Narcotics Producing Regions of the World, signed by representatives of the Departments of State, Treasury, Justice and the Agency for International Development, and designed by an interagency group which I chaired.

I would be pleased to share this report with you upon its completion, and also to answer any further questions you may have for the record of these hearings.

Thank you.

Ms. FALCO. Then I will summarize and we can move fairly quickly through the main points.

#### BUDGET REQUEST

Our request for fiscal year 1981 is for \$38.6 million, which is basically a maintenance budget. As you remember, the Congress appropriated to us \$11 million more in 1980 than we had requested, specifically for the Colombia program. However, because we are still operating on a continuing resolution—

Mr. LONG. You might well be operating on one in fiscal 1981 too, judging by the results. You saw what happened on the House vote, didn't you?

Ms. FALCO. Oh, no. Could you tell me?

Mr. LONG. A motion to recommit prevailed by a very substantial margin.

Ms. FALCO. On the budget resolution?

Mr. LONG. No, on the Inter-American Development Bank. It was three of the multilateral institutions. The thing we worked out with the Senate is canceled.

Ms. FALCO. On the conference report on the 1980 appropriation?

Mr. LONG. The people in this country are in an angry mood, and the congressmen are scared.

Ms. FALCO. They are angry about Federal expenditures?

Mr. LONG. That is right. They are angry about many things. They think this place is being run by a bunch of crazies over here, and I have great difficulty persuading them that I am not one of them. I am one of the few sane people, and I am hopeful that they will buy that.

Ms. FALCO. Proceeding with my 1981 budget request, the basic allocation of those resources would be 60 percent for heroin control, and about 40 percent for cocaine and other illicit drugs which enter the United States from other countries.

The budget reflects an increased concern about cocaine production and trafficking, with increased resources allocated to cocaine control projects in Peru and Bolivia, which, as you know, are the primary producing regions for cocaine, as well as the continuation of the Colombian program, although the budget does not envision the same high level of support for the Colombian program as in 1980, because we simply do not have those resources.

As you remember, as I said, the Congress added extra resources specifically for Colombia. However, we may not ever see those extra resources for the reasons you have just pointed out.

The large bulk of our program is devoted to Latin American programs. Mexico, despite the very real progress that has been made by the Mexican Government in eradicating opium poppy, still is the single largest contributor to our heroin supply. Now Mexico accounts for approximately 40 percent of the heroin supply to the extent that we can tell at all.

Mr. LONG. Where does the other 60 percent come from?

Ms. FALCO. The rest of it is made up from Southeast Asia (the Golden Triangle) and increasingly from Southwest Asia, Iran, Pakistan and Afghanistan.

Mr. LONG. Turkey has dried up?

## DRUG TRAFFIC

Ms. FALCO. Turkey does not produce illicit opium. They do produce medicinal opiates for our pharmaceutical industry.

Mr. LONG. I predict that when you dry it up in the countries that are now sending it to us, it will pop up somewhere else.

Ms. FALCO. That certainly has been the historical pattern, Mr. Long.

Mr. LONG. Which I predicted some years ago.

Ms. FALCO. Right.

Mr. LONG. Without laying great claims to genius, there is just so much loot involved there. It is very depressing.

Ms. FALCO. There is a great deal of money involved in the illicit traffic. The latest estimates I have seen in this country are around \$50 billion involved in some way or another with the illicit drug trade.

Mr. LONG. How on earth do you dry up a business like that? Can't we put a tax on it? We tax bibles. We are beginning to tax churches. Can't we start taxing drug addicts?

Ms. FALCO. The international program, however, does not claim to wipe out the world's problem, but what it does do is buy us time. Right now in the United States we are in a better posture towards heroin than we have been in the last decade.

Mr. LONG. That is because people are shifting to cocaine, isn't that correct?

Ms. FALCO. No.

Mr. LONG. Is cocaine a better buy for the money?

Ms. FALCO. Cocaine—

Mr. LONG. A better buy?

Ms. FALCO. Cocaine use involves a very different group of people in general from the heroin addicts. Cocaine is generally used by fairly well-off Americans. It is extremely expensive. It is generally used sporadically.

Mr. LONG. It is not as expensive as heroin, surely?

Ms. FALCO. It is much more expensive, but it is also a very different kind of drug.

Mr. LONG. Wait a minute. Heroin runs over \$100,000 an ounce, doesn't it? Cocaine doesn't cost that much.

Ms. FALCO. Heroin goes a lot further than does cocaine, and it is also an opposite kind of drug. As you know, it is a depressant rather than a stimulant.

I think last time I appeared before you we talked about the book "Snowblind," which I think very accurately discusses some of the medical—

Mr. LONG. It is a fascinating problem. The guy knows far more about drugs than I know about politics.

Ms. FALCO. It is a very interesting book.

[Recess.]

Mr. LONG. Proceed, Ms. Falco.

Ms. FALCO. Thank you, Mr. Chairman.

I would say that on balance we are continuing to have a favorable situation in this country with regard to heroin.

## DRUG CONSUMPTION

Mr. LONG. When you add all hard drugs together, is the situation improving or worsening in proportion to the population?

Ms. FALCO. If in the definition of hard drugs you include drugs like alcohol—

Mr. LONG. No, I do not.

Ms. FALCO. What are you including, cocaine and marijuana?

Mr. LONG. I am interested in cocaine and marijuana, and other illegal drugs. Of course alcohol is not illegal, at least not in Maryland.

Ms. FALCO. That is true.

Overdose deaths from heroin have decreased steadily.

Mr. LONG. I am talking about consumption.

Ms. FALCO. Consumption is very hard to measure accurately because this is an illegal activity. Generally speaking, consumption rates of all kinds of drugs, including cocaine and marijuana, are increasing. Those figures come from the National Institute of Drug Abuse, which has various kinds of survey techniques for deriving this information.

Heroin usage, again to the best of our knowledge, is going down. I would be surprised if there is a direct shift over to cocaine and marijuana. The groups of people are very different in general.

The reason I mentioned alcohol earlier, and I didn't mean to imply that it was either illegal or hard, but that it does have very debilitating effects on the public health when consumed chronically in large quantities. What happens often with heroin addicts is that when they stop using heroin they drink a great deal of alcohol and, in fact, sometimes become alcoholics—there is a trade-off—or they use barbiturates.

Mr. LONG. Did you say heroin was a depressant?

Ms. FALCO. It is a depressant, yes.

Mr. LONG. Then why do they need alcohol?

Ms. FALCO. That is also a depressant, as are barbiturates, sleeping pills.

Mr. LONG. Heroin is supposed to be a very powerful and very effective drug. Why do people feel they need alcohol?

Ms. FALCO. I am not sure there is a very clear answer to that, but it is fairly evident that when heroin supplies become less available, alcohol consumption among the group who were previously heroin addicts does go up as does barbiturate use.

Mr. LONG. Do you think the heroin addicts are shifting over to alcohol?

Ms. FALCO. Yes, there are studies that show that. I base all of these comments on an overview of the scientific literature, but I urge you to remember that none of this is scientifically proved because it is a very gray area of social behavior.

Mr. LONG. Why is it not proved scientifically? If it is a \$50 billion industry, why isn't somebody making a scientific study of (a) the causes of it, (b) the incidence of it, (c) the possible cures of it?

Ms. FALCO. Chairman Long, we do in fact have extensive—

Mr. LONG. It seems to me there is remarkably little solid work done.

Ms. FALCO. There is extensive research that has been conducted over the last ten years or more by a number of Federal agencies. Unfortunately, because the drugs are illegal, and because a lot of people just do not want to talk about it because they are afraid of prosecution—

Mr. LONG. I am not arguing that the study would not be difficult.

Ms. FALCO. There are studies.

Mr. LONG. Why isn't there an effort?

Ms. FALCO. There is an effort.

Mr. LONG. Why don't you come to us for money to deal with that aspect of it, instead of paying a lot of money to bribe colonels and buy airplanes for people, such as government officials in Colombia, whom many people say use the logistics for transporting the drug? Why don't you come to us for money to find more ways of finding cures for it, or learn more about it?

Ms. FALCO. Chairman Long, HEW comes to the Congress for a great deal of money for this kind of research, millions of dollars every year. All I meant to suggest was not that the Federal effort wasn't going forward, but that it is hard to speak authoritatively.

Mr. LONG. Would you make some of the results of those HEW studies available to this subcommittee?

Ms. FALCO. We would be pleased to do that. In fact, that is one of the things I do most frequently with foreign officials. For example, the Minister of Justice from Luxembourg just visited. We sent him the entire library of this very excellent research done over the last ten years. I will be glad to send it to you.

Mr. LONG. Send us the whole library.

Ms. FALCO. That would be great. We will put you on the mailing list. That comes out of the HEW appropriation, by the way.

Mr. LONG. I do a great deal of reading. Right now I am reading a biography, which I find fascinating. I expect to be through with that very shortly.

Ms. FALCO. It will be a real change of pace.

Mr. LONG. I change my pace very rapidly. I am always eager to improve my mind, probably because it needs so much improvement.

Ms. FALCO. I think I have covered most of the basic points.

I mentioned before you returned from the vote that I would like to discuss the impact that we are experiencing by proceeding on this continuing resolution.

#### EFFECT OF CONTINUING RESOLUTION

Mr. LONG. What effect has operating under a continuing resolution had on your programs in this year so far?

Ms. FALCO. I would say that it is going to be catastrophic. The authorization for 1980 required us to spend \$16 million on the Colombia program. The Appropriations Committee, as you remember, added \$11 million to our overall request in 1980, which essentially meant that we had to come up with another \$5 million from other parts of the program to meet the \$16 million authorization requirement.

However, because we are now under the continuing resolution, which puts us back at the 1979 level of \$38.5 million, \$16 million of

the \$38.5 million, which is obviously almost half of our entire program, now has to go to Colombia. That means that we basically have to take money out of all our other programs. In some cases that is really having very serious impact, for example, the Mexican program.

Mr. LONG. I think if you could show some real substantial results, you would have no trouble getting money out of Congress. The problem so far, wouldn't you agree, is that we just haven't been able to convince Congress that we are making any headway on this.

Ms. FALCO. Well, sir, in this case the Congress was convinced, because you approved \$11 million more than I even asked for last year. The problem is that we got caught up in the Conference Report problems of the appropriations in the foreign assistance. We happened to be living in the wrong bill.

The conference, as you remember, even approved our level of \$11 million more, so in a sense we are hapless bystanders on this one. The reason I raised this with you is that if there is any way—I know that Secretary Vance has included the remainder of this narcotics appropriation—

Mr. LONG. If we thought you were really accomplishing something, and not merely shifting it around, you would probably get money out of this committee.

Ms. FALCO. That is good to hear.

Mr. LONG. Or even billions if it is true it is a \$50 billion problem. There is no present limit on what Congress would be willing to consider.

Ms. FALCO. Congress fortunately was willing at least to do this much, and we are very pleased about it.

Mr. LONG. We are soft touches, no question about it.

Ms. FALCO. No, I think there was justifiable reason. Unfortunately, as I said, we have been caught up in another event that had really nothing to do with the international narcotics control program, but the impact is very substantial.

I wanted to tell you personally that this really would be very helpful. It is very tough essentially taking a program and devoting half of it to one country in one year. It just does not make sense.

Mr. LONG. I agree entirely, but what can you do? Right now we wouldn't even want to pass a foreign aid bill.

Ms. FALCO. In 1980 or 1981? Does this include 1981 too?

Mr. LONG. We are going to have terrible problems, no question about it. The vote of the election may make things somewhat better, but that depends entirely on how this Congress shifts.

Ms. FALCO. After November?

Mr. LONG. There is going to be a considerable turnover in Congress, with a lot of people coming in with a very hard line on government spending.

Ms. FALCO. But if the bill is voted between November and January, that won't make too much difference.

Mr. LONG. You mean a lame duck Congress? It is hard to say. They might.

Ms. FALCO. Mr. Chairman, we are getting results.

Mr. LONG. We might not even be in session.

Ms. FALCO. When, after November?

Mr. LONG. After November. I would hope myself that we would adjourn sine die sometime in October and not come back until the new Congress.

Ms. FALCO. Then we will have to get a bill before that.

Mr. LONG. I would try to do that. It is about time the Administration learned that foreign aid is in trouble. If we would have had the foreign aid bill, we would not have had a continuing resolution. If the Administration had not come again and again and said, "Won't you slip this into the conference, like Nicaragua. Won't you put this in, like the Scientific Technological Institute?" Those items became fighting problems.

We had to fight, and that delayed the bill sufficiently so that we were caught up when the budget resolution was introduced. We were caught short at that time. We were trying to accommodate the Administration. That is where we made our mistake. Hereafter, when we have a vote that is moving along, don't rock it.

Ms. FALCO. As you know, although our program is within the Foreign Assistance appropriation, in fact it is really not a foreign assistance program.

Mr. LONG. That is true of an awful lot of foreign assistance.

Ms. FALCO. Is that right? This one is designed specifically to keep drugs out of the United States. The way it is set up is very clear; we are not in it to do good to other countries, but to try to keep these drugs out of the United States, as we have been able to do by working with Mexico. I think that that is one reason why this last fiscal year, in 1980, we did have very good support.

Mr. LONG. You can't expect a very small tail to wag a very large dog.

Ms. FALCO. Are we the dog or the tail?

Mr. LONG. You are a very small tail. We are supposed to say to Congress, even though drugs is not foreign aid, we have to get the foreign aid bill through to get that in. That is just another world, so you are at the mercy of foreign aid.

Ms. FALCO. Yes, we found that out this year very clearly. There is generally very good support for this program, particularly because the law enforcement agencies, like DEA, Customs, Coast Guard, and the National Institute of Drug Abuse, agree that the foreign effort that we are making with other governments is the most cost-effective part of the U.S. billion-dollar anti-narcotics program.

Mr. LONG. That we have been able to discover so far.

Ms. FALCO. We don't have the corner on wisdom. We are trying new kinds of initiatives all the time.

#### DEMAND FOR DRUGS

Mr. LONG. What we really have to do is find a way to cut down the demand in the United States. We will never deal with the drug traffic unless we cut down the demand. We try to deal with it by cutting off the supply. That is really a hopeless enterprise, or an exercise in frantic futility.

Ms. FALCO. I think it is less hopeless when you look at it in the shorter term and within specific measurements. For example,

where are we now? How much heroin is coming into the United States as compared to two years ago?

Mr. LONG. You said you could not measure it before.

Ms. FALCO. All I am saying is that the measures are always difficult because the activities are basically illicit.

Mr. LONG. If they are all that difficult, then how can you say that it is declining?

Ms. FALCO. Because there are very clear indicators, for example, which are not so difficult to get. The numbers of overdose deaths, the number of heroin injuries admitted to emergency wards, the purity of heroin purchased randomly on the streets of New York by law enforcement officials, for example.

Those kinds of statistics for me are very real. They are based on clear evidence. What is much harder to determine, which has to be done by extrapolation, is the question, for example, of how many tons of heroin are coming into the United States. There can be a certain range of discussion about that. There have been successes. The Congress appropriates to a multitude of Federal agencies every year about \$900 million more or less for Federal efforts to control drugs, to prevent drug abuse, to treat drug abuse. That is a great deal of money.

The international program is only about 5 percent of that, and yet all of those agencies concur. They have said it in other hearings when we have all testified as a panel, that the money that is spent in the international program is the thing that they think is most important in bringing whatever success we can point to, and there have been successes.

Mr. LONG. Couldn't that be not so much because this is so effective as because there are other programs that are so ineffective?

Ms. FALCO. That is harder to say. I would say that there is a wide range within our own programs of less to more successful. Our efforts with Mexico have been really very good. The effort with Turkey before I took this job was very successful. They in fact have stopped supplying the illicit market, and they have effective controls over their medicinal production. That is something that you can demonstrate.

We are about to undertake some projects with Pakistan. Earlier you said that you did not think there was any way these programs could compete with the money in illicit traffic, and it is certainly true, there is a lot of money in the traffic, but there are many other things in play. For example, in Pakistan, General Zia, has decreed that opium production and use is contrary to Islamic law. He banned the production of opium about six months ago.

#### ISLAMIC COUNTRIES

Mr. LONG. I thought Muhammad had something to say about that.

Ms. FALCO. Well, the Koran is actually—

Mr. LONG. You are not supposed to even drink stimulants, such as coffee, tea and alcohol.

Ms. FALCO. My deputy is an expert on this issue. Ed has actually been to Iran and Pakistan and had discussions about Islam and this issue.

Mr. CORR. Actually, I visited five Islamic countries and two of them twice in the last seven or eight months. The Koran itself is somewhat imprecise on this, because it speaks of two different things. It talks of the fruit of the vine, and it also states a person should not consume substances that would put a veil over his eyes.

When we sent a message a little more than a year ago to each of our posts in Islamic countries to ask what was the theological position, if you please, of Islam in that country with respect to the use of drugs, we received somewhat varying answers. In most countries there was a pretty clear consensus that drugs were bad. However, in at least one country, Afghanistan, there was an opinion that although alcohol was considered very bad, that drugs were not as bad; and one of the things we find in all of the countries is that the Mullahs, the holy men themselves, are oftentime users of drugs.

Mr. LONG. This was an Islamic country, wasn't it, out of which hashish came?

Mr. CORR. Hashish is certainly very popular in that part of the world. I could not answer definitively whether its origin is from there. What has happened in the past year is that in Islamic countries the questioning about the acceptability of narcotics that existed a little more than a year ago has practically disappeared, and as part of the Islamic revival there has been almost a universal Islamic rejection of drugs. There is no doubt that in dealing with Islamic officials in different countries that you may find people of the middle and the upper class in influential positions who drink, but the social condemnation of drugs is very high among those groups, among the ruling groups. We have had kind of a turnaround. The Ayatollah Khomeini himself has stated that he is going to do away with opium use and production.

General Zia's government in Pakistan enacted what is called the Haad law in 1979, and then acted upon it. What we really have in the Islamic world now is, I would say, a pretty clear rejection of narcotics, and an effort, within their capacity, to try to do something about it. Their capacity is another question.

Mr. LONG. Recognition and rejection have been accompanied by a proportionate decline in the use.

Mr. CORR. That again, as is the case in our own country, is a very difficult question to answer. If we take the case of Pakistan, when the law of Haad was published, the government did away with what was called the Vend system, through which opium was given out to people who were users. There were 300-and-some Vends in the country, and one day they said, "We will close the Vend system. It is contrary to Islam. We will close it down."

Mr. LONG. What system?

Mr. CORR. Vend, V-e-n-d. It was just a name that they gave to this distribution system for opium. When they did that a number of people—most of these were older people who had other infirmities and so forth—some of them died because they could not get opium. In some places the government began again to give people small amounts of opium to help them detoxify, but for the most part, they now live with the ban and do not dispense opium. There still is abuse, however, since users now acquire opium from the illicit market.

Ms. FALCO. I think it is important to remember that the numbers of addicts in those countries are so much larger than they are in our own country. For example, the official figure of the Government of Iran stated in the February Commission on Narcotic Drugs meetings in Vienna, which I attended, is 800,000 addicts. When Ed was there I think they told him 1 million.

Mr. CORR. They told me 1 million.

Ms. FALCO. As high as 1 million addicts.

Mr. LONG. That was in Iran?

Ms. FALCO. In Iran.

Mr. LONG. We don't have that many in this country?

Ms. FALCO. No. We now have about 380,000 heroin addicts.

Mr. LONG. Is it a lot cheaper in Iran?

Ms. FALCO. A great deal, that is right. They are right at the source, but the country is also much smaller. When you think about the per capita implications, it is staggering.

The same thing is true in Pakistan, although the numbers of addicts are not as high yet. In addition to the Islamic concern, which is very real, the governments have come to recognize that this is a real problem for their own societies. It is not just a question of public health, but also the future stability of the society. One of the projects we are hoping to develop with the Pakistani government is a pilot treatment project, General Zia is eager to cooperate with us.

The Germans who, as you know, are even larger victims of heroin than we are, particularly from Southwest Asia, have had a team of experts in Pakistan for the last couple of months. They are going to put substantial sums of money from development assistance sources into projects in the poppy growing regions.

As you know, the UN also has projects there, but I think that increasingly we are going to see this kind of movement from developed countries.

#### CIGARETTES AND HEROIN

Mr. LONG. I wish I could learn just how addictive heroin is. I have heard or read a statement recently by somebody who claimed to know about it that said it is actually more difficult to quit smoking than it is to knock off heroin. I quit 48 years ago, and I found that very difficult, but I did quit. That does give you some sort of a feeling. I would like to find out whether that is really true.

Ms. FALCO. We could certainly see whether any comparative studies have been done by the National Institute of Drug Abuse. I do know that heroin is physiologically clearly addictive. There are standard measures of the dose response curve.

Mr. LONG. Cigarettes are too.

Ms. FALCO. Nicotine. I could see what kinds of comparative studies there are. That is a very interesting question.

Mr. LONG. You have to get somebody who really knows what he is talking about to get the various views.

That would be very interesting.

Ms. FALCO. We will try to do that. I will put that right on the top because I am afraid you are going to be overwhelmed when you see the numbers of volumes.

Mr. LONG. Isn't anybody working on something that you can inject and it would no longer appeal to you? They are trying out hypnotism and things like that.

My brother-in-law, for example, had great difficulty quitting cigarettes until he followed the suggestion of getting a hypnotist. That knocked it. He has not smoked for several years and it doesn't bother him at all.

Ms. FALCO. A number of treatment methods have been tried with heroin. Some of them work for some people. Your brother-in-law obviously was responsive to hypnosis. I am sure also there are a lot of people who tried that for whom it did not work.

Mr. LONG. On cigarettes?

Ms. FALCO. Right. I didn't mean to mix the examples. However, I have heard that there are some very new drugs that are being tried. I have seen only media reports on it, that are alleged to have some kind of curative effect on addiction. There are narcotic antagonists, but that is different from curing, that just reverses the effect of the narcotic. Presumably if you took narcotic antagonists every day, you would not get any effect from the heroin. The tough part is getting people voluntarily to do that, because most of the people who use heroin want to use it. They want the feeling that heroin gives them, and they do not want to block that feeling.

Methadone, which of course you know a great deal about—

#### METHADONE

Mr. LONG. I wish they had tried that out a little more carefully.

Ms. FALCO. Before they rushed into it? What that was essentially was substituting a synthetic narcotic for one which comes to us—

Mr. LONG. They thought it wasn't addictive but apparently it was.

Ms. FALCO. Oh, it is. Of course they thought it was addictive. It is a standard narcotic. It was legal, and it had longer action than heroin. It still does.

Mr. LONG. I am inclined to the view that people that use those things basically have something psychologically wrong with them. They are very troubled people in some way or other, and if it were not one thing it would be another that they have to use to relieve this internal tension or anxiety or whatever it is that they are trying to get away from. That makes the picture very dubious.

Ms. FALCO. I do not think that that necessarily precludes cures. There have been a number of successful recoveries.

Mr. LONG. If you cure them of their desire for heroin you have to also make sure they are given something else that deals with the problem that caused them to go to strong drugs.

Ms. FALCO. It is that very view that has dictated having counseling and all kinds of rehabilitative services on the treatment side to go along with methadone treatment, for example. In the beginning, I am sure you remember, methadone was just dispensed, I mean just handed to people, without any other services, and very shortly

they came to realize that that did not solve any kind of problem. It just transferred problem A to problem B.

#### BUDGET REQUEST

Mr. LONG. How much are you asking for this year compared with last?

Ms. FALCO. We are at the same level as last year, sir. We are requesting \$38.6 million, and we were at 38.57 last year. But you know what I told you about last year is that we are in this odd situation where the Congress appropriated more than we asked for.

Mr. LONG. We will try not to do that again.

Ms. FALCO. If the narcotics program could just get what the Congress appropriated for it, I would feel fine. I have been trying to make that very clear. We need the money that you have already approved. This is a maintenance budget.

Mr. LONG. How extensive is the drug abuse problem within U.S. military forces stationed in Europe and elsewhere? What about the United States?

Ms. FALCO. We know about the forces in Europe. There are about 200,000 of them attached to NATO. I think that the latest figures I saw were that about 10 percent of the junior enlisted ranks are using heroin and other dangerous drugs. Those are figures in response to investigation by the House Select Committee on Narcotics, particularly Congressman Glenn English, who chaired a series of hearings.

Mr. LONG. Why is the funding level for narcotics control programs in the Near East and Southwest Asia so small, when the areas are termed the newest heroin threat to the U.S. and "the largest opium-producing areas in the world?" Are those funding requests proportionate to the problem?

Ms. FALCO. Actually, sir, our budget submission shows zero for that part of the world. As you know, the budget is prepared 18 months in advance of the actual request, and it is subjected to extensive internal scrutiny both within the Department and within the Administration, particularly OMB.

Mr. LONG. Are you putting the money where the problem is or is not?

Ms. FALCO. I feel strongly that this is a very important project area. In fact, what I am going to do, although it is very difficult, is to reprogram money from other areas into Southwest Asia because, as you noted correctly, it is becoming the number one heroin area for the world.

Mr. LONG. I think so. We are not bound by the Budget Committee that I know of.

Ms. FALCO. No, you are not.

Mr. LONG. I do not believe you are either, are you?

Ms. FALCO. I am part of the Executive Branch budget process. What happened last year, as I understand it, is that you disagreed—you, the Congress—disagreed with the budget that we had submitted, so you added on some extra money, and you specified that this money be used for Colombia.

Mr. LONG. I think you ought to ask us for the money, and get us to target it where it is needed, regardless of what the OMB does. They do not hold hearings.

What amount of money could be used effectively in the Near East and Southwest Asia?

Ms. FALCO. Perhaps my deputy, Mr. Linnemann, would like to comment on this question about how much money could be used effectively in Southwest Asia.

#### BUDGET PROJECTIONS

Mr. LINNEMANN. In looking at the overall picture over the next two to four years, we were estimating between \$10 and \$20 million for the entire Southwest Asia region, which would include demand reduction demonstration projects, crop substitution or income alternatives, as well as enforcement type activities.

Mr. LONG. Certainly let's get away from the Maginot Line mentality. The French built the Maginot Line, as you know, on the borders of France and they did not bother with Belgium and Holland, and of course the Germans took an end run and that was it. We may have a similar thing here.

Let's put the money where it is needed. Tell us what you feel is needed, what we ought to do to accomplish that purpose.

Ms. FALCO. I appreciate that support, Mr. Chairman.

One of the reasons that my deputy, Mr. Corr, has been to these countries so recently, in fact he was in Iran right before the hostages were seized, is to try to develop cooperative responses, to work with the interests that the governments have shown, and to develop projects, even though it is a very difficult part of the world. Right now, Southwest Asia contributes about 20 percent of the heroin in this country, but this time next year it could be substantially increased. It is the Maginot Line that you just described.

Mr. LONG. Let me say if any part of what I just said is interpreted to mean we ought to put money into Iran—

Ms. FALCO. Oh, no.

Mr. LONG [continuing]. I want to clarify that.

Ms. FALCO. No, no. My feeling about Iran, even before the present difficulties, was that they did not need money. They needed some thinking through as to how to deal with the problem, and in fact they had asked us to come in to talk to them about that, about how to deal with their million addicts, how to get rid of the opium production, a technical assistance kind of role.

My policy in this program is not to provide funding to any country which can afford to pay. I feel strongly about this.

Because of the bizarre situation we find ourselves in of having to devote almost half of our 1980 resources to Colombia, it means that we will have a very serious problem finding any money at all for Southwest Asia, for Pakistan in particular because, as you know, we have ongoing programs with Mexico and with a number of other countries. Suddenly to have the Colombia program take up half of what had already been allocated around the world puts a lot of pressure on the program.

Mr. LONG. I think the committee would like to have some data that shows the substantial impact of your program measured in perhaps drugs seized and destroyed.

STATISTICS ON PROGRAM OPERATIONS

Ms. FALCO. Good.

Mr. LONG. Numbers of people arrested, imprisoned, and that kind of thing.

Ms. FALCO. Good.

Mr. LONG. Something that will enable us to get a feel for whether we are doing anything to interdict this program.

Ms. FALCO. We would like to supply that to you, perhaps just a couple of pages, very pithy.

[The information follows:]

## DEA FY 1981 CONGRESSIONAL SUBMISSION

Report on Recent Accomplishments  
Appendix

Law Enforcement		Fiscal Year 1973	Fiscal Year 1974	Fiscal Year 1975	Fiscal Year 1976	Fiscal Year 1977	Fiscal Year 1978	Fiscal Year 1979
1. Drugs removed from the illicit market								
Heroin (pounds):		1,483	1,039	1,348	2,601	2,287	2,006	1,636
Domestic		360	360	598	1,012	707	513	385
Foreign		1,174	659	750	1,589	1,580	1,493	1,251
Morphine base (pounds):		2,934	796	329	946	135	588	438
Domestic		...	...	...	...	...	...	...
Foreign		2,934	796	329	946	135	588	438
Opium (pounds):		52,078	35,388	16,650	32,119	31,561	15,375	701
Domestic		7	11	8	28	83	33	4
Foreign		52,071	35,387	16,642	32,091	31,478	15,342	697
(heroin equivalents) (pounds)*:		(9,624)	(5,374)	(3,342)	(6,748)	(5,578)	(4,132)	(2,144)
Methadone (dosage units):		203,651	151,224	5,390	2,610	2,108	810	15,000
Domestic		203,651	6,140	5,390	2,610	2,108	810	15,000
Foreign		...	145,084	...	...	...	...	...
Cocaine (pounds):		1,250	1,651	1,777	4,195	3,628	6,941	13,255
Domestic		539	537	700	675	492	743	4,315
Foreign		1,011	1,114	1,077	3,520	3,136	6,198	8,940
Marihuana (pounds):		256,131	458,031	1,387,559	834,302	684,389	2,354,530	5,498,308
Domestic		25,005	122,511	140,660	377,947	423,277	1,050,506	1,041,108
Foreign		220,326	335,520	1,246,899	456,355	261,112	1,304,024	4,457,200
Hashish (pounds):		25,245	63,956	38,282	38,394	32,246	77,020	63,601
Domestic		1,148	535	1,389	8,006	6,974	3,239	43,217
Foreign		24,097	63,421	36,893	30,388	25,272	73,781	20,384

\* 1 pound morphine = 1 pound heroin  
10 pounds opium = 1 pound heroin

	Fiscal Year 1973	Fiscal Year 1974	Fiscal Year 1975	Fiscal Year 1976	Fiscal Year 1977	Fiscal Year 1978	Fiscal Year 1979
Hashish oil (quarts)*:							
Domestic	...	31	392	11	5	19	...
Foreign	...	31	392	11	5	19	...
Stimulants (dosage units):							
Domestic	4,825,449	15,968,009	17,149,755	11,710,343	7,015,908	3,850,513	9,967,673
Foreign	4,691,589	12,684,641	16,608,362	7,464,702	7,015,878	3,549,508	9,892,673
Total	131,860	3,283,368	541,393	4,245,641	30	301,005	75,000
Depressants (dosage units):							
Domestic	1,878,677	1,924,223	886,046	16,295,207	1,779,438	2,671,771	3,108,469
Foreign	933,199	649,188	855,641	1,189,486	790,167	550,930	2,098,335
Total	946,478	1,275,035	30,405	15,105,721	989,271	2,120,841	1,010,134
Hallucinogens (dosage units):							
Domestic	17,098,227	3,286,613	2,772,886	2,833,791	3,721,026	5,976,250	10,304,130
Foreign	17,095,883	3,283,860	2,595,720	2,830,491	3,721,019	5,976,248	10,302,415
Total	2,334	2,744	177,166	3,300	7	2	1,715
Seizure of clandestine laboratories:							
Actual	41	53	53	89	114	142	219
Arrests domestic (total)-							
Planned:							
Federal	7,906	18,000	15,508	21,922	11,797	11,840	11,350
State and local	4,740	7,070	10,796	13,783	7,857	7,900	7,550
Total	3,166	10,930	4,712	8,139	3,940	3,940	3,800
Arrests domestic (total)-							
actual:							
a. Total - Federal	7,572	13,343	19,457	17,617	13,150	11,084	10,322
Narcotic	5,592	6,168	10,712 1/	11,925 2/	4,712	7,050	6,170
Marihuana	3,796	3,687	4,963	6,513	4,712	3,871	3,204
Hallucinogens	960	1,434	3,872	3,872	3,000	2,222	1,723
Depressants	350	366	519	519	335	369	324
Stimulants	84	79	202	202	161	142	220
Other	282	535	834	768	473	384	571
Total	100	47	41	55	28	42	128
b. Total - State and local	1,980	7,175	8,745	5,692	4,441	4,034	4,152
Foreign arrests from intelligence planned:	555	780	1,622	1,740	1,080	1,194	1,000

\* Hashish oil (quarts) included in Hashish in prior years.

	Fiscal Year 1973	Fiscal Year 1974	Fiscal Year 1975	Fiscal Year 1976	Fiscal Year 1977	Fiscal Year 1978	Fiscal Year 1979
6. Foreign arrests from intelligence actual:	716	1,325	1,307	1,763	1,080	1,194	1,130
(Total arrests-actual, domestic and foreign)	(8,288)	(14,668)	(20,764)	(19,380)	(14,230)	(12,278)	(11,452)
7. Convictions and acquittals:							
Federal convictions	2,747 (96%)	3,985 (96%)	3,417 (96%)	7,431 (96%)	4,383 (95%)	6,272 (96%)	3,720 (96%)
Federal acquittals	111	186	159	322	200	234	138
State convictions	408 (98%)	1,276 (96%)	1,519 (97%)	2,883 (97%)	1,968 (97%)	2,695 (97%)	1,523 (98%)
State acquittals	6	54	54	96	68	84	31
8. Average sentence (months):							
Narcotics	68	59	64	141	60	68	56
Marihuana	26	23	25	51	27	38	34
Dangerous drugs	27	31	26	59	27	32	39
9. Purchase of evidence and payments for information (\$'000) - Planned:							
Purchase of evidence	\$5,244	\$6,400	\$6,821	\$11,238	\$9,028	\$9,028	\$9,028
Payments for information	3,400	3,600	3,700	6,108	4,528	4,528	4,228
	1,844	2,800	3,121	5,130	4,500	4,500	4,800
10. Purchase of evidence and payments for information (\$'000) - actual:							
Purchase of evidence	\$5,246	\$6,487	\$7,033	\$9,945	\$8,132	\$8,035	\$7,993
Payments for information	3,228	3,975	3,958	4,984	4,000	3,804	3,771
	2,018	2,512	3,075	4,961	4,132	4,231	4,222
11. Compliance and regulation: Arrests (included in total arrests)	58	53	59	30	44	29	15
Seizures for compliance violations:	52	20	23	10	5	4	2
*Includes seizures for record keeping violations							
Investigatory:							
Regulatory	1,105	1,054	1,575	1,442	1,046	929	1,120
Complaint	306	354	565	619	394	314	300
Total	1,411	1,408	2,140	2,061	1,440	1,243	1,420

The Honorable  
 Mathea Falco  
 Assistant Secretary for  
 International Narcotics Matters  
 Department of State  
 Washington, D.C. 20520

Dear Ms. Falco:

In response to the request from Mr. John McGruder on April 24, 1980, I am forwarding the following crop eradication figures. We do not routinely have access to such figures, consequently, you will find them sketchy and limited.

Mexico - The government of Mexico's eradication campaign reportedly destroyed the following crops:

<u>Crop</u>	<u>ACRES</u>			
	<u>Total CY 1976</u>	<u>Total CY 1977</u>	<u>Total CY 1978</u>	<u>Total CY 1979</u>
Poppy	17,950	21,160	3,910	1,860
Marihuana	7,070	9,200	3,570	1,440

Peru - Between March and April 1980, approximately 1,480 acres of coca plants were eradicated, and in November 1979, approximately 96 acres were reported destroyed. These statistics were reported by DEA's Operation Impacto.

Guatemala, Surinam, Colombia - These countries have destroyed fields but have not made any figures available.  
and Jamaica

Thailand - Thailand reports destroying a few fields late in the 1979/1980 season but nothing significant.

Burma - Burma has sent out troops for the last few years to manually destroy poppy crops. Between December 1979 and March 1980, the government estimates 3,500 acres of poppy plants were destroyed. Between 1978 and 1979, they claim to have destroyed 10,500 acres.

Iran, Afghanistan and Pakistan - No figures are available from these countries.

Turkey - The Turkish government claims to have eradicated approximately 150 acres of poppy fields since 1973.

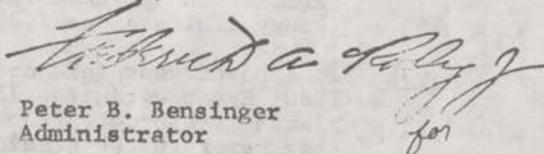
Egypt - In a government raid conducted in February 1980, Egypt estimates 75 acres of poppy plants were eradicated. In February 1979, they reported the eradication of 13 acres of poppies which contained approximately 6,500 plants. In July 1978, 50 acres of hashish were eradicated according to DEA's district office in Cairo. In addition, news media sources report the following number of poppy plants eradicated: 103,000 plants in 1974; 865,000 plants in 1976 and 3 million plants in 1977.

Lebanon - Recently the Lebanese government estimated that 300 acres of poppy plants were destroyed. However, DEA's district office is unsure of this figure since Lebanon claims cultivation of 700 acres but is unable to account for the other 400.

United States - In Northern and Southern California 293 fields were eradicated in the Fall of 1979. The data is noted in "fields" because of the manner in which the plants are grown, namely, in greenhouse pots and among legitimate crops. Operation Green Harvest conducted from August 1978 to June 1979, throughout the Hawaiian Islands, recorded its eradication program in pounds: 88,878 in total.

I hope this information is of use to you. Please advise if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read "Peter B. Bensinger".

Peter B. Bensinger  
Administrator

for

Mr. LONG. I think that would be helpful.

Are we doing our part in the United States in stopping drug traffic? What I have read, it struck me that here we are asking these other countries to do more to control the drug traffic. These people get away with murder in the United States, literally and figuratively.

Ms. FALCO. Both.

Dr. Long, I hear this all the time from foreign countries, not just about attitudes in the United States, but about our criminal justice system, which is often very difficult to explain to countries which have very different codes.

Mr. LONG. It is very difficult to explain to Americans.

Ms. FALCO. I think that very real efforts are being made domestically. One of the major problems is the lack of overall law enforcement resources, and the need to make choices in how you allocate them. I am sure in Baltimore you must have this problem.

I understand from police departments that they feel terribly overstretched and understaffed, and discouraged about the long wait to bring cases to trial. The whole criminal justice system needs some reform, some invigorating.

Mr. LONG. We would probably have a hard time doing anything about it as long as we have the Bill of Rights, which I feel very strongly is awfully important.

Ms. FALCO. I mean I could not agree more with you that the Bill of Rights is the cornerstone of our democracy, but I still think we could improve a great deal. I used to work in the Juvenile Court here when I first got out of law school, and after two years there I was so discouraged—it was a miracle to me that anything ever muddled through at all.

Mr. LONG. I know. My son was a public defender and a prosecutor, so he served on both sides. He said, "Pop, if you want to get anybody in jail you have to let somebody out." That is about the story.

Ms. FALCO. It was my experience in the Juvenile Court that it was often the children who basically didn't have families, who didn't have anywhere to go, who ended up in the institutions. They were not necessarily even the bad ones. The ones who would hold up old ladies in Safeways somehow rarely got stuck in institutions. It was the 6-year-old who didn't have anywhere to go home to at night.

#### U.N. PROGRAMS

Mr. LONG. What is the proposed worldwide funding level for the UN fund for drug abuse control?

Ms. FALCO. Our requested contribution to it in 1981 is \$3 million, which represented in 1979 about 60 percent of the overall fund, so that the fund is getting about another—

Mr. LONG. \$6 million worldwide?

Ms. FALCO. Roughly, \$4.9 million in 1979; an estimated \$5 to \$6 million in 1980.

Mr. LONG. That is hardly worth talking about, is it? That does not do much more than pay the salaries of the administrators, does it?

Ms. FALCO. There are very few administrators, in fact only about 14 percent of the whole budget goes to administrative overhead, including salaries.

Mr. LONG. What does it go for?

Ms. FALCO. For the most part UNFDAC funds goes for pilot type projects, for example, in Pakistan, in Thailand, and in Bolivia, designed to have high impact in demonstrating that alternative crops can be grown.

In Afghanistan they still have a law enforcement advisor. Until the present regime in Afghanistan there was a fairly active program designed to increase seizures, and that was really quite successful, and we can of course provide you with those statistics. The seizures were dramatic. Unfortunately, there is the present trouble.

#### U.S. CITIZENS IN FOREIGN JAILS

Mr. LONG. How many U.S. citizens are currently held in foreign jails as a result of drug-related crime?

Ms. FALCO. I could provide that for the record. The last time I checked it was under 500 worldwide, and most of those were in Western Germany, which surprised me a great deal.

It turns out when I asked for an explanation—and this information is at least a year old, but we will provide more information for the record—that the reason for that was that a lot of former servicemen or servicemen who had been kicked out get involved in trafficking and then come back to Germany, and live there and traffic, and the Germans then lock them up. So the time I checked something like 80 percent of the Americans worldwide in jail were in jail in Germany.

Mr. LONG. Not in Mexico?

Ms. FALCO. No. You see we have a prisoner exchange treaty now with Mexico, as we do with Bolivia, and one is pending in the Turkish Parliament. Once you have been convicted, you can elect to serve out your sentence in the United States. Unfortunately—I put in as a footnote about the Mexican treaty, which has been successful in returning hundreds and hundreds of Americans to American jails—a district court in Connecticut held the treaty unconstitutional, and the Mexican Attorney General has officially informed me that unless that decision is reversed on appeal, they are not going to renew the treaty.

Mr. LONG. I don't blame them. You mean when they get over here we have to let them go?

Ms. FALCO. Right.

[The information follows:]

The most recent information on U.S. drug related arrests worldwide is as follows: 870 U.S. citizens are in foreign jails on narcotics-related charges. This represents 50 percent of the total presently in jail on all types of charges. 136 of the drug related cases are in Mexico; 111 are in the Federal republic of Germany. Of the more than 1700 Americans presently in jail worldwide on all types of charges, over 50 percent are in Mexico, Canada, the Federal Republic of Germany and the United Kingdom.

The status of the prisoner exchange treaty situation is as follows: the U.S. has prisoner exchange treaties in effect with Mexico, Canada, and Bolivia. We have negotiated but unratified treaties with Peru, Panama and Turkey. The decision of the District Court of Connecticut on the Mexican prisoner exchange treaty was overturned on appeal in favor of the U.S. Government.

Mr. LONG. I have a number of questions here for the record.

Thank you very much.

Ms. FALCO. Thank you, Mr. Chairman.

[Questions for the record follow:]

DR. LONG. What is involved in our international training program for narcotics control?

ANSWER. The international training program currently consists primarily of narcotics-related law enforcement training for foreign police and customs officers and a small but growing program involving training in the demand reduction area—prevention, rehabilitation and treatment. The bulk of this training is conducted by the training staffs of DEA and U.S. Customs, which have designed a series of in-country enforcement schools which teach basic techniques of narcotics enforcement to host country nationals. In addition, U.S. experts give specialized training in such things as forensic chemistry, narcotic detector dog training, criminal information research and methods of instruction. Both agencies and INM also bring influential policy and program host country nationals to the United States for advanced training and Executive Observation.

DR. LONG. How receptive are other nations to increased contributions and participation in narcotics control programs? Are increasing numbers of nations becoming concerned about this growing and serious problem?

ANSWER. Over the past year, there has been an increased interest on the part of several major European countries in the problem of illicit narcotics, due to U.S. Government representations and the spiraling increase in the amount of heroin available in Western Europe. Last year there were more heroin overdose deaths in Western Europe than in the U.S. As a result of the increasing awareness, illicit narcotics control issues are currently being discussed in the European Parliament, in a NATO Ministerial meeting, and at the Organization for Economic Cooperation and Development. There has been an increase in the amount of non-U.S. Government contributions given to the United Nations Fund for Drug Abuse Control (UNFDAC), from \$1.9 million in 1979 to an estimated \$4.0 million in 1980, although much more needs to be done to provide this organization with the necessary funding to carry out the wide range of activities needed to improve international narcotics control. Some industrialized countries, for example the Federal Republic of Germany, have also begun to include narcotics control as part of their bilateral assistance programs.

DR. LONG. What effect will the political and economic turmoil in Afghanistan, Iran, and Turkey have on their illicit narcotics production and exportation?

ANSWER. Best estimates are that the Russian invasion of Afghanistan is likely to reduce at least in the short run that country's agricultural production. Because of military activities and the widespread movement of population, it is doubtful that the manpower needed to cultivate the opium poppy fields will be available.

In Iran, the breakdown of government regulatory controls has resulted in a large scale increase in the production of opium. Iranian officials have estimated prior to the Embassy takeover last November, that there are over a million addicts in Iran. While Iran consumes a large amount of its production, estimates are that some is exported.

We believe that Turkey does not have significant illicit narcotics production, although it does produce poppies used in supplying world medical or licit needs. Some processing of raw opium into heroin does take place in Turkey, and Turkish nationals are involved in the trafficking of heroin into Western Europe. Because of turmoil on some parts of the Turkish border, there are increasing supplies of opium available for traffic and distribution.

DR. LONG. What is the proposed worldwide funding level for the U.N. Fund for Drug Abuse Control? What percentage will be contributed by the U.S.? How does this compare with the contributions from other countries?

ANSWER. The proposed worldwide funding level for UNFDAC for 1980 is estimated to be between \$5.0 and \$7.0 million. From 1971-1979, the U.S. contribution to UNFDAC amounted to approximately 65 percent or \$28 million of \$42.5 million. Since January 1, 1980, non-U.S. cash payments in the amount of \$2.5 million have been made to the Fund. As of February 29, 1980, an additional \$1.5 million in contributions had been announced. Hence a total of \$4.0 million non-U.S. Government dollars has been received or announced since January 1, 1980. Given the legislative restriction that the U.S. contributions to the UNFDAC cannot exceed 25 percent of total member contributions, the U.S. will provide in fiscal year 1980 between \$1.0 and \$1.5 million as its contribution.

In 1979, although no U.S. contributions have yet been transferred, the U.S. obligated \$3.0 million out of the total \$4.9 million pledged, or 61 percent. In 1980, of

the approximately \$4.0 million non-USG contributions, the following are represented:

FRG .....	\$1,150,086
Norway .....	1,132,640
Sweden .....	500,000
Japan .....	300,000
Italy .....	124,339
France .....	100,000

Dr. LONG. To your knowledge, are the governments in any of the narcotics producing countries involved in the illicit production and trafficking as a means of income generation? What are the policies of the governments regarding use of narcotics within the individual countries themselves?

ANSWER. The Governments of Peru and Bolivia have historically countenanced the chewing of coca leaf (the source of cocaine). However, neither these governments, nor the governments of countries in which opium and marijuana are produced, have ever approved of the use of narcotics. The United States is involved in cooperative programs with most governments of illicit narcotics producing countries (excepting Laos, Afghanistan and Iran) to combat the production and trafficking of narcotics. All of these countries are signatories of the Single Convention on Narcotic Drugs of 1961, which prohibit illicit narcotics production and trafficking. Iran still supplies opium to its citizens but has stated its intent to stop opium use. There is no doubt that in some countries individual officials become involved in illicit narcotics trafficking, but no government as such sanctions illicit production and trafficking.

Dr. LONG. How can we be sure that contributions to the United Nations Fund for Drug Abuse Control are put to productive use in those countries in which U.S. activity is restricted?

ANSWER. In countries such as Afghanistan and Laos where direct U.S. narcotics control activities are restricted, the U.S. maintains an official presence. We attempt to ensure through contact of State Department officials with local host country nationals and with employees of the U.N. that projects funded by UNFDAC are being properly handled. In addition, UNFDAC submits reports on activities to members countries at the Commission on Narcotic Drugs meetings. The U.S. is represented on this Commission and receives these reports. Moreover, the U.N. system has both external and internal audit capabilities which periodically review U.N. programs.

Dr. LONG. In the income replacement programs in the narcotics producing countries, what alternative income opportunities are introduced that are as economically beneficial as illicit narcotics production? Are people receptive of these programs?

ANSWER. Experience has shown that no single crop can compete with production of illicit narcotics. The effort therefore is to bring into illicit narcotics producing areas rural development programs which have narcotics control and enforcement components. This is based on the belief that if farmers receive adequate income from substitution crops, such as coffee (in Thailand), citrus (Bolivia), or other food crops, and in addition run the risk of forfeiture of land and/or prison for breaking local laws, they can be persuaded to produce alternative crops. Efforts to encourage farmers to shift from illicit narcotics crops must be carefully planned, and must involve such an integrated approach, since in many places, opium poppies or coca have provided traditional groups with medicine, condiments, cooking oil and other items which must be replaced. This type of program has been most successful in Thailand, where some inhabitants of northern Thailand have cooperated and willingly attempted to grow new crops, particularly coffee.

Dr. LONG. What is the role of A.I.D. in the International Narcotics Control Program? How are your cooperative efforts determined and coordinated?

ANSWER. The IDCA Act of 1979 (22 USC 2151) requires U.S. development agencies to give priority to projects in illicit narcotics growing regions. AID and the Bureau of International Narcotics Matters (INM) are cooperating on a number of development projects, in Thailand, Peru and Bolivia. These efforts are determined and coordinated by the Assistant Secretary of State for International Narcotics Matters and the Administrator of AID, and by the relevant geographic bureaus at AID and their counterpart officers in the Bureau for International Narcotics Matters at the Department of State.

Dr. LONG. By country, how many U.S. citizens are currently held in foreign prisons as a result of drug-related crimes? What recourse does the U.S. have regarding these individuals.

ANSWER. Attached is a copy of the report filed, with the Congress by the Department of State, which provided this information as of January 31, 1980.

The Bureau of Consular Affairs, Office of Overseas Citizens Services, in the Department of State has the responsibility of directing and guiding the activities of our Foreign Service posts with respect to the protection of American citizens abroad and providing them services to the extent that the laws and regulations permit. Unfortunately, many of our fellow citizens who travel abroad are not fully aware that once they cross the border into a foreign country, they come under the jurisdiction of the civil and criminal codes and the judicial system of that foreign country and are no longer protected by our laws. A corollary of this fact is that our consular officers are limited by international law and custom in what they can do to assist American citizens who become involved with the law enforcement authorities of a foreign country. For example, a consular officer is forbidden to post bail for an arrested American, to give him legal advice or even to recommend a specific foreign lawyer to him. Above all he cannot "spring" an American citizen from jail any more than a foreign diplomat in the United States can "spring" someone from our jails.

The consular officer does visit the detainee as soon as possible following his arrest (where possible within 24 hours) and at frequent intervals thereafter. A consular officer can and does provide the detainee with a list of local lawyers considered to be competent and honest and, with the permission of the detainee, notifies the next-of-kin of his arrest. The consular officer protests both orally and in writing any violation of the detainee's civil or human rights, both at the local and the federal levels. In those countries where prison conditions are substandard by generally accepted international norms, the consular officer does his best to provide humanitarian assistance to arrested Americans, such as insisting that they obtain needed medical and dental care, that their food is adequate and that they do not suffer from lack of proper clothing. The Congress, at the initiative of the Bureau of Consular Affairs, passed legislation permitting our consular officers abroad to pay for emergency medical care for American prisoners and to provide them with food and other supplementary diet items (such as vitamins) under certain conditions. Such assistance is for the most part extended by means of a loan which the prisoner agrees to repay at a later date.

The Department of State is also working to try to establish a better legal basis for our efforts to assist Americans overseas by negotiating bilateral consular conventions and execution of penal sentences treaties (also described as Prisoner Exchange Treaties). Prisoner exchange treaties are now in effect with three countries. An additional three treaties have been negotiated and are awaiting ratification and implementation.

#### FOREIGN AFFAIRS DATA PROCESSING CENTER

[Customer Report]

#### AMERICANS ARRESTED ABROAD, 1979 DRUG CHARGES REPORT—JANUARY 31, 1980

Produced by the Foreign Affairs Data Processing Center, Washington for Citizens Emergency Center, Bureau of Consular Affairs

#### *Drug charges report by country U.S. national—1979*

Country name, kind of charge, and kind of drug:	Occurrences per charge
Algeria:	
Possession (hashish).....	1
Consumption (hashish).....	1
Total drug charges.....	2
Argentina: Producing (marijuana).....	3
Total drug charges.....	3
Australia:	
Possession (cannibas).....	1
Import (cannibas).....	2
Possession (cannibas resi).....	1

## Drug charges report by country U.S. National—1979—Continued

Country name, kind of charge, and kind of drug—Continued	Occurrences per charge
Australia—Continued	
Import (cannibas resi) .....	1
Possession (other) .....	1
Total drug charges .....	6
Bahamas:	
Unknown (unknown) .....	6
Suspicion (unknown) .....	1
Possession (unknown) .....	3
Import (unknown) .....	1
Possession (marijuana) .....	259
Import (marijuana) .....	35
Possession (hashish) .....	1
Possession (cocaine) .....	31
Import (cocaine) .....	6
Possession (other) .....	2
Total drug charges .....	345
Barbados:	
Possession (cannibas) .....	2
Possession (marijuana) .....	8
Possession (hashish) .....	2
Total drug charges .....	12
Belgium:	
Suspicion (unknown) .....	1
Import (marijuana) .....	1
Possession (hashish) .....	2
Import (hashish) .....	1
Total drug charges .....	5
Belize:	
Possession (marijuana) .....	21
Possession (hashish) .....	1
Total drug charges .....	22
Bermuda:	
Possession (marijuana) .....	1
Import (marijuana) .....	1
Import (cocaine) .....	1
Total drug charges .....	3
Bolivia:	
Conspiracy (unknown) .....	2
Suspicion (unknown) .....	1
Trafficking (unknown) .....	1
Trafficking (marijuana) .....	1
Conspiracy (cocaine) .....	6
Possession (cocaine) .....	6
Trafficking (cocaine) .....	22
Trafficking (heroin) .....	1
Total drug charges .....	40
Brazil:	
Possession (marijuana) .....	2

Brazil—Continued	
Possession (cocaine).....	1
Trafficking (cocaine).....	2
Total drug charges.....	5
Canada:	
Possession (cannibas).....	3
Unknown (unknown).....	6
Possession (unknown).....	3
Trafficking (unknown).....	1
Import (unknown).....	3
Conspiracy (marijuana).....	2
Possession (marijuana).....	30
Trafficking (marijuana).....	14
Import (marijuana).....	10
Producing (marijuana).....	1
Conspiracy (hashish).....	1
Possession (Hashish).....	3
Trafficking (hashish).....	2
Import (hashish).....	2
Conspiracy (cocaine).....	1
Possession (cocaine).....	6
Trafficking (cocaine).....	1
Import (cocaine).....	1
Possession (heroin).....	1
Trafficking (heroin).....	2
Possession (LSD).....	5
Trafficking (LSD).....	1
Trafficking (amphetamines).....	1
Conspiracy (other).....	1
Total drug charges.....	101
Chile: Trafficking (cocaine).....	
	1
Total drug charges.....	1
China (Taiwan):	
Possession (marijuana).....	2
Trafficking (marijuana).....	1
Total drug charges.....	3
Colombia:	
Conspiracy (unknown).....	4
Unknown (unknown).....	5
Trafficking (unknown).....	4
Suspicion (not applicable).....	3
Suspicion (marijuana).....	1
Possession (marijuana).....	3
Trafficking (marijuana).....	11
Conspiracy (cocaine).....	1
Suspicion (cocaine).....	1
Possession (cocaine).....	5
Trafficking (cocaine).....	7
Total drug charges.....	45
Costa Rica:	
Possession (marijuana).....	1
Trafficking (marijuana).....	1
Producing (marijuana).....	2
Possession (cocaine).....	1
Trafficking (cocaine).....	1

Costa Rica—Continued	
Possession (other).....	1
Producing (other).....	1
Total drug charges.....	8
Cuba:	
Trafficking (unknown).....	1
Suspicion (marijuana).....	1
Possession (marijuana).....	2
Trafficking (marijuana).....	9
Total drug charges.....	13
Cyprus: Possession (hashish).....	
	1
Total drug charges.....	1
Denmark: Trafficking (hashish).....	
	1
Total drug charges.....	1
Dominican Republic:	
Possession (cannibas).....	1
Unknown (unknown).....	3
Suspicion (unknown).....	1
Possession (unknown).....	5
Possession (marijuana).....	45
Trafficking (marijuana).....	1
Possession (hashish).....	1
Possession (cocaine).....	9
Trafficking (cocaine).....	1
Possession (other).....	5
Total drug charges.....	72
Ecuador:	
Possession (marijuana).....	3
Consumption (marijuana).....	1
Suspicion (cocaine).....	1
Trafficking (cocaine).....	1
Total drug charges.....	6
El Salvador: Possession (marijuana).....	
	1
Total drug charges.....	1
Federal Republic of Germany:	
Possession (equipment).....	1
Unknown (unknown).....	7
Possession (unknown).....	3
Trafficking (unknown).....	2
Selling (unknown).....	1
Possession (marijuana).....	6
Trafficking (marijuana).....	2
Import (marijuana).....	1
Unknown (hashish).....	1
Possession (hashish).....	26
Trafficking (hashish).....	10
Export (hashish).....	1
Selling (hashish).....	6
Buying (hashish).....	1
Possession (hashish oil).....	1
Possession (cocaine).....	4
Trafficking (cocaine).....	3
Import (cocaine).....	1
Selling (cocaine).....	2

## Federal Republic of Germany—Continued

Consumption (cocaine).....	1
Possession (heroin).....	27
Trafficking (heroin).....	9
Selling (heroin).....	13
Buying (heroin).....	1
Consumption (heroin).....	2
Possession (LSD).....	5
Trafficking (LSD).....	1
Selling (LSD).....	1
Possession (amphetamines).....	1
Consumption (other).....	1
<b>Total drug charges</b> .....	<b>141</b>
<hr/>	
France:	
Possession (cannibas).....	1
Trafficking (cannibas resi).....	2
Transport (heroin).....	1
<b>Total drug charges</b> .....	<b>4</b>
<hr/>	
French West Indies:	
Possession (marijuana).....	1
Possession (cocaine).....	1
Trafficking (cocaine).....	1
<b>Total drug charges</b> .....	<b>3</b>
<hr/>	
Greece:	
Possession (marijuana).....	1
Possession (hashish).....	7
Possession (other).....	1
<b>Total drug charges</b> .....	<b>9</b>
<hr/>	
Guatemala:	
Possession (marijuana).....	6
Import (marijuana).....	1
Consumption (marijuana).....	1
Possession (cocaine).....	1
Trafficking (cocaine).....	2
<b>Total drug charges</b> .....	<b>11</b>
<hr/>	
Honduras:	
Trafficking (unknown).....	1
Possession (marijuana).....	2
Trafficking (marijuana).....	1
Producing (marijuana).....	2
Consumption (marijuana).....	1
Trafficking (cocaine).....	3
Transport (cocaine).....	1
<b>Total drug charges</b> .....	<b>11</b>
<hr/>	
Hong Kong:	
Possession (cannibas).....	3
Possession (equipment).....	1
Possession (marijuana).....	1
Possession (hashish).....	1
Possession (cocaine).....	1
Possession (heroin).....	1
<b>Total drug charges</b> .....	<b>8</b>
<hr/>	
India:	
Possession (opium).....	1

India—Continued	
Possession (marijuana).....	2
Possession (hashish).....	3
Possession (heroin).....	2
Total drug charges.....	8
Israel:	
Possession (equipment).....	2
Possession (unknown).....	2
Possession (marijuana).....	3
Possession (hashish).....	14
Selling (hashish).....	1
Consumption (hashish).....	1
Possession (heroin).....	1
Total drug charges.....	24
Italy:	
Possession (cannibas).....	1
Possession (cannibas resi).....	1
Unknown (unknown).....	1
Possession (unknown).....	2
Possession (marijuana).....	4
Possession (hashish).....	6
Import (hashish).....	2
Possession (heroin).....	4
Trafficking (heroin).....	1
Trafficking (other).....	1
Total drug charges.....	23
Jamaica:	
Possession (equipment).....	2
Unknown (unknown).....	3
Suspicion (unknown).....	2
Possession (unknown).....	2
Conspiracy (marijuana).....	2
Possession (marijuana).....	79
Trafficking (marijuana).....	2
Import (marijuana).....	3
Export (marijuana).....	5
Selling (marijuana).....	1
Possession (hashish oil).....	1
Possession (cocaine).....	4
Import (cocaine).....	1
Possession (other).....	1
Total drug charges.....	108
Japan:	
Possession (cannibas).....	1
Unknown (unknown).....	1
Conspiracy (marijuana).....	1
Possession (marijuana).....	11
Trafficking (marijuana).....	1
Import (marijuana).....	2
Possession (hashish).....	4
Import (hashish).....	1

Japan—Continued	
Selling (hashish) .....	1
Possession (other) .....	2
Total drug charges .....	25
Korea (South): Suspicion (hashish) .....	
	1
Total drug charges .....	1
Lebanon:	
Export (hashish) .....	1
Possession (heroin) .....	1
Total drug charges .....	2
Libya:	
Possession (marijuana) .....	1
Producing (marijuana) .....	1
Total drug charges .....	2
Luxembourg:	
Possession (marijuana) .....	1
Import (heroin) .....	1
Selling (heroin) .....	1
Total drug charges .....	3
Malawi: Possession (marijuana) .....	
	1
Total drug charges .....	1
Malta: Possession (cannibas) .....	
	1
Total drug charges .....	1
Mexico:	
Possession (equipment) .....	1
Unknown (unknown) .....	7
Suspicion (unknown) .....	3
Trafficking (unknown) .....	1
Suspicion (not applicable) .....	1
Possession (not applicable) .....	2
Suspicion (marijuana) .....	3
Possession (marijuana) .....	135
Trafficking (marijuana) .....	9
Import (marijuana) .....	1
Transport (marijuana) .....	12
Selling (marijuana) .....	3
Buying (marijuana) .....	2
Consumption (marijuana) .....	6
Possession (hashish) .....	2
Possession (cocaine) .....	22
Trafficking (cocaine) .....	10
Import (cocaine) .....	4
Transport (cocaine) .....	6
Possession (heroin) .....	9
Trafficking (heroin) .....	4
Buying (heroin) .....	1
Possession (amphetamines) .....	3
Possession (other) .....	6
Total drug charges .....	258
Morocco:	
Unknown (unknown) .....	1
Possession (marijuana) .....	2

Morocco—Continued	
Possession (hashish).....	2
Buying (hashish).....	1
Possession (hashish oil).....	1
Possession (other).....	9
Transport (other).....	1
Total drug charges.....	17
Nepal:	
Possession (hashish).....	1
Export (hashish).....	1
Total drug charges.....	2
Netherlands:	
Conspiracy (hashish).....	1
Possession (hashish).....	3
Possession (heroin).....	3
Trafficking (LSD).....	1
Total drug charges.....	8
Netherlands Antilles:	
Possession (marijuana).....	2
Possession (hashish).....	2
Possession (cocaine).....	14
Total drug charges.....	18
New Zealand:	
Possession (cannibas).....	5
Import (cannibas).....	2
Possession (cannibas resi).....	2
Selling (not applicable).....	1
Total drug charges.....	10
Norway:	
Possession (equipment).....	1
Possession (marijuana).....	4
Possession (hashish).....	2
Trafficking (hashish).....	1
Import (hashish).....	1
Consumption (cocaine).....	1
Possession (LSD).....	1
Total drug charges.....	11
Pakistan: Export (hashish).....	1
Total drug charges.....	1
Panama:	
Unknown (unknown).....	1
Suspicion (unknown).....	4
Possession (unknown).....	1
Trafficking (unknown).....	3
Suspicion (marijuana).....	2
Possession (marijuana).....	9
Trafficking (marijuana).....	1
Possession (cocaine).....	7
Trafficking (cocaine).....	12
Transport (cocaine).....	6

Panama—Continued	
Selling (cocaine).....	2
Trafficking (heroin).....	1
Total drug charges .....	49
Papua New Guinea: Possession (hashish).....	
	1
Total drug charges .....	1
Peru:	
Unknown (unknown).....	3
Trafficking (unknown).....	1
Possession (marijuana).....	3
Consumption (marijuana).....	2
Suspicion (cocaine).....	2
Possession (cocaine).....	1
Trafficking (cocaine).....	23
Buying (cocaine).....	2
Consumption (cocaine).....	2
Possession (other).....	1
Total drug charges .....	40
Philippines:	
Possession (marijuana).....	1
Producing (marijuana).....	1
Possession (hashish).....	1
Total drug charges .....	3
Portugal:	
Possession (cannibas).....	1
Possession (hashish).....	1
Trafficking (hashish).....	1
Total drug charges .....	3
Saudi Arabia:	
Unknown (unknown).....	3
Possession (marijuana).....	4
Possession (hashish).....	6
Import (hashish).....	1
Total drug charges .....	14
Seychelles:	
Possession (cannibas).....	2
Possession (marijuana).....	1
Total drug charges .....	3
Singapore:	
Possession (cannibas).....	4
Possession (equipment).....	1
Trafficking (heroin).....	1
Trafficking (other).....	1
Total drug charges .....	7
South Africa: Possession (marijuana).....	
	2
Total drug charges .....	2
Spain:	
Unknown (unknown).....	2
Consumption (unknown).....	1
Trafficking (marijuana).....	2

Spain—Continued	
Suspicion (hashish).....	1
Possession (hashish).....	6
Trafficking (hashish).....	1
Import (hashish).....	1
Possession (heroin).....	1
Trafficking (LSD).....	1
<hr/>	<hr/>
Total drug charges.....	19
<hr/>	
Sweden:	
Possession (cannibas).....	1
Import (cannibas).....	1
Suspicion (unknown).....	1
Import (unknown).....	1
Suspicion (not applicable).....	1
Possession (marijuana).....	1
Possession (hashish).....	2
<hr/>	<hr/>
Total drug charges.....	8
<hr/>	
Switzerland:	
Trafficking (unknown).....	1
Possession (marijuana).....	1
Import (marijuana).....	1
Possession (hashish).....	1
Possession (cocaine).....	1
Import (cocaine).....	1
<hr/>	<hr/>
Total drug charges.....	6
<hr/>	
Thailand:	
Possession (marijuana).....	10
Export (marijuana).....	3
Possession (cocaine).....	1
Possession (heroin).....	33
Trafficking (heroin).....	2
Export (heroin).....	3
Possession (LSD).....	1
<hr/>	<hr/>
Total drug charges.....	53
<hr/>	
Trinidad and Tobago: Possession (marijuana).....	1
<hr/>	<hr/>
Total drug charges.....	1
<hr/>	
Turkey:	
Trafficking (hashish).....	1
Possession (heroin).....	1
<hr/>	<hr/>
Total drug charges.....	2
<hr/>	
United Arab Emirates: Possession (marijuana).....	1
<hr/>	<hr/>
Total drug charges.....	1
<hr/>	
United Kingdom:	
Possession (cannibas).....	8
Import (cannibas).....	1
Producing (cannibas).....	1
Selling (cannibas).....	1
Possession (cannibas resi).....	1
Import (cannibas resi).....	2
Import (unknown).....	3
Possession (marijuana).....	3
Import (marijuana).....	5
Selling (marijuana).....	1
Possession (hashish).....	2

United Kingdom—Continued	
Import (hashish).....	2
Possession (hashish oil).....	1
Import (hashish oil).....	2
Conspiracy (cocaine).....	1
Possession (cocaine).....	2
Import (cocaine).....	2
Possession (heroin).....	3
Import (heroin).....	5
Import (other).....	1
<hr/>	<hr/>
Total drug charges.....	47
<hr/>	
Venezuela:	
Possession (unknown).....	1
Suspicion (not applicable).....	1
Trafficking (marijuana).....	1
Possession (cocaine).....	1
Trafficking (cocaine).....	2
Import (cocaine).....	1
Transport (cocaine).....	1
<hr/>	<hr/>
Total drug charges.....	8
<hr/>	
Yugoslavia:	
Transport (not applicable).....	1
Transport (heroin).....	3
<hr/>	<hr/>
Total drug charges.....	4
<hr/>	
World total drug charges.....	1,671
<hr/>	
Total number of arrests in 1979.....	3,469

DR. LONG. What was the result of the United Kingdom parliamentary debate on international narcotics control?

ANSWER. The chief results of the Parliamentary debate was to raise the level of knowledge and interest among Members of Parliament and, as a result of newspaper coverage, among the general public in the UK. Government officials in the UK who had previously been uninterested in the subject then found it useful to brief themselves on current developments in the narcotics field, and have recently been more supportive of the international initiatives which the U.S. has promoted.

DR. LONG. Mexico is successfully using remote sensing capability to detect new cultivation of opium poppies. Is this technique being widely used elsewhere?

ANSWER. No. The technique is still being developed and refined in Mexico. Our hope is that once it has been perfected, other opium producing countries will be interested in it.

DR. LONG. What is the South American regional multilateral program known as the Colombo Plan and which nations are involved?

ANSWER. The Colombo Plan is an Asian, not South American regional multilateral organization. Colombo is the capital of Sri Lanka where the Colombo Plan is based. Many Southeast Asian countries are party to it, including India, Burma, Nepal, Malaysia, and the Philippines.

[Attached is INM's Congressional Submission on the Colombo Plan.]

CF 81-05-18-191

## ACTIVITY DATA SHEET

PROGRAM: INTERNATIONAL ORGANIZATIONS		FUNDS		PROPOSED OBLIGATION (in thousands of dollars)		LIFE OF PROJECT	
TITLE		PRIORITY REFERENCE		FY 81		FY 1981	
NUMBER		FY 1980 INC		OBLIGATION		ESTIMATED FINAL	
GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>		CONGRESSIONAL SUBMISSION (p. 62)		1973		OBLIGATION	
NEW <input type="checkbox"/> CONTINUING <input checked="" type="checkbox"/>				FY		OF PROJECT	
				1973		ESTIMATED COMPLETION DATE	
						OF PROJECT	
						FY	

Project Goal: To assist Colombo Plan members, which include many of the world's illicit and licit opium producers, to suppress illicit production, processing, and trafficking in opium and its derivatives.

Since its inception in 1973, the Colombo Plan Drug Advisory Program has been one of the most active and useful regional cooperative efforts devoted to the problems of drug abuse in Asia. The program was adopted originally by the Colombo Plan Consultative Committee through the efforts of the United States, which pledged to provide necessary support. Over the past six years, the program has achieved an impressive list of accomplishments and has attracted extensive regional support. It is now an accepted feature of the Asia drug abuse control network, and is the most active and productive regional program in this field in Asia.

The Colombo Plan Drug Advisor and member governments have been careful not to duplicate programs of other regional drug control entities. To this end, continuing liaison is maintained by the Drug Advisor with other international organizations to ensure maximum cooperation and the development of complementary programs. The Drug Advisory Program features four major types of activities: fellowships, seminars, workshops, and multi-national conferences.

Planned projects for CY 1980 include: survey of Drug Abuse situation in Sri Lanka, assistance to Narcotics Bureau/Advisory Board in cooperation with Malaysian Government, participation at UN Commission Meeting, sponsorship of a national and regional workshop on Drug Abuse with India Institute of Medical Science, sponsorship with Royal Government of Nepal of a national workshop on Drug Abuse Prevention and Control, and sponsorship with the ICHO/Interpol of the Third Asian/European Meeting of Heads of Enforcement Services.

BUDGET (\$000)

FY 1980

150

FY 1981

150

U.S. FINANCING (in thousands of dollars)		PRINCIPAL CONTRACTORS OR AGENCIES	
	Obligation	Expeditors	Unliquidated
Through September 30, 1979	535	535	---
Estimated Fiscal Year 1980	350	350	---
Estimated through September 30, 1980	685	685	---
Proposed Fiscal Year 1981	150	---	---
		Future Year Obligations	Estimated Total Cost
		---	---

TNC 51

DR. LONG. In Bolivia and Peru, the major coca countries, what are the cultural values and mores that must be changes to permanently solve the narcotics control problem? What is being done towards this end?

ANSWER. The chewing of coca leaves in Bolivia and Peru dates back to the Incas. Chewing the leaf provides populations which live in high altitudes on insufficient diets with the ability to perform their work. It is doubtful that it will ever be possible to eliminate entirely the chewing of the leaf. What the United States is attempting to do is to control the transformation of the coca leaf into cocaine for the illicit market in cooperation with the foreign governments. Most of the populations of these two countries do not use cocaine, which is exported to the industrialized countries.

The strategy which the United States has embarked upon is one which would preserve a supply of coca leaves for the licit market through the establishment of state monopolies in both countries. Licenses would be given to growers and monitoring by the law enforcement authorities would serve to prevent diversion into the illicit market. It is the consensus of all who have studied this problem that it is impossible politically, socially and culturally to eliminate entirely the use of the coca leaf.

DR. LONG. When will the joint U.S.-Colombian effort to stop drug trafficking from the Guajira Peninsula on Colombia's northern coast seriously take effect?

ANSWER. Much depends on the ability and willingness of the Colombian Government and the U.S. Government to devote the necessary resources for a substantial period of time—financial and personnel—to the effort. Due to the unexpected hostage crisis in Bogota, U.S. plans, for utilizing the \$16 million made available by Congress for fiscal year 1980 have been seriously delayed. The Colombian Government is currently reassessing the roles to be played by the various enforcement agencies in that country. Once the Colombians have determined the agency responsibility, the United States will work to develop specific projects which will promote the goal of impeding the flow of illicit drugs from Colombia to the United States. We anticipate that some of the basic decisions will be made by the Colombians by early summer.

Results through January 1980 of the Guajira Campaign have been impressive, Colombia military and civilian law enforcement personnel had by then seized nearly 3,600 tons of marijuana, more than 3,500 kilos of cocaine, 922 weapons, 122 aircraft, 81 vessels and 451 vehicles while making 1,735 arrests.

DR. LONG. Do the multilateral development banks have restrictions on loans for use in assisting opium poppy or coca production?

ANSWER. The multilateral banks do not have formal restrictions on loans relating to illicit narcotics cultivation. The Department of the Treasury has stated that the World Bank has raised this issue with certain countries on specific occasions. INM seeks to encourage the MDB's to provide loans stimulating income replacement opportunities in illicit narcotic growing regions, while at the same time not providing assistance which could aid illicit narcotics cultivation.



THURSDAY, APRIL 24, 1980.

DEPARTMENT OF STATE  
MIGRATION AND REFUGEE ASSISTANCE

WITNESSES

VICTOR H. PALMIERI, U.S. COORDINATOR FOR REFUGEE AFFAIRS  
AMBASSADOR FRANK E. LOY, THE DEPUTY U.S. COORDINATOR AND  
DIRECTOR OF THE BUREAU OF REFUGEE PROGRAMS  
FRANK MOSS, STAFF MEMBER, OFFICE OF THE U.S. COORDINATOR  
FOR REFUGEE AFFAIRS

Mr. LONG. The hearing will come to order.

Mr. Palmieri, do you have a statement that you can submit for the record? Can you summarize your remarks in five minutes or so then we will have more time for questions?

Mr. PALMIERI. Thank you.

Mr. LONG. Without objection, it is so ordered.

[The prepared statement of Mr. Palmieri follows:]

Testimony of Victor H. Palmieri  
U.S. Coordinator for Refugee Affairs  
Before the House Subcommittee on Foreign Operations  
Committee on Appropriations  
April 24, 1980

Mr. Chairman and Members of the Subcommittee:

I appreciate having this opportunity to testify in support of the Administration's re-estimated Fiscal Year 1981 budget requests for the Migration and Refugee Assistance Appropriation and the U.S. Emergency Refugee and Migration Assistance Fund. Accompanying me is Ambassador Frank E. Loy, the Deputy U.S. Coordinator and Director of the Bureau of Refugee Programs.

I know this Subcommittee has had a particular interest in strengthening the U.S. refugee program and consolidating refugee accounts. Today, only one year after the Office of U.S. Coordinator for Refugee Affairs was established, I am pleased to report that we have made progress in both respects and especially in the consolidation of all direct U.S. contributions toward refugee assistance in the Migration and Refugee Assistance account. In large part, our progress is due to the support we have received from the Congress in general and your Committee in particular. I look forward to working with you as we continue reviewing our program management to maximize our impact on the resolution of worldwide refugee problems within the resources available to us.

OFFSET  
CAMERA COPY

The urgency of our task has not diminished since Ambassador Clark last appeared before you. At that time dramatic increases in the number of refugees fleeing Indochina were occurring. This was an ominous portent of the crises that unfolded before the world in the spring of 1979. A massive flow of refugees arriving overland from Laos and Kampuchea and by boat from Vietnam overwhelmed the countries of first asylum and led them to take drastic measures to discourage further arrivals and to attract worldwide attention to their plight. Fortunately, the UN Meeting on Refugees and Displaced Persons in Southeast Asia held in Geneva last July was remarkably successful in energizing the international community to act on this matter. It also was successful in inducing the Vietnamese to stop the flow of forced departures of ethnic Chinese and others considered by the Vietnamese government to be "undesirable". Such forced departures were the source of the explosion of refugee arrivals in the spring of 1979. I believe that the U.S. can be proud of its efforts both before the Geneva conference and since then in attracting other nations to do more about this problem both financially and in terms of resettlement offers.

While this specific refugee problem has diminished in severity in the last year, we are still faced with 230,000 refugees awaiting resettlement opportunities in third countries. And, more importantly, we have seen the emergence of at least three major refugee crises - affecting Kampuchea, Somalia and Pakistan - which have required U.S. Government responses. These new problems clearly demonstrate

the volatile nature of the refugee assistance effort and the need for an international community which is prepared to meet problems of pressing humanitarian interest.

Of these new crises, I believe that I can speak with most authority concerning the matters in Kampuchea.

Since I was confirmed by the Senate I have spent about four weeks examining the situation on the scene and in meeting with out Southeast Asian ambassadors to discuss the political and logisitcal implications of this tragic situation.

During my trips, I have learned that famine conditions within Kampuchea have largely been checked over the past several months. Two events have been largely responsible for the amelioration of this situation. The first was that the Phnom Penh authorities, either due to an inability to collect and tax the food or a deliberate decision, allowed villagers to retain their rice harvest. This has become the major source of their diet. Second, massive numbers of Khmer migrated to the Thai-Kampuchean border area where food was provided by the international community. Much of this food was transported back into western Kampuchea by bicycle and oxcart brigade where it helped to feed many thousands of Khmer people.

However, while the famine has been checked, it has been alleviated only temporarily. The harvest that was made in the November-December period has already been consumed and the dry season harvest which is being collected during this month is very small. This means that there is a

great likelihood that large-scale famine will reemerge again unless the international community continues to respond with massive food aid during the May through October period.

I am pleased to report the United States response to the Kampuchean problem has been one both of moral leadership and action. The U.S. took the lead in pressing both the international organizations and the rest of the international community to recognize the emerging famine in Kampuchea and to take immediate action to deal with it. The U.S. has also followed up by contributing approximately \$65 million toward the cost of the international relief efforts for Khmer either along the border or in Kampuchea in the past six months. In addition, the U.S. has contributed \$15 million more toward the relief of Khmer who are in facilities in Thailand financed by the United Nations High Commissioner for Refugees. Additional U.S. cash contributions to this program are dependent on the outcome of a reprogramming letter which you received on April 21. Additional contributions of food, which could have a value of as much as \$25-30 million are dependent on Congressional approval of the pending Food for Peace supplemental appropriation bill.

In the case of Somalia there are over 600,000 refugees currently registered with the United Nations High Commissioner and there may be 600,000 more who could register in the coming months.

The Somalia program has all the ingredients of a tragedy at least as serious as that we saw in Kampuchea last fall. Somalia has been suffering from a severe drought which has seriously affected its own food production. A refugee population of somewhere between 600,000 and 1.2 million, when compounded by the drought, generates a refugee problem as serious as any in the world.

The United States has once again been in the forefront of international assistance for this effort. Through funds provided as part of our contribution to the United Nations High Commissioner for Refugees and also provided by the Congress under the authorities of section 495(F) of the Foreign Assistance Act, the U.S. has been able to make a significant response both to the initial program in Somalia and also to the recent UN High Commissioner for Refugees special appeal for an additional \$40.7 million for refugee relief in Somalia. We have also provided approximately \$22 million in food aid for these and other refugees in Africa and hope to at least match that sum with food aid which will be provided if the Congress approves the pending Food for Peace supplemental.

In Pakistan there are now over 640,000 registered refugees and more are arriving everyday. As the weather improves and the Soviet forces intensive military operations against the Afghan guerrilla, we would expect the refugee population to rise substantially.

The refugee crisis in Pakistan is not only a major humanitarian crisis, but is also a clear example of the convergence of the humanitarian interests of the United States with its political interests. The Deputy U.S. Coordinator, Ambassador Frank Loy has recently returned from Pakistan. His fact-finding, when coupled with financing provided through the U.S. Emergency Refugee and Migration Assistance Fund and food stocks provided through the Food for Peace program, has allowed for a substantial U.S. response to this problem.

I also think that the response of the international community to this crisis is noteworthy. The UNHCR appeal for \$55 million to care for 500,000 people was largely subscribed in a matter of only a few weeks.

Finally, Mr. Chairman, before ending this portion of my testimony, I must emphasize that a continuing U.S. response to refugee crises is largely dependent upon passage by the Congress of the pending Food for Peace supplemental appropriations bill.

Now, I would like to bring the subcommittee up to date on the changes that have occurred in the Refugee Program during the past year. The most apparent has been the clear recognition by the United States and its allies that refugee problems are far too complex, expensive and volatile to be the sole responsibility of any one nation.

In recognition of this, the U.S. has taken measures both politically and through this budget to emphasize our commitment to multilateral refugee assistance. More nations are

now involved in providing assistance to refugees then ever before and in the case of Indochina, at least, nations are involved in the process of resettling refugees. Both of these are long-sought goals of the Congress on which we have made progress in the past year. For example, the Japanese, who a year ago were relatively modest contributors towards the cost of the UNHCR programs for the care and maintenance of refugees are now paying 50 percent of the overall cost of the program for Indochinese refugees. This has allowed the U.S. to decrease its contribution to the UNHCR to thirty percent of the total cost of this program.

Another measure of the U.S. efforts to broaden support for refugee assistance is the fact that as recently as five years ago the United States contributed approximately 50 percent of the total cost of the UNHCR worldwide programs. Now we are down to about 30 percent of the worldwide total despite a quadrupling in the UNHCR program during this period.

There are also two organizational changes which have been made in the past year concerning the refugee program. The first is that the reorganization of the Department of State's refugee assistance program has been completed. Whereas previously refugee responsibilities were divided among several agencies the funding and management of all major refugee assistance programs are combined within one bureau. Furthermore, the role of the U.S. Coordinator for Refugee Affairs has been clarified in terms of law, through the enactment of the

Refugee Act of 1980, and also through more clearly defined working relationships with both the Department of State and other agencies involved in refugee assistance.

Second, there have been significant improvements in the management of the Department of State's Bureau of Refugee Programs. Besides essential staff strengthening, for which I thank this committee, the Refugee Program has also undertaken a thorough review of its operations so that we can be more certain that the funds provided by the Congress are being used not only for the purposes intended but also in a way that is effective and efficient. One example of this new philosophy is that the grant agreement for reception and placement services provided for each refugee being resettled in the United States has been completely rewritten to incorporate stronger provisions concerning the services which must be provided and the monitoring, assessment and auditing of those services. This new grant agreement coupled with stronger provisions for assessment and performance evaluation is essential in improving the process of refugee resettlement in the United States.

I would now like to discuss in some detail the specific re-estimated appropriations requested by the President for this program.

The presentation you have before you differs from previous ones. Prior to this submission we presented this budget largely by the organizations to which we intended to contribute the funds, primarily to the United Nations High Commissioner for Refugees (UNHCR), the International Committee

of the Red Cross (ICRC) or the Intergovernmental Committee for European Migration (ICEM). Now, however, we have produced a justification that we believe is pertinent to both your needs in reviewing the budget and our needs in managing the funds which the Congress appropriates.

The budget is divided on a geographical basis with separate categories existing for Indochinese refugees, Soviet, Eastern European and other refugees coming to the United States, Soviet and Eastern European refugees going to Israel, the refugees in Africa, the Middle East, Latin America, a category for our contributions to ICEM and the ICRC and finally our administrative expenses.

I would first like to discuss our 1981 Indochina program. We are requesting \$306.5 million for this program in 1981 compared to the \$344 million we requested for 1980. The reduction of approximately \$38.3 million reflects the decreased costs for the care and maintenance and construction of Refugee Processing Centers (RPCs) for refugees because of the falloff in the rate of refugee arrivals in countries of first asylum.

This program in 1981 will finance resettlement to the United States of 168,000 refugees at an estimated cost of \$219.5 million. This level of planned admission is essential if we are to continue to reduce further the populations in the refugee camps and to help insure continuation of the current practices on granting first asylum by the nations of Southeast Asia.

I might add that this planned level of resettlement is contingent upon action through the appropriation process

as well as consultations with the House and Senate Judiciary Committees prior to the beginning of Fiscal Year 1981. Such consultations are required under the terms of the new Refugee Act.

In 1981 we are requesting as part of this total of \$306.5 million \$87 million which will finance contributions to international organizations involved in Indochina relief. Of this amount, approximately \$40 million is earmarked for the Khmer relief program and the balance is planned to continue our contributions towards the care and maintenance of Indochinese refugees.

The second program in our budget is that for assistance to Soviet, Eastern European and other refugees. We are seeking \$59.7 million for this program in 1981 which is an increase of \$9.9 million over the initial appropriation for FY-1980. This request anticipates 42,000 refugee resettlements to the U.S. for this purpose as opposed to the budgeted level of 36,000 in 1980. Actual, as opposed to budgeted resettlements, should total approximately 51,000 in 1980. Additional funds required for this higher level of resettlement are the subject of a reprogramming notification which you received on April 21.

This program is a reflection of the United States' tradition in the post World War II period of favoring freedom of emigration from the Soviet Union, Eastern Europe, Cuba and other areas. This program finances the care and maintenance of many of these refugees while they await resettlement to this

and other countries, their processing, transportation and initial resettlement in the United States.

Our third program is a \$25 million contribution to the resettlement in Israel of Soviet and Eastern European refugees. Previously, these funds were provided as a Congressional initiative, but are now included in the President's budget.

The \$25 million will be provided as a grant to the United Israel Appeal, which will in turn provide approximately \$5 million to ICEM for the transportation of Soviet and Eastern European refugees to Israel and approximately \$20 million to the Jewish Agency for Israel to help defray the costs of care and maintenance, and educational, social, housing and financial services provided to refugees following their arrival in Israel.

One program that has undergone significant revisions since the last time we appeared before you, Mr. Chairman, is our program aiding African refugees. In 1980 this program is financed from two sources; \$25 million appropriated to the Department of State for the Migration and Refugee Assistance account; and \$24,850,000 provided to the Agency for International Development for its programs authorized under sections 495(F) and 533(ESF) of the Foreign Assistance Act. In 1981, in accordance with the clearly expressed wishes of this Committee, funding for these programs has been merged into the Migration and Refugee Assistance appropriation. For 1981

we are requesting a total of \$54 million for cash contributions to programs assisting African refugees. Of this amount \$35 million will be provided to the UNHCR in support of its refugee assistance activities in Africa; \$7 million will be contributed to the International Committee of the Red Cross for its activities among refugees and displaced persons; and the balance of \$12 million will be available for a series of special projects to aid refugees through either multilateral or bilateral channels.

Another program which reflects a transfer in funding between AID and the Migration and Refugee Assistance appropriation involves refugees in the Mideast. For this program we are requesting a total of \$60 million for 1981. Of this amount \$57 million will be the U.S. contribution to the United Nations Relief and Works Agency (UNRWA), \$2 million will be a U.S. contribution to the UNHCR for assistance to displaced persons on Cyprus and the final \$1 million will go to the general programs of the UNHCR in the Mideast.

This request includes an increase of \$5 million in funding for UNRWA which is necessitated by the rising costs of the health, educational and vocational training programs of the organization. The importance of UNRWA in maintaining a process conducive towards peace and stability in the Middle East continues and we have a vital stake in ensuring the future effectiveness of the organization.

The sixth component of our budget is a request for \$1 million for contributions to multilateral organizations involved in providing assistance to refugees in Latin America.

The last two multilateral programs to which the U.S. contributes are those of the International Committee of the Red Cross (ICRC) and the Intergovernmental Committee for European Migration (ICEM). For the ICRC we are requesting \$1 million as a contribution to the worldwide program of the organization. This contribution is in addition to the \$7 million we are requesting in support of the ICRC's operations in Africa.

For ICEM we are seeking \$5 million to meet the cost of both our assessed contribution to the administrative budget and our voluntary contribution to the ICEM operational budget. In the case of the administrative budget we are required to contribute one-third of the cost. We also attempt to contribute 25 percent of the cost of ICEM's operational budget which finances its programs of voluntary migration.

The final request for the Migration and Refugee Assistance appropriations is \$5,010,000 for the administrative and operational expenses of the Department of State's Refugee Program. These funds support staff salaries and operating expenses.

Finally, I would like to discuss the President's FY-1981 request of \$15 million for the U.S. Emergency Refugee and Migration Assistance Fund (Emergency Fund). The Emergency Fund is a vital component of the U.S. response to emerging

refugee crises and is essential if the President is to have the flexibility to respond quickly to urgent refugee needs. It has been used during the past year to respond to emergencies in Kampuchea, Pakistan and Uganda. The Emergency Fund was also the source of financing to meet the additional costs associated with doubling the rate of refugee admissions from 7,000 to 14,000 per month during the summer of 1979 and the recent decision to accept 3,500 of the Cubans for resettlement in the United States who sought asylum at the Peruvian Embassy in Havana. Such uses demonstrate both the volatility of refugee needs and the necessity for this Fund which ensures the President's ability to respond immediately to refugee crises.

Mr. Chairman and members of the Committee, I have now completed my prepared remarks and would be pleased to answer any questions you may have concerning the U.S. refugee assistance program.

DEPARTMENT OF STATE

MIGRATION AND REFUGEE  
ASSISTANCE

FISCAL YEAR 1981 BUDGET AMENDMENT

CONGRESSIONAL SUBMISSION

## DEPARTMENT OF STATE

## MIGRATION AND REFUGEE ASSISTANCE

103

Program by Activities:	Initial 1981 Request	Revised 1981 Request	Decrease
1. Indochinese Refugee Program	\$323,180,000	\$306,500,000	-\$16,680,000
2. Soviet, Eastern European and other Program	73,108,000	59,688,000	- 13,420,000
3. Soviets and Eastern Europeans resettling in Israel	25,000,000	25,000,000	----
4. African Refugee Program	54,000,000	54,000,000	----
5. Middle East and other Areas Refugee Program	65,000,000	60,000,000	- 5,000,000
6. Latin American Refugee Program	1,000,000	1,000,000	----
7. Intergovernmental Committee for European Migration/ International Committee of the Red Cross	6,000,000	6,000,000	----
8. Administrative Expenses	5,010,000	5,010,000	----
Total	\$552,298,000	\$517,198,000	- \$35,100,000

Indochinese Refugee Program

Assistance to Indochinese Refugees and Displaced Person in Southeast Asia

<u>Initial 1981 Request</u>	<u>Revised 1981 Request</u>	<u>Decrease</u>
\$102,000,000	\$ 87,000,000	-\$15,000,000

The Department proposes to reduce by \$15 million the initial appropriations request for "Assistance to Indochinese Refugees and Displaced Persons in Southeast Asia". Specifically, this proposed reduction would eliminate further U.S. contributions for constructing Refugee Processing Centers in Southeast Asia during 1981. Given the low levels of Indochinese refugees arriving in first asylum countries in recent months, the Department believes that existing facilities, plus those which will become available during 1980, will be adequate to shelter refugees in Southeast Asia pending their eventual resettlement or repatriation.

The revised 1981 request of \$87 million for these assistance programs will provide \$47 million to support the United Nations High Commissioner for Refugees (UNHCR) program for the care and maintenance of refugees and displaced persons in Southeast Asia and \$40 million to assist in the international relief effort for the victims of the Kampuchean war and famine.

Assistance to Indochinese Refugees Resettling in the U.S.

<u>Initial 1981 Request</u>	<u>Revised 1981 Request</u>	<u>Decrease</u>
\$221,180,000	\$219,500,000	-\$1,680,000

The Department proposed to reduce by \$1,680,000 the initial 1981 appropriations request for "Assistance to Indochinese Refugees Resettling in the U.S." Specifically, this proposed reduction would limit cost escalation increases in the present per capita domestic reception and placement grants to \$25 per capita, rather than \$35 initially proposed. This increase will raise the proposed level of the grants to \$525 per capita in FY-1981. The five percent increase proposed under the revised 1981 request, combined with extensive private contributions which support these programs, should be adequate to assure continuation of the domestic resettlement programs carried out by participating voluntary agencies and state governments.

Soviet, Eastern European and Other  
Refugee Programs

Initial 1981 Request	\$ 73,108,000
Revised 1981 Request	\$ 59,688,000
	<u>Decrease</u> -\$ 13,420,000

The Department proposed to reduce by \$13,420,000 the initial 1981 appropriations request for activities conducted under this program. Of this proposed reduction \$13,000,000 results from a decrease in the rate of refugee resettlement to the U.S. under this program from the initially requested rate of 54,000 to a revised level of 42,000. This request does not reflect a new policy concerning this program, but rather recognizes the recent deplorable downturn in the rate of Jewish emigration from the Soviet Union and the consequent reduction in the total number of refugees eligible for resettlement in the United States.

Additionally, the Department proposes to limit cost escalation increases in the reception and placement grants to \$15 per capita, rather than the \$25 initially proposed. This change results in a budgetary reduction of \$420,000 and will result in the level of these grants being \$365 per capita in FY-1981.

Middle East and Other Areas  
Refugee Program

United Nations Relief and Works Agency  
for Palestinian Refugees (UNRWA)

Initial 1981 Request	\$ 62,000,000
Revised 1981 Request	\$ 57,000,000
	<u>Decrease</u> -\$ 5,000,000

The Department proposes to reduce the U.S. contribution to UNRWA from the \$62 million initially requested to \$57 million in fiscal year 1981. With this proposed reduction, the revised 1981 request reflects an increase of \$5 million over the U.S. contribution to UNRWA in 1980.

Mr. PALMIERI. Mr. Chairman, a brief statement first about the experiences this past year that indicate the scope of the issues that have come up. First of all, of course the one that was most dramatic and required reprogramming and budget amendments was our situation in Cambodia.

The famine and the refugee exodus into Thailand created a situation in which the United States had to come to the aid of starving and diseased people. It was a crisis of the first order and I think that the international community, I am happy to say, was willing to join us in that situation in both the Thailand-based operation and in the direct program into Cambodia.

That has been an extraordinarily difficult relief operation. It has consumed enormous effort and a great deal of money, and I cannot say to you that it has been completely effective. We still have a lot of starving people there. We have a terrible medical situation.

#### INDOCHINESE REFUGEE RESETTLEMENT

Mr. LONG. Has the situation changed from last year when we discovered that we were taking in about 90 percent of all the permanent refugees and the rest of the world only about 10 percent?

Mr. PALMIERI. Yes, sir. At the Geneva Conference in July and subsequent thereto some 20 other nations increased their resettlement activity substantially.

Mr. LONG. When you say substantially, what do you mean?

Mr. PALMIERI. Basically it worked out to about a doubling of the resettlement.

Mr. LONG. They are taking about 20 percent now.

Mr. PALMIERI. No. They are taking about 40 percent.

Mr. LONG. And we are taking about 60 percent?

Mr. PALMIERI. Yes, sir.

Mr. LONG. These are permanent settlements?

Mr. PALMIERI. Yes, sir.

#### KAMPUCHEA PROGRAM

Mr. LONG. In the temporary resettlement the overwhelming burden is falling on Hong Kong?

Mr. PALMIERI. No.

Thailand has the biggest part of the burden. It has something under 300,000, including the people who have been in these refugee camps and those in the holding centers for Khmer. The situation in Kampuchea added to the problem that we already had in Thailand in terms of the relief effort but the Khmer in the holding centers and on the border have not been a part of this resettlement flow. That has been restricted still to the people who came out of Vietnam and out of Laos and who have been waiting in these camps. They are the people who are going to these 21 countries at the rate of about 21,000 a month since about September when we got up to the new resettlement numbers.

Basically, the worst part of the Kampuchea effort has been we are operating in a country that is still at war, that is, under military occupation, has a devastated logistical situation, and with-

out cooperation and with substantial obstruction from the authorities.

We are operating through international organizations, over six months they have increased their effectiveness a lot but it is still not enough.

Mr. LONG. What proportion of the food that we are sending in there is getting to the starving? What proportion is still sitting around on the docks?

Mr. PALMIERI. We have improved that situation, through the international organizations who are managing it, very materially in the past three months. Basically, it was all stockpiled in the first two or three months. Over the past six to eight weeks particularly they have moved almost all of the stockpiles out to the provinces.

Mr. LONG. Does that mean it is getting to the people?

Mr. PALMIERI. That is a good question. We also have about 54 people, counting medical people, in the international teams within Kampuchea. They have given us over the past six weeks a number of reports of distribution activity. We have a reasonable basis for telling the Congress and the Administration at this point that the food is getting through. It is not getting through to the extent we would like it to because there isn't enough of it getting through.

Mr. LONG. How much starvation is there?

Mr. PALMIERI. Particularly in the developed regions, we think we have it licked. In the cities the relief effort has pretty much stopped the famine. In the countryside where distribution takes so much longer, we think we still have women, children, sick people who are starving.

Mr. LONG. What are the numbers of people that may be starving at the present time?

Mr. PALMIERI. Mr. Chairman, nobody has good numbers about Kampuchea. The best estimates we have are about 5.2 million people in the country as a whole. Of those, the various relief efforts, including the relief effort in the socialist countries, which involves substantial movement of grains, is probably reaching somewhere from half to two-thirds of those people in the cities and the major provincial towns.

Mr. LONG. The other one-third or a half are just not getting any food?

Mr. PALMIERI. They are getting very little out of this relief effort. They are foraging in the countryside.

Mr. LONG. Are they raising their own food?

Mr. PALMIERI. Yes, sir. They have some activity of that sort although the biggest priority now is to get the rice paddies replanted so we can get off this dependency.

Mr. LONG. What were the problems in getting that done?

Mr. PALMIERI. The first problem was we had no way to get seed in. Unless you bring food in to starving people they tend to eat the rice seed, so what they were doing is pulling the stubble out of the paddies, that would have resulted in a lot of natural replanting, and eating that. The first thing was to get the famine checked, then to start shipping in rice seed. The crash effort right now is to get rice seed in there as fast as possible.

Mr. LONG. What methods are we using? Can we use any air drops?

Mr. PALMIERI. We have an airlift going from Bangkok to Phnom Penh for a special kind of floating rice seed which we have to get in very soon. That is very expensive. So the bulk of the seed is still coming through sea shipments into Phnom Penh in big carriers from Singapore.

Mr. LONG. What is the way of getting it to the people?

Mr. PALMIERI. We have one way. We have pushed through a seed program from the border where most of our effective feeding is done and we provide seed rations to villagers who come to the border and take it back.

The net effect of that in the Battambang region in the western section, we have a lot of seed right now and in the other part of the country we don't. We are trying to get that through the river system with barges.

Mr. LONG. How do you keep that from becoming a racket—keep certain enterprising people from coming back again and again and selling it?

Mr. PALMIERI. First, we know a certain amount of that has gone on. There are always racketeers, particularly in war and famine. Second, a lot has gone into market. One thing we have noticed is the price of rice and rice seed has dropped so we have had to settle for what market economy in some cases.

Mr. LONG. There is nothing wrong with a market economy if it performs a function, if the people have the means of buying it.

#### REFUGEES IN AFRICA

Mr. PALMIERI. Moving quickly, Somalia may be our biggest and most desperate situation of all. We have in Somalia today about a 1,300,000 people, 90 percent of them women and children. Also, in Sudan there are substantial numbers of refugees from Eritrea. The total is just under 2 million people. They are in desperate condition and mainly women and children.

There has been a terrific drought. Food supplies are terribly difficult to get through, very expensive to get through. It has caused the African community to be very apprehensive that they may not be able to get their fair share from the international community.

Up to now the Africans have said African refugees should be an African problem. They have done things for their own refugees as they have crossed these country boundaries in terms of giving them even land and food. A little country like Somalia had \$14 million in its refugee aid to Somalian people but they ran out of funds.

We are giving them help; in fact, we have been giving a lot of help through Food for Peace in 1978 and 1979. Food for Peace remains one of our most important sources in this whole matter.

You know, of course, that we have about 650,000 refugees in Pakistan. There our Food for Peace effort is terribly important also. Both in Pakistan and Somalia the first asylum countries have extended great resources and compassion to these people, for one reason because they have tribal ethnic identifies with them.

The newest situation obviously involves Cuba and I will respond to any questions you may want to raise about that but it is a big

subject. Let me simply say that we are before you today with a revised budget estimate of \$517 million for 1981 for the year ahead. That involves the resettlement of 168,000 from Indochina, 42,000 from Soviet Russia, Eastern Europe and other countries. The 168,000 is not an increase. That is essentially the same number we moved up to in July.

In this year we are budgeting \$40 million for Kampuchea, \$54 million for Africa, a total of \$517 million.

In the meantime, the problems are multiplying and I would not be forthright with this committee nor with you if I said I thought we had all the dollars in view that are in this problem because there are enormous numbers of people and there are new problems every month.

There are many that I have not mentioned that could break out that you know about as well as I do.

The big problem we see as a management issue is to maintain this as an international effort, to have other countries contributing both on resettlement and on relief. We tried to do that in every place we have operated.

I think it has truly been an international effort in Kampuchea. The resettlement effort has been international. Other situations have not been as good.

#### LEVEL OF FISCAL YEAR 1981 APPROPRIATIONS REQUEST

Mr. LONG. Will your revised 1981 request take care of inflation? Would that enable you to handle the numbers?

Mr. PALMIERI. To handle the numbers in terms of resettlement?

Mr. LONG. Yes. Does that enable you to deal with any increase that might have taken place in number of refugees?

Mr. PALMIERI. That is geared to basically the same level as last year.

Mr. LONG. It only takes care of inflation.

Mr. PALMIERI. Yes.

Mr. MOSS. In fact, if you compare the total 1980 budget, including what was in the International Organizations program for contributions to UNRWA and other accounts, the 1981 budget is on the same level of service or actually below the 1980 level.

Mr. LONG. Very good. Mr. Young.

#### CUBAN ASYLUM APPLICANTS

Mr. YOUNG. Thank you, Mr. Chairman.

I would like to ask about the most recent refugee activity relative to Cuba. Mr. Lehman and I share a State that is vitally concerned with what the administration is going to do about these people.

Mr. PALMIERI. We are very much in the process of trying to cope with that question right now. The people are pouring ashore, as you know. There are perhaps three to four hundred boats that are inbound at this time. We have taken the following position: One, that we have laws on our books that regulate legal entry, that these have certain enforcement provisions, including the civil fine for bringing illegal aliens into the country.

Second, that we are going to screen these people as they arrive, and we are going to make sure the only people released into the community are people who have relatives; and people who should be excluded are detained.

Mr. YOUNG. Where will they be detained?

Mr. PALMIERI. At the moment we have 700 who have landed as of this morning and the bulk of those were family reunification cases so we haven't had an important detention problem. We are considering the question of whether, as we get more information and look at these numbers, just what kinds of needs we will have for people to be detained.

We really don't have a good fix on that at this time. It may be well to go back to the Eglin Air Force situation, for people that need to be excluded. We are in the process of sizing this up. We have 20 years of accepting every Cuban who did get out. You don't turn that around overnight.

I don't suggest we have turned it around yet or that we will turn it around. I think there is a big policy issue that is facing the Congress because with respect to this flow of human beings who want to escape a repressive regime and a failing economy.

I do not have the ultimate answer for you today, sir, but I would be surprised if we did not wind up accepting a good many of the people who are seeking asylum on our shores.

Mr. YOUNG. Will there be some kind of health clearance?

Mr. PALMIERI. That is part of the initial screening.

Mr. YOUNG. But if they have already gone to their families, are they screened before they go to their families?

Mr. PALMIERI. Not for health but what happens is there is a site screening for whether they are in obvious distress. Basically, they are released to their families. Almost all these people have so far been family cases but they are instructed to keep records of the people and there would be in the normal course a screening for all people entering the country.

One of the big considerations in just how well this works depends on just how fast these people come ashore.

We are augmenting with Customs people and with everybody we can lay hands on.

Mr. YOUNG. There is no attempt to interdict the boats before they make land, is there?

Mr. PALMIERI. Frank Loy has been dealing with the Coast Guard on that issue.

Mr. LOY. The instruction that the Coast Guard now has is that if they discover boats on the way back they are to determine whether they are carrying any undocumented aliens and if they do they are to try to direct them or to escort them to one of two places, if possible. One is an INS station and one a Customs station; if not possible, a Coast Guard station. There they are to advise the owner of the boat of the U.S. Law and to then hold that until INS makes a determination as to what is the case.

So they don't detain them on the high seas. They bring them in to shore. There is an effort to have INS determine as to whether they have violated a law. The most likely law would be violated is a law that prohibited bringing in, without a visa, aliens who require a visa.

The punishment can be \$1,000 per person and there is an authorization to impound the boat.

Mr. YOUNG. Do you see this policy regarding the immediate Cuban situation as being parallel to the Haitian policy or are you treating the Haitians a little differently from the Cubans?

Mr. LOY. We think the policies have to be brought into line. They are not totally aligned because the situation in Cuba is changing so rapidly. We don't see in the long run how you can justify any distinction whatsoever. We are in the process of trying to bring them into line.

Mr. YOUNG. Who will have jurisdiction on any relocation of Cubans or Haitians, who are all coming into Florida right now?

Mr. PALMIERI. In what sense, sir?

Mr. YOUNG. In the earlier influx there was an attempt to disperse them throughout the country so that Florida didn't have all the burden. Will there be a similar attempt?

Mr. PALMIERI. Yes. As we get a fix on what kind of numbers we can expect, we will be activating the whole resettlement apparatus which consists of the voluntary sector and the American Council for Voluntary Service which has in its Migration Committee the nine national voluntary organizations. It has sponsors all over the United States. We will have to go to that same sort of solution.

One question we will have is what is the capacity of the Cuban settlement in Miami.

Mr. LOY. It has to be pointed out that is largely a voluntary program, that is, we have tried to direct but we haven't forced.

Mr. YOUNG. We understand that very well because most of them chose not to go somewhere else and I can understand why but it does become a burden on the State, especially when the Federal Government terminates programs that were being put into effect for them.

Mr. PALMIERI. There, sir, if you have mainly reunification, there will not be so many problems.

#### REDUCTIONS IN FISCAL YEAR 1981 PROGRAM

Mr. LONG. Mr. McHugh.

Mr. McHUGH. Mr. Palmieri, in your Congressional presentation you indicate that there are low levels of refugees now arriving in first asylum countries. What accounts for that?

Mr. PALMIERI. That is low in relation to the expectations. It is not low as an absolute matter. It has averaged nine or ten thousand a month for the past several months, land and boat. But the basic 1981 request was at a level of—

Mr. MOSS. That has to do with the elimination of funding by the United States but the further construction of refugee processing centers in Southeast Asia. Currently we have two under development. Based on the current levels of new arrivals of refugees, which are running about 9,000 a month, we do not expect we would have additional need for such facilities in 1981.

Mr. PALMIERI. That was a series of responses to the results of last year when we were up to an average of 30,000 at one time. The high for May, I think, was 50,000. One of the ideas was to construct on a site given by the Philippine Government on the peninsula of

Bataan, a refugees processing center where we could maintain people out of first asylum countries who could no longer take further refugees and without taking them to the United States.

Mr. McHUGH. Yes, I understand that. But my question is what accounts for the significantly lower number coming out.

Mr. PALMIERI. Fewer boat arrivals.

Mr. McHUGH. Do we know why?

Mr. PALMIERI. Yes; indirectly the result of the Vietnamese agreement to maintain what has been called a moratorium on forced departures. At the height of the boat people phenomenon in the spring they were, through a combination of force and bribes, seeking to move the Chinese community in Cholon to first asylum countries.

Mr. McHUGH. That is what I was getting at. They have in some measure cooperated—I am not sure that is the right word—or desisted from this policy.

Mr. PALMIERI. That is right. That was accomplished to some extent at the Geneva Conference when the world got so concerned about it.

#### AFGHAN REFUGEES IN PAKISTAN

Mr. McHUGH. My other questions relate to Pakistan. You have mentioned that we have 650,00 refugees at the present time in Pakistan, presumably from Afghanistan. How much money are you projecting in fiscal 1981 for that particular problem?

Mr. PALMIERI. There isn't a line item for Pakistan in 1981. The principal burden of that program will be in Food for Peace. We hope to have Food for Peace shipments in there budgeted through agriculture.

Mr. McHUGH. Would that be a government-to-government program?

Mr. PALMIERI. We would pass food through UNRHC as part of the international response to the Pakistan appeal.

Mr. McHUGH. Can you give us any idea who might be helping with this refugee problem in Pakistan?

Mr. LOY. Most of the donor nations, including Japan and the Western European nations, have contributed to Pakistan's relief. We have in that case done a very substantial part ourselves. The European community as a community has given a total of \$18 million, and the other countries, other than the United States, have given roughly \$16 million.

Mr. McHUGH. How much have we given?

Mr. LOY. We have given so far, if you include everything, about \$11 million. That includes both cash, some in-kind aid. We have made a commitment to give more. We have indicated we would try to go up to \$21 million. In addition to that, I should say we have some rupees that are very difficult for us to use in many ways and we have agreed to finance up to \$5 million of local costs by our blocked rupees.

Mr. McHUGH. What do you mean by that?

Mr. LOY. We have some funds earned from rupees, Pakistani rupees, from agricultural sales that are not usable in very many ways.

So our total contribution if we do the whole program, and this depends upon the Food for Peace, would be \$21 million plus the rupee amount.

Mr. McHUGH. How does that \$21 million compare with the other contributions? You gave me the figure for the European community of \$18 million. Are they going to do more as well?

Mr. LOY. Our belief is that most of the donor nations are going to do more and that we will end up roughly contributing about a third of the total.

Mr. McHUGH. One last question. Is the flow of refugees from Afghanistan into Pakistan still significant?

Mr. LOY. Yes, it is significant. In fact, we have some very late figures. There appear now to be over 700,000 refugees. There is a flow which, quite frankly, we anticipated when the spring thaws made passage more easy.

We are afraid that that could keep on growing. It is directly related to the level of military activity. We could easily have a million there very soon.

Mr. LONG. Mr. Lehman.

#### KAMPUCHEAN RELIEF

Mr. LEHMAN. I have so many questions and I know there are so few answers. First, I understand you have reduced the amount of money for the Kampucheans. I just wonder, how many Kampucheans are now in camps such as the ones I visited: Sakeo and Khao-I-Dang. I have heard Khao-I-Dang is closed down.

Mr. PALMIERI. Let me see if we can clarify. We are not reducing for 1981. We have \$40 million in the 1981 request for Khmer relief. That is an item that was not budgeted as a line item in the 1980 budget because it hadn't happened yet and it has been essentially funded out of reprogramming from reduced care and maintenance funds because the boat flows were less than anticipated in 1980.

Answering your second question, there are about 140,000 what we call new Khmer in holding centers at Sakeo and Khao-I-Dang. And Khao-I-Dang and Sakeo are being worked on due to the rainy season to move to a new site and expected to be reduced in numbers substantially. There has been some repatriation out of that number.

In addition, we have old Khmer people who came across the border some years ago who have been in the camps, and they still number perhaps ten or twelve thousand.

#### SOVIET EMIGRATION POLICY

Mr. LEHMAN. The second question is in the area of Soviet or Eastern European refugees. What has been the effect of our reaction to the invasion of Afghanistan on Soviet emigration policy?

Mr. PALMIERI. It is difficult to isolate the reasons for reductions that we are experiencing in the flows but Afghanistan is probably one of those reasons. It may be that the Olympics is another. The fact is that those flows are coming down.

Mr. LOY. They started to come down in November very clearly before their invasion of Afghanistan. Whether that is in return for

our decision on the most-favored-nation treatment for trade, one can guess, but that immediately preceded the November reduction.

Mr. LEHMAN. In other words, the more recent hard line on Russia may or may not have influenced the flow of emigrants?

Mr. PALMIERI. There is something happening out there, whatever it is.

#### CUBAN ASYLUM APPLICANTS

Mr. LEHMAN. I would like to pursue my colleague from Florida's questions on the impact of this whole Cuban situation on south Florida. It is almost out of control as we see it today. We have a process of detention and placement. I assume it is at the detention centers you find out if the incoming refugees have relatives?

Mr. PALMIERI. If we had detention centers, which we don't.

Mr. LEHMAN. When do you find out if they have relatives?

Mr. PALMIERI. When they hit the beach. When they come on the docks, the relatives are waiting. There is not much question. But we do process. Most of these people who are coming over have really made arrangements in advance. Their families are waiting, and friends. The practice has always been to release Cubans to their friends or families in the community. So there are relatively few, really.

Mr. LEHMAN. It is different from the Haitians who too often just hit the streets, without any support.

Mr. PALMIERI. Exactly.

Mr. LEHMAN. I just want to go back to a statement you made. I thought you said this is a new ball game because they used to get visas and come in some kind of orderly process, and we always took in the people in boats that arrived here and there, maybe none for a few weeks, and then 50 in one month; but now they are coming by the hundreds.

How many are coming right now, as best you can determine, on a weekly basis?

Mr. PALMIERI. I think it would be misleading to extend these numbers that we have so far. We know we had 700 landings by about 11 o'clock this morning. But we also know there were several hundred boats inbound from Cuba. If you want to strike some averages—

Mr. LEHMAN. Twenty to thirty a boat, perhaps?

Mr. PALMIERI. Yes. It may be by tomorrow we might have a couple thousand people. I would hate to use that as a basis. The whole situation is so volatile. It depends a lot on what Castro is really trying to accomplish, what he thinks he is gaining in the way of propaganda advantage by making it clear that people can leave against what he is losing by having all those people leave and create a dramatic sign of an exodus from Cuba.

On the other hand, he will not miss the fact that he is causing us a lot of confusion.

Mr. LEHMAN. After the people in the boats have released the people on shore, what happens to the boats? Do you make any effort to see the empty boats don't return to Cuba?

Mr. PALMIERI. The ones we talked about were the boats that took off last night and yesterday.

Mr. LEHMAN. Took off from where?

Mr. PALMIERI. From Key West principally, a lot from Miami, some from other ports. As to those, the INS and the Coast Guard were not at that point advising that they were subject to fine. As of late last night when we got out the instruction, both the Coast Guard and the INS are now advising every boat going out, which is all they can do; there is no law that says a boat can't go out, empty boats can go—but they are being advised that if they bring back aliens without visas, they are subject to a thousand dollar fine, they are subject to the boat being impounded or put in bond as security for the fine, and the Coast Guard is seeking to meet as many boats coming back as possible and escorting them as Mr. Loy said.

Mr. LEHMAN. This is a great human wave. But a man who takes out an empty boat that will hold 20 to 50 people is told that if he shows up with a boat full of refugees his boat is going to be impounded and he is going to be fined a thousand dollars.

Mr. PALMIERI. Thousand dollars a head.

Mr. LEHMAN. Thousand dollars a head.

Mr. LONG. That is much better.

Mr. PALMIERI. But what is your question?

Mr. LEHMAN. The refugees who come back on the boat are released to their relatives on the shore.

Mr. PALMIERI. That is right.

Mr. LEHMAN. It is crazy. The person that brings them in gets fined a thousand dollars a person but the person who comes in is free to go and be greeted by his relatives and join them.

Mr. PALMIERI. For 20 years we have been bringing in Cubans.

Mr. LEHMAN. The only person breaking the law, then, is the person who brings them in?

Mr. PALMIERI. That is correct, and that is why he is subject to civil fine. That is exactly right. You just said it. The person coming in is coming in as an asylum applicant.

Mr. LEHMAN. It is legal to come in, but it is not legal to bring them in. That is what makes it so weird.

Mr. LONG. If the refugee puts up enough money in excess of a thousand dollars that he has to pay a fine, this is a payment basically by the refugee of a thousand dollars to get into the United States.

Mr. LEHMAN. Those relatives could be on the dock just giving the guy a thousand dollars for each passenger he brings in?

Mr. PALMIERI. In fact they are.

Mr. LEHMAN. That is the way it works?

Mr. PALMIERI. That is the way it works. Those relatives want those people there.

Mr. LEHMAN. So this becomes a traffic in human flesh?

Mr. PALMIERI. It depends upon whether it is your son or daughter.

Mr. LEHMAN. It is traffic in human flesh to the extent that people are paying money to cover fines to our government, and perhaps more money, to bring people here.

Mr. PALMIERI. Those people are coming back as heroes. That is the problem we have.

Mr. LEHMAN. We have laws on the books here.

Mr. PALMIERI. And we are trying to enforce those laws.

Mr. LONG. What changes are needed in the law?

Mr. PALMIERI. There are several changes.

Mr. LEHMAN. That is what we want to hear.

Mr. PALMIERI. I think there are several changes that are needed, Mr. Chairman. One of them is that under present circumstances it is practically impossible to deport anybody under the existing procedures. They can be tied up in knots for indefinite periods.

Mr. LONG. Does this take legislation?

Mr. PALMIERI. I think it does.

Mr. LONG. Legislation would be constitutional?

Mr. PALMIERI. I think so.

Mr. LEHMAN. Will the gentleman please yield?

Mr. LONG. Yes.

Mr. LEHMAN. Could you apply this as well to Haitian refugees?

Mr. PALMIERI. Yes, sir. I think it has to. As Mr. Loy said, I think we have essentially a new situation in respect to refugee admissions, asylum admissions in this country with respect to the Refugee Act of 1980. This act applies broadly. The old laws were limited to victims of Communist persecution, and Cuba was one of the main sources of refugees.

Now we have to make sure our policies make sense from one group to another. We are not there yet.

Mr. LOY. Congressman, I want to correct one thing that we have said. It is not lawful to enter the United States without a visa under these circumstances.

Mr. LEHMAN. That is what I figured.

Mr. LOY. The question is what happens? The remedy, if you enter unlawfully, is eventually you will be either excluded or deported. That is where as a practical matter, as you well know, we are hung up in terms of the effectiveness of the process.

Mr. LEHMAN. You are also hung up on a court order, at least with the Haitians.

The way I look at it, unless you pass legislation which assures fundamental rights for people coming in without papers, then you are going to get lawsuits as you have with the Haitians, and the courts will take jurisdiction over refugees and say you can't send them back.

Mr. LOY. Congressman, we are looking very seriously at the question of new legislation that would seek to assure both a fair but a speedy process of dealing with entrants who initially are illegal but especially those who don't become legal.

Mr. LEHMAN. I think you have two problems: First, those who are here and; second, those who are going to come after this new legislation is passed.

Mr. LOY. There is no question that there are literally hundreds of thousands of people who are in the same kind of position legally and in terms of their emotions and desires as are some people here and arriving today and tomorrow.

Mr. LEHMAN. But the difficult part is that they so seriously impact on local governmental agencies, the welfare agencies, hospitals, child care centers, schools and such in a particular part of the United States right now.

South Florida desperately needs support from the Federal Government to tide us over.

Mr. LOY. It is clear that the fiscal burden is very substantial.

Mr. LEHMAN. The social problems can erupt into violence if they are not taken care of.

Mr. LONG. Mr. Young.

#### HEALTH OF INDOCHINESE REFUGEES

Mr. YOUNG. Thank you, Mr. Chairman.

I would like you to look at this newspaper article. In Pinellas County, Florida, and I am sure most every county in the country that takes in refugees, we are finding that health screening and treatment is not being provided the Indochinese refugee. My county estimates it is costing them approximately \$200,000 a year to provide this treatment for the refugees, and there is no reimbursement to the county.

We have been taking in about 1,000 refugees a year and it is causing some real problems.

The Pinellas County Health Department officials tell me practically every refugee who arrives in our country is carrying some form of a disease. In fact, many of them have several diseases. It is a real problem.

I wonder how much thought you have given to this problem and how we as a government might be helping those local communities to meet their obligations.

Mr. LONG. I have had inquiries from constituents on that very question. I am very interested in your answer.

Mr. PALMIERI. It is a very real problem. I have been going around the country as one of my first tasks when I could get away from the emergencies, to ask questions about resettlement activity. One of the clear issues is the fact that in city health departments, county health departments, there is a level of activity dedicated to refugees which has not come under reimbursement.

There is 100 percent reimbursement in the Act for public assistance in terms of cash assistance and Medicaid, as you know.

But what we have in relation to your question at the local level reimbursement for costs such as these that are not covered—let me check this with my budget expert. Isn't it correct these still have a non-reimbursed level?

Mr. Moss. That is my understanding but certainly the Department of Health and Human Services is taking steps to minimize local costs. They would have a process by which refugees coming into this country would effectively be eligible immediately for health assessment with the Medicaid system which would be funded by the Federal Government. And I will be happy to supply any information about the Health Services Administration providing direct care to refugees after they have arrived.

I don't think this program is extensive enough to cover all counties in the United States but I think in conjunction with better screening overseas and this health assessment funded by the Federal Government should help the Pinellas County situation significantly.

Mr. YOUNG. Why don't we do this while they are in these relocation or reprocessing centers, as you refer to them, before they ever hit the country?

Mr. PALMIERI. In fact, Congressman, the situation has been materially improved. The Surgeon General has instituted some new health screening in the past several months. We have been after this problem. It still is going to be there. There is an increased level of activity when you get people coming into a community, even if they are in reasonably good health, you have a lot of kids, a lot of older people. It is just a greater load on the local health services. There isn't direct coverage for it. There should be.

For a small local health group like Pinellas County, it is a lot.

Mr. YOUNG. Can you do it or do we have to do it or should we do it together?

Mr. PALMIERI. We are working with HEW to cover a lot of bases that have not been covered in the new Act. The new Act was put together to give 100 percent reimbursement for certain costs and left others out. We still have these kind of things to cover and we will be coming back in connection with implementing the Act with a list of things that have to be done. This is going to be one of them.

Mr. YOUNG. I would certainly like to urge you and offer my assistance in doing this, to do as much of this screening and taking good care of health problems before they ever hit the country. A lot of the problem we have found has been tuberculosis. Once that person is put into a community and he is a tuberculosis carrier, he is creating problems that are magnified than just that individual or the immediate family he is living with.

Mr. PALMIERI. Let me make it plain. Nobody gets into a community with an active case without being assigned for treatment. It is not so much a threat to the community as it is a budget problem of the kind you are talking about.

Mr. YOUNG. I wish my health director was here, because he tells me that is not the case.

Mr. Moss. The difference is that we bring people into the United States with active TB that is in a non-infectious state. There are several phases of the non-infectious state, and these people are supposed to be followed up by local health screening, but clearly there are cases where this falls down.

People do not take their medication. Everyone coming in is in an active non-infectious state.

Mr. YOUNG. Would you be willing to sit down in a meeting with the health officials in my county and allay their fears?

Mr. Loy. I have two weeks ago done exactly that in San Diego County, California, and I cannot say we totally allayed their fears, but we certainly sorted out the problem.

We asked them a number of questions that helped us trace some screening areas that may have been inadequate, but when we got all done it is true that the really infectious TB cases were very few, and I think we made good progress.

Somebody from our office would be very happy to do that with you.

Mr. YOUNG. Okay.

Mr. PALMIERI. What is the man's name in Pinellas County?

Mr. YOUNG. Let me check and I will tell you who the individual is.

It may be that their fears are more than they should be. Getting the answers sometimes solves a lot of problems, and I appreciate that.

Mr. LEHMAN. Mr. Young, if you want, we are going to have some of our county officials here at three o'clock at a meeting in Rayburn, if one of your staff people would like to come. The same kinds of questions will be asked, and I think that the Ambassador has agreed to have a staff person there.

Mr. PALMIERI. Mr. Moss is going to go.

Mr. YOUNG. Bill, I appreciate that, and I will have somebody there.

Mr. LONG. You will make this available to the committee?

Mr. YOUNG. Yes.

Mr. LONG. The committee ought to know about this matter.

Mr. Palmieri, what does this budget cut prevent that you might originally plan to do with your 1981 funding request?

Mr. PALMIERI. Well, sir, I think that—

#### REDUCTIONS IN FISCAL YEAR 1981 APPROPRIATIONS REQUEST

Mr. LONG. The \$35 million, which is lower than the original request.

Mr. PALMIERI. I think we are in a situation where we are not going to build up this refugee processing center, as we said. That is \$15 million of it.

Mr. LONG. What is so important about that?

Mr. PALMIERI. Well, we wanted very badly to have 50,000 capacity in that center.

Mr. LONG. Where will it be located?

Mr. PALMIERI. In Bataan, in the Philippines.

With the boat flows as far as they are now, it is difficult to justify.

Mr. LONG. So the situation has changed?

Mr. PALMIERI. I hope so; I hope it stays changed.

Mr. LONG. All right.

Mr. PALMIERI. Second, we have cut the UNRWA request by \$5 million and, thirdly, we have cut the rate of resettlement with respect to the expected flows out of Soviet Russia and Eastern Europe.

Mr. LONG. What are they in?

Mr. PALMIERI. The \$13 million deduction.

Mr. LONG. Will you give us the types of activities and recipients who will benefit from your requested increase of \$61 million, or is that strictly inflation?

Mr. PALMIERI. Well, let's see.

Mr. MOSS. The bulk of our increase really reflects simply a transfer in funding between the Agency for International Development and the State Department. For example, \$52 million of that \$61 million is for UNRWA, the base for UNRWA, and an additional \$12 million reflects the transfer of project funding which was previously in AID which is now in the refugee program.

Mr. LONG. How do you coordinate your activities with the United Nations and other agencies?

Mr. PALMIERI. We have, as you know, a mission in Geneva, and the Refugee Program has officers in that mission who are directly in contact with these United Nation agencies on a daily basis.

Mr. LONG. You are satisfied that the coordination is effective?

Mr. PALMIERI. Yes; I think the coordination is okay. The performance is important, because we have to do an awful lot of things through these international agencies, so we have to push them constantly.

Mr. LONG. Could you give us for the record for the last three years a summary of the funds that you have spent, the recipients, and other pertinent data so we get the full picture of the kinds of activities you are doing?

Mr. PALMIERI. Yes, sir.

[The information follows:]

DEPARTMENT OF STATE  
MIGRATION AND REFUGEE ASSISTANCE  
(in thousands of dollars)

<u>PROGRAM BY ACTIVITIES</u>	<u>1979 ACTUAL</u>	<u>1980 EST.</u>	<u>1981 EST.</u>
1. Indochinese refugee program	108,764	344,844	306,500
2. Soviet, Eastern European, and other refugee programs	48,522	49,824	59,688
3. Soviet and Eastern European refugees resettling in Israel	25,000	25,000	25,000
4. African refugee program	7,225	25,000	54,000
5. Middle East and other areas refugee program	525	580	60,000
6. Latin American refugee program	800	870	1,000
7. Intergovernmental Committee for European Migration/International Committee of the Red Cross	4,900	5,120	6,000
8. Administrative expenses	<u>3,052</u>	<u>5,003</u>	<u>5,010</u>
Total Obligations	198,786	456,241	517,198

## AFRICAN REFUGEE PROGRAM

Mr. LONG. What about the African Refugee Program? What would you do with an increase of \$25 to \$54 million?

It is more than double.

Mr. PALMIERI. Essentially, we have the biggest part of it in Somalia. We have \$15 million in transfer.

Mr. MOSS. Actually, Mr. Chairman, if you compare the total amount that is provided through the continuing resolution to AID, which is almost \$25 million and the \$25 million was appropriated to the Refugee Program, the real comparison is between a figure of \$50 million in 1980 and \$54 million in 1981.

Mr. PALMIERI. There has been this move which the committee has favored to see accounts consolidated between AID and States where refugees were involved, so these transfers took place here.

Mr. LONG. The picture you paint of Ethiopia is one of almost anarchy; is that correct to say?

Mr. PALMIERI. It's a combination of military activity and civil strife; that is correct.

Mr. LONG. Do you see that as any threat to the neighboring nations?

Mr. PALMIERI. The Ethiopians have recently conducted air attacks on Somalia, and I think they do represent a threat.

Mr. LONG. What about Egypt? Do you see this as a threat to Egypt?

Mr. PALMIERI. No, sir.

Mr. LONG. What is the other country that is closest to there?

Mr. PALMIERI. Sudan.

Mr. LONG. Do you see it as a threat to Sudan?

Mr. PALMIERI. Well, the question about Ethiopians and Sudanese is a sensitive one. It could be a threat, yes, sir.

Mr. LONG. But have there been any actual overt incursions?

Mr. PALMIERI. Not yet.

Mr. LOY. There is another kind of threat, not a threat, threat may not be the best word; but if you expel a certain large population into a poorer country which struggles to take care of that, that itself is a potentially destabilizing and tough situation for that country.

Mr. LONG. Where are these refugees going?

Mr. PALMIERI. About half of them are in camps.

Mr. LONG. Where?

Mr. PALMIERI. I am talking about the ones in Somalia. Half are in camps along both, well, as you know, Somalia runs along the east and south of Ethiopia, and both of these borders are dotted with refugee settlements. Then you have an enormous number of refugees who are kind of camped out on the plains under the worst possible conditions.

Mr. LONG. Who feeds them?

Mr. PALMIERI. The UNHCR is involved in a big way, but the real apparatus is the Somalian Government apparatus. They have kind of wanted to control this themselves. Most countries do, and they work with the UNHCR.

Mr. LONG. Do they let the food get to them?

Mr. PALMIERI. Yes, sir.

Mr. LONG. Your Latin America program is the smallest.

Does the recent Cuban relief situation have any impact on your operation? How does the recent Cuban refugee situation impact on your operation?

Mr. PALMIERI. Well, Mr. Chairman, the Cuban operation in the refugee program has been a fairly limited one, as we projected it for 1981.

It involved principally a political prisoner program. Now I think we have got an emergency situation to deal with. It started out with 3,500 that we agreed to take out of it, out of the Peruvian Embassy as part of an international effort, and it is now translated to a replay perhaps as big as the Camrioca experience of 1965, so I cannot say to you what the impact is going to be.

#### REFUGEES IN THE MIDDLE EAST

Mr. LONG. The Middle East, the increase of \$59.4 million you have asked for, tell us about that.

Mr. PALMIERI. There again, that is in both; \$57 million of it is in the transfer from what was in an AID account for United Nations Relief and Work Administration which is now in our account because of the consolidation, so most of it is the Middle East in there.

Mr. LONG. What countries? What are the countries involved?

Mr. PALMIERI. Jordan, West Bank, Lebanon, and Syria.

Mr. LONG. Nothing in Israel?

Mr. PALMIERI. No, sir.

Mr. MOSS. Gaza.

Mr. PALMIERI. But that is not Israel.

Mr. LONG. Get us a breakdown.

[The information follows:]

*UNRWA is authorized to provide assistance to the following numbers of persons in the involved areas*

Lebanon.....	220,000
Syria.....	204,000
Jordan.....	700,000
West Bank.....	317,000
Gaza.....	363,000
Total.....	1,804,000

#### INDOCHINA REFUGEE PROGRAM

Mr. LONG. On the Indochina Refugee Program, why are you asking for \$38 million less?

Mr. MOSS. Mr. Chairman, when we developed our 1980 budget, we were projecting a very high rate of new arrivals for the purposes of care and maintenance, 60,000 to 65,000 people a month, which it hit in that terrible 60-day period in the spring of 1979.

We have had fall-offs from that rate. Over the last 8 months or so it averaged about 9,000 a month, so even with the Khmer

Program, our care and maintenance costs are going down as they are with the elimination of the RPC construction program.

The net effects even offsets the net fuel cost increases we have had for transportation and result in the net decrease for the program.

Mr. LONG. What do we get for the money on this International Committees for the Red Cross and for the Intergovernmental Committee for European Migration?

Mr. PALMIERI. I see ICRC as one of the lead agencies in the Kampuchean Relief Program and in Africa also.

It has made an important role. They have a lot of experience, as you know, particularly in the medical assistance area, in emergency situations.

In ICEM, I think we have got the world's biggest relief emergency transportation unit with offices around the world with a lot of experience and with an efficient operation. They are very efficient.

Mr. LONG. Can you look down the road in the next five or ten years to give us any idea of how this relief situation is going to improve, or are we in for a big quantum leap in it, in your opinion?

Do you think it will stabilize?

Mr. PALMIERI. I think it is the principle that you operate on, that it kind of answers that question. If you think that things are more likely to stay the way they are, except get a little worse each year, as I think it is realistic to think when you talk about the situation in the world, then I think you say that refugees for the latter part of this century are an important tragic and persistent part of our international scene.

Mr. LONG. You don't see a quantum jump in it?

Mr. PALMIERI. I would hope that—

Mr. LONG. We all hope.

Mr. PALMIERI. We have had the quantum jumps. We are having one right this week. How many more quantum jumps we are going to have?

I don't know, but the overall, as we get control of one part, another part is going to grow, so I would say we have a big situation growing bigger, but I would hope that even as I say that I would agree with you that the Cuban situation is going to be a major quantum jump, so we have got one right now and you have proved to me that my principle "ain't" worth much this year.

Mr. LONG. Taking a broad view of it, it seems to me what we are faced with in the next decade possibly is not so much Communism as it is some kind of anarchy in which country after country is going to fall apart.

That is what we have had happening in Central America and in the Middle East. I am wondering whether anybody is working on that long-term picture.

It seems to me that that is what the developments are.

#### WORLDWIDE REFUGEE SITUATION

Mr. PALMIERI. That is a very ominous picture, particularly if you take the second step and say that means continued large population displacements in the setting you described, and you are going

to have a lot of difficulty getting those populations back to their home lands or getting other countries to accept that, so what you have are maybe a series of encampments going on five, ten, twenty years.

We have seen what happens with that so I share your concern about the future and I think that is what we are really trying to do now in this government with the Congress and the Administration and in our diplomatic relationships with other nations.

For instance, we are trying now to see whether, the Pope, can start to build up concern, and act as a moral force on this exact question that you are mentioning in his trip.

He will be going to Africa soon and he will see the refugee situation firsthand.

We really have to work not to let these become a part of the permanent landscape.

Mr. LONG. I am trying to wrack my brain to see what the Pope can do.

Mr. PALMIERI. He can sure pray.

Mr. LONG. He is not going to do much in the Moslem countries.

Mr. PALMIERI. It is interesting. You mention that it just may stimulate religious leadership around the world, and Moslem religious leadership to understand that it is in its fundamental sense a problem of human suffering, the biggest problem in the world.

Mr. LONG. Part of it, it seems to me, of the disintegration of order all around the world is the decline in adherence to various religious doctrines. If that is so, to ask for relief is asking for more than it can possibly deliver.

I just see these ominous trends in Saudi Arabia. There are many of the same situations occurring that occurred in Iran, and we will have this in country after country. The news is getting around by television, radio, and so forth. All kinds of people are just wanting something that they can't possibly get out of existing governments. It seems to me that is where the bankruptcy of our foreign policy lies.

We simply don't seem to understand the thrust of the great dissatisfactions that are going on in much of the developing world with the kind of justice and economics and other kinds that the governments are handing out.

If this is so, then you are going to get breakdown after breakdown and the idea that you just give them weapons and they can hold the thing down seems to be badly advised.

I just don't think our State Department has tumbled to the significance of some of these concepts. They ought to, but I don't think they do. They are working from crisis to crisis putting out fires. Like most people in policy situations, they are unable to take the long view because they are so busy swatting flies.

Mr. PALMIERI. If you have a plan I certainly would like to take it back home with me and tell the people in the State Department because, I agree, we need a plan.

#### ERRORS IN FOREIGN ASSISTANCE POLICY

Mr. LONG. Well, I have been trying to tell them for a long time. I think our whole policy is wrong.

We are dumping money into country after country.

The latest policy to put billions of dollars into Egypt for military when any fool ought to be able to go into Egypt and see they need an improvement in the quality of life.

Mr. PALMIERI. So you would build up our foreign development assistance, is that right?

Mr. LONG. I would take all of our military money and put it in development systems. When we are putting this into the military in Egypt, we are forcing ourselves to put more money into Israel, and forcing the two countries to arm against one another.

Mr. PALMIERI. That is the one strategy that I can see that can ultimately affect the refugee problem, too.

Mr. LONG. It has got to be the kind of development that goes to the poor people and not the macro development. The aggregate development side says if you put a lot of money into a country you can develop a whole gross national product and that will somehow improve the situation of the poor.

If we cannot learn that it doesn't work that way, then we are indeed a stupid bunch of people.

The ruling groups in most of these countries didn't get to be ruling groups by being willing to share with the poor.

Mr. PALMIERI. You have a point.

Mr. LONG. They are the people we seem to want to placate all over the world. Our foreign aid program has been a net disservice to the world. It would take a while to develop that.

I could talk to you for an hour and a half on it. I will let you go.

The committee is adjourned.

[Questions for the record follow.]

*Question.* How much money can the United States spend on Indochinese refugees in fiscal year 1979 including our programs here in the United States after the refugees arrive?

*Answer.* In 1979 the Administration spent nearly \$500 million on its Indochinese refugee program including the cost of processing persons overseas, transporting to the United States, their initial resettlement and the cost of domestic assistance following their arrival here.

*Question.* How much money have we spent so far in fiscal year 1980? What is the estimated total cost going to be for fiscal year 1980 including international and domestic programs?

*Answer.* We estimate that the total cost of refugee assistance in fiscal year 1980 will be approximately \$1 billion \$450 million. Of this amount nearly \$700 million is attributable to the Indochinese program with additional large sums being required by the Kampuchean relief program, the resettlement of Soviet Jews and International programs which aid persons who are not resettled in the United States.

*Question.* What is the estimated total cost for Indochinese refugees for fiscal year 1981, again including both the international and domestic programs?

*Answer.* We would estimate that in 1981 cost would rise to approximately the \$800 million a year level for this program. Again, and on top of this, there would be Food for Peace and cash contributions for the Khmer program which would total another \$75 to \$100 million.

*Question.* Are you presently providing health screening and treatment for refugees prior to their entry into this country?

*Answer.* The Public Health Service and Immigration and Naturalization Service health standards for acceptance of refugees into the United States are being adhered to for all refugees approved for U.S. resettlement. Communicable Disease Center Staff in Cooperation with the Intergovernmental Committee for European Migration (ICEM) medical screening physicians ensure that all refugees destined for the United States meet our public health service regulations and immigration law. Those who are INS approved but do not meet our medical screening requirements may apply for medical waivers providing they are first treated so that they are in a non-infectious state and not considered a threat to the health and safety of Ameri-

cans. This treatment is administered under the general oversight of CDC staff and the waiver requirements are set by the Public Health Service.

*Question.* How effective is this effort in your opinion? In other words, are there many refugees reaching our local communities who have not been given adequate medical screening and treatment?

*Answer.* Over 200,000 Indochinese refugees have come to the United States from countries of first asylum over the past four years. All refugees who enter the United States meet the public health requirements for entry, with an occasional exception. I am satisfied that our public health screening and follow-up treatment of refugees where required has been above the minimum standards. Isolated case of an infected refugee reaching the United States has been carefully monitored by local and federal health officials with proper follow-up treatment given to render the person non-infectious.

*Question.* With regard to the refugee problems in Cambodia, how cooperative is the Vietnam Government of the Heng Samrin regime in our efforts to aid the Cambodian people?

*Answer.* The international relief effort within Kampuchea is conducted under the joint leadership of international Committee of the Red Cross and the United Nations Children's Fund. This Joint Program, as it calls itself, deals with the authorities in Phnom Penh. In our judgment, the arrangements that political authorities in Kampuchea have permitted the Joint Program to conclude up to this point are inadequate in terms of the scale of the program envisaged and unsatisfactory in other respects. We have made our views known publicly and privately to the international relief agencies, and we look to the forthcoming Geneva conference as a forum where improvements will be sought.

*Question.* There have been a number of reports that Vietnamese troops are confiscating large amounts of relief supplies and that vast amounts of supplies are being stored rather than being given to the people. In your opinion, how accurate are these reports?

*Answer.* Khmer civilians journeying to and from the Thai/Khmer border to obtain relief supplies report some confiscation by Vietnamese soldiers at check-points of a portion—but only occasionally all—of the supplies they transport inland. There have been reports by the Vietnamese forces, but these remain unconfirmed. Until January the relief shipments reaching the ports of Kampong Som and Phnom Penh tended to pile up in warehouses without onward shipment. This situation has improved recently, and more food is reaching the provinces. The distribution at provincial level, however, principally benefits the regime's forces and party cadre, with the result that little has filtered down to ordinary Khmer in the rural areas.

*Question.* Do we know whether or not the reports are true about relief supplies being diverted back into Vietnam itself?

*Answer.* Reports of diversion of relief supplies to Vietnam in any organized way have not been confirmed.

*Question.* Are you preparing to do anything for the Cuban refugees who are presently fleeing the Castro regime?

*Answer.* We are undertaking coordination among all relevant government agencies and voluntary organizations to provide relief for the Cuban refugees who are arriving on our shores.

Upon initial arrival all persons are subject to screening by the Immigration and Naturalization Service and are required to undergo a brief physical examination to determine any medical needs. Those asylum applicants with relatives in the south Florida area are promptly moved to the Miami area for reunification with their family members. Those persons without relatives in south Florida are transferred to one of the federal processing centers for these asylum applicants. While there the asylum applicants receive through medical and security clearances and are cared for and maintained while awaiting sponsorship necessary for relocation. Voluntary agencies such as U.S. Catholic Conference, Church World Service, the American Council for Nationality Service, and others are involved in this process of obtaining a sponsorship for these people.

On the international level the United States has actively participated in a conference on the Cuban refugee situation called by President Carazo of Costa Rica. More than 20 governments are represented at this conference, as well as representatives of several international organizations. We hope that an international approach to the Cuban refugee problem can be reached and that international pressure generated by this conference will result in meaningful negotiations with the Castro regime.

*Question.* The problem with regard to the refugees from Somalia has to do with the continuing conflict between Somalia and Ethiopia, is that correct? What is the current status of this conflict?

Answer. It is in part true that the flow of refugees into Somalia results from an Ethiopia/Somalia conflict. Although Somalia claims to have had no Somalia Army troops operating in Ethiopian territory since 1978, Somalia continues to provide moral support and safe haven for operations of the Western Somalia Liberation Front. This practice is consistent with the Somalia Government policy which calls for self determination for the part of Somalia locally referred to as Ogaden which has a majority ethnic Somali population. It should be noted, however, that a sizable number, some 200,000 of the refugees in Somalia are Oromo (Galla) people from the Bale and Sidamo region of Southern Ethiopia where Somali troops have never been deployed and where other insurgencies which have as their goal freedom from Oromo people are underway. It is highly likely that the drought conditions in Ethiopia also contribute to the flow of refugees into the camps into Somalia.

*Question.* In light of the resolution of the Zimbabwe conflict, do we see marked changes in the refugee situation in Southern Africa?

Answer. The immediate change which will result from the resolution of the conflict in Zimbabwe is that the 230,000 Zimbabwean refugees who are estimated to be in Botswana, Mozambique and Zambia will be returning to Zimbabwe. The repatriation process began under UNHCR auspices in January, and nearly all Zimbabwean refugees should have returned home by October of this year. However, groups of refugees from South Africa, Lesotho, Namibia and Angola will remain in the Southern African countries. At present, these number about 35-40,000. Their numbers could increase significantly if the movements for majority rule in Namibia and South Africa develop into increased hostilities or if the situation in southern Angola continues to deteriorate.

WEDNESDAY, APRIL 23, 1980.

## FISCAL YEAR 1981 SECURITY ASSISTANCE PROGRAMS

### WITNESSES

HON. MATTHEW NIMETZ, UNDER SECRETARY OF STATE FOR SECURITY ASSISTANCE, SCIENCE AND TECHNOLOGY

ALEXANDER SHAKOW, ASSISTANT ADMINISTRATOR FOR PROGRAM AND POLICY, AGENCY FOR INTERNATIONAL DEVELOPMENT

ERICH VON MARBOD, ACTING DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY

Mr. LONG. The hearing will come to order.

Mr. Nimetz, do you have a statement that you can summarize for the committee in five minutes so we have a little more time for questions?

Secretary NIMETZ. Mr. Chairman, I do have a statement for the record and with your permission I would just like to make a very short summary of my statement.

Mr. LONG. Proceed.

### FISCAL YEAR 1981 SECURITY ASSISTANCE PROGRAMS

Secretary NIMETZ. When Secretary Vance appeared March 18 before the subcommittee to discuss how our security assistance programs promote foreign policy, national security and development objectives, he observed that we must be willing to back our words with our resources if we are to retain our leadership position in the world.

To retain this position, we must be prepared to increase the resources we are putting into our own military forces to ensure they are adequate to any possible challenge. This we are doing, but we must also be willing to support the capacity of our friends to defend themselves. For a policy which concentrated solely on our own military capabilities while ignoring the legitimate security needs of our friends would be foolhardy. Not only do our security assistance programs help maintain local military balances, they also constitute a tangible sign of our commitment to the continued independence of our allies and friends. They thus provide the best possible insurance against conflict and confrontation.

Since the Secretary's appearance before the subcommittee, the President has submitted to the Congress his revised fiscal year 1981 budget, which reflects his determination to combat inflation by bringing Federal expenditures and revenues into balance.

The requests now before you, Mr. Chairman, are accordingly somewhat reduced, as compared to those before you during the Secretary's testimony.

We have withdrawn our request for \$50 million in unallocated economic support fund assistance and have reduced the projected grant military assistance program general costs by \$600,000.

In examining these reductions, it is important to note that they do not affect the individual country programs envisaged in the President's original fiscal year 1981 budget. We consider these levels, which were austere to begin with, adequate to meet the needs of our allies and friends and to protect our own security interests.

For fiscal year 1981, the Administration is requesting authorization of appropriations of \$2.926 billion to finance security assistance programs totaling \$5.063 billion.

Mr. LONG. What was the \$3 billion and the \$5 billion?

Secretary NIMETZ. We are requesting appropriation of \$2.926 billion, about \$3 billion, to finance security assistance programs totaling roughly \$5 billion.

Mr. LONG. I did not catch that part.

Secretary NIMETZ. The \$5 billion is the program number, \$3 billion is the appropriation amount. The difference is because in FMS we only appropriate 10 percent of the program amount for a regular loan program and therefore, in the foreign military sales program, we are requesting \$734 million to finance programs of \$2.84 billion.

Mr. LONG. Go ahead.

Secretary NIMETZ. In the foreign military sales area we are requesting \$734 million to finance programs of \$2.84 billion; 62 percent of this program is for Israel, \$1.2 billion, and Egypt, \$550 million, both to finance needed defense purchases and to support our efforts to secure a comprehensive Middle East peace settlement.

The third largest program, \$250 million, is to assist Turkey in maintaining its defense capabilities in support of NATO. Other major FMS programs are \$180 million for Greece, \$175 million for Korea, \$120 million for Spain, and \$50 million each for Thailand, Jordan and the Philippines.

Of the \$734 million we are requesting in appropriations, \$500 million is intended for FMS credits for Israel, for which repayment would be forgiven. The remaining \$234 million will be used to guarantee loans totaling \$2.34 billion to 35 countries.

This subcommittee is well aware, I believe, of the major advantage of the FMS financing program, namely that it is a loan program with obligations being repaid as new financing is extended. Because the Federal financing bank extends this financing, there are no budgetary outlays, except in the case of a default.

We are proposing grant Military Assistance Programs in fiscal year 1981 for three countries in which we have important military facilities: Portugal, Spain and the Philippines. The \$104.4 million in appropriations requested will fund programs for these three countries totaling—

Mr. LONG. You say there is no grant in military aid except for those three countries?

Secretary NIMETZ. Yes, sir.

Mr. LONG. What about Israel?

Secretary NIMETZ. That is under the FMS program where it is for a loan but forgiven to a certain degree. Under the traditional MAP program we are down to three countries with total programs of about \$80 million.

For the Economic Support Fund, we are requesting programs totaling \$2.0305 billion. Approximately 74 percent is allocated for Israel, \$785 million, and Egypt, \$750 million. The third largest ESF program, totaling \$200 million, is for Turkey. Other major programs are slated for a Southern Africa Regional Program, Sudan, Jordan, the Philippines and Nicaragua.

We are also requesting \$25 million for the Peacekeeping Operations Program, \$16 million of which will be for the Sinai Field Support Mission and \$9 million to fund our contribution to the United Nations Forces in Cyprus.

For our International Military Education and Training Program, the IMET program, we are requesting \$32.5 million to train personnel from 61 countries. Although the amount involved is relatively small, we regard this program as a particularly valuable vehicle for advancing our foreign policy and security interests. It does so in several important ways:

First, IMET tangibly increases the ability of recipient nations to defend themselves against external threat by educating foreign military leaders to the need for more rational defense planning. It also provides the training in leadership, management and technical skills that for many developing nations can be just as important as military hardware in maintaining their security.

We believe that the exposure IMET affords to the role of our own military in a democratic society and to American human rights values has an important and favorable impact on the development of recipient-nation military forces and their societies.

Mr. LONG. Training to kill each other in a democratic fashion?

Secretary NIMETZ. No. We believe it is important to offer this training. We think developing countries are going to continue to seek and obtain training for military forces and therefore it is important for us to give leaders of friendly countries that type of training.

#### LIBERIA

Mr. LONG. I am concerned about the way in which the leaders of the revolt in Liberia murdered the Liberian government.

Secretary NIMETZ. Mr. Chairman, that is a matter of very great concern to us.

Mr. LONG. I understand the sergeant is a graduate of the IMET program, which does indicate that our program does have some impact.

Mr. YATES. Does it indicate the program works?

Mr. LONG. After a fashion. After a Liberian fashion.

Secretary NIMETZ. The executions in Liberia, Mr. Chairman, were a shocking event.

Mr. LONG. They must have been shocking to the people that got executed.

Secretary NIMETZ. And their families and many others. We did make very urgent representations to the new government—we are continuing these—about the future. It is a very serious situation.

This is the first time it has happened in Liberia, as you know. Needless to say, it is a matter of great concern to us.

Mr. LONG. But not elsewhere?

Secretary NIMETZ. It is a matter of concern to us in many areas of the world, Mr. Chairman.

Mr. YATES. How much concern? Sufficient to hold up assistance to that country?

Secretary NIMETZ. This whole matter of relationship with Liberia has to be reviewed in terms of the situation but these events are so recent that I do not think it is a good idea to speculate at this time about anything.

Mr. YATES. What should we do with respect to your request for assistance to Liberia?

Secretary NIMETZ. We have requested a modest ongoing program. I think in light of the situation there and delicacy of it the announcements that more trials may take place, and the fact that our ambassador is in touch with them, I do not think it would be helpful for me at this time to make any comments about it, because of the nature of the situation there.

Mr. LONG. Don't you think it might be helpful to the committee and isn't that what we are considering here?

Mr. YATES. My question was really, what should the committee do about your request? As I understand it, you have a small program for Liberia that you are requesting this committee to approve. What you have said is it would be unhelpful to make any comments at this time. That does not relate to the subject though.

Do you want this committee to approve it or would you rather the committee took no action on it or what would you rather do?

Secretary NIMETZ. As of this morning, I have no instructions to ask for any change in the program. As this thing goes on, day-by-day, we would like to remain in touch with the committee with regard to the situation in Liberia.

Mr. YATES. Okay.

[The information follows:]

On April 12, 1980 elements of the Liberian Armed Forces toppled the Tolbert Government in a violent coup, and a number of leaders of the former government subsequently were executed. The new military government has announced that no more executions will occur, indicated that it plans to honor the international commitments of the previous Liberian government, and stated interest in maintaining extremely close relations with the United States. In addition, the Doe government has committed itself to a return to civilian rule by the time of the next scheduled elections in 1983.

The situation in Liberia remains outwardly calm, although there are many factors that could precipitate a crisis in the next few months. Master Sergeant Doe and the People's Redemption Council members have managed to restore internal security and have allowed the civilian cabinet members the necessary autonomy to conduct the day to day business of the government. However, latent inter-tribal animosities and economic rivalries persist and the government faces serious financial problems. The US is taking the lead in coordinating outside assistance from the IMF, World Bank, and other donors, but the eventual outcome of these efforts is unclear at this time.

We maintain important communications facilities in Liberia, which consist of the largest Voice of America transmitter in the world, the only OMEGA navigational station in Africa, and US diplomatic telecommunications relays for Africa. In addition, US business investments in Liberia are estimated to exceed half a billion dollars in such important natural resources as rubber, iron ore and timber.

During this difficult period the US is continuing to provide security assistance to Liberia. This supports basic US foreign policy interests, both in Liberia and

throughout the African continent. The small Liberian forces depend almost entirely on US security assistance for equipment and military training. Liberia is one of our oldest and closest friends on the African continent. Through our support of its modest requirements to modernize its armed forces, Liberia is replacing its outdated and often unserviceable equipment over a multi-year period as well as obtaining badly needed professional military training.

The proposed security assistance program for Liberia in fiscal year 1981 consists of grant International Military Education and Training (IMET) and Foreign Military Sales (FMS) financing.

The proposed fiscal year 1981 grant training program would provide service school training for officers in operations, maintenance and supply courses in the US, and would allow Mobile Training Teams to conduct in-country training of selected Liberian military units.

Liberia is expected to use the proposed FMS funds to purchase support vehicles, field equipment, engineer equipment, mortars and small arms ammunition. It is possible that some funds may be used to finance military housing. Also, it is expected that the Liberians will request to purchase a modest amount of military equipment through FMS cash procedures.

(Insert prepared as of June 6, 1980.)

Mr. LONG. We would be very interested to know, however, whether the Administration would strongly object to this committee suspending any such aid pending more information about how that situation is proceeding.

Secretary NIMETZ. Mr. Chairman, obviously we are talking now about 1981. I do not think there is any—

Mr. LONG. No great hurry?

Secretary NIMETZ [continuing]. To do anything specifically. We have several thousand Americans in Liberia.

Mr. LONG. Remember, we have the conference report for 1980 that is going to be pending on the floor and we can lop it off there if it seems like a good idea.

Secretary NIMETZ. I would caution that these things are taking place on a day-by-day basis. We have several thousand Americans in Liberia.

#### IMET

Mr. LONG. This thing in Liberia may be the best thing that ever happened in Liberia, however regrettable the casualties. I do think we need to know more about it. Frankly, one more time, it calls into question the whole idea of our IMET program and how useful it is. We are proceeding on the idea that if we can teach these countries how to shoot well and fight and so on, that this is going to be a step toward stabilizing them. We ought to know by this time, and I want you to make a list of the countries that have revolted, which are right now in a state more or less of anarchy, which received IMET programs.

[See Appendix on pages 333 and 334.]

Mr. LONG. El Salvador is one of them. I would guess Nicaragua is one. I would guess Iran is one. Certainly Liberia is one. I would like you to put in the record the list of the countries which are now in some sort of revolt or have revolted which had received IMET programs and what sums of money they received over the years.

We would like to know the names of the people getting this training, not just the countries.

Secretary NIMETZ. There are several.

Mr. LONG. We must know who in Nicaragua and in El Salvador, for example, was getting the training.

Secretary NIMETZ. We do have individuals, I think in 1981 we expect 4,200 individuals to get training.

Mr. LONG. We would like to know how many of those have been involved in revolts. We have to ask you to give that data to the committee. I would like a conscientious job which does not try to shade the results.

Secretary NIMETZ. We will certainly do a conscientious job.

Let me make a point, Mr. Chairman, that the IMET program has never been portrayed, and I certainly would not portray it, as a method in itself of stabilizing internal situations in countries. The world is in ferment.

Mr. LONG. That is interesting. I think you can go back and find very many instances of testimony in which that was precisely the justification given to this committee.

Secretary NIMETZ. By itself, some of these training programs involve two people, three people. You have dynamics in these societies which are overwhelming and I think we are in for a period of history in which there is going to be turmoil in the world. I cannot agree, however, that because countries have internal revolts, however tragic they are, we should therefore get out of the business of having anything to do with military personnel around the world.

Mr. LONG. Mr. Secretary, we have been giving arms to country after country which simply had no enemies around that we could regard as our enemies, certainly. They are countries friendly to us, surrounded by countries friendly to us. We have been giving them IMET programs all over the place, not to protect them against our other friends surely, but to give them some kind of internal stability. That has been the argument. Now all of a sudden you are backtracking on that.

Secretary NIMETZ. I said that the IMET program by itself cannot assure internal stability. We believe that a relationship with the military can be helpful, can instruct people in proper military procedures and methods, that we can instill in them some sense of our military operating in a democratic society. It does not always work.

I would not say IMET is a vehicle for transforming society. We do try to train people from wider varieties of field. IMET is not the only field—

Mr. LONG. I think your point is it is a desirable but not a necessary condition.

The point we are making is, is it perhaps counterproductive? Have we been spending our good money to provide military instruments to aid revolutions that create instability? That is very different—

Secretary NIMETZ. I understand that.

Mr. LONG [continuing]. From the point you are trying to make?

Secretary NIMETZ. That is a fair question, but I do not think it is reasonable to say if we do not have an IMET program these countries won't have military forces. I cannot think of any country now that does not have some military or significant police force. Therefore, the question is whether it is useful to the United States to have some relationship with the military and to provide them some training.

Some training programs are particularly for outside threat, some training programs are directed at use of certain types of weapons. You sell a country a certain aircraft, people have to be trained to use that aircraft. There are relationships with countries that have military involvement in their civilian government or in the administration. These people are leaders in their societies. Very often they leave the military and become civilian. We think it useful from the point of view of the United States to have that relationship.

So I would be glad to furnish you the information but I do not think it will be conclusive one way or the other.

Mr. LONG. A vast weariness comes over me.

Secretary NIMETZ. It is not a happy world, Mr. Chairman. Those of us who work on these problems day-to-day—and you have followed it for more years than most of us—do have our frustrations, our disappointment.

Mr. LONG. I have not only my frustrations but I have yours. I am just appalled by the fact that lessons from which we should have learned about the direction our foreign policy takes, the way we have wasted our money, and yet the State Department learns nothing from it. Administration after administration just goes on making the same blasted mistakes.

Secretary NIMETZ. We think we do learn from experience and from the mistakes.

Mr. LONG. If you have learned, could you please share your lessons with me and tell me what lessons you have learned and show me how this is reflected in your aid request? Because I must say I am at a loss to know what the lessons are.

Secretary NIMETZ. For one thing in the IMET program, in our training programs we do try to have a component of teaching those who come here something about our society. We have found this is not statistically provable but our people in Central America have found people who participate in IMET were more accessible to arguments of civilian control, of being against the right wing coups and the like.

We certainly found this in several of the key Central American countries from which our ambassadors have reported back to us. We have started to phase out the grant program, as I mentioned, and now have only three countries in the MAP program. We are dedicated to having a program based on loans at a rate that is almost the market rate. So we have transformed a major grant program to a loan program.

In terms of the amounts, these are rather modest amounts. I looked at the numbers for 1960, 20 years ago; we were giving much more in real terms 20 years ago than we are giving now.

Mr. LONG. You say students return home not only better qualified to carry out their professional duties, but with impressions of this country, its strength, ideals and aspirations, that can only be formed by studying, and living in this country. Do you think the people in Iran benefited in that way, whether it had any relationship to the situation that is going on in Iran?

Secretary NIMETZ. I do not know. I should think that is a question that would be answered ten years from now. I think ten years from now we will have to look at who is in charge of Iran.

## EGYPT

Mr. LONG. I am glad you are looking so far down the road. I have not found the Administration all that interested in looking very far down the road when it comes to economic development. I would like to point out the horrors of what is going on in Egypt and the wretched quality of life in Egypt. Instead of putting the big money that they are asking for into development, we proceed to try to put it into weaponry.

You come forth with a great aid request here for Egypt. You claim Israel is for it, and I can tell you from my conversations they are scared to death. They are afraid to object because they are afraid of what we might do. They are scared to death of the way we are arming Egypt.

What might happen if Sadat collapsed or died or was overthrown? We are proposing to build up a vast sophisticated weaponry there. Egypt has to remain on its guard and Israel cannot possibly get the fruits of the peace treaty for which we worked so hard.

Secretary NIMETZ. Let me turn then to Egypt and give you our perception on that. I know you discussed it with Secretary Vance—

Mr. LONG. Have you seen my letter that I sent to Secretary Vance?

Secretary NIMETZ. I have seen it.

Mr. LONG. I never got any real response that was satisfactory to me.

Mr. YATES. I did not see your letter. What did you ask him for?

Mr. LONG. It should have been sent to every member.

Mr. YATES. Did I get a copy?

Mr. POWERS. We will get it to you.

Mr. LONG. I pointed out we are asking for between \$3 and \$6 billion for sophisticated weaponry. They are asking for \$550 million this year.

I pointed out this was not only a terrible thing to do to a country where people are living in cemeteries, kids are playing in sewage, where the quality of life is just dreadful and where the population is increasing such that it is going to be double that in another 20 years, where the ability to feed themselves has fallen to the point where Egypt is only providing about 30 percent of their food, the rest they are importing.

If anything ever happens to our agricultural industry, you are going to have an apocalypse there. They are getting vast quantities of money from the Persian Gulf which may dry up some day. So looking down the road this thing going on in Egypt has to be a thing of horror. Yet we are providing money not to help their economy but provide more weapons.

Israel must be scared to death. Whatever confidence they have in Sadat, I think they feel he is the best leader Egypt has had. They have to maintain and to keep up their guard and cannot gain the fruits of that peace treaty as long as we are arming Egypt the way we are arming it. It is very difficult for me to see how you can justify providing the kind of advanced weaponry to Egypt that even we do not have in our own arsenal, or do not have enough of.

Secretary NIMETZ. We certainly believe that the major need for Egypt is developmental and economic and, as a matter of fact, we think that they have made some significant improvements in the last couple of years in this respect. Their growth rate I think was over 7 percent in the last couple of years. With their oil supplies back, that is a boost. There have been aid programs, World Bank programs, and I certainly agree with you that the major need for Egypt is developmental aid.

However, living in the Middle East, there is no way for Egypt to see its way clear to allowing its forces to deteriorate. This is what is happening. All of their military weapons have been Soviet weapons. They have not acquired any new Soviet weapons or Western weapons in four or five years. We concur with their—

Mr. LONG. Why should they have Western weapons, aside from the fact that somebody in this country makes money selling them? I have felt that our IMET program for a long time has really been a branch of our sales department.

Secretary NIMETZ. I think, having met with the industry a number of times, they certainly perceive this Administration as one that is not particularly interested in using arms for commercial purposes and we do not do so. Our interest in Egypt is to give them the basic defense items they need. Our view is that, within the next five or six years, the Egyptian military forces will be smaller than they are now and smaller than they were four or five years ago.

You would be interested that the percentage of their budget, GNP, devoted to the military is going steadily down. The number of people in their active forces will be going down. It takes a certain amount of time. Their threat was not just an Israeli threat, they have a threat from Libya, to which the Soviets are supplying vast amounts of weapons, many more than the Libyans can use themselves, which raise certain questions about who will be using them.

#### U.S. ARMS SALES

Mr. LONG. Let me ask you a question. I know all the things you are saying. Do you remember the President's highly visible policy of reducing American arms sales to foreign countries?

Secretary NIMETZ. Yes, sir.

Mr. LONG. He made that part of his campaign promise. I went out and worked hard for him in the last election. He got elected. I have felt very strongly this is what we needed. I want you to give us for the record, what the sales of weaponry were before President Carter came into office and what the sales have been since then.

Secretary NIMETZ. I will be glad to do that.

Mr. LONG. Weapons to the various countries around the world. I think you are going to find they have been greatly expanded.

Secretary NIMETZ. Well, I wouldn't think that that is really the case. But I will certainly send you the record.

We have had an arms transfer policy which has—

Mr. LONG. We know they have expanded in the Middle East.

Secretary NIMETZ. Well, again—

Mr. LONG. Do you deny that?

Secretary NIMETZ. I would have to look at the numbers, frankly, sir.

On a year-to-year basis, we made——

Mr. LONG. Can anybody here give us an answer yes or no on that? Sales of weaponry have gone up in the Middle East, is that not so?

Secretary NIMETZ. We have turned down very many arms sales in the last three or four years. I can give you——

Mr. LONG. I do not think that would impress very many people.

Secretary NIMETZ. What can I say, Mr. Chairman? We do sell arms. We have friends around the world who need arms and want arms and the question is, will we sell it to them? We very often do not.

One of our major policies has been to try not to introduce very high level sophisticated weapons into areas like the Middle East.

Mr. LONG. I did not ask you how many people you turned down. I want to know the sale of weaponry to various countries for the last certain period so we get a feel for what it was before the Carter Administration and what it has been since then.

[The information follows.]

## FOREIGN MILITARY SALES AGREEMENTS

(Dollars in Thousands)

	FY 1955- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1955- FY 1979
<b>WORLDWIDE</b>	11,822,390	1,130,891	1,395,050	2,980,579	5,305,051	10,381,200	15,830,608	14,817,824	8,793,633	11,746,444	13,025,451	97,229,132
<b>EAST ASIA &amp; PACIFIC</b>	1,304,217	141,150	144,868	304,781	294,205	310,938	667,836	1,710,433	1,365,427	1,770,916	1,905,515	8,792,132
Australia	820,704	53,366	56,604	114,881	139,989	25,568	186,333	546,317	125,560	338,169	131,690	2,398,135
Burma	-	7	65	268	223	120	22	111	525	600	431	4,274
Flit	1,902	-	-	-	-	-	-	160	-	-	-	1,600
Indonesia	8,542	-	18	-	148	148	51,867	3,712	7,215	109,602	39,104	8,542
Japan	235,405	21,278	10,722	40,768	49,592	58,087	30,001	42,467	7,215	342,135	460,470	2,124,463
Korea	4,892	-	393	8,731	1,594	100,091	223,427	615,219	637,571	407,188	242,528	1,355,059
Malaysia	4,015	-	1,837	4,790	1,648	1,401	4,192	5,395	5,052	2,603	34,872	101,888
New Zealand	93,185	5,347	6,656	3,343	3,401	5,492	3,867	6,679	5,523	8,732	12,513	154,737
Philippines	5,775	-	852	4,668	1,159	4,151	31,912	36,145	68,106	31,532	15,709	196,915
Singapore	1,038	2,395	1,961	5,440	7,529	11,699	11,481	17,923	112,252	12,796	7,324	181,848
Taiwan	123,018	34,915	67,230	73,148	205,978	87,733	139,460	329,112	154,405	355,134	544,331	2,114,465
Thailand	5,081	21,151	11	16,984	4,780	16,444	15,230	107,184	105,068	112,465	416,584	820,981
Vietnam	6	-	-	2	1,155	-	4	-	-	-	-	1,167
<b>NEAR EAST &amp; SO ASIA</b>	2,288,082	410,572	213,423	1,194,443	3,937,210	8,591,016	8,770,354	11,330,360	5,988,525	7,825,956	8,428,539	59,428,470
Bahrain	-	-	-	-	-	18	18	26	26	-	-	119
Egypt	373	-	-	-	-	-	-	68,475	1,671	937,356	693,067	1,630,923
India	58,267	911	856	46	1,941	3,096	3,096	3,338	1,441	1,535	7,039	78,420
Iran	656,822	133,703	355,174	457,888	2,158,402	3,966,322	1,313,812	1,588,970	3,236,145	763,590	41,520	14,672,347
Iraq	13,152	-	-	-	-	-	-	-	-	-	-	13,152
Israel	534,750	153,138	302,772	400,923	165,744	4,555,583	830,323	990,308	497,068	1,762,119	982,147	9,074,874
Jordan	118,248	28,826	16,282	18,677	6,990	64,544	79,125	374,508	107,249	77,717	89,561	981,927
Kuwait	-	-	-	-	40	31,693	365,294	207,765	27,436	82,646	11,760	726,854
Lebanon	2,737	1,160	167	232	5,155	9,811	240	251	-	28,198	22,437	70,411
Libya	20,867	5,282	632	2,672	1,300	12	-	-	-	-	-	29,595
Morocco	24,428	2,437	2,259	7,490	2,534	8,192	287,253	105,610	37,259	7,457	3,923	488,842
Nepal	-	-	11	-	60	-	-	-	-	-	-	72
Oman	-	-	-	-	-	-	1,610	223	832	-	50	2,715
Pakistan	76,407	4,441	20,005	3	17,057	10,096	37,297	88,812	144,200	39,341	9,920	457,579
Saudi Arabia <sup>b/</sup>	779,141	80,674	15,245	306,311	1,578,961	2,039,570	5,801,534	7,757,377	1,888,643	4,122,322	6,419,891	30,790,668
Sri Lanka	1	-	-	-	-	-	-	-	-	-	-	1
Tunisia	2,895	-	-	-	2,137	730	383	2,252	42,705	2,157	33,130	86,369
United Arab Emirates	-	-	-	-	-	2,520	372	130,269	2,530	37	5,329	5,329
Yemen	-	-	-	-	-	-	-	-	-	1,293	181,256	318,241
<b>EUROPE &amp; CANADA</b>	7,640,569	517,332	456,218	1,339,320	873,595	1,242,853	6,206,255	1,402,232	1,289,125	1,758,789	2,131,482	24,857,758
Austria	74,742	1,323	2,800	1,814	2,433	3,650	7,637	9,356	7,206	3,787	52,993	187,450
Belgium	119,087	4,755	2,998	4,513	5,807	10,416	1,575,685	7,747	6,477	12,779	19,982	1,770,245
Canada	832,072	50,934	28,015	38,606	88,104	101,940	54,730	63,564	99,880	69,713	1,526,711	
Denmark	73,617	6,652	15,221	11,747	11,782	19,731	827,132	25,306	15,730	22,962	37,942	1,067,823

## FOREIGN MILITARY SALES AGREEMENTS (Continued)

(Dollars in Thousands)

	FY 1955- FY 1962	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1955- FY 1972
<b>EUROPE &amp; CANADA</b>												
<b>(Cont'd)</b>												
Finland	3	-	1	67	-	11	2	1	5	2	-	92
France	320 718	3 230	5 447	7 201	8 775	22 364	5 293	4 273	2 167	6 445	5 324	391 837
Germany	3 662 543	286 036	132 289	806 531	210 715	226 952	300 997	275 638	347 923	436 775	553 237	7 239 597
Greece	33 460	29 054	24 186	180 367	51 734	491 810	206 340	86 162	261 135	104 262	243 296	1 713 806
Iceland	15	-	-	436	47	13	-	4	13	20	-	540
Ireland	2	-	13	231	-	16	57	56	39	85	16	18
Italy	424 182	36 300	23 083	74 895	63 021	50 765	46 596	27 372	24 049	6 219	16 892	793 078
Netherlands	1 941	1 991	6 559	29 070	36 261	18 525	1 603 962	27 241	32 968	74 381	467 767	2 428 370
Norway	164 806	9 692	21 133	19 203	11 819	52 496	1 241 995	39 535	17 751	46 310	26 345	1 651 304
Portugal	7 534	847	999	1 970	2 668	1 461	1 708	1 176	1 144	698	1 303	18 208
Spain	204 970	25 867	108 442	21 020	59 398	151 088	55 801	124 089	81 810	191 919	99 455	1 123 860
Sweden	37 757	265	844	1 552	1 969	6 228	689	22 848	31 684	5 809	1 858	111 504
Switzerland	93 945	4 435	19 433	11 091	2 364	9 482	45 795	409 589	88 384	59 483	62 764	806 166
Turkey	4 537	2 578	1 140	5 049	211 823	26 591	77 627	120 084	124 209	170 202	207 120	950 359
United Kingdom	1 451 005	47 739	63 634	123 878	104 505	49 301	108 536	166 555	182 606	515 682	264 170	3 077 611
Yugoslavia	11 506	36	17	86	1 188	6	260	471	182 267	1 155	470	15 462
<b>AFRICA</b>												
Burkina Faso	7 060	110	16 328	2 694	2 629	12 327	22 471	193 522	111 549	221 914	112 998	703 609
Cameroon	-	-	-	-	-	-	-	-	-	1 923	3 666	5 529
Ethiopia	717	6	-	10	-	6 272	17 301	110 596	6	-	-	134 407
Gabon	-	-	-	-	-	-	-	-	2 173	-	-	2 318
Ghana	3	51	-	-	-	193	7	99	99	-	-	354
Kenya	-	-	-	-	-	-	-	-	-	-	-	-
Liberia	1 226	-	-	-	1 305	334	424	149	68 902	2 168	45 899	119 770
Malli	84	5	-	48	-	-	17	-	37	27	1 028	4 531
Niger	352	-	-	-	-	8	-	-	-	-	-	154
Nigeria	-	-	-	2 345	639	4 200	2 961	2 104	8 494	9 680	8 026	38 621
Sierra Leone	-	-	-	-	1	-	-	6	-	-	-	8
Sudan	3 144	1	1	2	-	-	-	-	-	-	-	3 149
Swaziland	-	-	-	-	-	-	-	-	-	-	-	-
Tanzania	1 533	84	16 326	286	684	1 320	1 596	11 766	12 542	21 106	6 356	73 370
Zaire	-	-	-	-	-	-	-	-	-	-	-	-
<b>AMERICAN REPUBLICS</b>												
Argentina	393 464	24 238	49 332	105 678	108 598	211 669	191 476	88 505	65 783	80 669	31 196	1 352 597
Bolivia	82 512	10 728	12 340	15 083	15 162	7 226	15 698	18 637	17 856	6 087	-	200 250
Brazil	-	-	-	5	37	121	654	70	135	-	73	2 066
Chile	85 097	2 458	17 805	32 444	14 521	71 069	25 130	11 210	13 650	16 162	-	289 747
Colombia	27 633	6 982	2 903	5 208	15 048	79 595	42 011	9 212	6 671	-	-	190 264
Costa Rica	11 939	159	2 168	5 395	1 154	799	4 011	1 831	3 484	7 176	5 362	39 591
Cuba	4 510	-	-	21	-	-	110	124	7	-	-	386
Dominican Republic	1 914	-	31	16	71	30	1	112	-	-	-	112
Ecuador	4 295	20	411	4	-	-	15 129	2 942	23 604	29 264	15 885	91 554

**FOREIGN MILITARY SALES AGREEMENTS (Continued)**  
(Dollars in Thousands)

	FY 1955- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1955- FY 1979
<b>AMERICAN REPUBLICS</b>												
(Cont'd)												
El Salvador	1 464	-	2	*	52	385	428	846	271	29	*	3 479
Guatemala	2 542	527	7 764	1 956	3 344	750	934	3 499	6 484	2 789	1 802	32 391
Haiti	224	-	-	-	-	308	78	253	189	-	239	1 290
Honduras	1 092	-	-	27	5 232	706	303	690	900	675	266	9 090
Jamaica	8	-	8	3	7	42	18	6	17	1 073	189	21 640
Mexico	15 389	12	441	172	691	411	151	2 059	174	11	11	5 540
Nicaragua	2 239	82	674	63	34	1 500	239	1 311	225	144	171	5 261
Panama	16	14	9	6	1 672	1 573	239	1 311	248	42	10	735
Paraguay	77	-	-	-	-	12	36	9	248	-	-	186 345
Peru	33 562	2 185	1 464	467	24 858	43 151	23 268	25 906	13 330	11 857	6 298	186 345
Suriname	-	-	-	-	-	-	-	-	1	-	-	1
Trinidad-Tobago	-	85	-	-	-	-	-	-	-	-	-	85
Uruguay	2 715	241	1 631	1 588	1 493	1 159	7 635	2 247	648	63	17	19 439
Venezuela	104 928	738	1 627	43 219	25 258	4 027	48 224	6 982	2 843	4 387	2 400	244 734
<b>International Organizations</b>	199 002	37 482	14 910	33 663	86 834	12 397	32 218	92 773	53 224	138 140	393 731	1 094 374

NOTE: Totals may not add due to rounding.

\* Less than \$500.

<sup>a/</sup> Includes transitional quarter (FY 1977).

<sup>b/</sup> Includes the value of Saudi Arabian Engineer Assistance Agreements (EAA) projects requested by the Saudi Arabian Minister of Defense and Aviation (MDDA) and approved by the U.S. Government for management by the U.S. Corps of Engineers (COE) as follows: FY 1965, \$521,200; FY 1970, \$65,820; FY 1973, \$1,491,300; FY 1974, \$1,389,400; FY 1975, \$3,961,497; FY 1976, \$3,744,000; FY 1977, \$549,303; FY 1978, \$701,600; FY 1979, \$1,522,100.

Secretary NIMETZ. 1975 to this year?

Mr. LONG. I want you to keep in such things as the Mideast arms package and proposals that you are getting now. We also ought to know exactly what the Russians have been selling. I believe we have been selling more arms than all the rest of the world put together, including the Soviet Union.

We go around saying we have to do this because the French or the Russians do it, and the truth is we are the great salesman of slaughter around the world.

Secretary NIMETZ. We are the largest arms seller in the world, no question about it.

Mr. LONG. Yes, no question about it.

Do you want to make a statement on that?

Mr. VON MARBOD. Mr. Chairman, with your permission, to conserve time I will submit my formal statement for the record. Secretary Nimetz has already underscored the importance of the program that we seek for fiscal year 1981.

I would like, however, to offer Secretary Brown's endorsement. The Secretary feels, as we all do, that a dollar of security assistance, as presented in this program for fiscal year 1981, is as important as the dollars that we seek for our own national defense.

Mr. LONG. Mr. Yates?

Mr. YATES. I do not understand that last sentence. Would you repeat that?

Mr. VON MARBOD. My statement, Mr. Yates, was that the dollars that we seek for security assistance for our friends and allies are as important as the dollars that we seek in the defense budget.

#### EGYPTIAN ECONOMY

Mr. YATES. Let's turn to Egypt for a minute, if I may, Mr. Nimetz.

Did I understand you to say their economy was getting better?

Secretary NIMETZ. I think there are grave problems in their economy but their growth rate in the last couple of years has been a positive one.

Mr. SHAKOW. Yes. It seems to have gone up 8 or 9 percent.

Mr. YATES. What does that mean in terms of the state of the country itself? It means that their economy is flourishing a little, their gross national product is growing at a rate of about 7 percent.

Mr. SHAKOW. The gross national product has been going up at that rate. It does not mean it is equitably distributed to all Egyptians; it means there are increased revenues from canal, repatriation of Egyptians outside of the country—

Mr. YATES. How much of that is inflation?

Mr. SHAKOW. Most of that is not inflation as I understand it. There are real increases in income available to the country. The problems that the chairman has referred to though, very severe economic dislocations, some weaknesses in policy in the agriculture sector, and the need to reach down to the vast numbers of people who are still living at a very low per capita income, are very substantial, no question about it. That is why we have a very substantial economic assistance program going on.

Mr. YATES. Admittedly the economic assistance program will be a very valuable one. How much of an impact will it have on the Egyptian economy? How much of that will increase their agriculture?

Mr. SHAKOW. About a quarter of our annual program is addressed towards increased agricultural production and as we move ahead over the next several years, I would expect a larger share would be directed towards agriculture, both in terms of direct support for expanded technical assistance as well as support for commodities, fertilizer and other items that are important to increasing productivity. But there is attention being paid to health services, family planning programs, the whole gamut of economic development activities that Egypt has a great need for.

#### EGYPTIAN ASSISTANCE NEEDS

Mr. YATES. How do you arrive at the numbers of your program? Is this by agreement with the Egyptian Government? Do you negotiate this with the Egyptian Government?

I assume the question is equally valid for military as well as for economic assistance. But how did you arrive at the numbers?

Secretary NIMETZ. Normally, Mr. Yates, in general terms through our zero-based budget program we are starting right now for 1982 to analyze every country and try to work out priorities. Now in certain cases—

Mr. YATES. What does that mean in terms of a zero-based budget?

Secretary NIMETZ. It means you start from scratch.

Mr. YATES. From zero; you do not look at last year's figures.

Secretary NIMETZ. You do start from zero, obviously last year's figures are—

Mr. YATES. Are zero?

Secretary NIMETZ. Are—

Mr. YATES. That is your zero-based budgeting?

Secretary NIMETZ. Well, it is a very critical factor. With a country like Egypt or Israel or any country with which we have a treaty relationship, the continuity is very important. When there are conversations between heads of states, obviously these things come in. We have no commitment beyond those—

Mr. YATES. How did you arrive at it then, who picked the figures?

Secretary NIMETZ. It was worked out by analyzing the Egyptian military need, discussions with—

Mr. YATES. That is the military program?

Secretary NIMETZ. That is the military program.

Mr. YATES. What about the economic program?

Secretary NIMETZ. The economic program to the extent it is budgetary support like ESF—I do not know the Egyptian program as well as I do the Turkish program. The Turkish program was based on our analysis of overall need, what their economic situation would be, what they could contribute. I suspect in the Egyptian situation there was a similar analysis.

Mr. SHAKOW. Perhaps I can add to that if it would be helpful.

Mr. YATES. Sure.

Mr. SHAKOW. Economic Support Fund is very clearly a foreign policy instrument directed towards achieving certain kinds of political objectives. That is why it is under the policy direction of the Department of State. The implication of that is that those numbers which, for Israel and Egypt, are of course extremely large by comparison with any other single country in the world, and especially as you compare for the development assistance program, is that it was intended at the time of the original negotiations, even prior to this Administration's entry into office, that these funding levels or something comparable to them would have an important impact on trying to bring about a solution to the Middle East problem.

They are based on an economic need that is far in excess of these figures, originally were far in excess of these figures.

Mr. YATES. I know that. That is why I wondered how you arrived at the figures.

Mr. SHAKOW. The figures were—

Mr. YATES. Who establishes the figures?

Secretary NIMETZ. Ultimately the President.

Mr. YATES. I know, but somebody gives the figures to the President.

Secretary NIMETZ. The Secretary of State.

Mr. YATES. Who gives it to the Secretary of State?

Secretary NIMETZ. It is worked out on an interagency basis among the State Department, AID, Defense, to the extent there is a military component involved, and we go forward through the NSC process to the President and OMB with recommendations.

Mr. YATES. Does Egypt make any request for an economic program?

Mr. SHAKOW. Yes, as does the Israeli Government. Usually they are in excess—

Mr. YATES. I know that the Israelis do. They present what they conceive to be an economic need. Does Egypt do the same thing as the Israelis do in that respect?

Mr. SHAKOW. It is not in quite the same comprehensive way.

Mr. YATES. How do the Egyptians go about doing it?

Mr. SHAKOW. They work with our AID mission in proposing a variety of projects and activities.

Mr. YATES. How much did the Egyptian Government ask for?

Mr. SHAKOW. I do not know the answer to that, but I am sure they have a list of projects they would like us to participate in and also quite substantial commodity import program requirements which extend over quite a length of time. I do not know the specific number that they may have asked for at an earlier stage.

Mr. YATES. Would somebody in your department know the answer to that?

Secretary NIMETZ. I will be glad to get you an answer to that. But my experience is that the Israelis do this in a more systematic way. Most countries do not come in with a request but, rather, over the year discuss various projects.

Mr. YATES. Here is what happens in my other committee of which I am a chairman; I know with respect to the Department of Interior that each of the agencies in the Department will go to the Secretary and say we want this for the next fiscal year. The Secre-

tary will approve some figure, after which it goes to the Office of Management and Budget. Now there have also been negotiations preceding the request to the Secretary.

I assume the same thing may have happened here, the Egyptians may have conferred with the Secretary or with his representatives and said our economy is in desperate condition, we need so much help, and the Secretary accepts that and then discusses it with you and then it goes forward to the Office of Management and Budget.

Secretary NIMETZ. Congressman, there is a real difference here. We do not deal with foreign countries in the way that we deal with either agencies of our government or states or localities and we do not encourage a country to come in as part of the budget process.

Mr. YATES. But I understood the gentleman to say that Egypt did make a request.

Secretary NIMETZ. Well, they can, on a political level, come in and talk to us and they can, in terms of projects, say here is a project.

Mr. YATES. Well, the Israelis come in and talk to you.

Secretary NIMETZ. Well, the Israelis do, but we certainly do not encourage all countries. We are dealing with a lot of countries.

Mr. YATES. All right. You have a situation where the Israelis and Egyptians now are negotiating together and making their appearance together in the Department of State and in the White House. We know that we are proposing to give a certain amount of money for military assistance to both Israel and to Egypt; the chairman of the committee commented on that a few minutes ago. We know, too, that we are proposing to give economic assistance to both those countries. I am trying to discover the procedure.

How is this started? Does Egypt ask somebody in the Department of State for an economic program of assistance to that country?

Mr. SHAKOW. One way in which this happens in many countries and Egypt is one—

Mr. YATES. No, no; not any country.

Mr. SHAKOW. I understand. There are consultative groups. The World Bank will head a group for Egypt, at which time the overall economic needs, not the military side but the economic needs for Egypt will be discussed, at which point the total requirement for Egypt over several years—

Mr. YATES. I have not gotten an answer.

Mr. SHAKOW. Sir, the answer is, unlike the Israelis, who come in with a very specific program which is related to a very specific balance of payments requirement—and that is all our assistance to Israel is, in effect a check in support of a program which is a balance of payments support program—

Mr. YATES. Right.

Mr. SHAKOW. In the case of Egypt you are talking about a much more complicated set of project aid and commodity aid, where other donors are very much a part of it as well. So the Egyptians have a total program within which they would expect to see the United States and other donor countries make a significant contribution. And our levels are discussed with the Egyptians. They are used to—

Mr. YATES. That is what I am trying to find out; who carries on the discussions with the Egyptians?

Mr. SHAKOW. We have in Egypt an AID mission that is responsible for the implementation of the economic assistance that we provide and there is an AID director who meets regularly with his counterparts in the Egyptian Government. Of course—

Mr. YATES. Does that determine the amount of economic assistance? Do the persons in Egypt determine the amount of assistance?

Mr. SHAKOW. They make recommendations; the ultimate decision, as Secretary Nimetz has said, is a decision that the President of the United States must make.

Mr. YATES. Then the program is developed by the AID mission?

Mr. SHAKOW. That is right.

Mr. YATES. And goes forward to the Department of State?

Mr. SHAKOW. And to AID, that is correct.

Mr. YATES. Goes forward to AID, Department of State, and ultimately to the President? And the confines of that economic assistance program are defined, therefore, by the assistance group in Egypt.

Mr. SHAKOW. Right. The decisions on the individual project and programs, once you have an overall level set by the President, are determined by negotiations between the United States Government and the Egyptian Government, represented in Cairo by our AID mission and by the Government of Egypt's planning authorities. But the individual components range over a large number of individual items. As opposed to, say, for the Israeli case where it is one—

Mr. YATES. Do we know, does anybody know?

I assume from what you say it is the AID mission that knows the extent of the Egyptian request for assistance. What I am trying to find out is what did Egypt ask for.

Mr. SHAKOW. I think we need to get that for you for the record as to what the annual request was recommended by the World Bank.

Mr. LONG. You will put that in the record.

[The information follows:]

#### LEVEL OF EXTERNAL ASSISTANCE REQUESTED BY EGYPT

At the most recent Consultative Group meeting for Egypt, which took place in December, 1979, the Egyptian Government presented a paper which identified their needs for new external assistance commitments between 1979 and 1984. The projected need for 1980 from all donors, including the U.S., was estimated to be \$2.245 billion and for 1981, \$2.500 billion.

Mr. YATES. I would like to see that before it goes into the record if it is going into the printed version of the record.

Mr. LONG. Send us a letter on it with a copy to Mr. Yates.

Mr. YATES. Thank you, Mr. Chairman.

Mr. LONG. All I can say is I have met your AID director over there and the first thing when I came back home was to suggest they find another AID director because I do not think he has the foggiest idea of what is needed to develop Egypt.

Mr. McHugh.

#### FMS DEFAULTS

Mr. McHUGH. Mr. Secretary, under our FMS program we do not incur any outlays unless there is a default on the loans. Have there been any defaults under the FMS program in the last few years?

Secretary NIMETZ. We would have to give you something for the record. My understanding is there have been no permanent defaults, there have been several reschedulings. Turkey, Zaire and Peru are three countries which we have rescheduled debt in an international consortium and part of the official debt to the United States was FMS. That was not a default; a rescheduling.

There are occasions when a country is delinquent for a short period of time. Perhaps Mr. Von Marbod could comment on this. My understanding is, we take out of the funds since we have to pay the bank a certain amount, but if they pay a week later that is reimbursed into the U.S. Treasury. So probably you are not interested in that type of delinquency that is rapidly made up.

Our experience has been overall the level of default is minimal but there have been some of these temporary delinquencies which are made up and those three countries that have rescheduled.

Mr. McHUGH. I would appreciate, Mr. Chairman, receiving a report for the record, as well as a copy for my office, of that history.

[The information follows:]

Disbursements from DOD (DSAA) Guaranty Reserve Account for Late  
 Payments on FMS Loans and Payments on Rescheduled FMS Loans  
 (Dollars in Thousands)

	Total Payments			Late Payments Outstanding as of 5/1/80
	Rescheduled	Late Payments	Total	
<u>FY 1977 &amp; Prior years</u>	-0-	-0-	-0-	-0-
<u>FY 1978</u>				
Zaire	10,491		10,491	-0-
Dominican Republic		295	295	-0-
Gabon		52	52	-0-
Jordan		1,765	1,765	0
Morocco		4,249	4,249	-0-
Nicaragua		779	779	-0-
Paraguay		58	58	-0-
Senegal		49	49	-0-
Turkey	<u>12,627</u>		<u>12,627</u>	-0-
Total FY 78	\$23,118	\$7,247	\$30,365	\$ -0-
<u>FY 1979</u>				
Bolivia		913	913	909
Colombia		2,245	2,245	
Dominican Republic		279	279	
Honduras		365	365	
Jordan		4,587	4,587	
Kenya		4,289	4,289	
Lebanon		952	952	
Morocco		16,233	16,233	2,936
Nicaragua		1,520	1,520	1,433
Paraguay		112	112	3
Peru	4,419	1,745	6,164	
Senegal		333	333	
Turkey	46,949	1,306	48,255	
Tunisia		832	832	
Total FY 79	\$51,368	\$35,711	\$87,079	\$5,281
<u>FY 1980</u>				
Bolivia		888	888	888
Egypt		9,593	9,593	-0-
Gabon		460	460	4
Jordan		8,948	8,948	-0-
Morocco		14,292	14,292	13,296
Nicaragua		724	724	724
Paraguay		5	5	5
Peru	4,417	627	5,044	
Sudan		38	38	
Turkey	<u>51,026</u>	<u>2,579</u>	<u>53,605</u>	<u>2,579</u>
Total FY 80 (thru 5/1/80)	\$55,443	\$38,154	\$93,597	\$17,496
<u>Grand Total</u>	<u>\$129,929</u>	<u>\$81,112</u>	<u>\$211,041</u>	<u>\$22,777</u>

Secretary NIMETZ. Let me say it is a very good record. One of the reasons it is a good record—

Mr. LONG. We keep giving them more money so they can pay us back.

Secretary NIMETZ. Well, no, I do not think that is totally fair because a new loan is only spent on equipment. It is not given to them in cash to pay back. But we do not disburse any new loans until people have cleared up their past disbursements and therefore, if they want to get the equipment, they have to pay their debts.

Mr. LONG. If the gentleman will yield for one more comment. I realize the following is a highly improbable notion. If the time ever comes when we stop giving aid to Egypt and some of these other countries, that will be the test of whether we ever get any money back.

Secretary NIMETZ. There are occasions of this.

Mr. LONG. I think you will find we will never get it back simply because in all history no country has ever been able to pay back a debt of the magnitude that a poor country like Egypt has in relation to its ability to pay.

Secretary NIMETZ. I certainly agree with you that the debt problem of some of the less-developed countries is going to be a long-term problem for us.

Mr. LONG. Forever, like forever.

I am sorry; excuse me.

Secretary NIMETZ. If I could just answer.

I do not think that is a reason to despair. We are the wealthiest country in the world. A lot of these friendly countries are going to need support for many, many years. We have been helping friendly countries for 30-odd years; in many cases it has led them to great economic success. Twenty years ago we were giving grant aid to Japan, grant aid to West Germany, grant aid to the UK, to France—

Mr. YATES. As recently as 20 years ago?

Secretary NIMETZ. I looked in the 1960 military aid program, just for my own interest, and was astonished at the countries. Then there are countries—

Mr. LONG. I hope you do not feel we are innocent enough to swallow the notion that because aid given to Western European countries and Japan and other highly-motivated peoples, that this indicates what we will be able to accomplish. When you are talking about the underdeveloped countries of the world, like Egypt and Latin America, is this true? Are you really trying to tell us this gives us a pretty good lesson of success?

Secretary NIMETZ. No.

Mr. LONG. Don't you think you ought to respect our intelligence a little bit?

Secretary NIMETZ. Well, Mr. Chairman, I think there are many countries in the world that have long-term prospects that are very good. You mentioned Korea, you mentioned Taiwan, you remember what Korea was like in the 1940's and it is a remarkable story.

There is no reason why many other countries cannot go that route. Many won't be able to easily. Many do not have the natural resources. But there is no reason why we cannot have other suc-

cesses in the future and why we should totally despair. It is going to be a very long-term process, water issues, energy issues will all play a role.

## EL SALVADOR

Mr. McHUGH. Mr. Secretary, what is your specific request for El Salvador for fiscal 1981?

Secretary NIMETZ. For El Salvador in fiscal 1981 we have \$5 million FMS request, and about a \$500,000—\$5 million FMS request and about \$500,000 IMET request.

Mr. McHUGH. What type of military equipment is anticipated under that program?

Secretary NIMETZ. It is transportation, as I recall, trucks, trailers, ambulances primarily, radios, communication equipment, some tear gas and gas masks, transportation charges.

Mr. McHUGH. That is the same kind of equipment, in other words, as we recently considered for reprogramming?

Secretary NIMETZ. That is right, that is right, sir.

Mr. McHUGH. As you know, we have been through a rather long hearing on that request and this was a very difficult issue for many members of the committee. Some of us who voted for the reprogramming did so with reservations and whether we continue to support even nonlethal military equipment for the government in El Salvador will depend upon what type of progress that government makes in terms of broadening its political base and bringing some of the government-sponsored repression under control.

Therefore, speaking for myself, and I have talked to Mr. Lehman about this, we would like to see the Administration come before the subcommittee before any of that military equipment is distributed or sold.

Secretary NIMETZ. Or contracts entered into?

Mr. McHUGH. Yes.

I would like to personally review that particular program again in fiscal 1981, even if the subcommittee and the Congress approves your request.

Secretary NIMETZ. I think it is a very fair request and I would be willing to commit now that we will come before you in a hearing, if you so wish at the time, to discuss what we plan to do with the fund.

One of our problems, we are dealing on a fiscal year basis in which the process starts very early. As you know, we are now working in our offices on the 1982 budget. You have to plan for even very minute numbers two and a half years in advance when things are changing on a day-to-day basis.

Mr. McHUGH. I understand that, and that is the reason—

Secretary NIMETZ. Given the situation in El Salvador and the concern of the subcommittee, we will certainly be glad to come before you and report to you at the appropriate time, beginning fiscal 1981 or whenever, to discuss this program.

Mr. McHUGH. Have we sent any equipment to El Salvador under the reprogramming?

Secretary NIMETZ. I do not believe anything has been sent yet.

## PHILIPPINES

Mr. McHUGH. One of the reasons that some of us voted for that reprogramming was on the basis of the Administration argument that some progress had been made, that reforms had been promulgated, and that we needed continuing political leverage on the junta to continue these reforms and broaden its base. In other words, it was an example, I think, of where military assistance had a political component.

That leads me to the Philippines. To the extent that military assistance to El Salvador gives us political leverage which we can use for progress within that country, it seems to me that the military assistance we provide to the Philippines is working against us.

I have discussed this with the Administration before. I have had conversations with Mr. Holbrooke. I understand we have an agreement with the Philippine Government. But it seems to me that as time goes on, and as we provide more and more military assistance and as the political situation continues to erode for Marcos, at least as I see it, the United States is going to have to pay the political price for that military assistance at such time as Marcos leaves office, either forcibly or otherwise. I am not sure you want to respond to that. But if you do, I would be happy to have your comment.

Secretary NIMETZ. I know you have had hearings on East Asia in particular. You know we have many, many reasons to have an interest in the Philippines, historical, the long-term relationship, our very sizable facilities there, the support they give us on many issues internationally, issues like refugees. When I was Acting Coordinator of Refugee Affairs after Ambassador Clark resigned, the Philippines was very helpful in setting up a refugee transit center. So there are many areas in which we work very close with the Philippines.

In the human rights area, we have expressed our concern about aspects of the situation there and they are aware of that. I cannot say that everything is perfect in that regard. In terms of our overall interest, we think the proposals we made, which are in keeping with the President's commitment to make those requests, are in our interest and serves United States interests in the Philippines.

Mr. McHUGH. I have one other question but if you want to comment, Mr. Long, please do.

Mr. LONG. Mr. Secretary, you talk as if the only way in which we can show our gratitude of acquiring leverage in a country for all kinds of humanitarian ends and so forth is by giving them weapons.

Secretary NIMETZ. No, sir, I do not believe that. I happen to be Under Secretary in charge of Security Assistance testifying on those programs.

Mr. LONG. That is the implication you are giving. Somehow this is the only way we can do it and this justifies it. There are many ways we could be showing our gratitude to the Philippines which would be far more constructive than to put more instruments into the hands of a notoriously corrupt and brutal regime.

Why aren't we exploring that type of means of acquiring leverage and showing gratitude? Again and again you talk about this for country after country. It was the same way with El Salvador. We did not have to give them weapons to show we wanted to help the El Salvador regime.

Mr. McHUGH. The answer in the Philippines is that Marcos wants weapons and, in order to maintain the "political" relationship, quote, unquote, we respond to that.

Mr. LONG. Which assumes that Marcos has somewhere else to go. I would be inclined to doubt that, wouldn't you?

Mr. McHUGH. Yes.

One last question, Mr. Chairman, if I may.

#### EL SALVADOR ASSISTANCE COMPONENTS

Going back to El Salvador, the staff has pointed out that the list of equipment and numbers which you recited is precisely the same as the reprogramming request in fiscal 1980. That leads me to ask again whether you are not confusing the reprogramming in 1980 with the fiscal 1981 request?

Secretary NIMETZ. While we were talking here, I did notice that and I did notice it was \$5.7 million which corresponds. In 1981 those items are there but there are other items like patrol boats, helicopters, jeeps, parachutes, aircraft engines. These are what we consider possibilities.

Mr. McHUGH. These are for fiscal 1981?

Secretary NIMETZ. 1981. We do not have a final program. These are types of items that have been listed, aircraft engines, shotguns, megaphones, trucks, radio.

Mr. McHUGH. Clearly the political implications of that type of equipment are more serious than what we talked about in the fiscal 1980 reprogramming. So speaking only for myself again, I would be much more cautious and my reservations would be much greater with respect to that equipment. It is very important, it seems to me, that we take another close look at that request, Mr. Chairman—

Mr. LONG. We certainly shall.

Mr. McHUGH. Especially given the political situation in that country.

Mr. YATES. Does this mean that you are easing into lethal weapons in your next program?

Secretary NIMETZ. As I said, these are items which we expect the government of El Salvador to request. The way FMS works, we say there are loans available to \$5 million. They come in and say, "We would like to purchase X." We then decide whether or not to approve X. The FMS is not a program; we have to approve the purchases. Therefore, we do not go out and deliver. We then have the ability to say "No, we are not going to sell you helicopters," or "We are not going to sell you shotguns or sell you X or Y."

Mr. YATES. What you are telling the committee now is that you may sell them that?

Secretary NIMETZ. No, sir; this is what they will request.

Congressman McHugh said he would like a hearing.

Mr. YATES. Would you yield for one more question on this, because this is very important in terms of my understanding. The representation was made with respect to the reprogramming there would be no lethal weapons going to El Salvador?

Secretary NIMETZ. That is correct.

Mr. YATES. You seem to be considering making other items available to the El Salvador government; you are talking about helicopters, you are talking about shotguns, you are talking about other weapons that could be designated as lethal weapons; isn't that correct?

Secretary NIMETZ. Yes, sir.

Mr. McHUGH. For fiscal 1981?

Mr. LONG. If the gentleman will yield, I think we are not without power to stipulate when we write up the bill that these things will not be included.

Mr. YATES. That is true. I wanted to understand the request. The request is different.

Mr. LONG. I think this committee ought to be very careful about how it writes that bill. We will be sure it restrains some of the seamier impulses of this Administration.

Secretary NIMETZ. May I make it clear, Mr. Chairman, that in the reprogramming these were items that we have made a determination we would like to deliver. In this list for 1981, this is our expectation of what they may request and does not in any way reflect our policy of what we would be inclined to sell them.

Mr. YATES. What would this committee be called upon to approve? Will you be coming back again and telling us?

Secretary NIMETZ. Congressman McHugh asked us to and I have committed to come before the committee.

Mr. YATES. Will we be doing this only with respect to El Salvador?

Mr. LONG. No, I want it also with respect to Egypt.

Mr. YATES. What other countries?

Mr. LONG. I think we ought to have greater details on all this weaponry to various countries. El Salvador is different. They claimed El Salvador was getting nonlethal weapons.

Mr. YATES. As he testified, I wonder what they are giving Nicaragua.

Mr. POWERS. Nothing.

Mr. LONG. No, we didn't have any military aid request for them.

Mr. McHUGH. Just so my intention is clear as to the procedure, if nothing changed in El Salvador between now and markup, I would be inclined to support the figure, which is all we pass upon normally in FMS. However, the understanding we have reached is that in fiscal 1981, assuming we approve the figure, that you would come before our committee again and let us review that once more before any equipment is sold to El Salvador, that is the understanding.

Mr. YATES. I do not know why we should not know this for every country.

Mr. LONG. Exactly. Of course, we are in the fiscal 1981 hearings right now. It is up to you to give us that information at the earliest possible date.

[The information follows:]

## EQUIPMENT TO BE PURCHASED BY EL SALVADOR WITH FISCAL YEAR 1981 FMS CREDIT

Based upon current information from the Government of El Salvador and our present assessment of its priority needs, we expect that El Salvador will request to purchase some or all of the following articles under the fiscal year 1981 FMS financing program: Patrol boats, Helicopters, Aircraft engines, Parachutes, Trucks, Jeeps, Megaphones, Radios.

Once we are into fiscal year 1981 and the time for signing an agreement approaches, we will be consulting with the Government of El Salvador on the specific types and quantities of equipment to be financed.

## SECURITY ASSISTANCE COUNTRY PROGRAMS

Mr. YATES. Not only with respect to El Salvador, I would be interested in knowing what we are selling or either proposing to give or sell to the other nations.

Mr. LONG. Very good.

Let the clerk develop the question in detail and we will ask him to respond.

[The information follows:]

The information requested is available in the Congressional Presentation Document (CPD) which has been provided to the Subcommittee.

## REPORTS

Secretary NIMETZ. I could respond in one way.

We certainly want to give the subcommittee all the information it feels necessary. There is under section 36(b) of the Arms Export Control Act a requirement that we submit to the Congress and the Foreign Relations Committee, military sales 30 days in advance of any sale of certain magnitude within certain limits.

Secondly, under the so-called Javits amendment we submit to the Congress an annual estimate of all expected major items of sale.

Mr. LONG. Are we included in that Congress?

Mr. VONMARBOD. Yes, sir. We do provide to this committee all section 36(b) notifications that are provided to the other committees, under the Arms Export Control Act. In addition, we distribute the annual report required under section 25(a) of the Act and, in the case of El Salvador and Honduras we have consulted with all committees.

Mr. LONG. We get all information given to any other committee, is that right?

Mr. VONMARBOD. Yes, sir, we do, and would be happy to—

Mr. LONG. Let's have a most favored nation treaty.

Secretary NIMETZ. I would note that as I said before when these amounts are finally authorized and appropriated, it is a matter for the country to come in and say we would like to buy some helicopters and sometimes it takes a year, two years, even three years before they actually find something they want to buy. So it is not a matter of at the beginning of the fiscal year that we have a program of sales.

Mr. LONG. Mr. Lehman.

## HAITIAN REFUGEES

Mr. LEHMAN. Thank you, Mr. Chairman.

A big issue in our part of South Florida is the influx of Haitian refugees. I know that \$499,000 in military assistance to Haiti, is more symbolic than real, but at the present time refugees are coming in from Haiti, and under a court order they cannot be deported until the court determines whether they are political refugees and should be granted amnesty. They are being resettled in Miami. They are coming in at the rate of approximately a thousand a week. That is about as good an estimate as I can give you.

Mr. LONG. What has been the total number so far?

Mr. LEHMAN. About 50,000. It has been a great impact on our area. The problem in my mind is that this is going to be resolved legally in the very near future, and it is probably going to be resolved by saying that those who have arrived should be granted amnesty. The only way they can be granted amnesty is because they are political refugees.

Bearing that in mind, if this country, through the courts and the administration, decides that these are political refugees now and in the future, on what basis can we justify military assistance to Haiti?

Secretary NIMETZ. It is a very important issue.

Mr. LONG. Very important question.

Secretary NIMETZ. The problem of the Haitian boat people is a very, very difficult one. I worked on it when I was Coordinator of Refugee Affairs and know the pressures. The assistance program to Haiti consists of a \$300,000 FMS program and a \$199,000 IMET program; which I think trains a small number of people. It is designed to help their Coast Guard assure navigational safety.

Mr. LEHMAN. I have looked into that. I think about all the boats—they have a Coast Guard for navigation safety, but probably half of the boats have not even gotten to the States.

Mr. YATES. That is what this program is designed to do, make sure the boats get here.

Mr. LONG. I have read the story that they have mother ships which have a lot of small boats on them.

Mr. LEHMAN. We are laughing now but it is a pathetic situation. It is pathetic for the people who are coming, and also for the people who have to deal with them when they get here.

Secretary NIMETZ. It is a very difficult issue and it is one that I think will be with us for a long time, not only from Haiti but from other countries. It is a population problem, a developmental problem.

Mr. LEHMAN. We are in a catch 22 situation. If Haitians are economic refugees they cannot stay here but Haiti is entitled to military aid. If they are political refugees they are entitled to stay here, and Haiti is not entitled to military aid. Now you can't have it both ways.

Mr. LONG. Why are we giving help to a country which is dumping people on our shores, making it intolerable for people to live there so that we have to accept their people as refugees?

Secretary NIMETZ. Haiti is just about the poorest country in the Western Hemisphere, overpopulated, no economic base. This results in the movement of people.

Mr. LONG. You think that had not occurred to this Committee before?

Secretary NIMETZ. I know that, sir. I am explaining this is the reason why people are leaving Haiti.

Mr. LONG. You do not think it is because they have a tyrannical, corrupt, murderous regime and have had for a great long time; you do not think that has anything to do with it?

Secretary NIMETZ. I have no doubt that the political form of government there has a significant amount to do with the situation. But the situation of Haiti is an economically, socially, and politically very, very difficult one.

Mr. LONG. We were not arguing that. I do not think that was the question that anyone put to you, whether it was difficult or not. We were wondering why we were obliged to accept political refugees from a country which we are aiding on the assumption that we are approving of the regime.

Secretary NIMETZ. It is the position of the government, sir, that these are not political refugees and therefore not entitled to stay in this country under the political asylum laws.

Mr. LONG. So the government is moving to deport them?

Secretary NIMETZ. That is correct. The question is now in litigation.

Mr. LONG. Would you give us a report on just exactly what the government is proposing to do?

Secretary NIMETZ. Yes.

[The information follows:]

In examining the Haitian refugee situation, it is important to keep in mind the principle that the existence of human rights problems in the country of origin does not necessarily make any given applicant's asylum claim a valid one. The applicant must show that he or she is likely to be singled out for persecution upon return. Denial of an asylum claim does not necessarily mean endorsement of a country's human rights performance.

It is an accepted principle of international law that the burden of establishing a claim for asylum rests with the applicant. We will continue to carefully evaluate those asylum requests and as part of our review will continue to have the office of the U.N. High Commissioner for Refugees (UNHCR) consider those cases. Since the UNHCR began its review in 1977, our final determination in every case has been in complete agreement with the UNHCR.

The President announced on May 14 that Cubans and Haitians who seek asylum will be treated equitably and will have their asylum requests considered on their individual merits. Those that can establish a well-founded fear of being persecuted upon return to their home country and who have not been firmly resettled or have not received an offer of resettlement in another country will, of course, be allowed to remain here, as the law requires. However, the President pointed out in his May 14 statement that those who cannot establish their bona fides as political refugees and are otherwise ineligible to remain in the United States under the Immigration and Nationality Act, as amended, have no legal right to stay. Discussions with Congress are underway and we expect to announce the Administration's proposals on this subject within the next few weeks. Our laws never contemplated and do not provide adequately for people coming to our shores in the manner the Cubans and Haitians have. We will work closely with the Congress to formulate a long-term solution to this problem and to determine the legal status of these "boat people" after the current emergency situation is controlled.

Mr. LEHMAN. We do not know what the government is going to decide to do between now and the 18th of May, or whenever the decision will be made with regard to the status of these refugees. We are talking about only half a million Haitians here. But if the government and the courts decide—and they could well—that these

are political refugees, then I would have no choice in this subcommittee but to move that this money allocated for foreign military sales be either eliminated or reprogrammed for economic assistance. And I hope I would get the support of my colleagues on this committee.

Mr. LONG. You will certainly get mine.

#### SINAI REDEPLOYMENT

Mr. LEHMAN. The second thing I was curious about is the \$200 million that you are requesting for extra assistance to Israel, for the redeployment from the Sinai to the Negev.

Is this money going to be used for the new bases at Ramon and Avda; is that where it is?

Secretary NIMETZ. That is the major element of the redeployment. That is to move the air bases from the Sinai to the two new bases that the United States is constructing there, but it is not only that. When you redeploy all your forces from a defensive position based on depth, on a great desert, deploying it back to your home country with much more limited space, you need new types of defensive capability, and therefore the cost to Israel for the total redeployment from the Sinai, both air and otherwise, is more significant than they thought.

It was our belief, in order to help Israel and further the peace process, that an additional \$200 million for this whole effort was worthwhile.

Mr. LEHMAN. Apparently most of the \$200 million will be going into the various refueling, rearming, and electronic warning systems that will be put into these two new bases. If you were not going to move the boundary line 15 miles, you would not have to spend any of it. But that would be politically difficult to avoid, I assume.

Secretary NIMETZ. The line is the old line.

Mr. LEHMAN. I have no other questions.

Mr. Chairman, I was just pointing out the fact that we are spending all this money to replicate bases only a few miles from the original sites. With all the needs in the hungry world, it seems to me there could be a better way to spend \$200 million right now. Israel had bases in the Sinai that were equal to or better than any in the free world, just 15 miles away from where they are now building new ones.

Mr. LONG. We won't replicate them. The bases that they are planning to replace them with won't go nearly as good.

Mr. LEHMAN. Apparently the quality control is something that we are going to have to question. I have no other questions.

#### EGYPTIAN DEFENSE NEEDS

Mr. LONG. Thank you very much.

Coming back to Egypt. You are going to be hearing quite a lot more about Egypt. You say that Egypt has certain legitimate defense needs which in its view justify a \$4 billion military assistance program from the United States over the next four years.

I want to confirm that sum of money, the plans on that.

Secretary NIMETZ. As you know, we have asked for \$550 million for fiscal 1981. We have talked about \$800 million as a planning target for fiscal 1982. We have made no commitments beyond that.

Mr. LONG. I would like to know exactly. I think you ought to put in the record precisely and exactly what our commitments are.

Secretary NIMETZ. That is the extent.

Mr. LONG. What sums of money, what are the commitments, what are the possibilities, and so on, so we have it from the two extremes: one, what might happen, what we think might happen, what we are entertaining and, two, what we have committed ourselves to.

Secretary NIMETZ. To be quite clear on commitments, we don't make commitments as a government without a treaty or the approval of Congress.

Mr. LONG. I understand. We want to know what is down the road, on the horizon, what you are thinking of, because that could be even more than your commitments,—

Secretary NIMETZ. I will give you a statement.

[The information follows:]

#### EXTENT OF U.S. COMMITMENT OF MILITARY SUPPORT FOR EGYPT

Our firm understanding with Egypt is that we will seek \$550 million in FMS credit financing as part of the fiscal year 1981 budget proposal. While we have also settled on a \$800 million planning figure for fiscal year 1982, this does not constitute a commitment; it and later-year levels will be subject to the same annual review by the Congress as our other military assistance programs. The long lead times for orders and deliveries of key items of equipment require that we and the Egyptians join in a planning process which looks beyond fiscal year 1981.

Regarding major equipment choices that Egypt might make under these assistance levels, we can only speak with precision in those instances where Letters of Offer and Acceptance (LOAs) have been signed. Under the Peace Package funding in 1979, Egypt has contracted to purchase 35 F-4 aircraft, 800 M113 armored personnel carriers (APCs) and 11 Improved Hawk Anti-Aircraft Missile (I-Hawk) batteries. With reference to the utilization of proposed fiscal year 1981 financing, and working with the planning figure for fiscal year 1982, notifications have been submitted to the Congress or will be shortly for all major items: 244 M-60 tanks, 40 F-16 aircraft, 550 APCs, and one additional I-Hawk battery. Only the tank LOA has been signed; the others are not final and adjustments could be made. Egypt is trying to use available assistance in a balanced way, seeking limited amounts of assistance for its air, land, and air defense forces—and is, in fact, unable to plan to meet any of its substantial naval requirements for the present, given the limits on funding available. Any increase in one program, aircraft for example, can only be made at the expense of other programs.

Assuming this current planning remains generally unchanged, Egypt will receive delivery of two squadrons of F-4s; two squadrons of F-16s (deliveries beginning in 1982 and to be completed in 1984); one division of M-60 tanks; and M-113 APCs for three to four mechanized or armored divisions. These are modest figures, all the more so as they constitute replacements for, not additions to, existing equipment.

Mr. LONG. [continuing]. Over the next few years, including the purchase of large quantities of M-60 tanks, M-113 armored personnel carriers, F-4, F-16 and even F-15 fighter aircraft.

Can you tell us which countries are currently threatening Egypt?

#### LIBYAN MILITARY CAPABILITIES

Secretary NIMETZ. Well, the most significant threat to Egypt right now, obviously, is what is going on in Libya, the Libyan threat with a tremendous amount of Soviet arms going to Libya.

But I should say that it is not only a Libyan threat, it is—Egypt is located in one of the most unstable areas of the world.

Mr. LONG. Wait a minute, wait a minute.

You have said Libya is the most serious or one of the most serious; Libya has an army of 30,000. What is the Egyptian army? Secretary NIMETZ. I do not have the exact number of that.

Mr. LONG. Approximately, in the ball park.

Mr. VON MARBOD. In excess of that.

Mr. LONG. Tell us what it is. Don't say "in excess." Of course I know it is in excess of that. Tell us what it is.

Mr. VON MARBOD. Total force structure of Egypt is probably close to a million men. But I would like—

Mr. LONG. You certainly do speak in restrained tones, saying "in excess of 30,000," and it turns out to be a million.

Mr. VON MARBOD. Mr. Chairman, I would like to say concerning the equipage in Libya, I do not think it is a fair analysis to compare manpower with manpower. There is a stockpile of Soviet equipment in Libya. We have seen the activities of the Soviets, the Cubans, and the East Europeans throughout the African continent, and 2,500 tanks in Libya, to me, suggests something more than the needs of the Libyan forces for valid self-defense.

Mr. LONG. Do you have any evidence or indications that Libya is considering mounting an attack on Egypt?

Mr. VON MARBOD. That Libya is?

Mr. LONG. Yes.

Mr. VON MARBOD. I don't—I think that Libya is an arsenal of weapons for others. In addition to their own interests in the region—and these are well-known publicly—they have over 2,500 Soviet tanks.

Mr. LONG. How many of them are in operating condition?

Mr. VON MARBOD. They probably all are, Mr. Chairman. They also have Mig-23 and Mig-25 aircraft.

Mr. LONG. I understand they have an air force of 178 aircraft.

Mr. VON MARBOD. They do.

Mr. LONG. How many does Egypt have?

Mr. VON MARBOD. Mr. Chairman, we have provided to Egypt to date 35 F-4 aircraft.

#### EGYPTIAN MILITARY CAPABILITIES

Mr. LONG. How many aircraft does Egypt have compared to the 178 which Libya has?

Mr. VON MARBOD. They have in excess of that. I can't give you—

Mr. LONG. Is this another one of these deals where you are saying "in excess of 30,000" turns out to be a million?

Mr. VON MARBOD. Mr. Chairman, the technology, state of readiness, and obsolescence of the Egyptian equipment is a matter of record. Their air force is not an effective air force.

Mr. LONG. I hear the Libyan air force, many of them are in storage for lack of pilots or support personnel.

Secretary NIMETZ. That is one of the concerns that it is not—

Mr. LONG. We are talking about Libya.

Secretary NIMETZ. I know. One of our concerns is Libya does not need an air force of this size. Yet, having all this very, very expensive, modern aircraft, it is obviously their——

Mr. LONG. What is the air force in Egypt?

Mr. VON MARBOD. It is an obsolete air force.

Mr. LONG. What is it? Tell us the number of planes.

Mr. VON MARBOD. I can't give you the exact count because it would not be meaningful, given the state of readiness of those aircraft, the absence of spare parts and the obsolescence of the aircraft, type, and model.

Mr. LONG. We are not going to let you off the hook on that. You are going to give us the figures on each item of equipment which Libya has——

Mr. VON MARBOD. Well, the comparison is dramatic in terms of technology.

Mr. LONG. Does the Institute for Strategic Studies in London give the various types of equipments, military readiness of countries like Libya?

Mr. VON MARBOD. If they do we will be happy to provide it.

Mr. LONG. I want to see that in the record.

I have a little more confidence in them because they are outside the American industrial-military complex and I have always felt they had less of an ax to grind.

[The information follows:]

The Military Balance 1979-1980 Published by the  
International Institute for Strategic Studies

## EGYPT

Population: 40,460,000.  
Military service: 3 years.  
Total armed forces: 395,000.  
Estimated GNP 1977: \$18.1 bn.  
Defence expenditure 1979-80: £E 1.5 bn  
(\$2.17 bn).  
\$1 = £E 0.692 (1979), £E 0.394 (1977).

-Army: 350,000, incl Air Defence Command.  
2 armd divs (each with 1 armd, 2 mech bdes).  
3 mech inf divs.  
5 inf divs (each with 2 inf bdes).  
2 Republican Guard Brigades (div).  
3 indep armd bdes.  
8 indep inf bdes.  
2 airmobile bdes.  
1 para bde.  
6 cdo gps.  
6 arty, 2 hy mor bdes.  
2 ATGW bdes.  
2 SSM regts (up to 24 *Scud*).  
850 T-54/-55, 750 T-62 med, 80 PT-76 lt tks; 300  
BRDM-1/-2 scout cars; 200 BMP-76PB micv,  
2,500 OT-62/-64, BTR-40/-50/-60/-152, *Walid*  
APC; 1,300 76mm, 100mm, 122mm, 130mm,  
152mm and 180mm guns/how; about 200  
SU-100 and ISU-152 sp guns; 300 120mm,  
160mm, 240mm mor; 300 122mm, 132mm,  
140mm, 240mm RL; 30 *FROG-4/-7*, 24 *Scud B*,  
*Samlet* ssm; 900 57mm, 85mm and 100mm ATK  
guns; 900 82mm, 107mm RCL; 1,000 *Sagger*,  
*Snapper*, *Swatter*, *Milan*, *Beeswing* ATGW; 350  
ZSU-23-4, ZSU-57-2 sp AA guns; 20 *Crotale*,  
*SA-7/-9 SAM*.†  
(On order: *Swingfire* ATGW.)

DEPLOYMENT: *Oman*: 200. *Sudan*: 2 armd, 3 inf bdes  
(50,000).

AIR DEFENCE COMMAND (78,000): 360 SA-2, 200  
SA-3, 75 SA-6 SAM; 2,500 20mm, 23mm, 37mm,  
40mm, 57mm, 85mm and 100mm AA guns;  
missile radars incl *Fan Song*, *Low Blow*, *Flat Face*,  
*Straight Flush* and *Long Track*; gun radars *Fire*  
*Can*, *Fire Wheel* and *Whiff*; ew radars *Knife Rest*  
and *Spoon Rest*.†

RESERVES: about 500,000.

Navy: 20,000.

12 ex-Sov submarines (6 W-, 6 R-class).  
5 destroyers (4 ex-Sov *Skory*, 1 ex-Br Z-class).  
3 ex-Br frigates (1 *Black Swan*, 1 *Hunt*, 1 *River*  
sub spt ship).  
12 ex-Sov SO1 large patrol craft.  
16 FAC(M); 10 ex-Sov with *Styx* ssm (6 *Osa-I*, 4  
*Komar*), 6 *October 6C* with *Otomat* ssm.  
26 ex-Sov FAC(T) (2 *Shershen*, 20 P-6C, 4 P-4C).  
4 ex-Sov *Shershen* FAC(G).  
10 ex-Sov ocean (6 T-43, 4 *Yurka*), 4 inshore (2  
T-301, 2 K-8) minesweepers.  
3 SRN-6 hovercraft.  
4 ex-Sov LCT (3 *Polnocny*, 1 MP4).  
14 ex-Sov LCU (10 *Vydra*, 4 SMB1).

6 *Sea King* ASW hel.

(On order: 6 *Vosper Ramadan FAC(M)*, 3 SRN-6 hovercraft, *Otomat SSM*.)

Bases: Alexandria, Port Said, Mersa Matruh, Port Suez, Hurghada, Safaqa.

RESERVES: about 15,000.

Air Force: 25,000; about 563 combat aircraft.\*

1 bbr regt with 23 Tu-16 (some with AS-5 ASM).

4 FB regts: 2 with 100 MiG-21/PFM/F, 1 with 90, MiG-17F, 1 with 46 *Mirage IIIEE/DE*.

4 FGA/strike regts: 3 with 120 Su-7BMK, 1 with 46 Su-20.

3 interceptor regts with 103 MiG-21MF/U, 1 sqn with 24 MiG-23S, 6 MiG-23U.

2 EC-130H, Il-14 ELINT ac.

Tpts incl 5 C-130, 26 Il-14, 16 An-12, 1 *Falcon*, 1 Boeing 707, 1 Boeing 737.

Hel incl 20 Mi-4, 32 Mi-6, 55 Mi-8, 28 *Commando*, 6 *Sea King*, 54 *Gazelle*.

Trainers incl 50 MiG-15UTI, 100 L-29, 40 *Gomhouria*.

AA-2 *Atoll*, R.530 AAM, AS-1 *Kennel*, AS-5 *Kelt* ASM.

(On order: 42 F-5E, 8 F-5F, 35 F-4E, 14 *Mirage 5*, 60 MiG-19/F-6 fighters, 164 *AlphaJet* trainers, 12 C-130H tpts, 50 *Lynx*, 20 *Gazelle* hel, *Sidewinder* AAM.)

*Para-Military Forces*: about 50,000; National Guard 6,000, Frontier Corps 6,000, Defence and Security 30,000, Coast Guard 7,000.

† There is a shortage of spares for Soviet equipment and many ac are grounded.

## LIBYA

Population: 2,870,000.  
 Military service: conscription.  
 Total armed forces: 42,000.  
 Estimated GNP 1978: \$19.0 bn.  
 Defence expenditure 1978: 130 m Libyan dinars (\$448 m).  
 \$1 = 0.296 dinars (1979), 0.290 dinars (1978).

Army: 35,000.  
 1 arm'd bde.  
 2 mech inf bdes.  
 1 National Guard bde.  
 1 special forces bde.  
 2 arty, 2 AA arty bns.  
 2,000 T-54/-55/-62 med tks; 100 *Saladin*, Panhard, 200 EE-9 *Cascavel* arm'd cars; 140 *Ferret* scout cars; 200 BMP m'cv, 400 BTR-40/-50/-60, 140 OT-62/-64, 70 *Saracen*, 100 M-113A1 APC; 75 M-101 105mm, 80 130mm how; 40 M-109 155mm sp how; 106mm RCL; 300 *Vigilant*, SS-11, *Sagger* ATGW; 25 *Scud-B* ssm; 180 23mm, L40/70, 57mm, ZSU-23-4 sp AA guns; SA-7 SAM; 6 AB-47, 5 AB-206, 4 *Alouette III*, 14 CH-47C hel; some Cessna O-1 lt ac.  
 (On order: 200 *Lion* med tks, 400 *Cascavel* arm'd cars and *Urutu* APC.)

Navy: 3,000.  
 3 ex-Sov F-class submarines.  
 1 Vosper Mk 7 frigate with *Seacat* SAM.  
 1 Vosper corvette.  
 7 FAC(M) (6 ex-Sov *Osa-II* with *Styx* ssm, 1 *Susa* with SS-12 ssm).  
 4 *Garian*, 6 Thornycroft large patrol craft.  
 1 coastal patrol craft.  
 2 PS700 LST, 1 ex-Sov *Polnocny* LCT.  
 1 LSD type log spt ship.  
 (On order: 3 F-class subs, 4 corvettes with *Otomat* ssm, 10 *La Combattante II* FAC(M), *Otomat* ssm.)

Bases: Tripoli, Benghazi, Darna, Tobruk, Buraygah.

Air Force: 4,000; some 201 combat aircraft. †  
 2 bbr sqns with 24 Tu-22 *Blinder A*.  
 2 interceptor sqns (1 ocu) with 24 MiG-23 *Flogger E*, some *Mirage F-1ED*.  
 4 FGA sqns and ocu with 90 *Mirage 5D/DE*, 10 SDR, 10 SDD, some *Mirage F-1AD*.  
 1 recce sqn with 5 MiG-25C/U (Soviet crews).  
 2 COIN sqns with 38 *Galeb*.  
 2 tpt sqns with 7 C-130H, 1 Boeing 707, 9 C-47, 2 *Falcon*, 2 *Jetstar*.  
 Trainers incl Tu-22 *Blinder C*, 6 *Mirage F-1BD*, 2 *Mystère 20*, 5 MiG-23U, 12 *Magister*, *Falcon ST2*, 100 SF-260S.  
 4 hel sqns with 10 *Alouette III*, 6 AB-47, 1 AB-212, 8 *Super Frelon*, 6 CH-47C, 12 Mi-8, Mi-24.  
 AA-2 *Atoll*, R.550 *Magic* AAM.  
 3 SAM regts with 60 *Crotale* and 9 btys with 60 SA-2, SA-3 and SA-6 SAM.  
 (On order: 32 *Mirage F-1AD/ED* fighters, 20 G-222 tpts, 160 SF-260 trainers, 1 AB-212, *Gazelle*, 1 AS-61A hel.)

† Some may be in storage. Soviet, North Korean, Pakistani and Palestinian pilots fly Libyan aircraft.

Mr. VON MARBOD. We are not overarming Egypt, Mr. Chairman.

Mr. LONG. We are certainly not overendowing them with economic development, either.

Mr. VON MARBOD. That is a problem we are working on.

Mr. LONG. Can you give us very detailed information on the operational status of each of Egypt's major weapon systems, including its MIG-21s, MIG-23s, T-54, 55 tanks, T-62 tanks, and its air defense surface-to-air missiles?

Mr. VON MARBOD. Mr. Chairman, if we can go to closed session, we would be happy to provide you that information.

Secretary NIMETZ. Mr. Chairman, may I make a second point? We talked about Libya.

Mr. LONG. Classified from the American people, right, so the American people don't get access to it?

Mr. VON MARBOD. No, that is not the case.

Mr. LONG. You think the Russians don't know all about it?

Secretary NIMETZ. We have a relationship with Egypt, sir, that requires us to keep confidential information confidential.

Mr. LONG. What gets me is we provide stacks of information from our defense committees, justifications. We must give them a library, the finest library of information on our defense status in the world. We are awfully chary about saying what Egypt's defense position is. All of a sudden that becomes classified.

Mr. VON MARBOD. Mr. Chairman, as I indicated earlier, we have delivered 35 F-4 aircraft to Egypt that were constructed in the 1950s and 1960s. We take into consideration the needs of Israel and the balance of the region.

Let me assure you that the forces of Israel are quite up to any combination of threats or potential threats in the area.

Mr. LONG. I have—

Mr. VON MARBOD. We don't do this irresponsibly or without the balance in mind.

#### ISRAEL

Mr. LONG. Excuse me. I know that is true. I also know Israel has practically made no economic progress since the Yom Kippur war because of the tremendous strain on her economic establishment—

Mr. VON MARBOD. Yes.

Mr. LONG. [continuing]. Presented by the threat of Egypt. And they have 140 percent annual inflation rate and 120 percent interest rates. They make us look like the most stable economy there is, all because of the fact that we are out there supplying both sides in a competitive arms race. We are going to have to keep on giving Israel vast quantities of weaponry, keeping them strained so that they can hardly hold their head above water so long as we make it look as if Egypt can mount a real force. And you can come along and say, "we have to give all this stuff to Egypt to protect itself"—

Mr. VON MARBOD. It has a qualitative and quantitative advantage.

Mr. LONG. Achieved at terrible cost. Doesn't that appeal to you at all?

Mr. VON MARBOD. Yes, sir, it does.

Mr. LONG. At the cost of any problem.

Secretary NIMETZ. Yes, sir, that is one of the reasons we devote so much effort to the peace process and why we are—

Mr. LONG. You are getting the peace without the advantages of peace? How can you get any advantages of peace when we keep the country, forcing it to arm to the teeth, they have not ever yet been able to relax in their military posture and I don't blame them for it.

Mr. VON MARBOD. The record of the accomplishments of a year ago in March, this Administration in securing peace, is to be commended, Mr. Chairman, and I think further progress can be expected.

Mr. LONG. I think Israel has been amazingly restrained in the acceptance of the program that we have given them. What we have set up is a peace in which Israel has given up valuable bases and valuable oil fields. They are not getting, so far as I can see, anything real substantial in return, including no relief from the military threat. Here we propose to give anywhere up to \$4 to \$6 billion of weaponry in the years to come. You think Israel can ignore that? Israel does not have then to keep straining its economy.

Mr. VON MARBOD. Mr. Chairman, President Sadat and Egypt's contributions to peace are well-known and should be applauded. As you know, they did that at a great sacrifice, having been cut off economically by many Arab states after the Baghdad Pact meetings.

Mr. LONG. What was the sacrifice, where is the sacrifice? They have the oil fields, they have gotten all their territory back, they have gotten two of the most beautiful military bases anywhere in the world. Our own military people told me as I went through Etzion that these are better than anything in the United States military force inventory. That is the sacrifice Egypt got out of it.

I cannot see what Israel got out of it, except the hope they would get some release from tension. Furthermore, you have concerned Israel. I hear privately they worry. They are nervous as the dickens about it. Publicly they don't say a word because they are afraid we might cut them off completely.

I do not think this Administration turned out to be any great friend of Israel. As a matter of fact, they are no great friend of the Egyptian people for that matter, because if there is one thing the Egyptian people need it is economic development.

Mr. VON MARBOD. We agree with that, Mr. Chairman.

#### EGYPTIAN SPARE PARTS

Mr. LONG. If you agree with it, do something about it, okay? Is the Egyptian military seeking spare parts for its Soviet-made equipment?

Mr. VON MARBOD. Not from the Soviet Union.

Mr. LONG. From any Eastern European country or China?

Mr. VON MARBOD. There are some cooperative agreements between China and Egypt which I am not at liberty to present in open session.

Mr. LONG. Present them to us in classified session.

Mr. VON MARBOD. We will.

Secretary NIMETZ. I think it is fair to say, Mr. Chairman—

Mr. LONG. Present to us, send us a classified memorandum. I want to know what they are getting.

Secretary NIMETZ. The Egyptians are trying to extend the useful life of their existing inventory.

Mr. LONG. Are they getting anything from the Eastern European countries aside from Russia?

Mr. VON MARBOD. I think it would be helpful if we supply a note.

Mr. LONG. I take that as an implication, an implied answer that they are, which indicates that their stuff is not falling as much in disrepair.

Mr. VON MARBOD. It is obsolescent and they are unable to prolong its useful life.

Mr. LONG. Our own stuff is getting obsolescent. I read every day in the papers about our ships that cannot be put to sea. Yet here we are worried about the Egyptians,

#### THREAT TO EGYPT

Secretary NIMETZ. Mr. Chairman, the long-term threat to Egypt is not only from Libya; the situation in Ethiopia is a very serious one from the Egyptian point of view. They are a Red Sea nation—

Mr. LONG. Are we very frightened of Mexico?

Secretary NIMETZ. No, sir.

Mr. LONG. Well, I have no doubt you could cook up a military threat in Mexico if you had to real quicky. If you can do that from a country like Ethiopia, which must be one of the most backward, inadequate countries on the face of the earth, then you certainly can do it from Mexico or Canada.

Secretary NIMETZ. It is a country in which there are a large number of Cuban forces, Soviet advisers with hundreds of millions, if not billions, of dollars worth of Soviet equipment poured into the country, and a country like Egypt has to be concerned over the next decade over a situation in which they must live with Libya, Ethiopia, South Yemen, Soviet naval forces, Cubans, and others in a very, very unstable part of the world. They use weapons we are talking about now—

Mr. LONG. What is the population of Cuba?

Mr. VON MARBOD. I do not know, Mr. Chairman.

Mr. LONG. It is about the size of a medium-sized American state, right? Yet we seem to be terrified of Cuba all over Central America. We are worrying about her all over Africa, and now we are worried about her invading Egypt.

Secretary NIMETZ. We are talking about an Egyptian perspective of long-term instability in the region in which the leadership of Egypt has a responsibility to have an armed force. Now the armed forces they envision for the next decade will be smaller than—

Mr. LONG. Is this the way it really is or is it because Sadat feels that he has to appease his military in order to keep in power. We are going along with it; is that what it really is? Or are we renting military bases from them? Why don't we be honest about it?

Secretary NIMETZ. Mr. Chairman, we are trying to be honest about it. There is obviously always a political element in every military decision. In countries around the world, military forces play a political role. There is no way any Egyptian government cannot have an armed force and not have equipment over the next decade.

The equipment we are talking about now will be delivered over the next four or five years for an Egyptian army that will be outfitted in the late 1980s.

Mr. LONG. Has Egypt purchased or is it planning to purchase any military equipment from our European allies?

Secretary NIMETZ. I do not know of any significant purchase planned.

Mr. VON MARBOD. They do buy some spare parts from France for the Mirage.

Mr. LONG. They are buying some?

Mr. VON MARBOD. Some modest amount.

Mr. LONG. Give the figures and we will decide whether they are modest or not. Let us decide that.

[The information follows:]

#### EGYPT—MILITARY PURCHASES FROM EUROPE

In the past, Egypt purchased military equipment from several of our European allies. Those acquisitions were made possible with financial assistance provided to Egypt by some of the wealthier Arab states. Following the signing of the Egyptian-Israeli Peace Treaty, however, this source of financing was cut off. While existing contracts are being fulfilled—with some European-origin military equipment still arriving in Egypt—other plans not yet consummated have been cancelled, and there are no prospects that such financial support will be resumed in the immediate future.

The European allies, for their part, have shown little inclination—either before or after the Peace Treaty—to provide much in the way of direct credit assistance. Their sales have been primarily on a cash basis. The result is that additional military purchases by Egypt from European sources do not appear likely in the near term.

Mr. LONG. Has the refurbishing of Egypt's 200 Mig-21's been completed?

Mr. VON MARBOD. It has not been initiated. The program has been abandoned.

Mr. LONG. Two years ago the U.S. agreed to help overhaul with several European countries the engines of Egypt's Mig-21's. Has that been completed?

Mr. VON MARBOD. The condition of the aircraft was such that it exceeded financial resources available to Egypt and we were unable to assist further. They are cannibalizing aircraft to extend the life of some of their aircraft.

#### NEW FMS PROGRAMS

Mr. LONG. You mentioned the following countries will receive FMS credits for the first time in fiscal 1981: Egypt, Gabon, Mali, Rwanda, Senegal, Barbados, El Salvador, Honduras, and Nicaragua. Is that accurate?

Secretary NIMETZ. I think that is right. This is in our regular program. Egypt was a recipient under the special peace program,

but under our regular annual submissions it is the first time Egypt has appeared on that list.

Mr. LONG. Egypt got a billion dollars last year?

Mr. VON MARBOD. \$1.5 billion.

Mr. LONG. In FMS credits, \$1.5 billion?

Mr. VON MARBOD. Yes, sir. And that covered, Mr. Chairman, F-4 aircraft, some improved Hawk air defense missile systems, and some armored personnel carriers.

Mr. LONG. \$1.5 billion.

Mr. VON MARBOD. Which, as you know, is a loan and current interest rates—

Mr. LONG. Excuse me. That is a loan assuming that Egypt will ever be able to pay us back. I am just wondering whether you would lend your own money to Egypt.

Mr. VON MARBOD. I have faith in the Egyptian people.

Mr. LONG. As long as the United States keeps giving them the money to pay you back.

Mr. VON MARBOD. The current interest rates, Mr. Chairman, are 12.6 percent and it is a great burden.

Mr. LONG. Are there special terms for Egypt?

Mr. VON MARBOD. There are no special terms for Egypt.

Mr. LONG. None.

Mr. VON MARBOD. Other than a moratorium on principal payments for the first period but concessionary interest rates are not being provided. They will bear the full burden of the interest rate charged by the Federal financing bank. The only concession made was a moratorium on principal payment.

Mr. LONG. How is that money paid back, in what currency?

Mr. VON MARBOD. United States dollars.

Mr. LONG. In United States dollars. But United States dollars that can be bought on the world market, as they go down in value, right?

Secretary NIMETZ. They are going down in value; they also go up in value.

Mr. LONG. There are some days that they do, but do you really think the United States dollar has been going up in value?

Secretary NIMETZ. You have to compare it to the Egyptian currency, not to the German or Swiss currency.

Mr. LONG. That makes it more burdensome for Egypt, I grant you. But I do not see that it does very much for the United States when we get dollars back three or four years from now that are worthless in terms of world purchasing power.

Mr. VON MARBOD. The interest rates we hope will compensate for any erosion.

Mr. LONG. 12 percent interest rate?

Mr. VON MARBOD. 12.6.

Mr. LONG. 12.6. You tell me that at a time when our interest rates, inflation rate is around 18, 20 percent.

Secretary NIMETZ. This is true of every loan program.

Mr. LONG. That is a negative interest rate of about 8 percent, isn't it?

Mr. VON MARBOD. By your arithmetic it would be a difference, yes, sir.

Mr. LONG. Well now, if prices are going up, the value of the dollar is going down at the rate of 20 percent a year and you are getting 12 percent interest; isn't that negative interest?

Secretary NIMETZ. That is based on the expectation that over the life of the loan the interest rate is going to prevail at that rate, and also, it depends on what you are going to do with the money when you get it back. It is true of every loan that every bank gives. You take a certain risk in what the value will be when you get it back.

Mr. LONG. I would think anybody looking at the history of our inflation would have to assume that the chances of inflation getting worse are at least as good as the chance of the inflation rate situation improving.

Secretary NIMETZ. Mr. Chairman, we lend to the foreign countries at the rate that the Federal Government borrows, plus a slight premium. If the Federal Government is able to borrow from the private market at this rate, it means the private market is taking the risk. We turn around and lend it to them. So the United States Government is getting the advantage of that to the extent it borrows money from the public. The Federal Government can now borrow at about 12 percent on bond.

Mr. LONG. And we are playing the American public for a sucker, isn't that true?

Secretary NIMETZ. No.

Mr. LONG. In other words, if we can take the American public and get money from them and pay them back in interest rates below the rate of inflation, this is good business. Is that your point, for the government?

Secretary NIMETZ. I am not a financier.

Mr. LONG. I am beginning to believe you.

Secretary NIMETZ. The Federal Government is borrowing, from somewhere, hundreds of millions of dollars.

Mr. LONG. Exactly. Don't you think there is great concern in this country the way the American Government has been playing the average American for a sucker? I just wish you had to go out and run for election the way we do. You would begin to learn some of these things. Of course, I am not sure you are quite as innocent as you undertake to be. I realize you have a posture to uphold here but I just cannot believe that you are as disingenuous as you seem to be, Mr. Nimetz.

Secretary NIMETZ. I thought that was meant to be praise when you started the sentence but—

Mr. LONG. Just let me say that nothing I say in these hearings should be construed as praise.

Mr. VON MARBOD. Mr. Chairman, there are 10 million people in Cuba.

Mr. LONG. And they are terrifying 220 million people in the United States, 3 or 4 times that many people in Central America, South America, people in Africa, Egypt and so on. Every time I turn around we are told, we raise the bogie of the Cubans.

On the Persian Gulf, Indian Ocean, can you tell us what is being discussed with regard to additional assistance to countries in the Persian Gulf and Indian Ocean region helpful to us in terms of using these countries' facilities for military activities.

Secretary NIMETZ. Mr. Chairman, we have been discussing access to some facilities in the region with some of the countries there. When these discussions are completed, we will come to Congress with further information about it. We would be glad to brief you in a classified forum.

Mr. LONG. The President has indicated that we might have to resort to military action if the Soviet Union continues its adventures in Afghanistan and further down in the Persian Gulf area. What are we doing to help the Afghans to resist the Russian aggression?

Secretary NIMETZ. Mr. Chairman, I cannot comment in this type of forum on that question. It is not something in my competence.

Mr. LONG. We are not giving any military aid to Afghanistan?

Secretary NIMETZ. I can't comment on that.

Mr. LONG. What do you mean you can't comment on it? Here is a case of real aggression. We can all agree on Afghanistan being invaded by the Soviet Union. There is a real threat and you can't even comment on helping them. But we are going to help Egypt, a country many times the size of Libya, with an armed force 30 times the size of Libya. We are going to help them protect themselves against this mouse. But Afghans, who are being murdered, killed right and left by the Russians, you can't even comment on.

Secretary NIMETZ. That is our position. We are helping Egypt with a long-term defense program because of their—

Mr. LONG. But we can't help Afghanistan with a short-term defense program?

Secretary NIMETZ. Well, the situation in Afghanistan is, as you know, very complicated, and we are—I am not in a posture to even discuss this.

Mr. LONG. Mr. Secretary, please, I don't need you to tell me that things are complicated. I know that, we all know they are complicated, it is a complicated world. I did not ask you that question.

I wanted to know why we raise the bogie of long-term defense needs for Egypt against tiny little countries around it. There is no immediate military action and you can't even come in here with any kind of a request to protect Afghanistan, which has been invaded by its powerful neighbor.

Secretary NIMETZ. We have taken what we consider very important measures with respect to Afghanistan, diplomatically.

Mr. LONG. What?

Secretary NIMETZ. A whole series of diplomatic measures, measures to make the Soviet Union pay a cost ranging from ending cultural exchanges, sale of technology—

Mr. LONG. Why don't we do that with Libya?

Secretary NIMETZ. Well, we have just about done that with Libya. We do not sell them any military items or high technology. Our diplomatic relations are down to nothing. We have almost no relationship with them.

Mr. LONG. You don't feel that is enough in the case of Libya but you do think it might be enough in the case of the Soviet Union.

Secretary NIMETZ. I am not saying it is enough. We have bolstered our forces in the Indian Ocean, we are engaging in discussions with nations in the region for access to facilities, we are trying to strengthen our friends in the whole general region, we

are working with allies; I think we are spending tremendous efforts.

Mr. LONG. Why aren't they enough in the case of Egypt? You don't think they are needed at all. Is anything needed in the case of military help to Afghanistan?

Secretary NIMETZ. Egypt is a nation that has broken with the Soviet Union, has come to us and said—

Mr. LONG. So has Afghanistan, I believe, broken with the Soviet Union.

Secretary NIMETZ. Certainly we believe the vast majority of Afghans feel that way.

Mr. LONG. Then why aren't we giving it some weapons?

Secretary NIMETZ. This is for the programs which I supervise, Mr. Chairman—

Mr. LONG. Why can't we be dropping some rifles, all kinds of weapons to people fighting in Afghanistan?

Mr. McHUGH. He can't comment on that, Mr. Chairman.

Secretary NIMETZ. This is a question not within my competence. I am here for the security assistance program to various nation states.

Mr. LONG. I do think, whether he can comment or not, I think this is a fair question addressed to the Administration.

Mr. McHUGH. Yes. As I recall, the Secretary of State addressed that in closed session when we met with him.

Secretary NIMETZ. Yes.

Mr. LONG. Well, I didn't hear it. I have not heard it. You mean I have lost my chance to learn about what we propose—

Secretary NIMETZ. No, sir; we would be glad to discuss the situation in Afghanistan with you in closed session.

Mr. LONG. All right.

Secretary NIMETZ. I am not the proper person to brief you on that in any event, but we will certainly be glad to give you—

Mr. LONG. I want to hear it. I think a lot of Americans want to hear it.

My son, who is a major in a unit that would probably be one of the first to have to go over there to fight, has to be concerned about whether he might have to leave his family and go over there and fight. Yet you can't tell me why we aren't doing something to help Afghanistan defend itself. You understand they are fighting with practically nothing.

Now you tell me that you have a good answer to that, and want to give it; that will be fine.

Secretary NIMETZ. We can certainly discuss this issue which is a very serious issue; Mr. Chairman, whether we have a good answer depends for you to judge. I am not the proper person to discuss that with you.

Mr. LONG. You want Selective Service registration. You want a draft in the United States. You want to turn this country upside down with the idea that we might have to fight in the Middle East. We have very large units, we may have one of the most powerful naval assemblages in our history out in the Persian Gulf area, but we cannot be sending weapons to Afghanistan.

Secretary NIMETZ. We have never said, Mr. Chairman, that we have any intention of fighting in Afghanistan. When the

President talked about the Persian Gulf region, one of the reasons—

Mr. LONG. Wouldn't a nice way to keep from having to fight further down the Persian Gulf be to give Afghanistan some weapons and equipment?

Secretary NIMETZ. One of the ways we think we can avoid fighting down the road is to have friends like Egypt, like Saudi Arabia—

Mr. LONG. Wait a minute. That is a long way from Afghanistan. Let's stay on Afghanistan for the moment, okay?

Secretary NIMETZ. There has never been a statement or any intention of the United States fighting in Afghanistan.

Mr. LONG. We do not want the United States to fight in Afghanistan. I never suggested they would. But there is a proposal that we might be fighting there in that region, the Persian Gulf region, as a result of the Russian invasion of Afghanistan. Yet we are doing nothing to give the people of Afghanistan something to fight with against an aggressor, an aggressor which we consider to be sufficiently menacing so that we are suspending all kinds of trade relations. We are stopping the Olympic participation and we are even getting the people all excited about the possibility of having to go to war.

Secretary NIMETZ. Mr. Chairman, one of our arguments for assistance is just this point, that is around—

Mr. LONG. Our security assistance is where we don't need it, but don't put it where we do need it.

Secretary NIMETZ. No, the reason—

Mr. LONG. You mean we don't need it in Afghanistan?

Secretary NIMETZ. We have never had a security assistance relationship with Afghanistan. The reason we don't need it in many areas I believe is because we have security assistance for the last quarter of a century, stabilized regions—

Mr. LONG. Look, I don't want to argue with you about countries in which you don't think we need security assistance. I agree with you on that. I am trying to nail down two countries, one Egypt and the other Afghanistan. You don't seem to want to answer it.

Secretary NIMETZ. I want to answer.

My point is, the reason why we are not having conflict in many areas of the world in my view is in part at least—

Mr. LONG. But we do have a conflict, Mr. Secretary, in Afghanistan.

Secretary NIMETZ. We have.

Mr. LONG. Tell me why we are not doing something there?

Secretary NIMETZ. Why we aren't having a military program?

Mr. LONG. Giving them some military aid, so they can fight themselves. I don't want American troops there.

Secretary NIMETZ. This is not within the purview of my responsibilities, Mr. Chairman. I would make the point there are many areas of the world that are peaceful and safe today because for the last quarter of a century we have had security assistance programs and that countries like Egypt, if—

Mr. LONG. Mr. Nimetz, I don't think it will serve any useful purpose to continue. Let's back off. I am defeated, I realize, just like they are being.

Mr. McHugh.

Mr. McHUGH. Mr. Nimetz, what about Pakistan? I read recently where Indira Ghandi and General Zia had discussions in which it was indicated that Mrs. Ghandi might have less objection to military assistance from the United States. This has been on the back burner for some time.

Can we expect any kind of normal request from the Administration on Pakistan?

Secretary NIMETZ. I don't want to comment about these reports of the meeting between Prime Minister Ghandi and President Zia, but we have had a long relationship with Pakistan involving arms sales and assistance. As for now, we made an offer to the government of Pakistan but they felt at this time they were not interested in pursuing that.

Mr. McHUGH. For fiscal 1981?

Secretary NIMETZ. For fiscal 1981.

Mr. McHUGH. One of the countries—

Secretary NIMETZ. Could I add that we certainly have a very strong interest in the security of Pakistan and that to the extent there is a desire to purchase weapons here, military equipment that is appropriate, we certainly are open to sales to Pakistan but I do not anticipate an assistance request in the near future.

Mr. McHUGH. Are there any negotiations under way now with respect to an FMS program there? I am not promoting it, I am just asking about it.

Secretary NIMETZ. We have had discussions. We remain in contact with the government of Pakistan. I do not anticipate there will be any request for an assistance program in the near future.

Mr. McHUGH. One of the congressional delegations on which I served recently visited Tunisia and, as you know, the Tunisians are very concerned about Libya. They have apparently asked the Administration for some significant military support in view of Libyan activities.

What do you have in your existing request for Tunisia and do you anticipate asking the Congress for some additional funding for Tunisia in fiscal 1981?

Secretary NIMETZ. There was an incident in the City of Gafsa where an attack in the middle of Tunisia took place reportedly with Libyan support and the Tunisians did ask us for some armored personnel carriers and helicopters. We agreed to supply 30 armored personnel carriers and 6 helicopters. 10 of the APCs were airlifted and the remaining 20 will follow by sea. They were able to finance this out of an old FMS request.

For 1981 we have requested \$15 million in further FMS. I do not anticipate any additional requests at this time.

Mr. McHUGH. When we were there, they were talking about a request totaling \$300 million over a 5-year period. What you are telling me is that you do not anticipate there would be any additional requests like that for fiscal 1981?

Secretary NIMETZ. In fiscal 1981 we have an extremely tight budget. We reviewed it, made a few minor cuts. We may ask for some reprogramming. But right now I do not envision coming up for significant increases or any increases at all. It is a very tight budget year and this is a very tight program.

Mr. McHUGH. You have \$200 million of ESF in here for Turkey. What form does that take? Is that just budget support?

Secretary NIMETZ. It is a loan which serves the budget support for Turkey, together with the general consortium that was formed, putting together over a billion dollars.

Mr. McHUGH. Is that the consortium that West Germany is leading?

Secretary NIMETZ. West Germany is the leader and each of us, West Germany and the United States, committed \$295 million; our \$200 million ESF, plus \$95 million in ExIm credits and other types of credits. The total is \$1.16 billion, mostly for budget support, balance of payments support because of their very large energy costs and other needs.

Mr. McHUGH. You have \$30 million of ESF for the Philippines. What form does that take?

Secretary NIMETZ. I believe that is also a loan. I would have to check. I can give you something for the record on that.

Mr. McHUGH. I am interested in—

Secretary NIMETZ. I am sorry, it is a grant, the \$30 million on the ESF.

Mr. McHUGH. Is there any condition on the grant? Must it be used for a certain purpose or is it simply budget support?

Mr. SHAKOW. It is connected with the base rights agreement and its use is to be directed towards development purposes both in terms of urban development in the areas around the bases, also some other programs directed towards basic human needs.

Mr. McHUGH. If that is not in your presentation, I would like to have some information for the record on that.

Secretary NIMETZ. I can tell you that the aid level for the Philippines was designed to assist them with programs to reduce fertility, that is population programs, diversifying food production and programs to raise the productivity and income of small scale farmers.

Mr. SHAKOW. That is the development assistance program but the ESF program is very specifically geared to certain objectives which would have basic human needs objectives.

I indicated housing I think in the area around the bases, among other things, as one possibility. There are several others under negotiation with the Philippine government at this moment.

Mr. McHUGH. I would like to be kept abreast of that if you would, please.

Finally, you have some reference in your testimony to ESF funding for Lebanon and Jamaica. I wonder if you could explain your request.

Mr. SHAKOW. Lebanon is \$7 million.

Secretary NIMETZ. \$3 million for Jamaica.

Mr. McHUGH. Can you tell us what purpose these moneys would be put to in Lebanon?

Mr. SHAKOW. Basically support for voluntary agency programs being carried out by American voluntary agencies and local agencies to support humanitarian programs.

Mr. McHUGH. Refugee programs?

Mr. SHAKOW. Refugee programs, reconstruction programs, they are almost all in fact, I think entirely all carried out by voluntary agencies in health, education, and so forth.

Mr. McHUGH. Is that in your presentation also? You know we have had some trouble getting information and this is the first time I have personally seen this presentation, which is still labeled a draft.

Secretary NIMETZ. We apologize about that. We are trying to get out the final version but, because of the delay in the 1980 appropriation bill—we still do not know the 1980 numbers—and the President's decision to review the 1981 budget to see if we can make some further cuts—for all these reasons—the printing of the final version was delayed because we wanted to have it in truly final form. Though your staff had a copy for some time, I apologize for the fact that you personally did not have one.

We are trying to get the final version out as soon as possible. We recognize the difficulty.

Mr. McHUGH. One copy of this for one staff member is not satisfactory.

Mr. SHAKOW. In the AID presentation there is a section on economic support in the main volume that describes in paragraph form each of these items, though it does not provide the detail you would find in a project data sheet. It is on pages 65 to about 70 of the AID volume which you do have and have had for some time, but it does not show the detail.

Mr. McHUGH. That is all I have, Mr. Chairman.

Mr. LONG. Thank you, Mr. McHugh.

I want to meet privately with somebody, to talk to me about what is going on.

Secretary NIMETZ. Certainly, Mr. Chairman, we will give you a briefing on the situation in Afghanistan.

Mr. LONG. Are you able to give me a briefing? Are you sufficiently informed?

Secretary NIMETZ. I would not be the best person to do that, sir.

Mr. LONG. Very well.

Thank you very much, Mr. Secretary.

Secretary NIMETZ. Thank you.

Mr. VONMARBOD. Thank you, Mr. Chairman.

Mr. SHAKOW. Thank you, Mr. Chairman.

[Whereupon, at 3:45 p.m., the subcommittee adjourned.]

[Questions for the record and portions of the Congressional Presentation Document follow:]

EGYPT - EXISTING THREATS

Question: Mr. Nimetz, the Administration argues that Egypt has certain "legitimate defense needs" which apparently in its view justify a \$4 billion military assistance program from the US over the next several years, including the purchase of large quantities of the M-60 tanks, M-113 armored personnel carriers, F-4, F-16, and even F-15 fighter aircraft. Can you tell us which country or countries are currently threatening Egypt? Do you really consider Libya, with its army of 30,000 and an air force of 178 aircraft (many of which are in storage for lack of pilots or support personnel) a serious military threat?

Answer:

-- In general, as a leader of the Arab and third worlds, Egypt must ensure that it has an adequate security posture. Egypt's leaders must provide for the nation's security not only today but also over a reasonable planning timeframe--at least the next five years. It is important to keep in mind that most of Egypt's current military inventory is rapidly deteriorating. In some cases, it is already inoperable or obsolete. This is true today and will be much more acutely so over the next several years. Our program is really intended to replace some of this equipment to keep a viable military force in being.

-- Furthermore, Egypt's leadership must take into account lead times as they seek new equipment; they must recognize that purchases made today will in many cases not arrive for two, three or even four years. From the standpoint of these general considerations alone, Cairo's legitimate defense needs justify a substantial military assistance program.

Turning to more specific threats, prudent Egyptian planners must be concerned at the substantial inventory of sophisticated equipment which Libya has acquired, regardless of the specific numbers involved. While Libya cannot man all of this equipment today, Qadhafi's major training program will increase his capability in the future. Moreover, Egypt cannot rule out the possibility that third country personnel could use Libyan equipment against Egyptian targets.

While the dollar costs are high, our commitment at present is well short of \$4 billion. And numbers of aircraft, tanks, etc., which can be financed are modest--e. g., there are no plans at present for Egypt to buy F-15s; acquisitions of F-4s and F-16s are limited to two squadrons of each, with deliveries of the latter extending until 1984; plans for M-60 purchases are for less than the level needed for one division.

In brief, we seek to enable Egypt to achieve a partial replacement, over time, of its deteriorating military inventory. This joint effort is quite consistent with Egypt's leadership role and the potential specific threats it faces.

EGYPT-MILITARY PURCHASES FROM EUROPE

Question: Has Egypt purchased or is it planning to purchase any military equipment from our European allies?

Answer:

-- In the past Egypt purchased military equipment from several of our European allies. Those acquisitions were made possible with financial assistance provided to Egypt by some of the wealthier Arab states. Following the signing of the Egyptian-Israeli Peace Treaty, however, this source of financing was cut off. While existing contracts are being fulfilled--with some European-origin military equipment still arriving in Egypt--other plans not yet consummated have been cancelled, and there are no prospects that such financial support will be resumed in the immediate future.

-- The European allies, for their part, have shown little inclination--either before or after the Peace Treaty--to provide much in the way of direct credit assistance. Their sales have been primarily on a cash basis. The result is that additional military purchases by Egypt from European sources do not appear likely in the near term.

Question: Before we go into specific questions, could you discuss what has happened to the President's once highly visible policy of reducing American arms sales to foreign countries? Also, give us the levels of sales during the years of the Carter Administration compared to previous years.

Answer:

Our arms transfer policy, which is predicated on restraint consistent with promotion of US national security interests, is still very much in place. We believe that it has and will continue to serve these interests. The policy's qualitative controls are an effective means for ensuring that all major sales requests are thoroughly analyzed. Policy provisions for Presidential exceptions and the application of the controls in the light of current circumstances ensure that the policy does not arbitrarily prohibit sales that contravene its specific provisions but support important US interests. The arms transfer ceiling on weapons and weapons-related items to non-exempt countries has assisted in improving program planning and management.

During the first two years of the Carter Administration (FY 1978 and FY 1979), we reduced the ceiling on U.S. arms transfers by 8 percent each year after adjusting for inflation. These figures do not include sales to NATO members, Japan, Australia, and New Zealand, which are exempted from the controls of our policy in fact, sales to these countries have increased. For FY 1980, in view of the lack of progress toward multilateral restraint, the ceiling will be continued but at the same level as last year, adjusting for inflation. (The ceiling for FY 1980 will be \$9.21 billion.)

There follows a chart listing all transfers through MAP and FMS from FY 1977 to early 1980.

US ARMS TRANSFERS AND THE CEILING (in \$ millions)		FY 1977	FY 1978	FY 1979	FY 1980 As of 5/2/80
A.	Arms Transfer Ceiling	--	8,551	8,434	9,210
B.	Unused Ceiling Balance	--	13	1,963	--
C.	Ceiling Related Transactions <sup>2/</sup>				
	Foreign Military Sales (FMS)	8,669	8,439	6,371	1,905
	Military Assistance Program (MAP)	+100	+100	+96	+483
	Total Ceiling	8,769	8,539	6,467	1,953
D.	Other FMS and MAP Transactions <sup>2/</sup>				
	To Exempt Countries	1,220	2,288	2,933	1,247
	To Non-Exempt Countries of which (FMS construction)	1,479 (500)	2,808 (1,857)	3,724 (2,257)	1,147 (879)
	MAP Programs	4	+152	+145	+95
	Total Non-Ceiling	2,699	5,248	6,802	2,489
E.	Worldwide FMS <sup>5/</sup>	11,188 (8,794)	13,534 (11,746)	13,028 (13,025)	4,299
	Worldwide MAP <sup>5/</sup>	+280	+252 (+219)	+251 (+224)	+143
	Worldwide Total <sup>5/</sup>	11,468 (9,039)	13,786 (11,965)	13,279 (13,249)	4,442

1/ Preliminary figures, not representing cases in notification to Congress or in process.

2/ All FMS figures reflect signed LOAs; MAP figures are MAP orders. (see footnote 6).

3/ Does not reflect cases in progress, notification to Congress, or unaccepted LOAs outstanding.

4/ FY 1977 non-ceiling MAP figures are subsumed in the exempt and non-exempt countries' figures.

5/ The figures in parentheses, correct to December 1979, represent the original FMS and MAP

figures adjusted for cancellations and cost changes. Iranian cancellations comprise the bulk

of the FMS disparities in FY 1977 and FY 1978. DSA has not reflected these changes in the

figures for ceiling related and other transactions.

Question: Could you review for the Committee the situation in Lebanon now and give your views as to whether the government is stable enough to warrant U.S. funds at this time?

Answer:

The situation in Lebanon remains relatively stable. Violence occurs from time to time throughout the country, particularly in the south, where United Nations forces attempt to preserve order while facing Palestinian armed groups and independent Lebanese militia armies supported by Israel. In the Beirut area and in the north, there has been some intra-Christian and intra-Muslim fighting, but for the most part Syrian troops of the Arab Deterrent Forces maintain security. Last March, Lebanese army troops deployed into positions in east Beirut following the peaceful withdrawal of Syrian forces. We look forward to the day when the Lebanese armed forces can assume responsibility for security throughout Beirut and the rest of Lebanon.

The Lebanese central government, under President Sarkis (who has occupied his present position since 1976), has continued to grapple with the problems of political reconciliation and national reconstruction. Progress has been made. In support of this effort, U.S. non-military assistance to Lebanon has amounted to more than \$115 million since 1975, while our program of FMS credits to the Lebanese armed forces has surpassed the \$100 million mark. We strongly favor continued assistance to Lebanon. Our aid has been put to effective use, and it demonstrates our confidence in the ability of the Lebanese to shape their own destiny through a strong central government.

Question: What are the normal credit terms for FMS programs? In your statement you mention that Turkey, Sudan, and Egypt are to receive what appears to be different financing terms than the regular program. What are these terms and what do they really mean in terms of subsidies to these countries?

Answer:

-- The usual credit terms for FMS programs require that loans be repaid over a six or seven year period. Without Congressional authorization, the maximum repayment period extended is 12 years, as is the case of the FY 1979 loans issued to Turkey requiring repayment within seven years following an initial grace period of five years on repayment of principal.

-- For FY 1981, we are proposing that Congress authorize FMS loans for Turkey, Sudan and Egypt with 30 year repayment periods, which would include an initial 10 year grace period on repayment of principal. If the Congress authorizes such repayment terms, these countries would pay interest on principal during the entire thirty year life of the loan, but would begin making repayments on principal only after the initial ten year grace period had expired. These terms are identical to those which the Congress authorized for a portion of the FY 1980 FMS loans to Greece and Turkey, and to those applicable to the FMS loan to Egypt authorized under the Special International Security Assistance Act of 1979.

-- Currently all FMS loans are issued by the Federal Financing Bank (FFB) and require the borrowers to repay the loan with interest, except on the forgiven portion of the Israeli loan. The interest is computed at a floating rate which is the actual cost of money to the U.S. Government at the time each disbursement is made from the FFB loan. At the current rate of interest (Approx. 11%) FMS loans are not considered to be a form of subsidy to FMS credit countries.

Question: What basis or rationale do you use in determining what countries are to receive more favorable terms?

Answer:

-- We believe that ten-twenty financing for these countries is an appropriate means of working toward two major objectives, namely helping these countries increase their self-defense capabilities while at the same time contributing to the solution of their economic problems.

-- We would also note that the Congress authorized such repayment terms for a portion of the Turkish program and all of the Sudan program for FY 1980. In addition, the Special International Security Assistance Act of 1979 authorized such repayment terms for Egypt.

Question: Could you tell us what is being discussed in regard to additional assistance to countries in the Persian Gulf and Indian Ocean region that are helpful to us in terms of using these countries' facilities for military activities?

Answer:

-- We are still engaged in ongoing discussions with several countries in the region regarding our overall security relationships.

-- In general, we have made progress with Oman and Kenya towards expanding relationships across a broad range of mutual interests including the development of programs of security assistance and economic cooperation. These are a matter of continuing discussions between our governments.

-- We are pursuing similar cooperation with Somalia.

-- We will inform the Subcommittee of our recommendations for assistance as soon as these negotiations are completed.

-- Meanwhile, we are prepared to provide classified briefings to the Subcommittee or staff on the levels of assistance being discussed.

Question 8: Could you explain precisely how the Foreign Military Sales Trust Fund works and what determines the amount from this fund that is used for management expenses?

ANSWER:

1. The Foreign Military Sales (FMS) Trust Fund provides the dollar resources utilized by the U.S. Government to finance FMS transactions. The fund is centrally managed by the Security Assistance Accounting Center (SAAC) which operates under the Direction of the Defense Security Assistance Agency (DSAA). Deposits to the Trust Fund are made by foreign governments IAW quarterly billing statements issued by the SAAC. The SAAC billings are prepared in conformance with the schedule of payments which is included in all country to country FMS agreements. Billing amounts are computed in a manner that insures the availability of customer funds prior to the incurrence of related FMS expenditures. Disbursements from the fund are made:

- a. directly by the SAAC to the Department/Agency incurring the related FMS expense, or
- b. directly by the Department/Agency to the procurement source, using Trust Fund expenditure authority provided by the SAAC.

2. Section 43b of the Arms Export Control Act requires the recovery of Administrative/Management expenses that are incurred primarily for the benefit of any foreign government. When these expenses are incurred in support of a specific FMS case or program they are charged to that case or program. Expenses for overall FMS program administration costs which are not charged to specific programs are funded through a surcharge - currently 3% - which is levied on all FMS agreements. (NOTE: Statute provides for reduction or elimination of the charge for certain FMS transactions with NATO member countries.)

3. The Administrative Surcharge Fund is a part of the total FMS Trust Fund and is centrally administered by the SAAC. In conjunction with the billing process previously discussed, the SAAC collects payments into the Administrative Fund on a quarterly basis. The Military Departments and Agencies which administer the FMS program submit annual FMS administrative budget requests to DSAA in which they identify their requirements for FMS administrative funding. Upon DSAA review and approval of the budgets, SAAC allocates directly to the Military Department or Agency, on a quarterly basis, the required FMS administrative fund obligation and expenditure authority.

## Qs and As - Nimetz's Testimony before Long Subcommittee

Question: Is the State Department still planning to give \$5 million in FMS credits to Nicaragua in FY 1981 in view of the recent resignations there?

Answer:

-- The Nicaraguan private sector, in response to the resignation of the two moderates and to other events in Nicaragua, successfully obtained a range of concessions from the Nicaraguan Government. The Government reaffirmed its commitment to elections and to a free press, promised an end to expropriations, suspended the state of emergency, and instituted a law which includes habeas corpus and which will allow judicial review of government actions. The Government also actively sought private sector representation and two distinguished members of the private sector have been approved to fill the vacancies on the Governing Junta.

-- These recent developments represent a victory for the more pragmatic elements in the Nicaraguan Government who realize that reconstruction will fail without the active participation of Nicaragua's private sector and generous international assistance.

-- In light of these recent developments, we continue to believe that the provision of \$5 million in FMS credits for non-lethal equipment in FY 1981 will encourage moderate elements in society and government and assist in creating ties between the Nicaraguan and US military forces.

Question: Is any additional military assistance being considered in FY 1981 for El Salvador?

Answer:

-- Other than the \$5.0 million in FMS credits and the \$498,000 in military training which the administration has requested, no additional military assistance is being considered.

Question: What is your rationale for providing the small island nation of Barbados with \$5 million in FMS credits?

Answer:

-- As the most prosperous, moderate and stable country in the Eastern Caribbean, Barbados is potentially a major factor in regional stability. Barbados has been a leading advocate of inter-island cooperation and has played a major role in the formation of regional economic institutions. Barbados has also recently displayed a willingness to play a larger role in regional security. We would like to encourage Barbados in this role. We began a small IMET program in 1979, are continuing it in 1980 and propose \$84,000 for 1981. Training has so far been limited to the members of Barbados' new coast guard, but the government is interested in expanding training to the Barbados Regiment.

-- In response to a request from Barbados, President Carter last June determined that Barbados was eligible for FMS. We are requesting a \$5 million FMS financing program in 1981 to finance the purchase of communications and navigational equipment for the coast guard and perhaps transport and other equipment for the Barbados Regiment. These expenditures will strengthen the security, not only of Barbados, but of the entire Eastern Caribbean. Our specific programs will in fact be designed to benefit the other island of the Eastern Caribbean to the extent feasible.

Question: In regards to Jamaica, it is my understanding that the IMF and several large international banks have been having grave difficulties in getting Jamaica to cooperate in terms of needed economic reforms.

Would you review that situation and discuss the U.S. rationale for adding Jamaica to the ESF roles?

Answer:

-- Jamaica has entered into a period of particular economic difficulty and political uncertainty. After several years of economic deterioration, the governing party of Jamaica decided in March to break off negotiations with the IMF and to pursue an alternative economic strategy. In February, Prime Minister Manley announced plans for elections this year; he and the Leader of the Opposition have subsequently agreed that the elections will be held this summer or fall. Both sides in Jamaica, and outside observers, believe that the elections will be definitive in determining the economic directions to be followed by Jamaica after the elections.

-- U.S. policy is to support free elections and to seek to work constructively with the government that is elected. Our ability to cooperate with economic assistance will of course be influenced by the economic policies followed by the government, including its relations with the international financial institutions. Availability of \$3 million ESF for Jamaica in FY 1981 will provide us with needed flexibility to respond to an effective Government of Jamaica economic program with balance of payments support, should such a program emerge.

Question: For the record, please provide a profile of military assistance which has been provided to Haiti.

What assurances have been obtained from the government that these funds are not used for domestic repression, and can you provide the committee with any reports which investigate these concerns?

Answer:

-- A small security assistance program for Haiti was reestablished in 1974. Since that time, and through 1980, FMS credits have totaled approximately \$1.1 million, and IMET approximately \$600,000. This small program is designed to encourage improvement of Haiti's sea/air rescue capability and to assist in the installation and maintenance of aids to navigation. These improvements provide more protection to American and other sailors in a region now mostly dependent on the U.S. Coast Guard. The program is also designed to foster constructive relations with the Haitian military. By encouraging development of a corps of progressively trained and competent officers along U.S. military lines, the program can contribute to the development of a more modern and progressive Haitian state -- an important U.S. interest in the Caribbean.

Since the marine safety program was resumed in 1979, the Haitian government has assisted an increasing number of U.S. vessels in distress off the coast of Haiti. Haiti has purchased a sea-going tug, plans to purchase an additional

tug and has embarked upon a program to upgrade navigational aids, communications equipment and procedures and marine control procedures. The tug's captain and executive officer are Annapolis graduates. Haiti has cooperated closely with other U.S. interests in the area, such as control of drug smuggling. Hundreds of tons of marijuana destined for the U.S. have been seized by the Haitian Navy. FMS funds have been used for no other purposes than for the marine safety program in recent years. No munitions have been sold to Haiti under this program. IMET training has been in professional and technical fields exclusively, with no expenditures for combat-related training.

MILITARY ASSISTANCE CRITERIA

QUESTION: Can you tell us the rationale in terms of "legitimate defense needs" for the US providing military credits and training to such countries as Botswana, Gambia, Mali, Rwanda, Senegal, Chad, Niger and Togo?

ANSWER: First, let me say that we do not provide any military assistance to The Gambia, and we have suspended such assistance to Chad in view of the civil war there. However, for FY 81 we have requested funds for a modest IMET program in Chad. This program will be initiated only if the situation there returns to normal. We followed a similar approach for FY 80 and eventually reprogrammed the funds originally intended for Chad.

I think the other part of this question can be answered in the following discussion of the rationale which is applied to all countries under consideration for US military assistance -- not just the countries mentioned in your question, although I will give specific rationale for these particular countries.

To permit procurement of defense articles and services on a government-to-government (FMS) basis, the President must make a finding under Section 3(a)(1) of the Arms Export Control Act that the sale of such articles or services "will strengthen the security of the United States and promote world peace". The specific reasons for adding a particular country to the list of eligible countries are provided in a memorandum of justification furnished

to the Congress in each case. Justifications are prepared on a case-by-case basis and vary in accordance with particular circumstances. The process is a complex one in which a number of factors must be weighed and balanced before determining that the security of the United States and world peace would be promoted. These would include, but not necessarily be limited to:

- Our overall relationship with the country;
- Whether its government and policies are favorably disposed toward the United States and its allies;
- The support it gives US positions in international and regional fora;
- Its relations with its immediate neighbors and other states in the region;
- The nature of any threats posed to it and whether it is faced with a particular threat from regimes hostile to the United States;
- Its human rights record;
- Whether the state is currently being supplied military equipment from other suppliers, the nature of the defense supply relationship;
- Whether we believe that the use and transfer restrictions applicable to any equipment sold would be scrupulously observed;
- Whether the possibility of diversion of the equipment is an issue;

-- Whether the economy can absorb such purchases and their impact on the economic development and other objectives of the state;

-- Whether it exports critical commodities to the US or its allies;

-- Whether we desire to enter into a military supply relationship to facilitate access to host country military facilities for US forces;

-- The priority of the country within the region and on a worldwide basis must be considered in a period of budgetary constraint;

-- The views of Congress (some of which are expressed in specific legislation);

-- And commitments made within international and regional organizations to refrain from the sale of equipment and services to a particular state.

While no formal eligibility finding is required for IMET, many of the same considerations outlined in regard to a finding of FMS eligibility apply. The purposes of such education and training are outlined in Section 543 of the Foreign Assistance Act and emphasize the encouragement of effective and mutually beneficial relations and increased understanding between the US and the foreign country, in furtherance of the goals of international peace and security; improvement of the ability of foreign countries to utilize their resources with maximum

effectiveness to promote greater self-reliance; and to increase the awareness of foreign nationals to the basic issues involving international recognized human rights. Since one of the primary aims of such training is to expose the participants to conditions in the United States, the criteria regarding participation may be somewhat different with that used regarding FMS, and countries which for one reason or another (including budgetary constraints) are not receiving FMS may be appropriate candidates for IMET.

Our discussions on military assistance with various countries go through a number of stages. In some cases, a country will eventually purchase military equipment commercially. In others, the discussions may culminate in an FMS -- or an IMET -- program if the criteria which I have mentioned are met. Conversely, if they are not met, we do not proceed with a security assistance relationship. I should also note that budgetary constraints may also play a role in our decisions.

Justification for the security assistance program for each country is contained in the draft CPD; however, highlights of our rationale and objectives for the specific countries you mentioned are as follows:

-- BOTSWANA The FY 1981 proposals for professional military training and sales of modest amounts of military equipment are designed to improve Botswana's ability to defend its neutrality and to control its borders.

Continued US Economic Support Fund assistance is necessary to help Botswana keep up the pace of its economic development programs, while coping with the added demands on its resources left by the lengthy war in Rhodesia.

-- CHAD In response to a July 1977 request from the former Malloum Government for military assistance to counter Libyan intervention and the instability resulting from the civil war, a presidential determination was issued in September of that year which made Chad eligible for Foreign Military Sales. Although no sales have been made, an IMET program was formulated but not implemented because of the continuing civil disturbances.

-- MALI The FMS financing program will enhance Malian development capabilities through the provision of non-lethal military and engineering equipment, principally earth moving equipment. US assistance will expose Malian military officers to Western techniques and philosophy during the important first years of civilian government.

-- NIGER FMS is proposed to assist the Government of Niger in upgrading its air transport capability. The IMET program would provide US orientation tours for two or three military officers and training of two air traffic control operations, two supply and inventory management specialists and one weather specialist.

-- RWANDA Rwanda has specifically asked for US assistance in strengthening its armed forces' non-combat capabilities by providing dual purpose "non-lethal" equipment and related training designed to play a major role in national development and

social reform. IMET would provide professional, administrative and logistics management training for selected Rwandan officers in US military schools.

-- SENEGAL The FMS financing program will enhance Senegal's defense and development capabilities and will also demonstrate US support for Senegal's moderate and constructive influence in African, non-aligned and United Nations fora. Senegal is expected to request to use the proposed FMS financing to purchase support vehicles, jeeps, armored cars, and spare parts for the equipment purchased through the FMS program in FY 1977. The IMET grant training program would provide professional training to selected Senegalese officers in US military schools and for English language instruction in Senegal.

-- TOGO The United States enjoys warm and cooperative relations with Togo. Togo has reacted positively to US human rights initiatives, and seeks to promote economic progress at the most impoverished levels of Togolese society. A small IMET program would demonstrate tangible US support for Togolese regional security initiatives and opposition to foreign intervention in Africa. The IMET program exposes Togolese military personnel to American institutions and values, resulting in a better understanding of our democratic ideals and principals.

ZAIRE

QUESTION: How can you justify continuing an \$8 million FMS program for Zaire when the GAO has revealed significant instances of misuse or dubious uses of FMS equipment? These include President Mobutu's use of 1-2 of Zaire's 3-4 flyable C-130's for his personal support in a non-military context, and private uses by key military leaders. The GAO concluded that Zaire does not adequately maintain FMS vehicles and aircraft and noted that Congress "may wish to disapprove future requests for new FMS equipment until such time as Zaire can insure adequate logistics support for FMS equipment."

ANSWER: The Administration continues to believe that \$8 million is the minimum level at which our FMS financing program can function effectively in Zaire. We are seeking authorization and appropriation of the full amount in the Senate and restoration of the full \$8 million level in conference.

Zaire is Sub-Saharan Africa's second largest and third most populous state. It supplies some 60 percent of US imports of the strategic mineral, cobalt. Its government actively supports us on major issues such as Afghanistan, the hostages in Iran, the Camp David Accords and the Olympic boycott. Our military, economic and food aid programs are directly linked to sustained progress on a wide-ranging set of reforms agreed to by President Mobutu, Western

donor governments, the World Bank and the IMF. Indirectly, our aid creates a climate of partnership in which the US can successfully urge the constructive and essential reforms which form the best guarantee for US interests in Zaire and contribute to stability in the region.

With regard to the recently completed GAO report the following is the introduction and the unclassified highlights (summary) of this report:

"Introduction - The Chairman, Subcommittee on Africa, House Committee on Foreign Affairs, requested that we investigate the foreign military sales (FMS) credit program to Zaire. The Chairman's concerns were prompted in part by reports that Zaire diverts military equipment financed by U.S. FMS credits from its legally authorized purposes and fails to adequately maintain FMS-financed equipment. The Chairman provided us with specific questions of interest to the Subcommittee dealing primarily with U.S. efforts to monitor the use of FMS equipment for legally designated purposes and the use and maintenance of FMS equipment. This report deals with information developed in response to the Chairman's questions.

#### HIGHLIGHTS

##### Monitoring

On an informal and unscheduled basis, U.S. officials in Zaire presently perform limited monitoring of FMS equipment use and maintenance. Their efforts are more successful in monitoring smaller quantities of highly visible, centrally

located equipment (aircraft) than larger quantities of widely dispersed equipment (trucks and jeeps). U.S. officials told us they would increase their informal monitoring within the existing organizational capacity to develop more information in the future on the use and maintenance of FMS equipment. However, from a practical point, we see no realistic way for monitoring by U.S. officials, even with increased staff, to provide assurances that diversion and misuse of FMS equipment will not occur. Zaire is just too large, the equipment too widely dispersed, and available transportation and communication inadequate and unreliable to carry out an effective U.S. monitoring program.

#### Use

There are indications from both U.S. and Zairian officials that Zaire has used FMS equipment to some extent for unauthorized purposes. Zairian officials have cited specific examples of equipment misuse and acknowledge that recent congressional criticism has been justified regarding the misuse of FMS equipment in Zaire. President Mobutu recently ordered the Zairian military to stop misusing FMS equipment. It remains to be seen how effective this order will be.

We did not (1) find any documentation in U.S. agencies' files, (2) receive any statements from U.S. officials, or (3) develop any evidence independently to indicate that within the past 2 years systematic diversion of FMS equipment has occurred or Zaire's use of FMS equipment has resulted in violation of U.S. arms sales law and FMS agreements. In the

absence of a U.S. capability to effectively monitor the use of FMS equipment, we found little, if any, information available to the United States to independently determine the extent, if any, to which FMS equipment is being diverted from its legally designated role. Without a capability to monitor equipment use, diversion or misuse could have occurred in Zaire.

A C-130 aircraft is used by Zaire to fly cobalt to Europe. Flights occur weekly and on a routine basis. According to Zairian officials, the financial proceeds from the sale of cobalt moved via C-130 are to be deposited in the state treasury. We believe that past agreements between the United States and Zaire regarding the purposes for which FMS equipment can be used appear to permit Zaire to use C-130's for legitimate economic development, including the transport of cobalt.

One C-130 aircraft is used full time to transport President Mobutu in his capacity as head of state and supreme commander of the Zairian military forces. From time to time additional C-130 support is provided to the President to transport supplies and goods to the Presidential retreat in Gbadolite, Zaire. We could not ascertain the frequency of such additional C-130 support.

#### Maintenance

Due to a reported shortage of funds, Zaire may have a serious problem as early as this year in keeping its C-130

aircraft fleet maintained and operating. It is not at all certain whether Zaire can insure the future proper maintenance of these aircraft. Two of Zaire's C-130s have not flown for some time. We are recommending that the Subcommittee request the Secretaries of Defense and State to assess the severity of Zaire's reported financial problem and Zaire's maintenance plans. The Secretaries should also advise the Subcommittee if U.S. assistance is needed to insure the continued operation of the C-130 aircraft.

A number of Zaire's Cessna aircraft were destroyed during the Shaba wars or in aviation accidents. A few Cessnas are operating, but most have been inactive for over 3 years awaiting the start of a Zairian pilot training school. Aircraft maintenance personnel for both C-130 and Cessna aircraft are technically qualified and appear to be adequately maintaining the aircraft.

Vehicles are not being adequately maintained. A significant amount of vehicles and other ground force FMS equipment is inoperable due to the unavailability of spare parts at the unit level to perform repairs. The present Zairian military supply system for ground force equipment simply does not function. In our opinion, the weaknesses of the Zairian military supply system present a serious limitation to the effective maintenance of FMS vehicles and other FMS ground force equipment. Action is underway with the assistance of Belgium to improve the Zairian supply system

which we believe could lead to improved maintenance and condition of FMS equipment. Although spot shortages of vehicle mechanics, particularly senior-level mechanics, were reported, a shortage of trained mechanics does not seem to be a problem in maintaining FMS equipment.

We are recommending that the Subcommittee request the Department of Defense to report to it no later than December 1980 on the status of efforts to improve the Zairian military logistics system. An assessment of any improvement the system has had on the Zairian maintenance capability and the condition of FMS ground force equipment should be included. If improvements are not occurring, Subcommittee may wish to

-- request the Department of Defense to determine what assistance the United States could provide to Zaire to accelerate improvements in the logistics system,

or

-- disapprove future requests for new FMS equipment until such time as Zaire can insure adequate logistics support for FMS equipment.

LIBERIA MILITARY ASSISTANCE

Question: What is the planned level of military assistance for Liberia for FY 1981, and what is the present status of these programs in light of recent events?

Answer:

Our FY 1981 Security Assistance Program includes a request of \$1.2 million for FMS financing and \$249 thousand for IMET for Liberia. This assistance is a continuation of a multi-year military force modernization program. The FMS is for the purchase of support vehicles, field equipment and radios. The IMET program will provide training in the US and in-country training of an infantry battalion by a US Army Mobile Training Team.

Our military assistance program for that country remains in effect. We are watching the situation very closely, and hope it will return to normal soon. In light of Master Sergeant Doe's statement of April 29, where he said there would be no further executions, we are continuing our FMS force modernization and IMET programs.

Liberia is entirely dependent upon the US for military training. Approximately 300 members of the Liberian Armed Forces have received training in the US. In 1979 three US MTTs trained more than 600 military personnel in Liberia. We plan to train a similar number in country during 1980.

The Liberian Armed Forces are operating approximately \$5.5 million worth of equipment acquired through US security assistance since 1972. In addition, during the past several years Liberia has purchased a modest amount of military hardware from US firms through commercial transactions.

SOUTHERN AFRICA

Question: \$90 million is being requested for the Southern Africa Regional Program. Could you give us a break-down of that figure and also discuss what possible program may be developed for Zimbabwe?

Answer:

The \$90 million program includes three bilateral recipients -- Zambia (\$27 million), Botswana (\$15 million), Mozambique (\$9 million), and a regional program of \$39 million which is aimed at strengthening efforts toward closer economic coordination by the countries in Southern Africa.

A significant portion of the \$39 million regional fund will be used for Zimbabwe. With regard to the specifics of our proposed program for Zimbabwe, I think it would be appropriate for me to give you a brief run-down on our plans for support to Zimbabwe in FY 1980, as well as FY 1981.

-- On April 14, after consultations with the Congress, we announced our intention to provide \$15 million in bilateral assistance to Zimbabwe in FY 1980 and, subject to Congressional approval, \$25-30 million in FY 1981.

-- We are continuing discussions with the new government in Zimbabwe concerning the priorities as to the most appropriate use of our assistance.

-- We have already signed a \$2 million agreement with the Zimbabwean Government for the rehabilitation of rural health clinics which were damaged or destroyed during the Zimbabwean conflict.

-- We anticipate allocating the additional \$13 million for FY 1980 principally for similar urgent rehabilitation

projects since more than 1 million refugees and displaced persons will have to be resettled. While we have not made any final decisions in this area, it is likely that we will assist programs that supply farmers with essential tools and seeds, repair the infrastructure by rebuilding schools, wells, and cattle-dip tanks, and perhaps provide some food aid.

-- For FY 1981 we are considering programs which would support activities in areas such as agricultural development, additional rehabilitation of rural facilities, vocational-technical educational, low-cost housing, rural transport, and regional economic cooperation.

-- The funds for FY 1980 would come from the Economic Support Fund, obligated at the agreed House-Senate conference levels.

-- As for FY 1981, the \$90 million proposed ESF program for Southern Africa will be re-designed to allow a \$25-30 million bilateral program for Zimbabwe.

-- The major portion of the funds for Zimbabwe will come from the regional component (\$39 million planned) and perhaps smaller portions from the bilateral accounts.

Question: You mention that the following countries will receive military assistance (FMS credits) for the first time in FY 1981 -- Egypt, Gabon, Mali, Rwanda, Senegal, Barbados, El Salvador, Honduras, and Nicaragua. First, is that accurate? I thought Egypt received \$1,000,000,000 in FMS credits in last year's supplemental and both El Salvador and Honduras received FMS funds through our reprogramming actions? For the countries that are actually new, what is the rationale for expanding FMS credits to them?

Answer:

-- Egypt, El Salvador and Honduras were listed as "new" programs because no funds for those countries were requested in the FY 1980 Congressional Presentation Document.

-- In FY 1979 we requested FMS financing for Egypt in a separate special legislation and budget request in connection with the peace treaty. We recently reprogrammed FY 1980 funds to provide small FMS financing programs for El Salvador and Honduras.

-- Detailed justification for the new FMS financing programs are provided in the draft Congressional Presentation Document which has been made available to the Congress. Highlights are as follows:

-- Egypt: Stems from the continuing need to support Egypt's role in the peace process and to fulfill our commitment to a full partnership relationship between our countries. More specifically, the FY 1981 FMS financing program reflects a much clearer understanding of the extent of Egypt's needs, with the resulting realization that the \$1.5 billion package will only begin to meet priority needs, as well as the requirement for additional funds as soon as possible to permit the placement of orders now for major

items of equipment to be delivered in FY 1982 and beyond.

-- Gabon: To assist in financing the purchase of armored cars and other vehicles for border control use along Gabon's extensive land frontiers. Gabon is concerned about communist influence in neighboring states which receive extensive military assistance from the Soviet Union and Cuba.

-- Mali: Resumption of the FMS financing program, suspended in 1975, would provide a modest alternative to reliance on Soviet military assistance and would encourage continuation of a non-aligned Malian foreign policy. The funds would be used primarily to acquire engineering equipment useful in national development.

-- Rwanda: To assist in enhancing the Rwanda Armed Forces' capability to support national development by financing the purchase of transport vehicles, maintenance and engineering equipment, and mobile communications units.

-- Senegal: Senegal is active in peacekeeping operations and efforts to deter outside interference in West Africa. FY 81 credits would be used to enhance the defensive and nation-building capabilities of the armed forces. Senegal is expected to use the proposed FMS financing to purchase vehicles, jeeps, and spare parts for engineering equipment purchased through FMS programs in FY 1977.

-- Barbados: To purchase equipment for the coast guard element of the Barbadian Defense Force, which plays a key security role in the Eastern Caribbean area.

-- El Salvador: To provide US support for the present moderate government, in the face of challenges from the extreme right and left, by financing high priority military equipment purchases.

-- Honduras: To purchase vehicles, communications equipment, patrol boats, aircraft engines and other equipment to enhance the capabilities of the armed forces in the face of growing instability in the Central American region.

-- Nicaragua: To purchase equipment which can serve the dual roles of national reconstruction and defense, such as road building vehicles and machinery, transport aircraft, communications equipment, and engineering construction equipment.

Question: For the record would you extend your discussion of the items for which you are requesting revision of the authorizing legislation, including the present law, the proposed changes, and how the various sections have been utilized in the past few years.

Answer:

The principal substantive changes proposed by the Administration in its fiscal year 1981 foreign assistance authorization legislation may be outlined as follows:

-- First, the Administration's bill amends section 506 of the Foreign Assistance Act of 1961 (the FAA) to increase the scope of the President's authority to draw upon the Department of Defense for defense articles and defense services (including training) for emergency military assistance purposes from the present \$10,000,000 to \$50,000,000. No change is proposed in the substantive standards applicable to the use of the section 506(a) authority. This drawdown authority has been contained in the FAA since its enactment, and over the years has been reduced in scope from a maximum of \$300,000,000 to the present \$10,000,000. The \$50,000,000 figure sought by the Administration is a more realistic level in view of the increasingly high cost of furnishing such defense articles and services. The section 506 drawdown authority is an extraordinary authority which has been used extremely sparingly. The last time was to furnish emergency military assistance to Cambodia in 1975. In that case, the Congress made clear its preference for emergency assistance under section 506 in lieu of the enactment of an additional authorization and appropriation. Because section 506 is by its terms an emergency authority needed

to meet unforeseen requirements, it is not possible to speculate when, if ever, it may be used in the future.

-- Secondly, the Administration's bill amends section 614(a) of the FAA to extend the President's authority under that section to reach foreign military sales and financing under the Arms Export Control Act (the AECA), and to permit the President to waive limitations contained in the AECA and in "free standing" provisions of annual foreign assistance authorization legislation. Under present law, section 614(a) may be used to furnish assistance under the FAA only, without regard to any provision of the FAA or any act appropriating funds under the FAA. The proposed change would conform the scope of the President's special authority under section 614(a) of the FAA to the entire range of United States development and security assistance programs. The substantive standards applicable to the exercise of that special authority are not affected, nor are the specific limitations on its use contained in various provisions of existing law. The Executive branch has consistently treated the authority of section 614(a) as an extraordinary authority, and in keeping with that treatment its use has rare. The last occasion was in September of 1979, when the President used that authority to furnish \$10,000,000 in economic support fund (ESF) assistance to Yugoslavia without regard to the prohibitions on such assistance to Communist countries set forth in section 620(f) of the FAA, in the wake of the earthquake in that country. That occasion represented

the first use of the section 614(a) authority since June of 1974, when the President authorized, through section 614(a), the furnishing of \$20,000,000 in then-security supporting assistance to Egypt in connection with the clearance of the Suez Canal.

-- Thirdly, the Administration's bill amends the AECA to establish a new chapter separately authorizing the sale of military design and construction services. Under present law, such services are sold as a "defense service" under section 21 or section 22 of the AECA. The proposed separate authority for construction sales reflects the inherently different nature of construction from that of defense articles or other defense services. All the substantive requirements of the AECA--including that for payment in U.S. dollars of the full cost of such construction services--are carried over into the new chapter, and conforming changes to all other relevant provisions of the AECA are provided for. The only significant difference is that, under the Administration proposal, major construction sales would not be subject to congressional review under section 36(b) of the AECA. The marked-up bill as reported out of the House Foreign Affairs Committee would retain such review, but only for proposed construction sales values at \$200,000,000 or more.

-- Lastly, the Administration's bill amends sections 3(d), 36(b), and 36(c) of the AECA to relax the procedural requirements applicable to proposed third-party transfers of FMS or MAP-origin defense articles and services, major proposed FMS

sales, and proposed licenses for major commercial exports of Munitions List articles and services. Specifically, section 3(d) is amended to limit advance congressional review of proposed third-party transfers to those involving only major defense equipment valued (in terms of original acquisition cost) at \$7,000,000 or more, or other defense articles and services valued at \$25,000,000 or more, and to eliminate such review altogether for third-party transfers to or among NATO and NATO member countries, Japan, Australia, and New Zealand. Section 36(b) is amended to eliminate the requirement for advance congressional review of proposed major FMS sales to NATO and NATO member countries, Japan, Australia, and New Zealand. Section 36(c), relating to advance review of proposed licenses for major commercial exports, is amended in a manner parallel to that of section 36(b). In each case, the purpose of the change is to simplify and rationalize the administration of the foreign military sales and export licensing system by reducing or eliminating procedural delays where experience has shown such delays to be unnecessary. In addition, the changes would be to the benefit of improved arms supply cooperation and coordination with our principal allies.

Turkey

Question: Would you review the present situation in Turkey and discuss the progress that has been made in achieving economic reforms there?

Could you also discuss the IMF and other countries' efforts, including our own, to help Turkey?

Answer:

The Turkish economy continued to deteriorate throughout 1979. By the end of that year inflation was running at over 100 percent; industrial capacity was below 50 percent; and unemployment was over 20 percent. On January 24, 1980 the Turkish Government announced a far-reaching and politically courageous economic stabilization program. Important elements of this program include: a major devaluation of the Turkish lira from 47 to 70 lira to the dollar; the elimination of almost all subsidies to state economic enterprises; price increases on the products of those state industries that ranged from 50 to 400 percent; severe limitations on the government budget and the amount of domestic credit; and a major effort to attract foreign investment.

Taken in sum, these measures represent a fundamental reorientation of the Turkish economy away from traditional governmental control toward a significantly greater reliance on market forces. Despite the intractable nature of Turkey's current economic malaise, the program has already begun to have some positive effects on the Turkish economy. The inflation rate, for example, is coming down. In February the Istanbul Consumer Price Index for that month alone rose 11.7 percent.

It was only 5 percent in March and in April registered 3 percent. Severe shortages in petroleum and other basic commodity imports are being overcome.

The international response to the Turkish stabilization program is heartening. The OECD donor nations met April 15 and pledged \$1.16 billion in economic assistance. The US and the Federal Republic of Germany were the major contributors at \$295 million apiece with France, Italy and Japan pledging substantial amounts of approximately \$100 million each. The US pledge, subject to Congressional authorization and appropriation, includes \$200 million from the FY 1981 economic support fund and \$95 million in an EXIM Bank guaranteed line of commercial credit. The OECD nations also agreed to reschedule Turkish debt. Negotiations to that end will probably begin sometime during the early summer months. Meanwhile, Turkey and the IMF have been negotiating a new loan agreement. While we do not know the exact terms, we understand that the agreement would provide \$1.6 billion over three years. Saudi Arabia has also announced its intention to assist Turkey. It has pledged \$250 million, the terms of which have not yet been finalized.

# Congressional Presentation

215

## Security Assistance Programs

- Foreign Military Sales
- Military Assistance Program
- International Military Education and Training Program
- Economic Support Fund
- Peacekeeping Operations

FY 1981

## FY 1981 SECURITY ASSISTANCE PROGRAMS

The security assistance programs proposed for FY 1981 are in keeping with the President's policy of budget austerity and represent the minimum request consistent with our national security and the security of our allies and friends abroad. By assisting these nations to acquire and maintain the capability to defend themselves, we serve our worldwide interests in collective security and peace. By providing security assistance to regions beset by serious conflict, we promote the peaceful resolution of their problems and encourage economic and political stability in selected countries and political systems. Through the furthering of the national security interests of the United States, through the military programs, we provide defense articles, defense services and training by grant and sale. Through the Economic Support Fund (ESF) programs, we provide basic economic budget support as well as projects specifically directed toward meeting basic human needs in agriculture, health, family planning, and education on a loan and grant basis.

The growing cost and complexity of modern defense equipment make it increasingly difficult for many allies and friends to meet all their legitimate defense needs by themselves. US financial loans and grants help them to acquire needed defense equipment and training, involve relatively modest sums of money and directly support our objective of helping friendly nations maintain adequate military establishments for their self-defense. Our budgetary support to friendly nations helps maintenance of regional balances. The security assistance programs proposed for FY 1981 are critical elements of our foreign policy which show steadfastness of policy and constancy of purpose in terms of continuing ties between the U.S. and its friends and allies.

In formulating the programs proposed in this Congressional Presentation on Security Assistance, we have followed human rights practices in each of the proposed recipient countries. We have taken into account the promotion and advancement of respect for internationally-recognized human rights. We are especially mindful of the mandate in Section 5028(a)(3) of the Foreign Assistance Act of 1961, as amended, that the President formulate and conduct his security assistance program in a manner that will advance the human rights practices of the governments of recipient countries. Full and factual accounts of human rights practices of governments of countries proposed for security assistance are included in the report called "Human Rights Practices" and together with the reports called for by Section 1161(d) of the Foreign Assistance Act of 1961, as amended, for countries receiving economic development assistance.

In May 1977, the President directed that our security assistance programs be formulated and implemented in a manner that is consistent with a policy of restraint in the field of arms transfers. At the

same time, the President made it clear that we would continue to utilize arms transfers to promote our security and the security of our close allies. The security assistance programs proposed in this Congressional Presentation document are consistent with this policy direction.

There are six major security assistance programs proposed for FY 1981.

-- The Military Assistance Program (MAP) by which defense articles and defense services, other than training, are provided to eligible foreign governments on a grant basis. For FY 1981, we are proposing a Military Assistance Program totaling \$79 million in grant and sale. The program provides grants to three countries, in which we have important military facilities. In addition, an authorization for \$55.6 million is requested for the management of the program and for the delivery of equipment. MAP will be reimbursed from administrative charges paid by foreign governments in connection with sales, and \$1.5 million received from sales of MAP property, thus, the net funding request is for \$108.4 million. The proposed FY 1981 MAP program of \$135.0 million compares to the \$100 million program of \$145.5 million which provides grant material for 390 countries. It is planned that after FY 1981, grant military assistance will be provided only in exceptional circumstances.

-- The International Military Education and Training (IMET) program which provides training in the United States, in US schools and in US facilities, in some cases, either in over-seas US military facilities or by the use of mobile training teams, to selected foreign military personnel and civilian personnel on a grant basis. For FY 1981, we are proposing a program of \$22.5 million which would provide training to personnel from 60 countries. This compares to an FY 1980 IMET program totaling \$28.4 million which provides such training to personnel from 57 countries.

-- The Foreign Military Sales (FMS) Financing Program by which credits and loan repayment guarantees are provided to enable eligible foreign governments to purchase defense articles, defense services, and training. For FY 1981, we are proposing an FMS financing program totaling \$2,840 million with roughly 42 percent of this amount being allocated to Israel. The program financing would be provided to 35 countries. This compares to the \$2,800 million FMS financing program totaling \$2,090 million to be provided to 35 countries in FY 1980. All of the financing to be extended (except for a virtually \$500 million loan to Israel for which repayment is not

## FY 1981 SECURITY ASSISTANCE PROGRAMS (Continued)

- required) would be provided by the Federal Financing Bank with repayment guarantees issued by the Department of Defense.
- The Economic Support Fund (ESF) Program by which economic assistance is provided, on a loan and grant basis, to selected countries of special political and security interest to the U.S. For FY 1981, we are proposing an ESF program totaling \$213.3 million, which includes \$100 million of this amount being designated for Israel and Egypt. This compares to an FY 1980 program totaling \$2,219.6 million.
- The Peacekeeping Operations (PKO) Program by which grant aid is devoted to programs such as the Sinai Field Support Mission, the US contribution to the UN Forces in Cyprus and other programs that may be designed specifically for peacekeeping-type operations. For FY 1981, we are proposing a PKO program totalling \$25 million compared to \$25 million in FY 1980 for the same programs; Sinai Support Mission and UNFICIP.
- The Foreign Military Sales (FMS) Cash Program through which eligible foreign governments purchase defense articles and defense services, including training, from the United States Government. This Congressional Presentation Document includes data on actual FY 1979 and estimated FY 1980 and FY 1981 Foreign Military Sales agreements.

## SECURITY ASSISTANCE FUNDING

## FOREIGN MILITARY SALES FINANCING PROGRAM

(Dollars in Thousands)

	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
Foreign Military Sales Financing Program	5,675,000	2,090,000	2,640,000
Federal Financing Bank (FFB) Loans	5,165,000	1,960,000	2,500,000
Total Direct Credit	508,000	130,000	140,000
Payment Made for Israeli	500,000	800,000	500,000
Direct Credit for Zaïre	8,000	-	-
Guaranty of Federal Financing Bank (FFB) Loans	516,500	159,000	234,000
Appropriation	1,024,500	659,000	734,000

## MILITARY ASSISTANCE PROGRAM

(Dollars in Thousands)

	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
Military Assistance Program	212,205	145,500	135,000
Unobligated Programs	16,380 <sup>a/</sup>	-	-
Net Obligations	216,590	145,500	135,000
Reappropriations	-125,800	-	-
Recoupments	-1,178	-	-
Reimbursements	-29,662	-35,300	-30,600
Unobligated Balance Lapsing	23,025	-	-
Appropriation	85,275	110,200	104,400

a/ Funds provided in P.L. 96-38 used to continue execution of FY 1978 and prior programs previously approved by the Congress which had been held in abeyance because the funds associated with these programs were unobligated as of September 30, 1978.

## SECURITY ASSISTANCE FUNDING (Continued)

## INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM

(Dollars in Thousands)

	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
International Military Education & Training Program	28,058	28,400	32,500
Fiscal Adjustments	-1,450	-	-
Obligations	26,608	28,400	32,500
Reappropriations	-5,109	-	-
Recoupments	-	-	-
Unobligated Balance Lapsing	7,112	-	-
Appropriation	27,950	28,400	32,500

## MILITARY AIR BASE CONSTRUCTION IN ISRAEL

(Dollars in Thousands)

	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
Military Air Base Construction Program <sup>a/</sup>	800,000	235,556	-
Budget Authority:	800,000	235,556	-
Appropriation	800,000	-	-
Contract Authority	-	235,556	-

<sup>a/</sup> This program provides the Government of Israel with two air bases in the Negev to replace air bases in the Sinai from which they are withdrawing as part of the peace accord between Israel and Egypt. The U.S. Government is providing \$800,000 toward this project. Any additional funds required will be provided by the Government of Israel. Current estimates place the eventual cost of this project at \$1,040,000. Of the other \$240,000, a total of \$235,556 has been provided as unfringed contract authority to the U.S. Army Corps of Engineers who are constructing the air bases. The remaining \$4,444 was paid by Israel under PHS case 15-86A, and is not reflected in this account.

## SECURITY ASSISTANCE FUNDING (Continued)

## ECONOMIC SUPPORT FUND

(Dollars in Thousands)

	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
Economic Support Fund Program			
Loans	1,994,146	2,219,550	2,130,500
Grants	1,513,000	1,444,550	1,245,500
Recovery of Prior Year Obligations	713,566	775,000	882,000
Unobligated Balance Available at Start of Year	-	-315,000	-100,000
Reappropriations	11,758	-83,950	-
Transferred to other accounts <sup>a/</sup>	315,000	3,900	-
Unobligated balance available at end of year	2,685,000	100,000	-
Appropriation		1,694,500	2,030,500

<sup>a/</sup> Transferred to Peacekeeping Operations in accordance with Section 610(a) of the Foreign Assistance Act of 1961.

## PEACEKEEPING OPERATIONS

(Dollars in Thousands)

	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
Peacekeeping Operations Program			
Peace	27,400	25,000	25,000
Loans	27,400	25,000	25,000
Transferred from other accounts <sup>a/</sup>	-	-3,900	-
Appropriation	27,400	21,100	25,000

<sup>a/</sup> Transferred from Economic Support Fund in accordance with Section 610(a) of the Foreign Assistance Act of 1961.

## LEGISLATIVE HISTORY OF AUTHORIZATIONS AND APPROPRIATIONS

(Dollars in Thousands)

## MILITARY ASSISTANCE PROGRAM

FISCAL YEAR	EXECUTIVE BRANCH REQUEST	AUTHORIZED	APPROPRIATED
1950	1,400,000	1,314,000	1,314,000
1951	5,222,500	5,222,500	5,222,500
1952	6,393,000	5,391,600	5,774,000
1953	5,425,000	4,586,400	4,219,800
1954	1,278,300	1,691,000	1,691,000
1955	1,995,200	1,450,200	1,132,700
1956	2,985,000	2,224,000	2,017,500
1957	1,900,000	1,600,000	1,340,000
1958	1,800,000	1,600,000	1,515,000
1959	1,800,000	1,600,000	1,300,000
1960	2,000,000	1,800,000	1,600,000
1961	1,985,000	1,700,000 <sup>d/</sup>	1,600,000
1962	1,985,000	1,700,000	1,325,000
1963	1,405,000 <sup>f/</sup>	1,000,000	1,000,000
1964	1,055,000	1,095,000	1,130,000
1965	1,170,000	1,170,000	1,170,000
1966	917,000	875,000	792,000
1967	620,100	510,000	500,000
1968	455,000	455,000	455,000
1969	455,000	365,000	350,000
1970	590,000	690,000	690,000
1971	705,000	690,000	690,000
1972	780,000	583,100 <sup>g/</sup>	553,100 <sup>g/</sup>
1973	685,000	512,500	475,000 <sup>g/</sup>
1974	985,000	500,000	450,000 <sup>g/</sup>
1975	790,000	545,875	475,000
1976	230,000	228,900	224,550
1977	133,500	228,900	220,000 <sup>h/</sup>
1978	160,200 <sup>h/</sup>	111,900 <sup>h/</sup>	83,375
1979	104,400	104,400	110,000 <sup>h/</sup>

- <sup>f/</sup> Includes \$5,000 transferred to AID.  
<sup>g/</sup> Does not include \$75,000 for Section 506 contract authority.  
<sup>h/</sup> Does not include \$275,000 for payback of Section 506 contract authority.  
<sup>i/</sup> Includes \$40,200, subsequently rescinded.  
<sup>j/</sup> Includes a \$50,000 supplement<sup>1</sup> for Turkey.  
<sup>k/</sup> Includes a \$1,700 Senate supplemental for Sudan.

## FOREIGN MILITARY SALES FINANCING PROGRAM

FISCAL YEAR	EXECUTIVE BRANCH REQUEST		AUTHORIZED		APPROPRIATED
	BUDGET AUTHORITY	CEILING	BUDGET AUTHORITY	CEILING	
1969	120,000	296,000	296,000	296,000	296,000
1970	275,000	350,000	250,000	340,000	70,000
1971	272,500	885,000	750,000 <sup>a/</sup>	840,000 <sup>b/</sup>	400,000 <sup>b/</sup>
1972	527,000	650,000	400,000 <sup>c/</sup>	550,000	400,000 <sup>b/</sup>
1973	2,725,600	2,960,000	2,825,000 <sup>e/</sup>	2,930,000 <sup>e/</sup>	2,525,000 <sup>e/</sup>
1974	2,555,000	2,820,000	2,405,000	2,720,000	300,000
1975	2,430,200	2,430,200	1,296,750	2,968,375	1,205,000
1976	2,179,600	2,179,600	740,000	2,022,100	740,000
1977	707,750	2,211,500	682,000	2,132,350	675,850
1978	1,042,500	5,761,500	1,044,300	2,455,600	1,024,000
1979	954,680 <sup>f/</sup>	2,800,000 <sup>f/</sup>	673,500	2,435,000	645,000 <sup>g/</sup>
1980	794,000	2,840,000 <sup>h/</sup>	-	-	-
1981	-	-	-	-	-

NOTE: Military Assistance Program included Foreign Military Sales Financing Program prior to FY 1969.

- <sup>a/</sup> Includes \$500,000 for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-465.  
<sup>b/</sup> Includes \$2,200,000 for Emergency Security Assistance requested, authorized and appropriated for Israel.  
<sup>c/</sup> Includes transitional quarter (FY 1977).  
<sup>d/</sup> Includes a \$2,200,000 supplemental program for Israel and a \$1,500,000 supplemental program for Egypt.  
<sup>e/</sup> Includes a \$10,000 amendment for Sudan and \$15,000 for Oman.  
<sup>f/</sup> The Foreign Military Sales Act of 1965, Sec. 108, approved July 24, 1969, authorized supplemental appropriations to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended.  
<sup>g/</sup> Foreign Assistance Act of 1961 authorized \$1,700,000; no executive branch request for authorization was required.  
<sup>h/</sup> Includes funds requested separately for proposed International Military Education and Training (IMET) authorized and appropriated as supplemental Military Assistance Program. Does not include \$2,500,000 for Section 506 contract authority.  
<sup>i/</sup> Includes \$200,000 proposed budget amendment for Egypt.

LEGISLATIVE HISTORY OF AUTHORIZATIONS AND APPROPRIATIONS (Continued)  
(Dollars in Thousands)

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM

FISCAL YEAR	EXECUTIVE BRANCH REQUEST	AUTHORIZED	APPROPRIATED
1976	32,000	33,750	28,750
1977	32,000	32,000	32,000
1978	35,000	31,000	30,000
1979	32,100	31,600	27,200
1980	32,900	31,800	25,000 <sup>b/</sup>
1981	32,500	-	-

NOTE: Military Assistance Program includes International Military Education and Training Program prior to FY 1976.

a/ Includes transitional quarter (FY 1977).

b/ CBA limitation, (P.L. 96-123).

c/ Appropriated in FY 1979 as a separate grant.

MILITARY AIR BASE CONSTRUCTION IN ISRAEL

FISCAL YEAR	EXECUTIVE BRANCH REQUEST	AUTHORIZED	APPROPRIATED
1979	800,000	800,000	800,000 <sup>c/</sup>

## LEGISLATIVE HISTORY OF AUTHORIZATIONS AND APPROPRIATIONS (Continued)

(Dollars in Thousands)

## ECONOMIC SUPPORT FUND

FISCAL YEAR	EXECUTIVE BRANCH REQUEST	AUTHORIZED	APPROPRIATED
1964	435,000	380,000	330,000
1965	405,000	405,000	401,000
1966	764,000	594,000	684,000
1967	721,000	650,000	600,000
1968	720,000	650,000	600,000
1969	595,000	410,000	365,000
1970	515,000	414,600	395,000
1971	600,000	414,600	414,600
1972	800,000	618,000	550,000
1973	948,800	659,000 <sup>a/</sup>	600,000 <sup>b/</sup>
1974	1,321,000	1,377,000	1,240,000
1975	1,528,000	1,856,200	1,739,900
1976	1,523,300	1,856,200	1,739,900
1977	50,200	464,100 <sup>b/</sup>	279,700 <sup>b/</sup>
1978	1,893,500	1,895,000	1,757,700
1979	2,232,200	2,235,000 <sup>c/</sup>	2,219,300 <sup>c/</sup>
1979 <sup>d/</sup>	2,194,400 <sup>e/</sup>	2,202,000	2,282,000
1980	2,102,500 <sup>f/</sup>	1,935,000	1,967,000 <sup>g/</sup>
1981	2,030,500	-	-

NOTE: Economic Support Fund (ESF) and Peacekeeping Operations (PKO) were funded as Security Supporting Assistance (SSA) prior to FY 1979.

- <sup>a/</sup> CBA level - \$618,000. There was no authorization level in FY 1972.  
<sup>b/</sup> Section 506 of the International Security Assistance and Arms Control Act of 1976, P.L. 94-329, June 30, 1976, authorized for the transitional quarter not to exceed one-fourth of the total amount authorized in that Act for the quarter.  
<sup>c/</sup> Includes \$100,000 for Portugal; also \$20,000 for Lebanon, authorized as Disaster Assistance, but appropriated in the SSA account.  
<sup>d/</sup> Includes a \$300,000 supplemental for Egypt and \$100,000 for Turkey.  
<sup>e/</sup> Executive Branch request included ESF and PKO in one account-- Security Supporting Assistance (SSA).  
<sup>f/</sup> Includes an \$80,000 supplemental for Central America.  
<sup>g/</sup> CBA limitation (P.L. 96-123).

## PEACEKEEPING OPERATIONS

FISCAL YEAR	EXECUTIVE BRANCH REQUEST	AUTHORIZED	APPROPRIATED
1979	0 <sup>a/</sup>	30,000	27,400
1980	25,000 <sup>b/</sup>	211,000	22,000 <sup>c/</sup>
1981	-	-	-

FY 1981 SECURITY ASSISTANCE PROGRAMS  
(Dollars in Thousands)

COUNTRY	FMS Financing	MIP (Grant)	INETP (Grant)	Economic Support Fund	Peace-Keeping Operations	Total
<b>EAST ASIA &amp; PACIFIC:</b>						
China	-	-	31	-	-	31
Indonesia	30,000	550 a/	1,989	-	-	32,539
Korea	175,000	-	1,491	-	-	176,491
Malaysia	10,000	-	333	-	-	10,333
Philippines	50,000	25,000	894	30,000	-	105,894
Thailand	50,000	402 b/	591	-	-	51,993
Regional Total	315,000	26,017	5,429	30,000	-	376,446
<b>NEAR EAST &amp; SOUTH ASIA</b>						
Bangladesh	-	-	139	850,000 c/	-	1,400,139
Egypt	550,000	-	996	-	-	550,996
India	-	-	498	-	-	498
Israel	1,200,000 b/	-	1,085	785,000	-	1,985,085
Jordan	20,000	-	487	50,000 d/	-	102,668
Morocco	30,000	1,583 e/	1,291	7,000	-	27,497
Nepal	-	-	40	-	-	31,291
Oman	10,000	-	-	-	-	10,000
Sri Lanka	-	-	49	-	-	49
Syria	-	-	794	5,000	-	5,794
Yugoslavia	15,000	-	948	-	-	15,948
Middle East Regional Cooperation	-	-	-	5,000	-	5,000
Private Voluntary Agency Development Projects e/	-	-	-	3,000	-	3,000
Project Development and Support	-	-	-	500	-	500
Regional Total	1,875,000	1,583	6,337	1,705,500	-	3,588,420
<b>EUROPE</b>						
Austria	-	-	25	-	-	25
Finland	-	-	40	-	-	40
Greece	180,000	1,200 a/	1,490	-	-	182,690
Portugal	51,000	-	2,194	20,000	-	73,194
Spain	120,000	3,600	2,000	7,000	-	132,600
Turkey	250,000	-	1,988	200,000	-	451,988
Yugoslavia	-	-	23	-	-	23
Regional Total	550,000	55,800	7,766	227,000	-	840,566

## FY 1981 SECURITY ASSISTANCE PROGRAMS

(Dollars in Thousands)

Country	PMS Financing	MAP (Grant)	IMCTP (Grant)	Economic Support Fund	Peace-keeping Operations	Total
<b>AFRICA:</b>						
Botswana	500		30	15,000		15,530
Cameroon	1,000		50			1,050
Gabon	2,600		20			2,620
Ghana			25			25
Ivory Coast			597			597
Kenya	1,200		249			1,449
Liberia			20			20
Mali	200		110	9,000		9,310
Mozambique						
Niger	1,500		50			1,550
Rwanda	300		278			578
Senegal			84			84
Sierra Leone			60	50,000		50,060
Tanzania	30,000	200 B/	746			30,746
Toogo			30			30
Uganda			50			50
Upper Volta			697			697
Zaire	8,000			27,000		35,000
Zambia				39,000		39,000
Southern Africa Regional Requirement Fund						
Regional Total	45,500	200	3,699	140,000 Z/		189,399
<b>AMERICAN REPUBLICS:</b>						
Bahamas			60			60
Barbados	5,000		54			5,054
Bolivia	5,500		398			5,898
Bolivia	12,700		343			13,043
Costa Rica			8			8
Dominican Republic	3,000		498			3,498
Ecuador	4,000		346			4,346
El Salvador	5,000		498			5,498
Guyana	300		195			495
Haiti						
Honduras	5,000		495			5,495

FY 1981 SECURITY ASSISTANCE PROGRAMS (Continued)  
(Dollars in Thousands)

Country	FMS Financing	MHP (Grant)	INETP (Grant)	Economic Support Fund	Peace-Keeping Operations	Total
<b>AMERICAN REPUBLICS (Continued):</b>						
Costa Rica	-	-	25	3,000	-	3,025
Guatemala	-	-	149	-	-	149
Honduras	-	-	494	-	-	30,494
Nicaragua	5,000	-	498	25,000	-	5,498
Panama	4,000	-	373	-	-	4,373
Peru	-	-	8	-	-	8
St. Lucia	-	-	8	-	-	8
St. Vincent and the Grenadines	-	-	4,600	-	-	4,600
Panama Canal Area Military Schools	-	-	-	-	-	-
Regional Total	54,500	-	9,109	28,000	-	91,609
General Costs	-	-	160	-	-	51,560
UN Forces in Cyprus	-	51,400	-	-	9,000	161,960
Sinai Support Mission	-	-	-	-	16,000	16,000
Non-Regional Total	-	51,400	160	-	25,000	76,560
Worldwide Total	2,840,000	135,000	32,500	2,130,500	25,000	5,163,000

8/ Mind-up costs under Section 516(b) of the Foreign Assistance Act, including supply operations.

9/ Payment waived on \$500,000 of the Sinai Support Mission appropriation.

10/ Includes \$50,000 for Measlin Dam Project in FY 1981.

11/ Includes \$50,000 for Measlin Dam Project in FY 1981.

12/ Titled West Bank/Gaza Development Activities in AID's CPD.

13/ Funds for Zimbabwe will be absorbed within the \$90,000 request for Southern Africa program.

## FOREIGN MILITARY SALES FINANCING PROGRAM

Section 1 of the Arms Export Control Act, as amended, identifies one of the Act's purposes as authorizing sales of defense articles and defense services by the United States government to friendly countries having adequate strength, or to assume progressively larger shares of the costs thereof without undue burden to the economies, in accordance with the restraints and control measures specified herein and in furtherance of the security objectives of the United States ... Section 1 of the Arms Export Control Act, as amended, also recognizes that, because of the growing cost and complexity of defense equipment, "it is increasingly difficult and expensive for any country, particularly a developing country, to acquire its own defense equipment." Section 1 of the Act provides for "design and production bases." The Act further states that defense cooperation among the United States and allied governments is especially important, "inasmuch as the effectiveness of US and allied armed forces, "to act in concert to deter or defeat aggression is directly related to the operational compatibility of their defense equipment."

Sections 23 and 24 of the Arms Export Control Act, as amended, authorize the President to help friendly countries acquire defense equipment guarantees, the purchase of defense articles and defense

services by friendly foreign governments and international organizations.

The sale of defense articles and defense services to allied and friendly countries strengthens the security of the United States by enhancing the defense posture of the recipients. Credits and credit guarantees provide the United States an effective method to assist these foreign governments to use their own budgetary means to purchase needed defense articles and defense services.

For FY 1961, obligational authority amounting to \$734 million is being requested to finance a total credit and credit guarantee program of \$2,840 million for 35 allied and friendly countries. Almost 70 percent of the total program is proposed for Israel and six other countries where the United States maintains important military bases (Greece, Turkey, Spain, Philippines, Korea, and Panama). A program of \$120 million is proposed for Israel, including delivery of restocking and maintenance equipment. The remaining \$1,620 million is one-half of the total program and financing it will require about 80 percent of the requested obligational authority. The remaining 20 percent of the total program would be distributed to 28 countries, varying in size from \$550 million for Egypt to \$200,000 for Mali.

# FOREIGN MILITARY SALES FINANCING PROGRAM

(Dollars in Thousands)

Country	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
<b>EAST ASIA &amp; PACIFIC:</b>			
Indonesia	32,000	33,000	30,000
Korea	225,000	155,000	175,000
Malaysia	7,500	8,000	10,000
Philippines	15,600	50,000	50,000
Thailand	30,000	40,000	50,000
Regional Total	310,100	286,000	315,000
<b>NEAR EAST &amp; SOUTH ASIA:</b>			
Egypt	1,500,000 a/	1,000,000 b/	550,000
Iran	3,200,000 a/b/	1,000,000 b/	1,200,000 b/
Jordan	67,000	60,000	50,000
Lebanon	42,500	28,000	20,000
Morocco	45,000	30,000	30,000
Oman	-	10,000	10,000
Tunisia	20,000	12,000	15,000
Regional Total	4,874,500	1,140,000	1,875,000
<b>EUROPE:</b>			
Greece	140,000	200,000	180,000
Spain	120,000	120,000	120,000
Turkey	175,000	250,000	250,000
Regional Total	435,000	570,000	550,000
<b>AFRICA:</b>			
Botswana	-	-	500
Cameroon	2,000	1,500	1,000
Gabon	-	-	2,600
Kenya	10,000	22,500	1,200
Liberia	1,200	1,400	1,200
Mal	-	-	1,500
Sierra Leone	-	-	500
Sudan	5,000	25,000	30,000
Zaire	8,000 c/	8,000	8,000
Regional Total	26,200	56,400	45,500
<b>AMERICAN REPUBLICS:</b>			
Barbados	-	1,000	5,000
Bolivia	6,000	4,100	5,500
Colombia	12,500	10,200	12,700
Dominican Republic	300	3,800	3,000
Ecuador	-	1,000	5,000
Haiti	200	3,700	5,300
Nicaragua	2,000	3,530	5,000
Panama	1,000	1,270	5,000
Peru	5,000	3,000	4,000
Regional Total	27,200	35,600	54,500
Worldwide Total	5,673,000	2,090,000	2,840,000

a/ Includes \$1,500,000 for Egypt and \$2,200,000 for Israel authorized by P.L. 96-35 (Special International Security Assistance Act of 1979) and appropriated by P.L. 96-38 (Supplemental Appropriations Act, July 25, 1979).

b/ Payment waived on \$560,000.

c/ Direct credit.

## MILITARY ASSISTANCE PROGRAM

Through the Military Assistance Program (MAP), the United States provides defense articles and related services, other than training, on a grant basis to eligible countries for their military assistance. The program is planned after FY 1981 unless there are exceptional circumstances. During FY 1980, four countries are programmed to receive grant material assistance.

For FY 1981, we are proposing a total program of \$155.0 million. These funds would be used to provide grant material assistance to three countries and to pay administrative costs of the program. The program is carrying previously MAP-funded material in the pipeline to several countries.

Approximately 60 percent of the proposed Military Assistance Program funds would be used to provide material to the three recipient countries. Some 40 percent would be required for administrative and general costs, which would defray the salaries and related costs of US personnel engaged in administering the security assistance program as required by Section 315 of the Foreign Assistance Act of 1961, as amended, and packing, crating, handling and transportation of previously MAP-funded material. It is estimated that 3302.6 million of the program funds would be required to pay for the purchase of material and the administrative surcharge included in all Foreign Military Sales contracts.

## MILITARY ASSISTANCE PROGRAM

(Dollars in Thousands)

Country	Actual FY 1979	Estimated FY 1980	Proposed FY 1981	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
<b>EAST ASIA &amp; PACIFIC:</b>						
Indonesia	809 a/	487 a/	550 a/	-	1,700	200 a/
Korea	866 a/	505 a/	25,000	-	1,700	200
Philippines	15,475	25,000	25,000	-	-	-
Taiwan	111 b/	284 b/	467 a/	-	-	-
Thailand	1,200 b/	284 b/	467 a/	-	-	-
Regional Total	18,360	26,333	26,017	327 a/	200 a/	-
<b>NEAR EAST &amp; SO. ASIA:</b>						
India	3 a/	1 a/	-	6 a/	2 a/	-
Jordan	41,020	28,300	1,583 a/	5 a/	1 a/	-
Tunisia	3 a/	1 a/	-	6 a/	3 a/	-
Regional Total	41,026	28,302	1,583	7 a/	1 a/	-
<b>EUROPE:</b>						
Greece	32,260	1,501 a/	1,200 a/	5 a/	214	-
Portugal	25,720	30,000	51,000	6 a/	52,000	51,400
Spain	42,400	3,800	3,600	7 a/	145,500	135,000
Turkey	4,998 b/	1,650 b/	-	5 a/	-	-
Regional Total	105,378	36,951	55,800	371	214	-
				Regional Total		-
				General Costs		48,241
				Worldwide Total		213,375

NOTE: Totals may not add due to rounding.  
 a/ Wind-up costs, under Section 516(b) of the Foreign Assistance Act, including supply operations.  
 b/ Supply operations only for delivery of previously MP-funded materiel in pipeline. The grant Military Assistance Program for Taiwan ended in FY 1975.

## INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM

The International Military Education and Training (IMET) Program, through which we provide instruction and training on a grant basis to military and related civilian personnel of friendly countries under Section 541 of the Foreign Assistance Act of 1961, as amended, is a vital, productive, relatively inexpensive, and low-key element of our overall Security Assistance Program.

Since the inception of grant military training in 1950, about 500,000 foreign personnel from 85 countries have been trained under IMET and its predecessor programs. Many of these trainees now occupy positions from which they are able to influence favorably the receptivity of their armed forces and their governments to US ideals, methods, and standards. For example, a recent survey revealed that over 1,000 former trainees held such high-level positions in the period between FY 1974-75; and almost 1,600 had general officer or flag rank.

As with other aspects of military assistance, the value of IMET to the U.S. derives from the contribution it makes to international military cooperation between the U.S. and friendly foreign countries. In this role, the training of foreign military personnel plays a unique and continuing part, by attendance at US military training institutions, and by participation in US military exercises. The program has achieved, as a goal, in this training environment, military-to-military relationships of enduring value to the U.S. are made. When US and foreign military personnel sit down to plan and undergo training together, the mutual insight and rapport that results are of a different order than relationships based on other types of contact.

All IMET serves some specific and legitimate military purpose within the armed forces of the trainee's country. IMET is not a cultural exchange program, but the exchange of cultural values inherent in bringing foreign and U.S. military trainees together is an additional and essentially cost free benefit. Most of the training will be conducted in the United States where the foreign trainee has an opportunity personally to observe and become familiar with American institutions the American way of life. Equally as important, the IMET program is designed to increase the awareness of basic issues involving internationally recognized human rights. Thus IMET serves not only the foreign armed forces' needs for operating, maintaining, and managing a military establishment, but also reinforces establishment of an apolitical and professional

military element in support of democratic processes and the basic rights of individuals.

The IMET program continues to make those contributions unique to a grant program. When a foreign country agrees to send its military personnel to be trained by the U.S., it casts a vote of confidence in the U.S. and its military institutions. When the US offers training to foreign military personnel on a grant basis, it casts a vote of confidence in the recipient country. The large number of students that friendly foreign governments have been willing to commit to the armed forces of the U.S. for training, tactics, techniques, and US equipment are indicative of the success of IMET and prior grant military training programs. The success of IMET is also demonstrated by the fact that the US has been able to receive grant training, purchase training under foreign military sales, and receive grant training have so many governments entrusted so many personnel, in such sensitive positions, to the training of another government.

IMET when adequately funded is one of our most effective and relatively inexpensive instruments for the achievement of US security and foreign policy objectives. It is a program that has been widely and favorably regarded by its concern for the security interests of friendly foreign countries. It enables the US to continue to influence the selection of training perceived by the U.S. as being of the highest priority and contributes substantially to the objectives of establishing communications and influence with foreign military and civil leaders. There is the continuing need -- with each generation -- for the special benefits that flow from being able to train selected foreign military personnel in US military facilities.

The \$32.5 million requested for IMET and FY 1981 will provide military education and training for foreign nations of 60 friendly countries. The funds are necessary to continue the program as a viable and a productive element of the security assistance program demonstrating US support for its friends and allies who are feeling pressure from disruptive influences.

## INTERNATIONAL MILITARY EDUCATION &amp; TRAINING PROGRAM

(Dollars in Thousands)

Country	Actual FY 1979	Estimated FY 1980	Proposed FY 1981	Country	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
<b>EAST ASIA &amp; PACIFIC:</b>				<b>AFRICA:</b>			
Burma	-	31	31	Botsswana	-	80	30
Indonesia	2,003	1,949	1,969	Cameroon	-	50	50
Korea	1,814	1,222	1,421	Gabon	-	50	248
Malaysia	512	304	333	Ghana	222	218	25
Papua New Guinea	11	644	694	Ivory Coast	-	30	30
Philippines	647	-	-	Kenya	392	496	497
Thailand	851	891	891	Liberia	283	20	297
Regional Total	5,838	5,041	5,429	Malawi	73	20	20
				Mali	-	110	110
				Niger	-	-	50
				Rwanda	-	50	50
<b>NEAR EAST &amp; SOUTH ASIA:</b>				Senegal	125	219	278
Bangladesh	231	129	139	Somalia	-	-	84
Egypt	400	996	996	Sudan	341	497	746
India	456	438	498	Tanzania	-	-	60
Jordan	1,644	1,049	1,065	Togo	-	30	30
Lebanon	552	437	497	Uganda	-	32	50
Morocco	1,128	1,105	1,291	Upper Volta	118	100	75
Nepal	51	27	40	Zaire	1,792	897	897
Oman	-	20 a/	-	Zambia	-	-	-
Pakistan	468	95	40	Regional Total	3,316	3,131	3,699
Sri Lanka	55	95	40				
Syria	1,071	764	794	<b>AMERICAN REPUBLICS:</b>			
Tunisia	592	568	948	Bahamas	-	60	60
Yemen	592	568	948	Barbados	6	59	84
Regional Total	6,622	5,588	6,337	Bolivia	381	298	398
				Colombia	454	304	343
<b>EUROPE:</b>				Dominica	10	8	8
Austria	51	25	25	Dominican Republic	502	319	498
Finland	30	40	40	Ecuador	440	305	368
Greece	-	1,422	1,490	El Salvador	-	350	25
Iceland	19	4	-	Guatemala	-	149	199
Ireland	2,464	1,915	2,194	Haiti	182	149	485
Portugal	1,995	2,100 a/	2,000	Honduras	250	447	495
Spain	310	1,719	1,958	Jamaica	-	-	25
Turkey	-	-	25				
Yugoslavia	-	-	25				
Regional Total	4,870	7,224	7,766				

**INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM (Continued)**  
(Dollars in Thousands)

Country	Actual FY 1979	Estimated FY 1980	Proposed FY 1981	Country	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
<b>AMERICAN REPUBLICS (Continued):</b>				<b>AMERICAN REPUBLICS (Continued):</b>			
Mexico	193	149	148	St. Vincent and the Grenadines	-	10	8
Nicaragua	7	146	492	Panama Canal Area Mil Schls	3,969	4,000	4,600
Panama	399	308	498	Regional Total	7,267	7,273	9,109
Peru	484	309	373	General Costs	143	143	160
St. Lucia	-	10	8	Worldwide Total	28,058	28,400	32,500

NOTE: Totals may not add due to rounding.  
a/ Recent reprogramming decisions. Statutory notifications are being provided to Congress.



## INTERNATIONAL MILITARY EDUCATION &amp; TRAINING PROGRAM STUDENT SUMMARY (Continued)

Country	Actual FY 1979		Estimated FY 1980		Proposed FY 1981	
	United States	Overseas	United States	Overseas	United States	Overseas
	Total	Total	Total	Total	Total	Total
AFRICA:						
Botswana	-	-	11	-	5	5
Cameroun	-	-	7	-	5	5
Gabon	-	-	6	-	3	3
Ghana	28	-	26	-	45	45
Ivory Coast	42	-	32	-	2	2
Kenya	9	-	13	-	60	60
Liberia	9	-	11	-	14	14
Mali	3	-	1	-	1	1
Niger	-	-	3	-	6	6
Rwanda	-	-	-	-	4	4
Senegal	11	-	5	-	5	5
Somalia	11	-	16	-	29	29
Sudan	37	-	45	-	6	6
Tanzania	-	-	-	-	75	75
Togo	-	-	5	-	6	6
Uganda	9	-	5	-	7	7
Upper Volta	9	-	3	-	4	4
Zaire	69	-	43	-	7	7
Zambia	-	-	4	-	44	44
Regional Total	208	-	231	-	325	325
AMERICAN REPUBLICS:						
Barbados	1	-	12	-	11	11
Bolivia	3	-	14	-	17	17
Colombia	40	210	8	48	4	173
Dominica	-	370	41	427	40	362
Dominican Republic	21	92	2	-	1	1
Ecuador	19	420	49	-	22	92
El Salvador	-	-	194	496	33	440
Guyana	-	-	51	51	39	473
Haiti	17	-	12	-	7	21
Honduras	12	217	155	-	21	207
Jamaica	-	-	24	-	43	250
					10	10

## INTERNATIONAL MILITARY EDUCATION &amp; TRAINING PROGRAM STUDENT SUMMARY (Continued)

Country	Actual FY 1979			Estimated FY 1980			Proposed FY 1981		
	United States	Overseas	Total	United States	Overseas	Total	United States	Overseas	Total
	AMERICAN REPUBLICS (Continued):								
Mexico	36	22	58	26	20	46	12	23	35
Nicaragua	5	-	6	5	14	19	13	62	106
Panama	7	181	188	9	133	142	13	111	127
Peru	22	46	68	10	6	16	23	2	26
St. Lucia	-	-	-	6	-	6	4	-	4
St. Vincent & the Grenadines	-	-	-	6	-	6	4	-	4
Regional Total	184	1,558	1,742	407	1,399	1,806	319	1,653	1,972
Worldwide Total	2,002	1,770	3,772	2,612	1,672	4,284	2,437	1,827	4,264

Page 13

## EXCESS DEFENSE ARTICLES

Defense articles no longer needed by the U.S. Armed Forces, referred to collectively as Excess Defense Articles (EDA), are used when possible to meet some of the requirements of the Military Assistance Program (MAP) and also are sold under the Foreign Military Sales (FMS) Program.

In determining which defense articles are excess, the following definition, from Section 244(g) of the Foreign Assistance Act of 1961, as amended, is applied:

"Excess defense articles" means the quantities of defense articles owned by the United States Government, and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order, which is in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock

of all Department of Defense Components at the time such articles are dropped from inventory by the supply/agency for delivery to countries or international organizations..."

As items actually become available from excess, they are used first to meet the requirements of the MAP. They are to substitute for items programmed for MAP from new procurement or non-excess stocks. If not used to meet these programmed requirements, they are applied against requirements that have been validated as eligible for MAP grant aid. Finally, they are made available for purchase by eligible countries under FMS procedures.

The Arms Export Control Act limits the annual value of EDA that may be provided to foreign governments by a combination of grant aid and sales. The current limit, applicable to FY 1980, is \$250,000,000.

**EXCESS STOCKS SOLD UNDER FOREIGN MILITARY SALES**  
(Dollars in Thousands)

Country	FY 1977		FY 1978		FY 1979	
	Acquisition Value	Sales Value	Acquisition Value	Sales Value	Acquisition Value	Sales Value
<b>EAST ASIA &amp; PACIFIC:</b>						
Australia	17,284	1,609	-	53	-	-
Japan	16,046	2,228	8,917	932	102	11
Korea	9	-	-	-	-	-
New Zealand	28,641	4,268	15,504	1,656	36	5
Philippines	10,557	1,455	7,343	2,820	9,167	2,445
Singapore	528	44	18,138	1,985	1,573	697
Taiwan	73,065	9,604	718	385	232	125
Thailand	-	-	-	-	-	-
Regional Total	1,097	75	51,046	7,791	11,150	3,185
<b>NEAR EAST &amp; SOUTH ASIA:</b>						
Iran	1,000	50	-	-	-	-
Israel	38	19	5,356	736	-	-
Jordan	-	-	340	189	-	-
Morocco	51	3	-	-	-	-
Pakistan	8	3	200	10	1	-
Regional Total	1,097	75	5,896	934	1	-
<b>EUROPE &amp; CANADA:</b>						
Canada	135	5	-	-	-	-
Denmark	15	1	60	3	-	-
Germany	820	204	1,658	147	3,106	823
Greece	1,416	11	630	22	400	15
Iceland	32	2	49	3	-	-
Luxembourg	-	-	-	-	5	2
Norway	1	-	-	-	-	-
Portugal	72	8	10,000	1,002	-	-
Spain	662	136	538	32	-	-
Turkey	-	-	-	-	-	-
Yugoslavia	-	-	-	-	-	-
Regional Total	3,359	535	12,766	1,210	3,511	540
<b>AFRICA:</b>						
Ethiopia	31	4	-	-	1,068	534
Zaire	-	-	-	-	1,068	534
Regional Total	31	4	-	-	1,068	534

## EXCESS STOCKS SOLD UNDER FOREIGN MILITARY SALES (Continued)

(Dollars in Thousands)

Country	FY 1977		FY 1978		FY 1979	
	Acquisition Value	Sales Value	Acquisition Value	Sales Value	Acquisition Value	Sales Value
<b>AMERICAN REPUBLICS:</b>						
Argentina	11,280	1,128	1,862	569	-	-
Bolivia	-	447	-	-	-	-
Costa Rica	3,073	3	1,679	782	22	1
El Salvador	13	3	-	-	246	123
Guatemala	88	32	-	-	378	49
Haiti	2,048	102	1,179	408	-	-
Honduras	697	137	2,706	412	-	-
Mexico	232	80	40	5	105	17
Nicaragua	41	6	83	17	40	8
Panama	77	24	-	-	-	-
Paraguay	1,100	295	-	-	-	-
Regional Total	18,646	2,254	7,551	2,193	791	190
International Organizations Total	-	-	-	-	13	3
Worldwide Total	96,198	12,473	77,259	12,127	16,533	4,459

NOTE: Totals may not add due to rounding.

\*Less than \$500.

MILITARY ASSISTANCE PROGRAM EXCESS DEFENSE ARTICLES — ACQUISITION COST  
*(Dollars in Thousands)*

Country	Unfulfilled FY 8 & Prior Years Program	Programmed FY 1979	Total	Delivered FY 1979
<b>EAST ASIA &amp; PACIFIC:</b>				
Indonesia	5,883	-	5,883	250
Jorea	7,322	-	7,322	492
Thailand	662	-	662	-
Thailand	1,881	-	1,881	194
Regional Total	15,748	-	15,748	936
<b>NEAR EAST &amp; SOUTH ASIA:</b>				
India	2	-	2	83
Jordan	550	-	550	83
Regional Total	552	-	552	-
<b>EUROPE &amp; CANADA:</b>				
Portugal	-	-	-	69
Spain	-	-	-	71
Turkey	19,120	-	19,120	237
Regional Total	19,120	-	19,120	379
<b>AFRICA:</b>				
Ethiopia	154	-	154	-
Regional Total	154	-	154	-
<b>AMERICAN REPUBLICS:</b>				
Bolivia	621	-	621	102
Dominican Republic	-	-	-	2
Honduras	69	-	69	-
Nicaragua	174	-	174	-
Paraguay	-	-	-	489
Uruguay	30	-	30	-
Regional Total	894	-	894	592
Worldwide Total	36,468	-	36,468	1,991

NOTE: Totals may not add due to rounding.  
 \*Less than \$500.

## ESTIMATING FOREIGN MILITARY SALES

Basic foreign military sales policies are derived from US statutes, Presidential policies, instructions from the Department of State, Department of Defense directives which implement the provisions of these statutes, policies and instructions. Offers to sell defense articles and defense services (including training) under Foreign Military Sales (FMS) procedures are made only in response to specific requests from foreign governments. The estimates of foreign military sales for FY 1983 are based on the information contained in Presidential documents take account of the President's policy on construction of restraints, including that portion regarding a reduction in the dollar volume of new FMS commitments to non-exempt countries of weapons and weapons-related defense articles and defense services.

Sales estimates were developed through a country analysis of both ongoing projects and potential new programs. These estimates are based on analyses of interest expressed by potential recipients, which may or may not result in official requests. Judgments as to which requests may be approved and result in actual offers after the thorough and lengthy United States Government review process is completed, and a judgment as to which offers to sell may actually be accepted. The latter requires not only a judgment of how essential military equipment is to the country's defense needs, but also an estimate of the country's ability to pay for the equipment. In preparing the country's budget process. We have also included in our projections an estimate of potential requests for major increases in

scope (amendments) to prior year cases. These amendments will be reflected as a sale in the current fiscal year. Each phase of the request/offer/acceptance process has many variables which make it difficult to be precise about the timing of many sales. The estimating period, however, is confining to our fiscal year. A variance of one day in a year is considered a negligible variance. A single significant proffered sale agreement could shift the recording of the transaction from one fiscal year to the next.

While an attempt has been made for individual countries to show that portion of estimated total FMS sales which may be financed by FMS credits and guaranteed loans, such estimates are tenuous at best. FMS financing is extended to specific countries on the basis of loan warrants. The terms of these warrants are subject to the purchase of defense articles and defense services. The terms of the loan agreements require that the available funds be allocated to approved purchases (FMS or commercial) prior to a specified date, usually two years after the date the loan agreement is signed. When circumstances warrant, this period may be extended.

FMS agreements cannot always be segregated on a cash or financing basis at the time letters of offer are issued by the United States. In the case of those countries which have financing available, it is not always possible to determine until full payment has been made exactly how much of that payment was from funds available to the purchaser under FMS credits or guaranteed loans.

## FOREIGN MILITARY SALES AGREEMENTS

(Dollars in Thousands)

Country	Actual FY 1979		Estimated FY 1980		Proposed FY 1981	
	Total Sales	FMS Financing Applied \$/	Total Sales	FMS Financing Applied \$/	Total Sales	FMS Financing Applied \$/
<b>EAST ASIA &amp; PACIFIC:</b>						
Australia	131,650	-	400,000	-	200,000	-
Burma	431	-	500	-	600	-
France	-	-	30,000	-	50	-
FRG	39,100	80	30,000	25,000	30,000	25,000
Indonesia	480,470	-	300,000	-	300,000	-
Japan	242,528	5,653	400,000	75,000	1,200,000	75,000
Korea	34,672	-	45,000	10,000	10,000	6,000
Malaysia	12,513	-	15,000	-	15,000	-
New Zealand	-	-	-	-	50	-
Papua-New Guinea	15,709	-	25,000	15,000	25,000	15,000
Philippines	1,100	-	15,000	-	15,000	-
Singapore	564,334	12,234	500,000	-	500,000	-
Taiwan	416,584	32,220	150,000	45,000	150,000	30,000
Thailand	-	-	-	-	-	-
Regional Total	1,925,515	50,187	1,990,500	170,000	2,450,700	151,000
<b>NEAR EAST &amp; SOUTH ASIA:</b>						
Bahrain	1	-	10,000	-	10,000	-
Egypt	623,067	623,067	2,300,000	865,000	70,000	550,000
India	1,009	-	35,000	-	20,000	-
Iran	41,520	-	-	-	-	-
Israel	982,147	982,147	500,000	500,000	900,000	900,000
Jordan	89,561	45,110	280,000	150,000	200,000	50,000
Kuwait	11,780	-	150,000	-	150,000	-
Lebanon	22,437	-	40,000	40,000	25,000	20,000
Morocco	3,323	22,332	20,000	-	125,000	20,000
Oman	-	-	5,000	5,000	10,000	10,000
Pakistan	9,920	-	30,000	-	100,000	10,000
Qatar	-	-	40,000	-	50,000	-
Saudi Arabia B/	6,419,891	-	100	-	20,000	-
Tunisia	33,120	-	5,200,000	-	6,300,000	-
United Arab Emirates	2,647	26,784	30,000	15,000	10,000	10,000
Yemen	181,256	-	15,000	-	5,000	-
Regional Total	8,426,529	1,699,440	8,906,100	1,580,000	10,000	1,550,000
<b>EUROPE &amp; CANADA:</b>						
Austria	52,293	-	10,000	-	15,000	-
Belgium	19,582	-	15,000	-	25,000	-
Canada	69,713	-	150,000	-	80,000	-
Denmark	37,942	-	40,000	-	100,000	-

## FOREIGN MILITARY SALES AGREEMENTS (Continued)

(Dollars in Thousands)

Country	Actual FY 1979		Estimated FY 1980		Proposed FY 1981	
	Total Sales	FMS Financing Applied $\bar{a}$	Total Sales	FMS Financing Applied $\bar{a}$	Total Sales	FMS Financing Applied $\bar{a}$
<b>EUROPE &amp; CANADA (Continued):</b>						
France	5,924	-	50,000	-	40,000	-
Germany	553,237	-	350,000	-	500,000	-
Greece	243,296	10,052	150,000	75,000	170,000	75,000
Iceland	4	-	10	-	10	-
Ireland	6	-	20	-	20	-
Italy	16,982	-	40,000	-	30,000	-
Luxembourg	239	-	280	-	180	-
Netherlands	467,767	-	150,000	-	400,000	-
Norway	26,345	-	20,000	-	150,000	-
Portugal	1,303	-	10,000	-	10,000	-
Spain	99,455	21,186	600,000	120,000	1,100,000	120,000
Sweden	1,258	-	155,000	-	400,000	-
Switzerland	43,124	-	100,000	-	200,000	-
United Kingdom	802,120	167,265	100,000	100,000	200,000	200,000
United States	264,170	-	500,000	-	200,000	-
Yugoslavia	470	-	40,000	-	10,000	-
Regional Total	2,131,482	198,503	2,400,310	295,000	3,450,210	395,000
<b>AFRICA:</b>						
Botswana	-	-	400	-	400	-
Cameroon	3,606	3,069	4,000	4,000	4,000	2,000
Gabon	-	-	10	-	10	-
Ghana	-	-	180	-	180	-
Kenya	45,899	21,000	15,000	7,000	11,000	7,000
Liberia	1,028	991	1,000	1,000	1,200	1,200
Malawi	-	-	-	-	200	-
Nigeria	8,026	-	13,000	-	-	-
Rwanda	-	-	-	-	10,000	1,500
Senegal	-	-	-	-	1,500	1,500
Sudan	48,084	4,746	10,000	5,000	500	5,000
Zaire	6,356	5,053	7,000	7,000	7,000	5,000
Regional Total	112,998	34,859	50,590	24,000	45,790	22,200
<b>AMERICAN REPUBLICS:</b>						
Barbados	-	-	1,000	-	5,000	1,000
Bolivia	73	-	1,000	1,000	1,000	1,000
Brazil	5,387	3,274	10,000	8,000	10,000	8,000
Colombia	366	357	1,000	-	1,000	-

## FOREIGN MILITARY SALES AGREEMENTS (Continued)

(Dollars in Thousands)

Country	Actual FY 1979		Estimated FY 1980		Proposed FY 1981	
	Total Sales	FMS Financing Applied a/	Total Sales	FMS Financing Applied a/	Total Sales	FMS Financing Applied a/
AMERICAN REPUBLICS (Continued):						
Dominican Republic	112	-	1,000	1,000	1,000	1,000
Ecuador	15,885	2,112	10,000	5,000	10,000	5,000
El Salvador	1,802	-	1,000	500	6,000	3,500
Guatemala	239	191	400	9	2,000	-
Honduras	266	81	4,000	200	400	200
Haiti	189	-	3,000	2,000	6,000	2,000
Mexico	10	-	100	-	3,000	-
Paraguay	171	-	200	-	5,000	2,000
Peru	6,288	2,275	100	-	100	-
Uruguay	17	-	7,000	5,000	7,000	5,000
Venezuela	2,400	-	1,000	1,000	10,000	-
Regional Total	33,196	8,290	52,500	23,709	68,300	28,700
International Organizations	393,731	-	100,000	-	100,000	-
Worldwide Total	13,025,451	1,931,279	13,500,000	2,092,709	14,500,000	2,146,500

NOTE: Totals may not add due to rounding.

a/ Less than \$500.

b/ This shows the estimated amount of FMS Financing applied to sales agreements entered into for the fiscal year. That amount may vary from the actual amount of FMS Financing applied during the fiscal year for the reasons given in the accompanying explanation.

c/ Includes \$2,106,000 (FY 1979), \$3,000,000 (FY 1980) and \$1,300,000 (FY 1981) of construction projects requested by the Government of Saudi Arabia.

## COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT

(Dollars in Thousands)

Country	Preliminary FY 1979	Estimated FY 1980	Estimated FY 1981	Country	Preliminary FY 1979	Estimated FY 1980	Estimated FY 1981
<u>EAST ASIA &amp; PACIFIC</u>				<u>NEAR EAST &amp; SOUTH ASIA</u>			
Australia	34,683	32,500	40,000	(Continued):			
Brunei	1,029	1,000	1,050	Oman			1,500
China	7,986	500	1,000	Pakistan	637	2,000	10,000
Fiji	*	1,000	1,000	Qatar	4,196	-	-
French Polynesia	291	-	-	Saudi Arabia	34,631	65,000	100,000
Hong Kong	15,573	13,000	20,000	Sri Lanka	2	-	-
Indonesia	16,832	5,000	10,000	Syria	189	5	5
Japan	179,584	200,000	200,000	Tunisia	3,085	2,500	2,500
Korea	49,463	90,000	75,000	United Arab Emirates	1,437	5,000	5,000
Malaysia	95	-	-	Yemen	35	35	40
New Caledonia	17,558	70,000	50,000	Regional Total	316,889	402,540	435,907
New Hebrides	59	100	75				
New Zealand	*	-	-	<u>EUROPE &amp; CANADA</u>			
Philippines	2,431	6,000	3,000	Austria	1,221	2,200	2,200
Portugal	187	-	-	Belgium	34,160	30,000	40,000
Republic of China	5,218	20,000	10,000	Canada	105,000	115,000	125,000
Singapore	7,970	7,500	15,000	Cyprus	113	-	-
South Korea	7,946	-	-	Denmark	7,205	20,000	20,000
Taiwan	39,588	50,000	50,000	Finland	1,616	4,000	4,000
Thailand	5,067	10,000	10,000	France	20,668	35,000	35,000
Western Samoa	*	-	-	Germany	113,458	145,000	180,000
Regional Total	383,663	506,600	486,125	Gibraltar	*	15	10
				Greece	71,529	100,000	100,000
<u>NEAR EAST &amp; SOUTH ASIA</u>				Iceland	5	30	20
Afghanistan	100	-	-	Ireland	165	130	130
Algeria	122	-	-	Italy	65,472	135,000	135,000
Bahrain	693	1,000	1,000	Luxembourg	20	15	25
Bangladesh	16	500	500	Malta	381	100	1,000
Burma	806	10,000	10,000	Mexico	2	4	5
Egypt	9,670	10,000	10,000	Monaco	35,732	100,000	100,000
India	82,248	5,000	3,062	Netherlands	12,358	30,000	30,000
Iran	*	-	-	Norway	1,447	3,000	3,000
Iraq	168,587	250,000	250,000	Portugal	1,447	3,000	3,854
Israel	3,707	10,000	15,000	Romania	-	-	-
Jordan	3,283	5,000	5,000	Spain	22,970	45,000	50,000
Kuwait	1,535	1,500	1,500	Sweden	20,414	40,000	50,000
Lebanon	8,887	25,000	20,000	Switzerland	7,102	17,000	20,000
Morocco	*	-	-	Turkey	930	20,000	10,000
Nepal	1	-	-				

**COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT (Continued)**  
(Dollars in Thousands)

Country	Preliminary FY 1979	Estimated FY 1980	Estimated FY 1981	Country	Preliminary FY 1979	Estimated FY 1980	Estimated FY 1981
<b>EUROPE &amp; CANADA (Continued):</b>				<b>AMERICAN REPUBLICS</b>			
United Kingdom	50,566	60,000	80,000	(Continued):			
Yugoslavia	2,532	3,000	3,000	Barbados	26	5	10
Regional Total	575,070	904,494	989,247	Belize	55	12	30
<b>AFRICA</b>				Bermuda	1,404	20	350
Botswana	5	10	10	Bolivia	6,899	7,000	8,000
Cameroon	332	3,000	2,000	Brazil	151	1	1
Cuba	69	1,500	2,000	British Virgin Islands	1,802	5,000	5,000
Gabon	6	1,500	2,000	Colombia	189	140	150
Gambia	1	-	-	Costa Rica	151	825	1,000
Ghana	39	-	-	Dominican Republic	529	750	1,000
Guinea	7	-	-	Ecuador	133	230	250
Ivory Coast	5	-	-	Greenland	6	4	6
Kenya	188	500	300	Grenada	7	2	2
Lesotho	2	-	-	Guadeloupe	1	1	1
Liberia	523	500	500	Guatemala	1,103	760	750
Madagascar	294	-	-	Guyana	6	5	20
Mali	1	-	-	Haiti	6	400	400
Mauritania	59	-	-	Honduras	1,767	2,000	2,000
Mauritius	24	-	-	Lebanon	87	200	200
Niger	748	7,500	5,000	Martinique	2	2	2
Nigeria	6	-	-	Mexico	1,352	2,200	2,200
Senegal	5	-	-	Neth. Antilles	17	13	20
Sierra Leone	25	-	-	Nicaragua	1	750	750
South Africa	25	-	-	Panama	468	1,000	1,000
Sudan	6	-	-	Paraguay	276	300	300
Tanzania	944	600	800	Peru	1,470	5,000	5,000
Topo	9	-	-	St. Christ-Nevis	2	-	-
Upper Volta	8	-	-	St. Lucia	4	2	2
Zaire	230	2,000	1,000	Suriname	10	13	15
Zambia	33	200	200	Trinidad-Tobago	161	50	50
Regional Total	3,640	15,810	11,810	Uruguay	154	200	200
<b>AMERICAN REPUBLICS</b>				Venezuela	7,397	8,000	10,000
Antigua	3	2	15	Regional Total	54,944	64,239	60,076
Argentina	29,270	30,022	20,000	International Organizations	54,872	86,275	89,600
Bahamas	21	8	150	Worldwide Total	1,388,977	1,979,957	2,072,763

NOTE: (1) Totals may not add due to rounding.  
(2) PHS Financing may be applied to Commercial Sales.  
\* Less Chan \$500.

## ECONOMIC SUPPORT FUND -- PEACEKEEPING OPERATIONS

General: The International Security Assistance Act of 1978 reauthorized the legislative authorities for Security Supporting Assistance and provides authorities for an Economic Support Fund (ESF) and Peacekeeping Operations (PKO) fund in order to reflect more accurately the purposes of these funds and make a more explicit differentiation between politically important economic aid, peacekeeping and military assistance.

ESF: The Economic Support Fund is authorized by Chapter 4 of Part II of the Foreign Assistance Act and was established to promote economic or political stability in areas where the United States has special security interests and has determined that economic assistance can be useful in helping to secure peace or to avert major economic or political crises. ESF is a flexible economic instrument which is made available on a loan or grant basis for a variety of economic purposes, including but not limited to: (1) development projects, a substantial amount goes for balance of payments type aid; while (2) also provides for programs aimed at primary needs in health, education, agriculture and family planning. Congress has made it clear that funds from this account, to the maximum extent possible, should be used for development and to support equitable growth that meets the basic needs of the poor.

The FY 1981 ESF proposed program totals \$2,130.5 million. As in recent years, the bulk of this proposed program -- \$1,705.5 million or about 80 percent -- is earmarked for five countries (Egypt, Israel, Jordan, Lebanon, and Syria) and a regional fund in the Middle East in support of our continuing efforts to achieve lasting peace in the region. In addition, \$227 million or about 11 percent of the total is proposed for Turkey, Jordan, and the West Bank. The FY 1981 program also includes \$130 million or about 6 percent provided for Sudan and the southern Africa program, \$30 million or about 1 percent for the Philippines and \$28 million or about 1 percent for Nicaragua and Jamaica in South America.

Included in the proposed program for the Middle East region is \$6.5 million for a Middle East regional fund to support the economic and social development of the West Bank and Gaza, regional activities designed to benefit the local population of the West Bank and Gaza, regional activities designed

to promote cooperation among the peoples of the area and Project Development and Support to undertake studies needed to provide opportunities for regional economic cooperation of benefit to the countries and people of the region.

A total of \$90 million is proposed for programs in southern Africa in support of our interest in facilitating change and enlivening rural life in the region. This fund consists of \$15 million for Botswana which would be used to continue projects supporting manpower development, agricultural education and planning, health and sanitation and rural development with special attention given to transportation problems; \$9 million for Mozambique to provide for agricultural imports for production and for projects to improve agricultural marketing and health services; \$22 million for Zimbabwe to provide for agricultural development and manpower training. In addition, these funds would finance an agricultural sector loan and a manpower training project; and a \$39 million Regional Fund to contribute to the development of a sense of regional intra-action, support regional development efforts and offer alternatives to political strife. These projects would include completion of the Southern Perimeter Road in Lesotho, regional technical and manpower training, regional efforts in agriculture and health care, and a program for the development of a regional center. The FY 1981 program also intends to provide a program for Zimbabwe of \$15 million in FY 1980 and \$25-30 million in FY 1981. These funds will come from other programs in Southern Africa.

A more detailed description of the proposed ESF programs discussed above is contained in the Congressional Presentation Documents prepared by the Agency for International Development (AID).

PKO: Peacekeeping Operations is authorized by Chapter 6 of Part II of the Foreign Assistance Act and was established to provide for that portion of Security Assistance devoted to programs such as the Sinai Field Support Mission, the US contribution to the UN Forces in Cyprus (UNFICYP) and other programs designed specifically for peacekeeping operations. The FY 1981 program totals \$115 million for two programs, the Sinai Support Mission and UNFICYP. A total of \$16 million is requested for the Sinai Support Mission (SSM).

## ECONOMIC SUPPORT FUND -- PEACEKEEPING OPERATIONS (Continued)

to operate and maintain the US treaty verification program in Zones A and B of the Sinai in connection with the 1979 Egyptian-Israeli Peace Treaty.

The Sinai Support Mission was established by Executive Order 11896, dated January 13, 1976, to fulfill the US commitment to build and operate an early warning system in the Buffer Zone. This system verifies the nature of operations and Egyptian and Israeli electronic surveillance stations in the Sinai Buffer Zone and monitors the approaches to the strategic Mitla and Gidi Passes.

The US early warning system and essential support facilities were constructed under a contract signed on January 16, 1976 with the American firm E-Systems, Inc. The contract with E-Systems to operate and maintain the system has been extended through January 25, 1980.

The contractor has a staff of approximately 168 people stationed in the Sinai. There are also 21 US Government personnel detailed from the Department of State, AID and USICA, who oversee the field operation and perform liaison functions with the two parties and with the UN. In addition, there are 11 direct hire US Government employees in Washington.

Under the original plan, the Sinai Support Mission (SSM) was to function through January 1980. At the September 18-19, 1979 trilateral talks in Washington on Sinai peacekeeping arrangements, Egypt and Israel requested the US to take over verification responsibilities relating to the Peace Treaty in the western two-thirds of the Sinai beginning February 1980 and extending through April 1982.

The SSM will be responsible for the verification of the provisions of the Peace Treaty relating to the western two-thirds of the Sinai subsequent to the Israeli interim withdrawal to the El Arish-Ras Mohammad line in January 1980.

An amount of \$9 million is proposed for the US voluntary contribution to the United Nations Force in Cyprus (UNFICYP). This amount is the same as that requested for FY 1980, and represents about 15 percent of total estimated UNFICYP costs, including both cash costs and costs absorbed by countries contributing troops.

UNFICYP presently has 2,506 officers, troops and civilian police stationed on Cyprus. Contingents are provided by Austria, Canada, Denmark, Sweden and the United Kingdom. Finland and Ireland still have a few officers and police at UNFICYP headquarters, and Australia and Sweden provide civilian police elements. The total cost of UNFICYP in 1979 was estimated by the UN at \$91.6 million. \$31 million of this cost is covered by contributions from 16 UNFICYP contributing countries. As of June 30, 1979, total UNFICYP costs since inception were estimated at \$309.3 million, and the accumulated deficit in the UNFICYP special account as of that date was estimated at \$64.8 million.

We will continue to work with the UN and other countries to encourage more contributions to UNFICYP. We will continue to encourage them to pay as far as possible in accordance with their ability to do so and their interest in stability on the island.

## ECONOMIC SUPPORT FUND

(Dollars in Thousands)

Country	Actual FY 1979	Estimated FY 1980	Proposed FY 1981	Country	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
<u>EAST ASIA &amp; PACIFIC:</u>							
Philippines	-	20,000	30,000	AFRICA:	11,100	15,000	15,000
Regional Total	-	20,000	30,000	Botswana	5,000	-	-
				Liberia	-	3,000	9,000
<u>NEAR EAST &amp; SOUTH ASIA:</u>				Mozambique	-	40,000	50,000
Egypt	835,000a/	865,000b/	850,000b/	Sudan	3,000	-	-
Israel	785,000	785,000	785,000	Zambia	20,000	26,000	27,000
Jordan	93,000	79,000b/	50,000b/	Southern Africa Regional Requirement (Fund)	13,900	16,500	39,000
Lebanon	-	6,100	7,000	Regional Total	53,000	100,500c/	140,000d/
Syria	90,000	-	5,000				
Middle East Regional Cooperation	50	4,950e/	5,000	<u>AMERICAN REPUBLICS:</u>			
Middle East Special Requirements Fund	11,599a/	-	-	El Salvador	-	5,000	-
Private Voluntary Agency Projects	3,000	3,000	3,000	Honduras	-	5,000b/	-
Development and Support	207	1,000	500	Jamaica	-	-	3,000
Regional Total	1,817,856	1,744,050	1,705,500	Nicaragua	8,000	75,000b/	25,000
				Regional Total	8,000	85,000	28,000
<u>EUROPE:</u>							
Cyprus	15,000	15,000	20,000	Interregional Bureau of Census Surveys	290	-	-
Portugal	-	59,000	-	Non-Regional Total	290	-	-
Spain	50,000	7,000	7,000	Worldwide Total	1,954,146	2,219,550k/	2,130,500
Turkey	10,000	196,000g/	200,000				
Yugoslavia	-	-	-				
Regional Total	75,000	270,000	227,000				

a/ Includes \$85,000 in FY 1979, \$115,000 in FY 1980 and \$100,000 in FY 1981 funded from FY 1979 supplemental appropriation.

b/ Includes Agarrin Development Project, \$19,000 in FY 1980 and \$20,000 in FY 1981.

c/ Represents amount of funds originally made available in FY 1979.

d/ Reappropriated from FY 1978.

e/ Titled West Bank/Gaza Development Activities in AID's CPD.

f/ Funded as Peacekeeping Operations.

g/ Includes \$100,000 funded from FY 1979 supplemental appropriation.

h/ Supplemental appropriation.

i/ \$15,000 for Zimbabwe will be taken from the \$60,500 program for Southern Africa.

j/ Funds for Zimbabwe will be absorbed within the \$90,000 request for Southern Africa Program.

k/ Does not include \$3,900 transferred to Peacekeeping Operations in accordance with Section 610(a) of the Foreign Assistance Act of 1961.

## PEACEKEEPING OPERATIONS

(Dollars in Thousands)

Country	Actual FY 1979	Estimated FY 1980	Proposed FY 1981
Sinai Support Mission	11,700	16,000 b/	16,000
UN Forces in Cyprus	8,700	9,000	9,000
Spain a/	7,000	-	-
Worldwide Total	27,400	25,000	25,000

a/ Funded as Peacekeeping Operations in FY 1979 and as Economic Support Fund in Fiscal Years 1980 and 1981.

b/ Includes \$3,900 transferred from Economic Support Fund in accordance with Section 610(a) of the Foreign Assistance Act of 1961.

## STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

Section 514(c) of the Foreign Assistance Act of 1961, as amended, sets an annual ceiling on the amount of munitions or stocks or defense articles intended for use as war reserve stocks for allied or other foreign countries (other than those for NATO purposes). Existing legislation sets a ceiling of \$95 million on the value of such additions in FY 1980. The Administration requests that the FY 1981 ceiling be set at \$85 million. Defense articles added to stockpiles under this ceiling would come from existing stocks.

The defense articles in these stockpiles remain U.S. military service-owned stocks. As the term "war reserve" implies, these stocks are intended for use only in emergencies. All of the additions under the FY 1981 ceiling would be for the Republic of Korea, and some of the

stocks would be stored, under agreed arrangements, at ROK Government facilities... (The International Security Assistance Act of 1959 authorizes the use of U.S. Government facilities, in all cases, title to, and control of the additional stocks, in the hands of the ROK Government.) The transfer to the ROKG in an emergency would be in accordance with the provisions of the security assistance legislation prevailing at the time. Current legislation would require payment in full by the ROKG.

Some of the proposed \$85 million ceiling may consist of overseas U.S. defense stocks currently identified as war reserves for U.S. Armed Forces in the Republic of Korea. These stocks are currently counted against the FY 1981 ceiling, but not wholly reclassified into that count in FY 1981. If they were reclassified to Korea, their value would not be counted a second time against a limitation in Section 514(b)...

VALUE OF WAR RESERVE STOCKS FOR ALLIES AUTHORIZED  
(001,000 in thousands)

Fiscal Year	Amount
FY 1976	\$ 93,800
FY 1977	125,000
FY 1978	270,000
FY 1979	90,000
FY 1980 Estimated	95,000
FY 1981 Proposed	85,000

Overview. In recent years US arms control efforts have concentrated primarily on nuclear weapons. This emphasis is both understandable and appropriate in view of the risks of widespread destruction that arise from US and Soviet nuclear arsenals. At the same time there is growing recognition that an unrestrained international trade in conventional arms also poses grave risks to US and world security. Since 1977, the aim of US policy has been to reduce the risks of unrestrained arms transfers while recognizing the need for continuing assistance to allies and friendly countries in their efforts to provide for their own security. In pursuit of these important goals the US has imposed restraints on its own arms transfers while seeking the cooperation of other arms suppliers, as well as purchasers, in establishing wider international restraints. That effort continues.

The international trade in conventional arms consists of a varied assortment of weapons ranging from automatic rifles, to tanks, to jet fighters. It also entails a wide range of less dramatic and less visible, though no less essential, goods and services, such as spare parts, training and construction. The total value of deliveries of defense articles and services was about \$15.9 billion in 1979.

Recognition of the risks associated with unrestrained arms transfers has grown in recent years. Some weapons, such as automatic rifles, tanks and artillery, may have useful lives of thirty to fifty years and be transferred and retransferred many times during that period. Thus, their destructive potential will continue to exist for a long time. Some transfers entail the risk of stimulating arms competition and exacerbating local conflicts. For example, deep strike aircraft, which are seen by a recipient's neighbors as particularly threatening. Furthermore, changes in governments, which occur quickly and violently in many parts of the world, can result in US weapons falling into the hands of forces unfriendly to the U.S.

On the other hand, many countries have legitimate defense needs that they can meet only through foreign purchases. Some transfers of weapons, military equipment and/or services serve US interests by supporting stability in a particular part of the world or enhancing the security of an allied or friendly nation. Rational control of arms transfers requires discriminating among those transfers that pose risks that are clearly undesirable, those that offer significant advantages to the US but entail undesirable or uncertain side effects, and those that contribute to security and stability and are clearly desirable.

On May 19, 1977 the President stated that the US will continue to transfer arms where it clearly contributes to our national security interests but that the burden of persuasion will be on those who favor

## ANNEX A

## ARMS CONTROL CONSIDERATIONS

Overview	455
East Asia and Pacific	457
Near East and South Asia	457
Europe/NATO	459
Africa	459
Latin America	460

restraining transfers of those types of advanced weapons likely to be destabilizing if transferred to a recipient. There is also a common responsibility to conserve limited financial resources so they will be available for purposes other than purchasing arms.

The Administration's strategy for obtaining multilateral cooperation is based on the need for cooperation from three groups of nations:

- Soviet Union and its allies;
- major West European arms suppliers; and
- recipients.

Initial discussions were held first with the major Western European suppliers. They said that restraint could pose serious problems for them, particularly for their own defense industries. Moreover, they made it clear that before they could consider restraint seriously, they would have to be sure that the Soviets were willing to cooperate in the multilateral restraint effort. The US has held four rounds of talks with the Soviet Union on conventional arms transfer restraint -- the first in 1975, the second in 1976, the third in December 1977, and the fourth in 1978. In May 1978, the Soviets said that the problem of unrestrained arms transfers was a serious problem and that the problem was urgent, and that it had to be dealt with in a concrete way. They also agreed to meet on a regularly scheduled basis. At the third bilateral meeting in July 1978, the two sides worked on developing a framework that would subject arms transfers to arms control considerations. This was further discussed at a fourth round of talks held in Mexico City in December, 1978.

The United States has also continued to encourage the development of regional arrangements among recipient countries to limit acquisitions of conventional arms. However, the persistence of local disputes has so far inhibited the development of such arrangements. Despite the endorsement of the 1978 United Nations Special Session on Disarmament, regional arms control efforts have been forthcoming only in Latin America. However, state-subsidy initiatives such as those of Mexico and certain other states have not yet produced concrete results.

US arms transfer policy represents a pioneering advance in assuring that recipient countries have a useful role to play. It establishes for the first time clear guidelines for identifying and preventing those transfers that are particularly likely to create instabilities and uncertainties. But general guidelines cannot be sensitive to the specifics of all situations. Thus, the President has, and must have, the authority to act with flexibility when extraordinary circumstances

a particular arms sale. Significant and specific controls, subject to waiver only by the President, were established for US government arms transfers to all countries other than NATO, Australia, New Zealand and Japan. Central to this policy are a series of qualitative controls. Controls on transfers to high risk countries are based on the desirability of the recipient country's political and economic situation. US policies state that this country will not be the first to introduce newly developed advanced weapons into a region, that we will not develop such weapons solely for export, and that we will not enter into co-production agreements for significant weapons with other than the exempted countries. A Presidential exception is required to waive any of these provisions, and such exceptions are granted only when extraordinary circumstances warrant such a course of action. An additional feature of the policy is the establishment of an annual ceiling on the dollar value of new commitments of weapons and weapons-related items to non-exempt countries under the Foreign Military Sales and Military Assistance Programs. The President set the FY 1978 ceiling at \$8.551 billion -- an eight percent reduction below the comparable FY 1977 total. The year-end total was \$8.538 billion. For fiscal year 1979 the President mandated an additional eight percent cut, which, when adjusted for inflation, provided for a ceiling of \$8.43 billion. In FY 1979, actual sales transactions to non-exempt countries amounted to roughly \$6.5 billion, or 23 percent below the ceiling.

The annual ceiling is a valuable planning tool, requiring consideration of the total flow of US arms transfers over a multi-year period and a careful evaluation of arms transfers requests to ensure the commitments ultimately made are those most important to US interests. Furthermore, the machinery established ensures that the Executive Branch considers a wide range of factors -- political, military, economic, human rights as well as arms control in all major transfer cases.

In initiating his 1977 arms transfer policy, the President recognized that the US bears a special responsibility to set an example of restraint. At the same time, he pointed out that actual reductions in worldwide traffic in arms will require multilateral cooperation. The USSR and Western European countries sell a full range of modern weaponry and regard arms sales as a means of furthering their own foreign policies and their domestic economic interests. For some European countries arms sales, particularly in high technology areas, are viewed as vital to the maintenance of a viable defense production base. The Soviets view arms sales as an important source of both political influence and hard currency. Some arms purchasing countries tend to look on arms transfer limitations with disfavor, viewing them as discriminatory against countries that do not produce weapons, and as infringements on each country's sovereignty. Nevertheless, there are potential common grounds for cooperation, particularly in

so require. Equally important, transfers requests are not automatically approved simply because they satisfy the criteria of the policy. ARDA must be notified and given time to review such requests on a case-by-case basis to decide what requests are identified and fully considered in the transfer decision process.

The ensuing discussion of specific countries is organized on a regional basis, addressing anticipated arms acquisitions primarily in terms of recipient relationships with neighboring states.

**East Asia and Pacific.** The central security concern in the East Asian area are the threats posed to regional stability and independent nation states by aggressive and hostile challenges. The withdrawal of selected American forces from the Republic of Korea has been suspended, in part as a consequence of a revised appreciation of the size and structure of North Korean forces. In Southeast Asia there is increased concern over the Vietnamese presence in Kampuchea and the possibility that the conflict there could spread. The insurgencies endemic to most Southeast Asian states have thus far proven to be within the capability of their governments to contain.

Though there is currently little prospect for formal arms control agreements within the region, there is more indication of unmet or unmet needs for arms acquisitions. The military programs of US defense force recipients are generally commensurate with legitimate defense requirements and do not represent excessive drains on national resources. None of the recipients of US arms is viewed as a major threat by any other recipient.

The nations of East Asia and the Pacific as a group imported about 10 percent of the armaments delivered internationally from all sources in 1978, and they accounted for about 19 percent of US arms exports. Long-standing cooperative security arrangements underlie almost all US arms transfers to the region, with the Republic of Korea and Japan accounting for the major share.

The US objective of preserving peace and stability on the Korean peninsula is served by maintaining and improving the ROK defensive capability to deter an attack from the North. US efforts to assist the ROK in its force modernization are designed to offset a North Korean build-up and reflect a revised appreciation of the size and structure of North Korean forces. The continuing modernization of ROK air defense and anti-tank capabilities is particularly important for this reason. At the same time, it is important to note that the US structure for security assistance to the ROK to avoid provoking the North or its allies, a situation which could lead to an arms competition in advanced weaponry. Accordingly,

transfers of US arms and technology to the South are carefully reviewed to ensure that we do not inadvertently release advanced technologies which could be used in the production of provocative weapons systems, such as strategic missiles.

This same concern over technology transfer pertains to Taiwan. In recent years, US arms transfers to Taiwan have been restricted to those that are defensive in nature. The decision in 1978 to offer Taiwan more F-5E aircraft rather than long-range aircraft is a case in point.

Japan, Australia, and New Zealand all maintain armed forces sufficient to discourage any long-range strategic external threats. Japan, the third major US arms customer in the region, has selected the US F-15 for its new generation air defense fighter, and also has decided to purchase the P-3C ASW and E-2C early warning aircraft. Japan also anticipates continued purchases of other sophisticated equipment from the US. Australia, in the early stages of air force modernization, is currently requesting planning and budgetary data on several candidate fighter aircraft. All three of these countries are exempt, as appropriate, from the President's policy on arms transfer restraint.

The military forces and proposed acquisitions by the individual ASEAN states (Thailand, Malaysia, Singapore, Indonesia and the Philippines) are generally consistent with their security situations and to their plans for economic development. None of these nations is viewed as a threat to any of the others.

The resumption of active insurgency in Malaysia since 1974 has been a source of concern not only to Malaysia but to neighboring states as well. Joint Malay-Thai operations have been conducted against guerrilla groups. Malaysia, Singapore and Indonesia are each engaged in modest procurement programs to improve their defense against current or potential threats of conventional military challenge and externally supported insurgency. Thailand is also engaged in an effort to modernize its forces to deal with externally supported insurgencies and more importantly, to develop an increased ability to defend its borders against the clear and present danger of external attack. Currently anticipated acquisitions by the Philippines would primarily increase coastal patrol capability and air defense. These acquisitions should have no adverse regional impact.

Modest arms purchases by Burma are similarly intended for internal stability and are too small to have a regional impact from an arms control perspective.

**Near East and South Asia.** The Near Eastern and South Asian nations as a group imported 60 percent of the armaments delivered internationally

Continued assistance to Jordan is helping that government retain its pro-Western orientation and interest in serious negotiations at the peace table. The supply of reasonable amounts of arms inventory, and improvements to the existing military infrastructure contribute to stabilization and moderation in Jordan as the peace process evolves.

The government of Lebanon continues to experience difficulties in assisting its military authority throughout the country. Assistance is being provided to reconstruct a military force that will be capable of maintaining internal security and eventually protecting Lebanon's borders. However, this task has become more difficult as various internal militias as well as external parties compete to gain pre-eminence in controlling the country. The limited sale of military equipment to Lebanon is designed to further the Lebanese Government's efforts to acquire the military capabilities necessary to regain its independence of action.

In the Persian Gulf area the security situation is clouded by turbulence and uncertainty in Iran and events there will likely influence arms purchases and security assistance programs in adjacent countries. Saudi Arabia is the region's primary recipient of US military equipment and services. A large proportion of its purchases has been for military construction and services. Saudi Arabia, with its huge and vulnerable energy resources, vast and underlined border areas, and potentially hostile neighbors, has legitimate security needs and a credible defense capability. The current Saudi regime has been a moderating influence on its Arab neighbors and has generally acted responsibly in its dealings with industrialized nations.

Saudi Arabia is also of interest from a regional arms control standpoint because it finances purchases by countries such as Egypt, Jordan, and the Yemen Arab Republic. Our primary concern in such cases lies in the nature and impact of the arms involved, and reviews view such Saudi-financed arms purchases on a case-by-case basis.

Requests for arms from the smaller Persian Gulf and Arabian Peninsula states have accelerated somewhat, but compared to those of other states in the region, their requests have remained modest. Because of internal unrest and fear of border incursions, the Yemen Arab Republic has expanded its military supply relationship with the U.S. Oman, Bahrain, Qatar, and the United Arab Emirates have a need for a limited capability to defend and patrol their own shorelines, and their oil-based purchasing power has enabled them to seek more sophisticated systems. Kuwait remains concerned about the possibility of external attack and desires to continue improving its military posture with more sophisticated Western equipment. In developing our responses

from all sources in 1978, and they accounted for about 55 percent of US arms exports. Instability and armed hostility are not new in this part of the world; however, historical regional tensions have been exacerbated because many Near Eastern states now have the financial resources to buy the weapons that they want. Furthermore, industrialized nations which produce modern, technologically advanced arms are heavily dependent upon access to Middle Eastern oil and, therefore, are disinclined to irritate the governments that control the supply of that commodity. This situation complicates all the other problems surrounding arms transfers to the Middle East. Although steps are being taken to reduce dependence on Middle Eastern energy resources, it is unlikely that these steps will result in any long-term changes in supplier-recipient relationships. The oil-rich Persian Gulf area includes most easily Israel, the Arab countries of Iraq, Syria and Jordan) plus Lebanon. The Persian Gulf area also includes Iran, Iraq, Kuwait, Saudi Arabia, the United Arab Emirates, Oman, and the lower Gulf states of Bahrain, Qatar, the United Arab Emirates and Oman. The South Asian subcontinent includes India, Pakistan, Bangladesh, Nepal and Sri Lanka.

U.S. security assistance for the Near East and South Asia reflects the broader issues of US security assistance in general. The US must weigh restraint in arms transfers against the need to assist friends and allies in their efforts to provide for their own defense, particularly in light of Soviet aggression in Afghanistan. Maintenance of stability in the region, so vital for both regional peace and US security, requires careful review over the transfer of modern combat equipment.

The US will continue to honor its historic commitment to the independence and security of Israel. It is particularly important during the current negotiations that Israel feel confident that its security requirements are being met. Progress in the peace process is possible only so long as such confidence exists. Arms transfers to Israel must also be consistent with the wider US policy of covered arms restraint, and transactions should be designed to avoid provoking reactive arms purchases by the Arab states.

Egypt shares our interest in preserving the peace process and working toward a comprehensive peace settlement in the Middle East. A measured US response to some of Egypt's reasonable requirements for military equipment will assist in furthering the peace process. Fostering internal security within Egypt, and encouraging Egyptian moderation in regional affairs. A carefully designed program of military assistance will enhance Egypt's capability to defend itself against a potential threat from Libya, and strengthen its internal security throughout the current negotiations.

to such requests, it is important that the limited security requirements of these smaller countries and their modest capability to absorb high technology weapons be kept in mind.

The purpose of US policy in South Asia continues to be enhancement of regional stability and moderation of the rivalry between India and Pakistan. The US seeks to avoid the sale of military equipment that might exacerbate tensions between India and Pakistan while at the same time responding to the threat posed by Soviet forces in Afghanistan.

India continues to enjoy a significant military advantage over Pakistan and the purchase of Jaguar strike aircraft from the United Kingdom will further increase Indian military superiority as well as tensions in the region. US policy has been to deny all sales of weapons and equipment that might enhance the capability of the Jaguar. The US will remain sensitive to military developments in the area and will continue to encourage restraint by all parties concerned.

Military sales to other states in the area, Bangladesh, Nepal, and Sri Lanka, continue to be limited. The US will provide small amounts of training and minor equipment that will not have an adverse impact on the more substantial resources from more pressing domestic needs but will serve to sustain positive US relations with these countries.

Europe/NATO. The countries of Western Europe and Canada imported about one-fifth of the armaments delivered globally from all sources in 1978. Two-thirds of these nations are our NATO allies: Belgium, Canada, Denmark, France, West Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Turkey and the U.K. US arms exports to these 14 allies strengthen NATO's defensive posture against the Warsaw Pact.

Since most West European nations receiving US security assistance are members of NATO, the dangers of intra-European arms races or regional military rivalries (relatively small although not entirely absent. The traditional rivalries between NATO members -- Greece and Turkey -- over Cyprus and the Aegean seas) are minimized. The Atlantic Alliance and thus for US arms transfers to the Eastern Mediterranean. A prudent and enhanced arms transfer policy vis-a-vis Greece and Turkey, avoiding the risk of reactive acquisitions that detract from their NATO mission, is of great importance for preserving peace and stability in that region of Europe.

Although NATO members (as well as Australia, New Zealand and Japan) are largely exempt from the arms transfer guidelines of the President's

policy, they are nevertheless subject to the statutory provision that requires US approval for the retransfer of US-origin arms or technology to a third party.

Official NATO policy favors the standardization of allied armaments in terms of production and development, as well as the rationalization of procurement of weapons within NATO. This policy may at times conflict with the statutory retransfer provisions referred to above. However, the US will not deny them third-country sales that the US would itself be prepared to make. It would state, however, that the US production and licensing policies with Europe, which affect the US arms transfer market for jointly produced weapons, thus having a desirable arms control impact on transfers outside NATO. As far as the MFR negotiations are concerned, US arms transfers to NATO have had no adverse impact.

Transfers to all non-NATO countries in the European region -- Austria, Finland, Ireland, Spain, Sweden, Switzerland and Yugoslavia -- are subject to the arms transfer guidelines of the President's policy. Exceptions to the President's policy for these countries are granted only when there are imperative national security reasons to do so.

Four of these countries (Austria, Ireland, Sweden and Switzerland) have close economic ties with NATO members. Ireland receives insignificant amounts of US assistance. Spain has a bilateral treaty of friendship with the United States. The US has a long-standing relationship with Yugoslavia is a non-aligned country, increasingly interested in Western assistance for its national security. It currently purchases an increasing amount of US arms. The amount of defensive weapons from several Western countries, including the U.S. Arms transfers to these neutral/non-aligned nations generally pose no significant arms control problems.

In sum, proposed US arms transfers to NATO members are designed to have a stabilizing effect on the region by enhancing Allied security vis-a-vis the Warsaw Pact. Although the same rationale applies to a lesser degree to US transfer to Spain, Austria, Ireland, Sweden, Switzerland, Finland and Yugoslavia, the impact of arms transfers to these countries is given careful consideration with a view to their contribution to US arms control policy and other important foreign policy interests.

Africa. African nations as a group imported about 13 percent of the armaments delivered internationally from all sources in 1978, though they accounted for only one percent of US arms exports. The Soviet Union continues to be a major supplier of arms to Africa in an effort to extend its foreign policy influence. The past year, however, has seen nothing like the massive arms supply effort that the Soviets

undertook in previous years to prevent Ethiopia's defeat in the Ogaden and to sustain its military efforts in Eritrea.

In North Africa, Tunisia is continuing its extensive force modernization, primarily in response to the large Soviet-supplied build-ups in Libya and Algeria. One of the larger armed forces in Tunisia and Morocco, will presently be programmed to receive more heavily armed forces in these countries. Justified from an arms control point of view in terms of discouraging aggression by heavily armed neighbors. None of the equipment involved is providing significant offensive capability or escalating the qualitative level of the region's arms acquisitions beyond what has already been introduced by the Soviets. Tunisia does have a growing need to replace its present fighter force with a new interceptor.

In Morocco, threat perceptions have continued to shift away from concern over the threat of Algeria's modern armor and aircraft to the frequent and sometimes very successful attacks by the Polisario guerrillas. The effectiveness of the Algerian-supported Polisario, and the increased frequency of attacks against Morocco proper, have led the USG to approve limited arms for use in the Western Sahara. These include six OV-10 aircraft, up to twenty-four helicopters (equipped with TOW so that they may also respond to an Algerian threat), and eight replacement F-5 aircraft. This package is aimed at putting Morocco in a better bargaining position with Libya and the Polisario. It is not, however, intended to solve the long-standing military resolution of the Western Sahara problem. As such, it is critical that all participants seriously pursue negotiations and equal effort that the US arms program remain narrow and well-equiped, and does not grow beyond its original purpose. The eventual size of this program will be restrained in part by Morocco's limited ability to finance and absorb complex weaponry. Clearly, no useful purpose would be served by the sale of sophisticated arms which could not be maintained or operated effectively and which might increase Morocco's already severe economic problems.

Since the conclusion of the Ogaden War and the brief Uganda-Tanzania confrontation, major fighting has subsided in East Africa. Tensions will obviously remain high in this region, however, and this is a major reason for US willingness to aid Kenya efforts to build a more credible defense against armor and air attack. The ongoing program which provides a helicopter-borne anti-tank missile capability, is in response to a growing external threat and should not severely strain Kenya's absorptive capability.

The small IMET program for Somalia does not cause arms control concerns. However, any larger program of military support beyond

the modest scope recommended for FY 1981 will require careful review. If such a program does emerge, it is critical that it not be centered to the ongoing Kenyan modernization program, primarily designed to meet a potential threat from Somalia, or in any other way encourage Somali irredentism.

Sudan continues a gradual improvement of its defenses at a rate consonant with its absorptive capabilities. This year's program of replacement armored vehicles, ammunition, artillery, and engineering and air defense equipment is not destabilizing in relation to its much more heavily armed neighbor, Ethiopia.

The situation in Chad continues to be very unstable but is, perhaps, an improvement over the past two years. Although Chad was granted FMS eligibility by the US, there are no plans at this time for anything more than a small IMET program. Similarly, the proposed IMET programs for Ivory Coast, Upper Volta, Mali (including a small amount of transportation equipment), Tanzania, Niger, Togo, Zambia, Malawi, and Ghana pose no arms control problems. Slightly larger programs, including transportation and basic military equipment as well as IMET for Senegal, Gabon, Zaire, Cameroon, Rwanda, and Liberia cause little concern due to the defensive nature of the equipment and, in many cases, the presence of heavily armed neighbors.

Latin America. US arms sales policy in Latin America has traditionally been restrictive, and the percentage of Latin American countries have been relatively small. The percentage of overall US sales. For example, the value of Latin America imported about 4 percent of the armaments delivered internationally from all sources in 1978 but accounted for only about 2 percent of total US deliveries worldwide. In recent years, the US share of total arms sales to Latin America has decreased as US arms restraint and human rights policies have resulted in lowered sales.

In the recent past, we have witnessed the beginnings of recipient-initiated regional arms control efforts. Latin American interest and activity in the field are supportive of US policy objectives for global arms restraint and it is hoped that there will be another round of consultations on Latin America restraint initiatives in 1980.

Despite avowed Latin American interest in arms restraint, there are still several areas of existing and potential concern in terms of arms purchases in the Latin American region. The Andean region continues to be strongly influenced by Peruvian purchases of sophisticated equipment from the Soviet Union. These purchases, which have included a variety of offensive systems, have caused other Andean countries to

make reactive purchases to deter what they see as a threat from Peru.

In addition to historical tensions between Peru and Ecuador, and among Peru, Bolivia, and Chile, Chile has not yet been able to resolve through mediation its dispute with Argentina over the Beagle Channel. Yet, the emergence of the Andean nations as a group capable of taking unified actions on major political issues is a development of potential significance, and the group could provide a vehicle for arms control initiatives.

The last year has been a period of instability and change in Central America and the Caribbean. The fall of Somoza and the installation of the Sandino government in Nicaragua represents a significant new development. Cuba has been a major factor in the ultimate character of the new regime and its impact elsewhere in the area are still unknown. US security assistance programs in the area will have to be continuously reviewed and adapted as political conditions change.

Evidence of the basic fragility of many of the Caribbean countries has been apparent this year. Modest security assistance programs are aimed at improving economic conditions and establishing or strengthening ties in the area of marine safety and military professionalism. Cuban intentions in the Caribbean and Central America are not entirely clear.

While certain areas may require some particular attention, US arms sales to Latin America will continue, as in the past, to be restrictive and to take into consideration US arms control objectives. Additionally, we will monitor closely co-production arrangements which can pose serious problems for arms control in general and efforts to restrain arms transfers in particular. The United States will continue to support arms control initiatives by Latin American countries as part of its effort to achieve multilateral arms transfer restraint.

## FOREIGN MILITARY SALES AGREEMENTS

(Dollars in Thousands)

	FY 1955- FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 a/	FY 1977	FY 1978	FY 1979	FY 1985- FY 1979
MOROCCO	11 822 390	1 130 891	1 395 050	2 980 579	5 305 061	10 381 200	15 830 608	14 917 884	8 793 633	11 746 444	13 025 451	97 229 132
EAST ASIA & PACIFIC	1 304 232	141 150	144 848	304 781	296 205	310 938	667 836	1 710 133	1 265 427	1 720 976	1 925 515	9 792 233
Australia	820 704	53 362	56 604	114 841	18 959	25 568	166 333	546 317	125 566	338 189	131 650	2 398 135
Brunei											431	
Burma	1 902	7	65	268	223	120	22	111	525	600	4 274	10
Fiji	8 542							160				8 542
Indonesia	235 409	21 278	10 722	40 768	148	51 867	51 867	3 427	7 215	109 602	39 104	235 409
Japan	4 892	393	393	8 731	1 594	58 087	30 001	42 467	44 136	342 135	480 470	1 355 059
Korea	4 015	1 637	83	40 790	1 648	100 091	223 472	615 139	637 571	407 188	24 528	2 241 678
Malaysia	93 185	5 347	6 656	3 343	3 401	4 192	5 995	5 995	5 052	6 203	34 872	101 888
New Zealand	5 775	652	1 107	3 468	1 159	4 151	3 867	6 679	5 523	8 732	12 513	154 337
Philippines	1 038	2 395	1 961	5 440	7 529	11 659	138 481	325 231	112 652	31 532	15 709	196 915
Singapore	123 018	24 315	67 230	72 948	209 285	316 424	15 230	107 184	105 068	32 138	544 334	2 314 465
Taiwan	5 081	11	11	16 948	1 155	16 444	15 230	107 184	105 068	112 465	416 584	820 981
Vietnam				2								1 167
NEAR EAST & SO ASIA	2 288 082	410 972	713 423	1 194 443	3 937 210	8 591 016	8 720 354	11 330 360	5 988 525	7 825 956	8 428 529	59 428 570
Bahrain												1 147
Egypt	58 267	911	856	48		1 942	3 096	68 478	1 777	937 316	623 007	1 630 920
India	698 852	133 703	355 174	457 868	2 158 402	3 966 322	1 313 812	1 588 270	3 236 142	763 590	41 520	14 479 347
Iran	534 750	153 138	302 772	400 923	165 744	2 455 583	830 323	990 308	497 068	1 762 119	982 147	9 074 874
Israel	118 248	28 826	16 282	18 877	6 990	64 544	79 125	374 508	107 249	77 717	89 561	981 927
Jordan					40	31 693	365 294	207 765	27 436	92 846	11 780	728 864
Kuwait						9 811	240	251		28 198	22 437	70 411
Lebanon	2 737	1 160	187	232	5 155	9 811	240	251		7 487	3 923	488 892
Libya	20 867	5 082	632	2 672	1 300	8 191	287 952	108 610	37 259			2 715
Morocco	24 428	2 437	2 239	7 490	2 628	8 191	287 952	108 610	37 259			2 715
Oman			11		60							
Pakistan	76 407	4 441	20 005	306 311	1 578 961	2 039 570	5 801 534	7 257 377	1 889 643	4 122 322	6 419 891	30 790 668
Saudi Arabia b/	779 141	80 674	15 245									
Sri Lanka												
Syria					2 137	790	383	2 252	42 708	2 157	33 120	86 369
Tunisia	2 985											2 985
United Arab Emirates												3 487
Yemen						2 820	372	130 269	2 530	1 093	181 256	319 241
EUROPE & CANADA	7 640 569	517 332	456 218	1 339 320	873 585	1 242 853	6 206 253	1 402 232	1 289 125	1 758 789	2 131 482	24 557 758
Austria	14 747	1 323	2 800	1 814	2 433	3 660	7 637	9 366	7 206	3 487	52 993	167 450
Belgium	119 087	4 765	2 998	4 513	5 807	10 416	1 575 895	7 747	6 477	12 779	19 982	1 700 245
Canada	832 072	50 984	28 035	38 606	88 104	101 940	99 163	54 790	63 554	39 860	59 133	1 526 111
Denmark	73 617	6 682	15 221	11 747	11 782	19 731	827 138	23 308	15 730	22 962	37 942	1 007 623



## FOREIGN MILITARY SALES AGREEMENTS (Continued)

(Dollars in Thousands)

	FY 1955- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1955- FY 1979
<b>AMERICAN REPUBLICS</b>												
(Cont'd)												
El Salvador	1 464	527	7 764	1 956	52	365	490	645	271	29	*	1 439
Guatemala	2 542	-	-	-	3 344	339	578	3 693	6 424	2 783	1 302	32 397
Haiti	1 092	-	-	27	5 232	706	303	253	189	-	-	1 290
Jamaica	8	8	8	3	7	42	78	690	900	675	266	9 690
Mexico	15 389	12	441	172	691	411	141	2 059	171	1 973	189	21 648
Nicaragua	2 239	82	674	63	54	360	536	559	762	11	-	5 380
Panama	16	14	9	6	1 601	1 531	232	1 311	528	146	17	5 351
Paraguay	377	-	-	-	6	52	144	11	14	14	10	714
Peru	33 952	2 185	1 464	467	24 856	43 151	23 268	25 906	13 330	11 857	6 296	186 345
Trinidad-Tobago	-	85	-	-	-	-	-	-	1	-	-	1
Uruguay	2 716	241	1 631	1 588	1 453	1 159	7 635	2 247	648	63	17	19 439
Venezuela	104 928	738	1 627	43 219	25 259	4 027	48 224	6 982	2 943	4 387	2 400	244 734
<b>International Organizations</b>	199 002	37 482	14 910	33 663	86 834	12 397	32 218	92 773	53 224	138 140	393 731	1 094 374

NOTE: Totals may not add due to rounding.

\* Less than \$500.

b/ Includes transitional quarter (FY 1977).

c/ Includes the value of Saudi Arabian Engineer Assistance Agreements (EAA) projects requested by the Saudi Arabian Minister of Defense and approved by the U.S. Government for management by the U.S. Corps of Engineers (CE) as of October 1965, \$521,200; FY 1970, \$6,820; FY 1975, \$1,491,300; FY 1974, \$1,389,400; FY 1973, \$3,361,481; FY 1976, \$3,744,000; FY 1977, \$349,383; FY 1978, \$701,600; FY 1979, \$1,522,100.

## FOREIGN MILITARY SALES DELIVERIES

(Dollars in Thousands)

	FY 1955- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a</sup>	FY 1977	FY 1978	FY 1979	FY 1955- FY 1979
<b>WORLDWIDE</b>	7,695,601	1,342,252	1,371,936	1,450,148	1,512,740	3,184,525	3,533,230	5,860,735	7,074,703	7,732,061	7,995,372	46,331,207
<b>EAST ASIA &amp; PACIFIC</b>	838,453	121,816	169,547	135,433	199,678	354,577	300,110	419,773	468,759	892,021	1,056,472	4,956,638
Australia	545,026	52,451	62,256	38,982	101,702	195,293	21,903	14,872	28,968	151,762	180,021	1,393,236
Burma	1,426	296	94	333	149	199	88	32	21	829	382	3,893
India	8,542	-	-	-	149	146	8,152	11,348	25,376	6,333	6,321	68,490
Indonesia	185,762	19,364	32,561	37,415	19,560	25,690	24,669	29,061	26,439	41,657	43,017	58,490
Japan	2,429	1,904	408	371	2,378	13,338	70,893	160,858	177,831	414,098	417,626	1,261,914
Korea	42,939	1,070	3,534	534	1,332	29,007	2,263	3,398	3,239	3,286	3,468	60,545
Malaysia	5,316	8,841	11,509	6,728	84	1,880	5,366	18,948	3,239	34	5,967	126,504
Philippines	792	1,084	995	2,382	1,622	3,737	7,734	17,132	15,175	34	68,507	159,012
Singapore	30,033	35,277	34,748	35,347	66,264	93,464	119,624	135,614	139,421	129,986	201,273	1,021,063
Taiwan	1,583	5	12,863	13,010	3,499	5,276	9,720	26,824	17,711	95,668	89,518	275,376
Vietnam	6	-	-	1	-	1,165	4	-	-	-	-	1,167
<b>NEAR EAST &amp; S.O. ASIA</b>	821,082	469,259	477,543	583,970	678,170	1,994,413	2,110,484	3,811,386	5,156,015	5,666,644	4,613,517	26,382,476
Bahrain	358	-	-	-	-	-	-	63	10,469	50,784	220,528	282,317
Egypt	56,745	1,931	1,072	254	77	645,641	2,370	3,134	1,410	1,168	1,275	69,517
Iran	217,786	127,717	78,566	214,807	245,293	1,006,131	1,006,131	1,924,884	2,424,669	1,907,362	924,511	9,740,337
Israel	159,758	215,865	303,182	182,184	197,203	982,244	798,752	827,045	860,208	864,480	415,535	13,152
Jordan	74,716	53,075	34,445	10,579	15,228	14,629	16,636	17,885	17,796	130,731	136,277	5,747,243
Kuwait	-	-	-	-	-	44	7,545	16,937	15,798	100,701	56,278	662,343
Lebanon	1,900	1,044	1,122	38	1,791	844	7,943	4,574	381	8,363	5,278	26,278
Libya	17,302	6,107	1,459	3,527	891	4,038	2,442	15,572	31,790	88,389	133,050	29,594
Nepal	9,770	11,203	7,304	1,656	1,916	4,038	1,591	36	-	-	-	30,747
Oman	-	-	6	3	25	-	1	181	-	-	-	72
Pakistan	56,609	20,343	6,067	1,262	3,845	11,675	12,965	15,311	39,452	46,645	61,256	271,933
Saudi Arabia	190,429	31,937	64,049	159,646	211,159	331,667	329,037	929,332	1,501,535	2,369,173	2,521,110	8,639,976
Sri Lanka	2	-	-	-	-	-	-	-	-	-	-	4
Syria	1	-	-	-	-	-	-	-	-	-	-	1
United Arab Emirates	2,800	38	-	4	43	237	206	635	3,241	1,559	42,039	50,802
Yemen	-	-	-	-	-	-	1,869	313	20,860	27,261	74,362	124,825
<b>EUROPE &amp; CANADA</b>	5,695,549	678,981	866,405	676,994	554,287	745,025	961,395	1,422,233	1,161,398	967,448	1,589,784	15,109,690
Austria	42,124	8,733	5,522	2,664	1,767	1,767	2,046	4,312	28,351	1,933	4,330	98,307
Belgium	38,851	5,930	4,529	7,414	11,683	5,997	5,780	7,584	5,780	27,849	147,604	330,696
Denmark	735,951	39,462	35,628	48,781	39,951	52,081	76,611	96,194	66,169	73,557	76,863	1,341,228



FOREIGN MILITARY SALES DELIVERIES (Continued)  
(Dollars in Thousands)

	FY 1955- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1975/ a/	FY 1977	FY 1978	FY 1979	FY 1955- FY 1979
<b>AMERICAN REPUBLICS</b>												
<i>(Cont'd.)</i>												
Ecuador	4 012	-	-	461	72	9	1 353	3 999	8 943	7 801	12 769	39 419
El Salvador	1 332	131	2	629	37	159	259	326	259	608	41	3 127
Guatemala	2 894	278	848	6 229	1 820	1 484	3 378	3 348	2 181	2 418	3 661	28 126
Haiti	2 874	-	-	27	108	644	680	200	117	334	251	1 243
Honduras	1 074	-	17	27	6	28	209	4 749	384	467	973	9 157
Jamaica	7	8	7	3	6	6	20	69	1	1	1	157
Mexico	10 538	313	1 008	395	207	860	212	763	3 625	467	383	18 751
Nicaragua	2 239	82	615	66	45	142	219	615	361	787	48	5 218
Panama	13	5	14	8	4	891	1 631	1 526	243	171	298	4 793
Paraguay	31 900	1 981	1 487	672	3 956	4 909	9 322	14	219	43	17 636	689
Peru	-	-	-	-	-	-	-	30 257	26 114	13 712	17 636	141 962
Suriname	-	-	-	-	-	-	-	-	-	1	-	85
Trinidad-Tobago	-	-	85	-	-	-	-	-	-	-	-	-
Uruguay	2 716	241	939	775	708	1 557	2 008	1 225	5 322	1 200	1 041	17 732
Venezuela	100 422	3 033	1 437	5 425	9 743	12 477	34 765	8 743	44 271	4 393	5 782	230 491
<b>International Organizations</b>	166 522	37 177	22 010	13 301	25 131	21 687	29 307	34 375	47 722	40 280	34 406	471 917

NOTE: Totals may not add due to rounding.

\* Less than \$500.

a/ Includes transitional quarter (FY 1977).





## FOREIGN MILITARY SALES FINANCING PROGRAM (Continued)

(Dollars in Thousands)

	FY 1955- FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 a/	FY 1977	FY 1978	FY 1979	FY 1980- FY 1979
EUROPE & CANADA												
000 Direct	130 079	-	18 000	74 971	78 000	127 460	161 000	281 000	367 000	435 000	435 000	2 107 649
000 Guaranty	130 079	-	18 000	74 971	78 000	127 460	161 000	281 000	367 000	435 000	435 000	388 543
	-	-	-	25 000	23 000	55 000	98 000	281 000	367 000	435 000	435 000	1 719 000
Austria	15 713	-	-	-	-	-	-	-	-	-	-	15 713
000 Direct	15 713	-	-	-	-	-	-	-	-	-	-	15 713
Belgium	7 793	-	-	-	-	-	-	-	-	-	-	7 793
000 Direct	7 793	-	-	-	-	-	-	-	-	-	-	7 793
France	80 392	-	-	-	-	-	-	-	-	-	-	80 392
000 Direct	80 392	-	-	-	-	-	-	-	-	-	-	80 392
Greece	20 000	-	18 000	60 000	58 000	52 500	86 000	156 000	125 000	140 000	140 000	852 660
000 Direct	20 000	-	18 000	35 000	35 000	27 500	23 000	156 000	125 000	140 000	140 000	852 660
000 Guaranty	20 000	-	18 000	25 000	23 000	25 000	63 000	156 000	125 000	140 000	140 000	694 000
Italy	292	-	-	-	-	-	-	-	-	-	-	292
000 Direct	292	-	-	-	-	-	-	-	-	-	-	292
Netherlands	2 200	-	-	-	-	-	-	-	-	-	-	2 200
000 Direct	2 200	-	-	-	-	-	-	-	-	-	-	2 200
Spain	2 300	-	-	-	-	-	-	-	-	-	-	2 300
000 Direct	2 300	-	-	-	-	-	-	-	-	-	-	2 300
000 Guaranty	2 300	-	-	-	-	-	-	-	120 000	120 000	120 000	362 300
Turkey	-	-	-	14 971	20 000	75 000	75 000	125 000	120 000	120 000	120 000	360 000
000 Direct	-	-	-	14 971	20 000	45 000	40 000	125 000	125 000	175 000	175 000	784 971
000 Guaranty	-	-	-	-	-	30 000	35 000	125 000	125 000	175 000	175 000	119 971
Yugoslavia	1 388	-	-	-	-	-	-	-	-	-	-	665 000
000 Direct	1 388	-	-	-	-	-	-	-	-	-	-	1 388
AFRICA												
000 Direct	2 714	-	13 231	4 046	6 228	14 500	38 300	62 700	53 500	52 000	26 200	270 421
000 Guaranty	1 385	-	13 231	4 046	6 228	14 500	30 300	31 000	28 000	17 500	8 000	134 734
	1 327	-	-	-	-	-	5 000	31 700	25 500	34 500	18 200	135 686
Cameroon	-	-	-	-	-	-	-	-	-	5 000	2 000	7 000
000 Guaranty	-	-	-	-	-	-	-	-	-	5 000	2 000	7 000
Ethiopia	-	-	-	-	-	-	-	-	-	5 000	2 000	7 000
000 Direct	-	-	-	-	-	11 000	25 000	-	-	-	-	36 000
	-	-	-	-	-	11 000	25 000	-	-	-	-	36 000

## FOREIGN MILITARY SALES FINANCING PROGRAM (Continued)

(Dollars in Thousands)

	FY 1955- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1984- FY 1979
<b>AFRICA (Cont'd)</b>												
Gabon	-	-	-	-	-	-	-	2,000	2,000	2,000	-	6,000
000 Direct	-	-	-	-	-	-	-	2,000	2,000	2,000	-	2,000
000 Guaranty	-	-	-	-	-	-	-	-	-	-	-	4,000
Kenya	-	-	-	-	-	-	5,000	30,000	35,000	27,000	10,000	87,000
000 Direct	-	-	-	2,000	-	-	1,000	1,700	500	500	1,200	8,751
000 Guaranty	1,051	-	-	2,000	-	-	1,000	1,700	500	500	1,200	3,900
000 Guaranty	1,051	-	-	-	-	-	-	-	-	-	-	-
Mali	-	-	-	48	-	-	-	-	-	-	-	48
000 Direct	-	-	-	48	-	-	-	-	-	-	-	48
Nigeria	335	-	-	-	-	-	-	-	-	-	-	335
000 Direct	335	-	-	-	-	-	-	-	-	-	-	335
Senegal	-	-	-	-	-	-	-	-	8,000	-	-	8,000
000 Guaranty	-	-	-	-	-	-	-	-	8,000	-	-	8,000
Sudan	1,327	-	-	-	-	-	-	-	-	-	-	-
000 Guaranty	1,327	-	-	-	-	-	-	-	-	-	-	-
Zaire	-	-	13,231	2,000	6,228	3,500	3,500	89,000	28,000	12,500	8,000	110,959
000 Direct	-	-	13,231	2,000	6,228	3,500	3,500	89,000	28,000	12,500	8,000	110,959
000 Guaranty	-	-	-	-	-	-	-	29,000	28,000	17,500	-	91,500
<b>AMERICAN REPUBLICS</b>	248,896	-	50,773	61,639	58,935	111,673	133,800	186,289	39,000	72,000	27,200	950,215
000 Direct	153,769	-	48,273	42,139	58,935	60,373	146,300	107,000	39,000	72,000	27,200	400,215
000 Guaranty	95,126	-	6,500	19,500	58,935	51,300	93,500	146,289	39,000	72,000	27,200	550,428
Argentina	45,975	-	16,000	15,000	11,401	22,500	30,000	34,000	-	-	-	175,878
000 Direct	78,235	-	16,000	15,000	11,401	22,500	30,000	34,000	-	-	-	63,240
000 Guaranty	18,639	-	6,500	7,500	-	16,000	30,000	34,000	-	-	-	112,639
Bolivia	-	-	-	-	-	4,000	4,000	9,000	-	-	6,000	23,000
000 Direct	-	-	-	-	-	4,000	4,000	9,000	-	-	6,000	23,000
000 Guaranty	-	-	-	-	-	-	-	-	-	-	-	15,000
Brazil	71,644	9,400	19,889	14,862	14,862	45,300	60,000	43,423	-	-	-	264,617
000 Direct	31,553	9,400	19,889	14,862	14,862	35,000	57,500	35,000	-	-	-	151,383
000 Guaranty	40,091	-	-	12,000	-	23,300	32,500	43,423	-	-	-	153,315

## FOREIGN MILITARY SALES FINANCING PROGRAM (Continued)

(Dollars in Thousands)

	FY 1955- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1955- FY 1979
<b>AMERICAN REPUBLICS</b>												
(Cont'd)												
Chile	20,134	-	5,000	10,000	12,400	15,000	-	-	-	-	-	62,524
000 Direct	10,000	-	5,000	10,000	12,400	15,000	-	-	-	-	-	58,480
000 Guaranty	4,034	-	-	-	-	-	-	-	-	-	-	4,034
Colombia	-	-	4,973	7,250	10,000	-	19,600	19,600	-	51,000	12,500	105,322
000 Direct	-	-	4,973	7,250	10,000	-	-	-	-	51,000	12,500	22,223
000 Guaranty	-	-	-	-	-	-	-	-	-	-	-	83,100
Costa Rica	-	-	-	-	-	-	-	-	5,000	-	-	5,000
000 Guaranty	-	-	-	-	-	-	-	-	5,000	-	-	5,000
Dominican Republic	-	-	-	-	-	-	500	998	1,000	-	500	2,998
000 Direct	-	-	-	-	-	-	500	998	1,000	-	500	500
000 Guaranty	-	-	-	-	-	-	-	-	-	-	-	2,498
Ecuador	638	-	-	-	-	-	-	9,998	15,000	10,000	-	35,636
000 Direct	638	-	-	-	-	-	-	9,998	15,000	10,000	-	23,636
000 Guaranty	-	-	-	-	-	-	-	-	-	-	-	34,998
El Salvador	-	-	-	-	-	373	3,000	-	-	-	-	3,373
000 Direct	-	-	-	-	-	373	3,000	-	-	-	-	3,373
Guatemala	427	-	4,000	-	2,600	-	2,300	1,391	-	-	-	10,719
000 Direct	427	-	4,000	-	2,600	-	2,300	1,391	-	-	-	9,327
000 Guaranty	-	-	-	-	-	-	-	1,391	-	-	-	1,391
Haiti	-	-	-	-	-	-	-	-	500	500	200	1,200
000 Guaranty	-	-	-	-	-	-	-	-	500	500	200	1,200
Honduras	-	-	-	-	-	-	3,000	2,500	2,500	2,500	2,000	12,500
000 Direct	-	-	-	-	-	-	3,000	2,500	2,500	2,500	2,000	12,500
000 Guaranty	-	-	-	-	-	-	-	-	-	-	-	9,500
Mexico	4,298	-	-	-	-	-	-	-	-	-	-	4,298
000 Direct	4,298	-	-	-	-	-	-	-	-	-	-	4,298
Nicaragua	-	-	-	-	-	-	3,000	2,500	2,500	-	-	8,000
000 Guaranty	-	-	-	-	-	-	3,000	2,500	2,500	-	-	8,000
Panama	-	-	-	-	-	-	-	-	2,500	-	-	2,500
000 Guaranty	-	-	-	-	-	-	-	-	2,500	-	-	2,500

## FOREIGN MILITARY SALES FINANCING PROGRAM (Continued)

(Dollars in Thousands)

	FY 1955- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1955- FY 1979
Paraguay								389				707
000 Direct	318							389				318
000 Guaranty	318											389
Peru												
000 Direct	19,540					15,000	20,500	20,000	10,000	8,000	5,000	98,040
000 Guaranty	15,978					5,000	20,500	20,000	10,000	8,000	5,000	20,978
000 Guaranty	3,562					10,000	20,500	20,000	10,000	8,000	5,000	77,062
Uruguay												
000 Direct	349		4,000	2,000		2,000	7,500	2,500				18,349
000 Guaranty	379		4,000	2,000		2,000	7,500	2,500				8,379
Venezuela												
000 Direct	84,579		7,400	7,500	7,573	7,500		10,000				124,551
000 Guaranty	55,779		7,400	7,500	7,573	7,500		10,000				95,751
000 Guaranty	28,800											28,800
International Organizations												
000 Direct	23,110											23,110
000 Direct	23,110											23,110

NOTE: Totals may not add due to rounding.

<sup>a/</sup> Includes transitional quarter (FY 1971).<sup>b/</sup> Includes \$500 million for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665 (Supplemental Appropriations Act, January 8, 1971).<sup>c/</sup> Includes \$2,182,664 pursuant to P.L. 93-199 (Emergency Security Assistance Act, December 26, 1973).<sup>d/</sup> Includes \$1,500,000 for Egypt and \$2,000,000 for Israel authorized by P.L. 96-35 (Special International Security Assistance Act of 1979) and appropriated by P.L. 96-38 (Supplemental Appropriations Act, July 25, 1979).

## COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT

(Dollars in Thousands)

	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	Preliminary FY 1979	FY 1971- FY 1979
<b>MIDDLE EAST</b>	427 545	480 625	362 076	502 166	546 551	1 401 989	1 523 403	1 676 007	1 388 977	8 309 349
<b>EAST ASIA &amp; PACIFIC</b>	81 097	87 316	60 995	92 738	102 493	276 375	321 567	405 689	383 663	1 811 933
Australia	8 973	13 368	5 916	5 640	3 161	8 490	11 012	29 305	34 683	170 545
Brunei	100	14	11	58	25	39	234	686	1 029	2 396
China	193	146	108	29	47	157	26	632	7 986	9 324
France	2	2	2	2	2	2	2	2	2	10
French Polynesia (FR)	2	2	2	2	2	2	2	2	2	10
Gilbert Islands (UK)	2	2	2	2	2	2	2	2	2	10
Hong Kong (UK)	215	452	358	128	416	1 305	3 801	12 167	15 573	34 417
Indonesia	414	638	68	859	304	6 707	5 295	3 011	16 832	34 129
Japan	54 947	54 270	39 725	58 644	35 083	151 426	102 823	123 178	179 584	799 680
Malaysia	1	2	2	2	2	2	2	2	2	10
North Korea	61	60	18	1 094	3 550	19 909	77 169	74 714	49 463	226 836
Leos	2	2	2	2	2	2	2	2	2	10
Macao (PORT)	2	2	2	2	2	2	2	2	2	10
Malaysia	3 223	3 429	2 461	10 583	3 569	6 334	41 500	63 150	17 598	151 594
Nauru	23	9	19	42	42	94	74	103	59	467
New Caledonia (FR)	23	9	19	42	42	94	74	103	59	467
New Zealand	362	300	592	571	1 193	2 194	3 516	4 433	2 431	15 582
Norfolk Islands (AUST)	6	5	1	1	2	81	188	39	187	590
Papua New Guinea	596	290	187	1 966	2 942	11 768	14 082	7 184	5 218	44 230
Pitcairn (UK)	1	1	1	1	1	1	1	1	1	10
Philippines	1 353	4 661	4 033	723	5 041	15 297	6 852	4 494	7 970	50 223
Singapore	9 297	5 697	6 001	8 006	44 982	42 531	46 140	73 637	39 588	275 960
Taiwan	1 235	3 390	1 313	4 315	2 294	10 040	8 005	6 677	5 067	44 304
Thailand	31	30	3	3	3	3	3	3	3	10
Vietnam	1	1	1	1	1	1	1	1	1	10
Western Samoa	1	1	1	1	1	1	1	1	1	10
<b>NEAR EAST &amp; SO ASIA</b>	90 248	465 644	51 478	107 890	122 417	415 039	451 748	478 496	316 889	2 199 938
<b>AFGHANISTAN</b>	22	3	6	6	1	75	132	3	100	316
Algeria	22	3	6	6	1	75	132	3	100	316
Bahrain	22	3	6	6	1	75	132	3	100	316
Bangladesh	2 277	1	80	37	43	369	886	126	693	2 003
Egypt	2 277	1	80	37	43	369	886	126	693	2 003
India	28 304	42 415	19 466	35 322	49 410	107 943	138 432	132 651	82 248	436 192
Iran	37 286	65 862	21 558	50 118	46 746	190 021	221 629	122 992	158 587	934 748
Israel	24	57	17	92	184	5 714	3 708	9 337	3 707	17 275
Jordan	24	57	17	92	184	5 714	3 708	9 337	3 707	17 275
Kuwait	2	2	2	2	2	2	2	2	2	10
Lebanon	32	3	3 044	575	502	601	2	2 095	1 535	8 590





## COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT (Continued)

(Dollars in Thousands)

AMERICAN REPUBLICS (Cont'd)	DATA NOT AVAILABLE PRIOR TO FY 1971		FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976/8 <sup>a</sup>	FY 1977	FY 1978	Preliminary FY 1979	FY 1971- FY 1979
	Argentina			1 333	13 962	11 569	1 251	2 302	3 599	6 314	13 258	29 270
Bahamas			18	8	12	1	26	3	8	10	21	107
Barbados			11	3	23	6	6	2	18	5	26	91
Belize (UK)			17	2	2	2	24	15	12	16	55	49
Bolivia (UK)			1	2	8	212	2	2	10	10	3	10
Bolivia			418	99	88	703	165	230	703	794	1 404	4 085
Brazil			3 053	609	724	4 032	4 337	43 988	6 055	4 793	6 899	74 460
British Virgin Is. (UK)			3	3	20		47	55		1		67
Cayman Islands (UK)			3		58					178	151	399
Chile			2 494	547	548	1 819	1 568	1 427	1 357	2 587	1 800	8 760
Colombia			2 981	382	585	746	1 023	93	7	2 543	1 899	17 760
Costa Rica			91	37	54	46	103	3	132	166	189	950
Dominica							6					11
Dominican Republic			14	33	10	88	250	42	839	820	151	2 248
Ecuador			57	92	26	48	1 132	2 469	643	16 568	559	21 553
El Salvador			391	144	218	170	200	240	229	270	133	1 995
Falkland Is. (UK)												
Fiji (UK)			32	14				9				173
France			4	1								2
Greenland (DEN)												4
Grenada			4	1	1	6						2
Guadeloupe (FR)												7
Guatemala			556	513	142	209	471		1 020	550	1 103	4 908
Guyana			157	5	13	20	16	20	113	4	5	187
Honduras			154	125	4	21	20	10	113	30	4	1 202
Honduras			36	140	15	201	338	111	102	1 102	1 767	3 897
Jamaica			71	115	48	32	5	109	215	157	67	840
Martinique (FR)												13
Mexico			1 079	606	241	1 167	751	1 017	2 386	2 610	1 352	11 209
Montserrat (UK)			868	5	1							3
Neth. Antilles (NE)			298	157	212	187	381	824	1 602	597	11	4 247
Nicaragua			437	320	1 664	1 773	272	543	2 571	976	468	9 023
Panama			49	116	96	193	198	243	435	212	276	1 817
Paraguay			1 075	8 989	234	357	146	2 751	5 289	4 369	1 470	24 681
Peru												
St. Christ-Nevis (UK)			1	1	1	1						17
St. Lucia												
St. Vincent (UK)												
St. Vincent (UK)			3	3								4
Suriname			9	9	12	2	219	6	27	85	10	81
Trinidad-Tobago			7	1	20				395	6	61	428
Turks & Caicos (UK)			33	106				473	395	87	114	1 815
Uruguay			480	4 722	3 120	4 492	7 595	4 026	7 949	5 890	7 397	45 671
Venezuela												
International Organizations			10 563	18 737	7 189	1 487	2 756	10 445	20 938	22 047	54 872	149 034

NOTE: Totals may not add due to rounding.

<sup>a</sup> Less than \$500.<sup>b</sup> Includes transitional quarter (FY 1977).



**MILITARY ASSISTANCE PROGRAM (Continued)**  
**INCLUDES MILITARY ASSISTANCE SERVICE FUNDED <sup>a/</sup> AND EXCLUDES TRAINING**  
*(Dollars in Thousands)*

	FY 1960- FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>b/</sup>	FY 1977	FY 1978	FY 1979	FY 1980- FY 1970
<b>AFRICA</b>												
Burkina Faso	155,735	10,850	10,797	9,530	8,795	9,898	10,896	2,805	841	-	-	220,146
Cameroun	239	-	-	-	-	-	-	-	-	-	-	55
Ethiopia	123,444	9,307	10,497	9,420	8,687	9,885	10,892	2,805	838	-	-	185,878
Guinea	810	-	-	-	-	-	-	-	-	-	-	84
Ivory Coast	54	-	-	-	-	-	-	-	3	-	-	5,292
Liberia	1,822	226	274	110	108	17	4	-	-	-	-	1,865
Niger	1,922	-	-	-	-	-	-	-	-	-	-	52
Nicaragua	2,646	-	-	-	-	-	-	-	-	-	-	2,646
Senegal	97	-	-	-	-	-	-	-	-	-	-	97
Upper Volta	21,958	1,318	27	-	-	-	-	-	-	-	-	23,302
Zaire	-	-	-	-	-	-	-	-	-	-	-	-
<b>AMERICAN REPUBLICS</b>	620,689	9,259	5,813	5,885	5,481	5,376	6,663	5,746	3,095	201	369	669,555
Argentina	13,899	684	1,206	2,681	3,152	2,720	2,574	3,386	2,450	133	327	33,421
Bolivia	206,920	-	-	-	2	243	-	-	-	-	-	207,163
Brazil	80,466	2,047	198	-	5	9	-	57	-	-	-	80,468
Chile	80,904	-	-	-	2	-	-	-	-	-	-	83,260
Colombia	8,562	-	-	388	164	378	506	187	6	3	6	8,550
Costa Rica	10,321	1,521	345	-	-	-	-	-	-	-	-	21,696
Cuba	3,488	1	10	-	-	1	-	-	-	-	-	3,488
Dominican Republic	3,498	1,321	47	-	15	140	677	222	9	4	5	4,970
Ecuador	1,425	907	1,450	1,305	322	432	158	156	7	1	6	16,278
Guatemala	2,427	-	-	-	-	-	-	-	-	-	-	2,427
Haiti	4,498	241	44	-	25	154	373	242	24	7	7	5,618
Honduras	1,053	-	-	-	-	-	-	-	-	-	-	1,053
Jamaica	7	-	-	-	-	-	-	-	-	-	-	7
Mexico	1,750	312	305	322	697	572	427	188	53	15	5	7,746
Nicaragua	622	245	672	245	286	176	282	235	210	14	9	4,559
Panama	5,217	328	763	351	326	879	679	547	315	24	6	9,454
Paraguay	74,909	-	-	-	38	-	-	-	-	-	-	74,909
Peru	36,221	1,058	618	369	447	709	988	525	20	-	-	40,985
Uruguay	33	-	-	-	-	-	-	-	-	-	-	33
Venezuela	-	-	-	-	-	-	-	-	-	-	-	-
General, Section I	3,019,854	22,776	17,712	17,919	27,130	26,281	31,681	49,699	59,393	48,229	48,241	3,368,914
<b>8. Other CODES</b>												

NOTE: Totals may not add due to rounding.

<sup>a/</sup> Includes military aid funded FY 1965-FY 1975, grant aid funded in support of activities in Southeast Asia as a part of the regular budget appropriation and was identified for programming purposes as Military Assistance Service Funded (MASF) programs. The funds were used for providing military equipment and related services and training to those countries engaged in the hostilities in Southeast Asia, i.e., Korea, Laos, Philippines, Thailand and Vietnam. Also included are transfers to Korea under Section 3, P.L. 91-682 and Section 23 of P.L. 95-384, dated September 26, 1978.

<sup>b/</sup> Includes transitional quarter (FY 1977).



**MILITARY ASSISTANCE PROGRAM DELIVERIES/EXPENDITURES (Continued)**  
**INCLUDES MILITARY ASSISTANCE SERVICE FUNDED AND EXCLUDES TRAINING**

(Dollars in Thousands)

	FY 1950- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1980- FY 1979
<b>AFRICA</b>	143,088	12,975	10,820	10,257	7,916	7,628	8,180	10,323	5,164	-	-	216,353
Benin	55	-	-	-	-	-	-	-	-	-	-	55
Cameroon	239	-	-	-	-	-	-	-	-	-	-	239
Chad	112	10,041	10,366	10,010	7,771	7,585	8,035	10,289	5,126	-	-	181,968
Guinea	810	-	-	-	-	-	-	-	-	-	-	810
Ivory Coast	54	-	-	-	-	-	-	-	-	-	-	54
Liberia	4,479	146	49	148	145	102	146	34	38	-	-	5,287
Mali	1,865	-	-	-	-	-	-	-	-	-	-	1,865
Niger	52	-	-	-	-	-	-	-	-	-	-	52
Nigeria	2,646	-	-	-	-	-	-	-	-	-	-	2,646
Senegal	57	-	-	-	-	-	-	-	-	-	-	57
Upper Volta	-	-	-	-	-	-	-	-	-	-	-	-
Zaire	20,010	2,788	405	93	-	-	-	-	-	-	-	23,302
<b>AMERICAN REPUBLICS</b>	587,970	19,447	12,282	8,065	9,255	8,750	4,760	4,539	2,231	5,250	1,173	663,742
Argentina	31,032	1,835	918	83	125	21	-	-	-	-	-	34,020
Bolivia	12,619	705	1,059	1,534	2,548	2,431	1,916	1,568	911	3,794	623	29,709
Brazil	1,011	1,011	1,122	935	590	1,736	474	-	-	-	-	207,183
Chile	76,893	1,954	1,122	1,315	590	1,736	474	-	-	-	-	80,487
Colombia	76,896	3,402	1,857	1,562	334	88	22	-	-	-	-	83,930
Costa Rica	930	-	-	-	-	-	-	-	-	-	-	930
Cuba	8,552	-	-	-	-	-	-	-	-	-	-	8,552
Dominican Republic	14,938	1,781	1,884	551	474	553	667	312	158	13	11	21,343
Ecuador	29,322	1,550	1,085	28	31	31	-	50	111	125	52	31,992
El Salvador	1,088	1,356	635	459	1,401	1,438	266	280	104	48	1	2,067
Guatemala	2,427	76	398	172	188	101	78	134	248	234	54	19,459
Haiti	3,901	-	-	-	-	-	-	-	-	-	-	3,901
Honduras	1,053	-	-	-	-	-	-	-	-	-	-	1,053
Jamaica	-	-	-	-	-	-	-	-	-	-	-	-
Mexico	3,687	535	613	140	787	650	789	314	85	316	90	7,514
Nicaragua	1,644	278	513	107	85	197	197	314	85	216	90	2,867
Paraguay	4,262	444	524	637	663	635	533	668	303	266	119	9,067
Peru	73,846	1,247	312	38	38	9	-	-	-	-	-	74,952
Uruguay	34,436	1,411	768	961	597	817	352	609	216	236	155	40,559
Venezuela	33	-	-	-	-	-	-	-	-	-	-	33
<b>General, Regional &amp; Other Costs</b>	3,000,970	32,709	23,751	19,985	26,882	26,290	30,709	50,597	44,833	63,677	48,120	3,368,122

NOTE: Totals may not add due to rounding.

<sup>a/</sup> Less than \$500.

<sup>b/</sup> Includes transitional quarter (FY 1977).

<sup>c/</sup> Includes MAP and MSF Programs. See Footnote <sup>a/</sup> under Military Assistance Program Table, page 18.



MAP EXCESS DEFENSE ARTICLES PROGRAM — ACQUISITION COST (Continued)  
 INCLUDES MILITARY ASSISTANCE SERVICE FUNDED

(Dollars in Thousands)

	FY 1960- FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1980- FY 1979
AFRICA	27 666	1 580	1 521	1 510	2 701	786	227	114	-	-	-	36 055
Cameroon	4	-	-	-	-	-	-	-	-	-	-	4
Ethiopia	22 148	1 378	1 367	1 504	2 700	776	227	114	-	-	-	30 165
Guinea	50	-	-	-	-	-	-	-	-	-	-	50
Liberia	204	49	129	6	1	-	-	-	-	-	-	389
Sierra Leone	201	-	-	-	-	-	-	-	-	-	-	201
Senegal	5 020	162	25	-	-	-	-	-	-	-	-	33
Zaire	-	-	-	-	-	-	-	-	-	-	-	5 413
AMERICAN REPUBLICS	186 798	5 530	8 678	9 497	7 091	7 935	1 941	2 359	27	-	-	229 858
Argentina	4 231	2	2	140	-	-	-	-	-	-	-	4 231
Bolivia	3 977	345	740	2 549	868	884	227	483	-	-	-	4 375
Brazil	83 092	-	-	-	-	-	-	-	-	-	-	83 092
Chile	24 010	-	-	-	-	-	-	-	-	-	-	24 010
Colombia	15 172	1 159	775	-	-	-	-	-	-	-	-	17 902
Costa Rica	-	-	-	-	-	-	-	-	-	-	-	115
Cuba	5 516	-	-	-	-	-	-	-	-	-	-	5 516
Dominican Republic	3 047	222	121	219	285	-	2	-	-	-	-	3 886
Ecuador	9 598	750	6	-	-	-	-	-	-	-	-	10 344
El Salvador	809	35	96	-	-	-	-	-	-	-	-	809
Guatemala	3 306	174	776	611	307	203	1 268	44	-	-	-	2 454
Honduras	1 493	26	349	-	-	1 558	-	-	-	-	-	6 732
Jamaica	-	-	-	-	-	14	21	94	-	-	-	1 996
Mexico	50	-	-	-	-	-	-	-	-	-	-	50
Nicaragua	699	341	759	52	1 986	1 121	124	182	-	-	-	5 233
Panama	46	192	621	151	189	467	-	-	-	-	-	1 674
Paraguay	1 835	151	2 882	1 872	1 431	1 330	122	1 535	18	-	-	11 176
Peru	20 277	-	-	-	-	-	-	-	-	-	-	20 277
Uruguay	8 529	-	-	3 303	-	-	178	51	-	-	-	20 411
Venezuela	324	2 134	1 851	-	2 026	2 359	-	-	-	-	-	324
General, Regional & Other Costs	281 542	4	1	6 599	216	-	-	-	-	-	-	286 362

NOTE: Totals may not add due to rounding.

\* Less than \$500.

a/ Includes transitional quarter (FY 1977).

b/ Includes MSP and MSF Programs. See Footnote a/ under Military Assistance Program Table, page 18.



**MAP EXCESS DEFENSE ARTICLES DELIVERED — ACQUISITION COST (Continued)**  
**INCLUDES MILITARY ASSISTANCE SERVICE FUNDED**  
*(Dollars in Thousands)*

	FY 1950- FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1950- FY 1979
<b>AFRICA</b>												
Cameroon	26 582	1 268	1 432	1 842	1 662	2 106	629	263	116	-	-	38 901
Ethiopia	21 270	1 152	1 280	1 547	1 650	2 104	659	263	116	-	-	30 010
Ghana	190	37	28	112	12	2	-	-	-	-	-	10
Liberia	201	-	-	-	-	-	-	-	-	-	-	389
Mali	33	-	-	-	-	-	-	-	-	-	-	201
Senegal	4 827	79	124	183	-	-	-	-	-	-	-	33
Zaire	-	-	-	-	-	-	-	-	-	-	-	5 213
<b>AMERICAN REPUBLICS</b>												
Argentina	182 001	4 638	8 546	7 355	10 121	2 465	3 832	2 987	297	1 199	592	229 066
Bolivia	3 131	939	1 113	1 509	1 405	640	871	177	91	1	102	9 533
Brazil	3 854	121	782	1 509	1 405	640	871	177	91	1	102	83 092
Chile	82 497	234	361	8	5	-	-	-	-	-	-	24 010
Colombia	23 889	48	65	146	5	-	-	-	-	-	-	17 902
Costa Rica	15 362	1 230	1 159	146	5	-	-	-	-	-	-	5 515
Cuba	115	-	-	-	-	-	-	-	-	-	-	5 515
Dominican Republic	5 035	229	121	73	385	63	-	-	-	-	-	3 896
Ecuador	9 231	484	477	161	11	4	-	-	-	-	-	10 354
El Salvador	2 794	130	130	11	500	1 021	5	1 476	34	-	-	2 454
Guatemala	2 951	264	354	724	500	1 021	788	63	67	-	-	6 732
Haiti	135	-	-	-	-	-	-	-	-	-	-	135
Honduras	1 322	2	219	143	42	136	5	18	26	1	-	1 994
Jamaica	8	-	-	-	-	-	-	-	-	-	-	8
Mexico	50	-	-	-	-	-	-	-	-	-	-	50
Nicaragua	674	209	276	620	778	1 557	249	664	32	-	-	5 059
Panama	1 433	191	863	863	377	234	377	234	158	-	-	1 674
Paraguay	1 271	66	1 060	2 443	1 956	1 405	497	432	23	1 034	489	11 176
Peru	15 284	105	2 502	1 478	4 044	2 472	1 180	167	14	-	-	20 591
Uruguay	7 789	737	2 502	1 478	4 044	2 472	1 180	167	14	-	-	20 591
Venezuela	324	-	-	-	-	-	-	-	-	-	-	324
General	281 534	13	1	6 592	38	5	-	180	-	-	-	288 362
Other Countries	-	-	-	-	-	-	-	-	-	-	-	-

NOTE: Totals may not add due to rounding.

<sup>a/</sup> Less than \$500.<sup>b/</sup> Includes transitional quarter (FY 1977).<sup>c/</sup> Includes MAP and MASF Programs. See footnote a/ under Military Assistance Program Table, page 18.

**INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM**  
**INCLUDES MILITARY ASSISTANCE SERVICE FUNDED**

(Dollars in Thousands)

	FY 1960- FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1980- FY 1979
<b>WORLDWIDE</b>	1,496,230	84,662	71,655	61,568	47,269	48,073	32,963	26,451	23,057	29,178	28,065	1,948,895
<b>EAST ASIA &amp; PACIFIC</b>	552,279	61,628	49,114	40,050	30,968	31,638	17,107	7,871	6,006	6,839	5,838	809,338
Burma	4,106	105	41	-	-	-	-	-	-	-	-	4,253
Indonesia	8,598	886	1,266	1,965	1,819	1,686	2,419	2,402	2,343	2,819	2,003	598
Indonesia	4,471	-	-	-	-	-	-	-	-	-	-	27,978
Indonesia	4,106	-	-	-	-	-	-	-	-	-	-	44,599
Japan	2,889	-	-	-	-	-	-	-	-	-	-	15,074
Korea	129,868	4,970	4,631	4,631	2,031	5,077	1,680	2,260	1,133	1,149	1,814	15,074
Laos	28,313	3,590	3,796	3,353	1,591	1,269	902	2,260	1,133	1,149	1,814	42,814
Malaysia	28,313	3,590	3,796	3,353	1,591	1,269	902	2,260	1,133	1,149	1,814	42,814
Papua New Guinea	170	170	215	137	181	177	287	404	271	594	512	3,798
Philippines	27,160	786	824	995	813	574	412	847	594	713	647	11
Philippines	27,160	786	824	995	813	574	412	847	594	713	647	34,366
Thailand	96,376	1,784	1,990	1,961	1,536	393	410	538	457	545	545	103,180
Thailand	96,376	1,784	1,990	1,961	1,536	393	410	538	457	545	545	103,180
Vietnam	155,124	48,222	31,094	23,287	19,968	19,473	8,016	1,419	1,216	1,019	851	174,979
Vietnam	155,124	48,222	31,094	23,287	19,968	19,473	8,016	1,419	1,216	1,019	851	174,979
<b>NEAR EAST &amp; SO. ASIA</b>	116,817	5,055	4,500	3,576	2,089	2,415	2,888	3,395	2,971	6,351	6,622	156,677
Afghanistan	3,796	201	155	239	208	427	191	259	173	251	251	5,616
Bangladesh	-	-	-	-	-	-	-	-	44	211	231	487
Egypt	4,773	78	147	271	-	-	-	-	165	300	400	582
India	61,682	2,593	2,084	2,803	-	196	57	131	183	400	556	6,379
India	61,682	2,593	2,084	2,803	-	196	57	131	183	400	556	6,379
Iran	1,487	-	-	-	-	-	-	-	-	-	-	6,487
Jordan	1,417	204	200	535	724	628	985	802	918	1,252	1,644	9,308
Lebanon	821	78	98	184	151	140	126	120	32	529	552	2,610
Libya	2,658	137	-	-	-	-	-	-	-	-	-	2,795
Morocco	6,703	794	733	822	130	549	882	893	724	1,138	1,128	14,436
Nepal	12	5	12	24	33	25	28	41	59	64	51	42
Nepal	12	5	12	24	33	25	28	41	59	64	51	42
Oman	11,501	481	166	499	259	310	347	413	310	347	468	24,372
Saudi Arabia	10,201	481	166	499	259	310	347	413	310	347	468	24,372
Sri Lanka	122	44	652	429	179	169	37	-	6	62	29	12,283
Sri Lanka	122	44	652	429	179	169	37	-	6	62	29	12,283
Syria	56	-	-	-	-	-	-	-	-	-	-	56
Tunisia	1,040	241	273	331	355	395	384	495	358	1,014	1,071	5,896
Tunisia	1,040	241	273	331	355	395	384	495	358	1,014	1,071	5,896
Yemen	1	-	-	-	-	-	-	241	211	800	592	1,845
<b>EUROPE &amp; CANADA</b>	508,485	5,146	5,023	4,126	3,798	3,073	1,913	2,379	3,971	6,479	4,880	548,294
Austria	30,805	4	-	12	73	24	9	19	24	50	51	33,889
Belgium	31,889	-	-	-	-	-	-	-	-	-	-	30,451
Denmark	30,451	-	-	-	-	-	-	-	-	-	-	30,451
Finland	30,57	3	15	11	25	14	14	16	12	33	30	233
France	107,887	-	-	-	-	-	-	-	-	-	-	107,887
Germany	16,173	-	-	-	-	-	-	-	-	-	-	16,173
Greece	39,610	1,130	-	-	325	-	-	656	898	1,964	-	46,242
Greece	39,610	1,130	-	-	325	-	-	656	898	1,964	-	46,242
Italy and Italy	46,566	-	-	-	-	-	-	-	17	-	19	46,566

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM (Continued)  
 INCLUDES MILITARY ASSISTANCE SERVICE FUNDED  
 (Dollars in Thousands)

	FY 1950- FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 a/	FY 1977	FY 1978	FY 1979	FY 1950- FY 1979
<b>EUROPE &amp; CANADA</b>												
Austria	484	-	-	-	-	-	-	-	-	-	-	484
Belgium	39 100	-	-	-	-	-	-	-	-	-	-	39 100
Netherlands	31 652	-	-	-	-	-	-	-	-	-	-	31 652
Norway	9 246	308	312	294	497	275	336	1 150	1 126	2 687	2 464	18 596
Portugal	27 289	775	1 172	869	1 165	336	1 176	537	1 897	1 845	3 005	39 085
Spain	98 860	2 927	2 718	2 065	1 732	2 423	378	-	-	-	310	111 404
Turkey	24 564	-	-	-	-	-	-	-	-	-	-	24 564
United Kingdom	4 286	-	-	-	-	-	-	-	-	-	-	4 286
Yugoslavia	23 023	2 038	2 165	1 998	1 136	1 314	1 581	2 438	2 741	2 729	3 216	44 480
<b>AFRICA</b>												
Benin	27	-	-	-	-	-	-	-	-	-	-	27
Cameroon	25	13	1 261	1 208	670	797	736	775	199	-	-	22 707
Ethiopia	15 878	1 161	40	40	95	37	70	111	53	233	212	1 089
Ghana	189	46	-	-	-	-	-	-	-	-	-	189
Ivory Coast	48	15	15	22	4	-	-	-	-	-	-	104
Kenya	-	-	15	22	4	-	-	938	193	374	382	2 256
Liberia	2 125	285	237	259	99	99	88	97	94	187	253	3 883
Mali	884	45	6	43	4	-	-	-	-	-	-	1 055
Niger	11	-	201	98	-	-	-	-	-	-	-	1 827
Nigeria	1 122	48	-	-	-	-	-	-	-	-	-	1 170
Senegal	693	16	-	-	19	14	34	29	30	53	125	4 335
Sudan	-	-	-	-	11	14	-	-	-	-	-	1 354
Upper Volta	33	-	344	328	273	360	291	489	2 037	1 671	1 792	9 754
Zaire	1 779	369	-	-	-	-	-	-	-	-	-	152
<b>AMERICAN REPUBLICS</b>	115 088	7 618	7 938	8 174	7 992	8 107	8 520	10 210	6 992	6 656	3 300	190 564
Argentina	8 968	582	378	693	543	426	100	384	721	-	-	12 807
Barbados	-	-	-	-	-	-	-	-	-	-	6	6
Bolivia	8 283	495	506	541	815	444	595	763	554	704	381	14 152
Brazil	11 698	777	699	668	606	662	689	617	46	-	-	16 451
Chile	1 420	852	690	515	507	547	576	576	-	-	-	7 460
Colombia	8 470	695	804	582	502	344	674	1 012	697	1 161	464	15 334
Costa Rica	901	-	-	-	-	-	-	-	-	-	-	901
Cuba	2 023	-	-	-	-	-	-	-	-	-	-	2 023
Dominican Republic	5 313	325	577	550	531	485	504	645	481	672	502	10 566
Ecuador	9 493	483	195	255	491	437	381	497	393	703	440	12 585
El Salvador	2 300	224	286	295	255	497	302	805	514	-	-	7 460
Haiti	4 753	271	392	291	497	497	14	102	93	130	182	1 275
Honduras	3 024	198	512	526	562	509	803	777	493	692	250	8 427
Jamaica	13	-	-	-	11	31	110	109	118	115	193	2 681
Mexico	1 719	89	80	107	11	-	-	-	-	-	-	193

**INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM (Continued)**  
**INCLUDES MILITARY ASSISTANCE SERVICE FUNDED**

(Dollars in Thousands)

	FY 1969- FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1980- FY 1979
<b>AMERICAN REPUBLICS</b>												
(Cont'd)												
Nicaragua	6 968	541	508	479	283	416	655	731	588	384	7	11 539
Panama	1 365	140	289	255	291	257	320	413	413	489	399	4 792
Paraguay	11	28	508	925	657	933	801	891	891	867	484	6 823
Peru	11 815	455	508	925	657	933	801	1 065	891	867	484	15 823
Uruguay	4 085	335	347	333	418	304	386	412	-	-	-	6 628
Venezuela	8 378	759	895	706	855	872	668	681	73	101	-	13 860
General, Regional & Other Costs	180 538	3 178	2 915	3 346	1 346	1 525	954	158	375	155	4 112	198 502

NOTE: (1) Pursuant to Part II, Chapter 5 of the Foreign Assistance Act, as amended, grant aid training of foreign military personnel, which was formerly provided under MAP, was separated out and incorporated in an independent International Military Education and Training Program (IMEITP) beginning as of FY 1976.

(2) Totals may not add due to rounding.

<sup>a/</sup> Less than \$500.

<sup>b/</sup> Includes transitional quarter (FY 1977).



**INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM DELIVERIES/EXPENDITURES (Continued)**  
**INCLUDES MILITARY ASSISTANCE SERVICE FUNDED**

(Dollars in Thousands)

	FY 1960- FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980- FY 1979
<b>EUROPE &amp; CANADA</b>												
Austria	494	-	-	-	-	-	-	-	-	-	-	494
Belgium	39 100	-	-	-	-	-	-	-	-	-	-	39 100
Luxembourg	31 652	-	-	-	-	-	-	-	-	-	-	31 652
Netherlands	9 199	275	301	326	477	241	384	1 124	1 181	2 614	2 331	38 463
Norway	27 283	1 152	896	1 188	1 888	329	1 880	537	1 901	1 843	2 092	13 048
Portugal	20 825	4 362	2 594	2 061	1 945	2 253	430	-	-	-	-	21 624
Turkey	4 286	-	-	-	-	-	-	-	-	-	-	4 286
United Kingdom	22 990	1 938	2 236	2 004	1 114	1 303	1 243	2 402	2 732	3 157	3 216	44 336
Yugoslavia	27	-	-	-	-	-	-	-	-	-	-	27
<b>AFRICA</b>												
Benin	25	13	-	-	-	-	-	-	-	-	-	25
Cameroon	15 875	1 186	1 219	1 216	647	789	719	835	184	-	-	22 692
Ethiopia	188	40	40	40	99	97	70	88	85	244	231	1 085
Ghana	47	-	-	-	-	-	-	-	-	-	-	47
Guinea	47	14	17	22	4	4	-	-	-	-	-	89
Ivory Coast	-	-	-	-	-	-	40	948	204	672	393	104
Kenya	2 121	233	351	258	98	96	89	94	90	196	257	3 883
Liberia	894	45	6	43	4	-	-	-	-	-	-	931
Mali	11	-	-	-	-	-	-	-	-	-	-	11
Niger	1 133	52	203	98	19	6	34	29	15	53	139	435
Nigeria	493	17	-	-	-	-	-	-	-	-	-	493
Sudan	33	-	-	-	11	14	-	-	23	83	211	1 354
Togo	1 776	336	400	327	274	360	292	368	2 049	1 781	1 118	152
Upper Volta	113 669	2 771	8 599	8 267	8 180	8 092	8 419	10 089	2 049	5 641	3 467	9 665
Zaire	8 773	342	448	700	810	809	109	384	7 050	6 641	6 633	190 364
<b>AMERICAN REPUBLICS</b>												
Argentina	8 233	507	601	538	812	445	598	736	597	704	379	14 149
Bahamas	11 495	712	863	685	641	617	641	562	58	5	93	16 370
Bolivia	11 810	812	694	831	962	1 149	632	1 078	706	1 056	588	16 980
Brazil	8 346	536	694	666	481	499	647	-	-	-	-	15 901
Chile	301	-	-	-	-	-	-	-	-	-	-	301
Colombia	2 313	395	573	547	537	487	504	632	494	672	502	10 456
Costa Rica	9 387	488	295	295	484	484	361	484	392	718	440	12 585
Cuba	2 257	204	348	256	491	427	482	801	513	518	5	5 784
Dominican Republic	3 807	630	435	456	499	456	440	484	463	463	6	7 453
Ecuador	3 013	208	488	549	563	508	792	771	692	692	131	152
El Salvador	1 652	148	88	107	11	31	110	109	118	115	193	8 413
Guatemala	1 652	148	88	107	11	31	110	109	118	115	193	2 681
Haiti	1 652	148	88	107	11	31	110	109	118	115	193	2 681
Honduras	1 652	148	88	107	11	31	110	109	118	115	193	2 681
Jamaica	1 652	148	88	107	11	31	110	109	118	115	193	2 681
Mexico	1 652	148	88	107	11	31	110	109	118	115	193	2 681

**INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM DELIVERIES/EXPENDITURES (Continued)**  
**INCLUDES MILITARY ASSISTANCE SERVICE FUNDED**

(Dollars in Thousands)

	FY 1950- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1950- FY 1979
<b>AMERICAN REPUBLICS</b>												
(Cont'd)												
Nicaragua	6 951	518	546	441	288	414	656	732	591	379	7	11 534
Panama	1 344	126	315	262	280	259	320	560	359	514	402	4 781
Paraguay	3 521	342	359	427	55	186	292	528	386	574	12	6 691
Peru	11 730	620	465	986	687	933	804	1 058	859	907	483	19 532
Uruguay	8 081	81	827	225	818	871	857	394	35	126	11	16 619
Venezuela	8 305	745	973	892	849	873	860	884	81	123	18	13 904
General, Regional & Other Costs	176 308	3 349	3 611	3 707	1 347	1 322	1 047	247	1 237	155	4 272	198 602

NOTE: (1) See Note (1) under International Military Education & Training Program Table, page 27.

<sup>a/</sup> Less than \$500.

<sup>b/</sup> Includes transitional quarter (FY 1977).



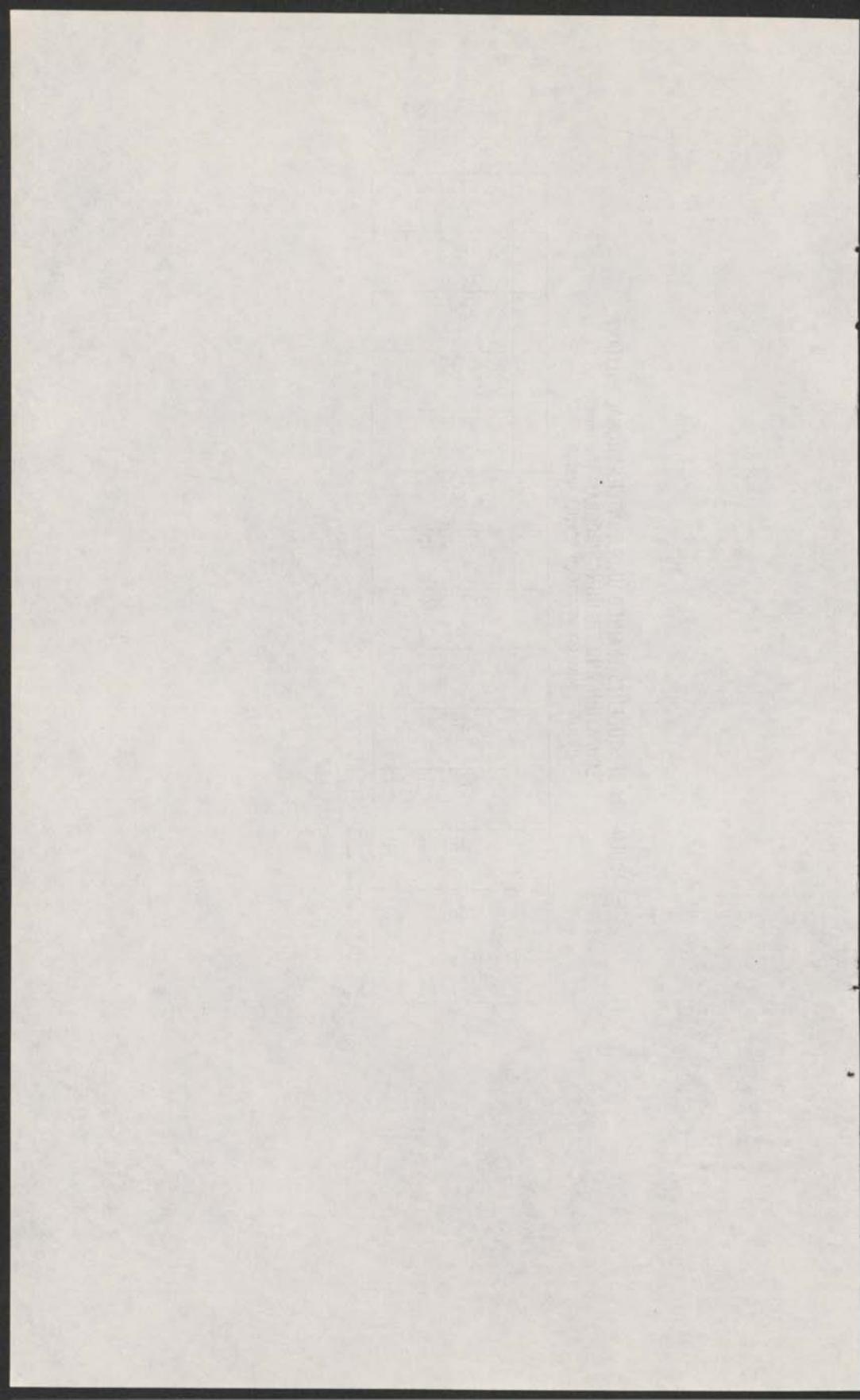
**SUMMARY OF STUDENTS TRAINED UNDER INTERNATIONAL MILITARY  
EDUCATION AND TRAINING PROGRAM (Continued)**  
INCLUDES MILITARY ASSISTANCE SERVICE FUNDED

	FY 1950- FY 1959	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 <sup>a/</sup>	FY 1977	FY 1978	FY 1979	FY 1980- FY 1979
<b>EUROPE &amp; CANADA</b>												
Ireland	157	-	-	-	-	-	-	-	-	-	-	157
Netherlands	6 506	-	-	-	-	-	-	-	-	-	-	6 506
Norway	5 501	-	-	-	-	-	-	-	-	-	-	5 501
Portugal	2 532	88	103	79	83	58	47	181	215	128	129	3 643
Spain	7 827	294	316	390	382	339	342	336	188	252	122	10 788
Turkey	17 056	596	667	208	253	268	102	-	-	-	43	19 393
United Kingdom	3 970	-	-	-	-	-	-	-	-	-	-	3 970
Yugoslavia	843	-	-	-	-	-	-	-	-	-	-	843
<b>AFRICA</b>	4 042	363	471	299	248	254	239	326	212	195	208	6 857
Benin	16	-	-	-	-	-	-	-	-	-	-	16
Cameroon	4	2	140	160	158	148	129	184	46	-	-	3 912
Ethiopia	2 793	154	22	11	9	8	45	57	28	51	28	332
Ghana	59	22	11	9	14	-	-	-	-	-	-	59
Guinea	4	-	-	-	-	-	-	-	-	-	-	4
Ivory Coast	20	6	12	6	2	-	-	-	-	-	-	20
Kenya	388	44	38	36	34	36	20	22	21	28	47	121
Liberia	53	9	2	2	1	-	-	-	-	-	-	53
Mali	4	-	-	-	-	-	-	-	-	-	-	4
Niger	325	5	108	34	-	-	-	-	-	-	-	472
Nigeria	10	-	-	-	2	-	-	-	17	-	11	37
Senegal	127	-	-	-	2	5	-	-	14	28	37	214
Sudan	-	-	-	-	-	-	-	-	-	-	-	-
Upper Volta	16	-	-	-	-	-	-	-	-	-	9	25
Zaire	223	114	160	50	35	57	37	37	78	54	69	914
<b>AMERICAN REPUBLICS</b>	51 564	3 699	3 912	3 322	3 330	3 316	3 667	3 948	2 610	1 847	1 742	82 977
Argentina	201	138	138	332	237	137	19	139	140	-	-	4 017
Barbados	-	-	-	-	-	-	-	-	-	-	-	-
Bolivia	2 475	306	290	294	325	352	333	241	183	227	213	4 861
Brazil	6 292	462	462	300	279	256	273	220	-	-	-	6 659
Chile	4 514	405	264	309	367	459	565	-	-	-	-	6 883
Colombia	4 365	282	315	215	361	354	310	688	350	257	410	7 907
Costa Rica	696	-	-	-	-	-	-	-	-	-	-	696
Cuba	523	-	-	-	-	-	-	-	-	-	-	-
Dominican Republic	2 457	142	262	208	208	229	201	235	-	90	113	4 523
Ecuador	4 844	136	130	93	104	135	128	230	73	421	459	1 458
El Salvador	106	137	137	93	104	135	128	230	73	421	459	1 971
Guatemala	2 192	125	196	109	148	161	139	134	127	-	-	3 334
Haiti	573	-	-	-	-	-	-	-	-	-	-	-
Honduras	1 468	107	245	191	180	194	240	256	116	219	225	3 445
Jamaica	11	-	-	-	-	-	-	-	-	-	-	11
Mexico	598	24	28	37	4	15	59	65	37	39	58	964

**SUMMARY OF STUDENTS TRAINED UNDER INTERNATIONAL MILITARY  
EDUCATION AND TRAINING PROGRAM (Continued)**  
INCLUDES MILITARY ASSISTANCE SERVICE FUNDED

	FY 1950- FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976/ a/	FY 1977	FY 1978	FY 1979	FY 1950- FY 1979
<b>AMERICAN REPUBLICS</b>												
Costa Rica	3 767	242	216	197	92	154	253	242	234	270	6	5 673
Nicaragua	2 745	129	246	157	252	190	354	316	234	83	188	4 894
Panama	1 041	137	110	117	8	63	102	196	99	145	-	2 018
Paraguay	4 789	277	310	472	315	378	237	411	657	52	68	7 966
Peru	1 647	133	187	129	232	150	136	192	-	-	-	2 896
Uruguay	3 724	373	356	232	240	280	142	150	13	30	-	5 540
Venezuela												
<b>General, Regional &amp; Other Coats</b>	56	-	-	-	-	-	6	-	-	-	-	62

NOTE: See Note (1) under International Military Education & Training Program Table, page 27.  
b/ Includes Transitions' quarter (FY 1971).



## BRIEFING ON POPULATION PROBLEMS

[CLERK'S NOTE.—The Subcommittee was briefed by Administration and outside witnesses on the international scope of current and projected population problems. The following prepared statements and materials were provided to the Subcommittee and are printed herein.]

### POPULATION CHANGE IN DEVELOPING COUNTRIES IMPLICATIONS FOR U.S. POLICY

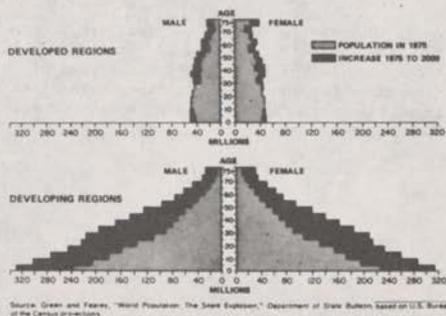
#### Some Demographic Facts . . .

- World population will grow from 4 billion in 1975 to perhaps 6.35 billion in the year 2000.
- Over 90% of this increase will take place in the *developing countries*.
- Populous countries like Nigeria, Pakistan, Bangladesh and Brazil are projected to double in population between 1975 and 2000.
- Others like Egypt, the Philippines, Thailand, and Indonesia will nearly double; China and India's populations will each pass the 1.2 billion mark by 2000, while the US will reach 260.4 million.

#### Some Implications for Policy Makers . . .

- Rapid population growth often exacerbates economic and social discontent, leading to "tinderbox" situations that easily can be exploited by extremist forces of the right or left.
- Overpopulation has been an *underlying* factor in certain international conflicts and major internal disorders.
- *Nearly all the developing countries in which the US has a vital security interest have serious population problems.* One area of particular concern is the oil-rich Middle East, which contains the so-called "arc of crisis". Iran, Turkey, Egypt, and Pakistan have so far been unable to grapple successfully with their population growth rates—among the highest in the world.
- The development of improved contraceptive methods, and programs to educate, motivate, and expand family planning services would help limit the rate of population growth. This would be one important way to *reduce* the potential for social unrest and political turmoil.

This is an Executive Summary of a briefing by six population experts before members of the U.S. House of Representatives. It provides brief examples of the effects of demographic changes on the international political environment and their impact on US interests. It contains obvious suggestions for US posture and funding priorities.



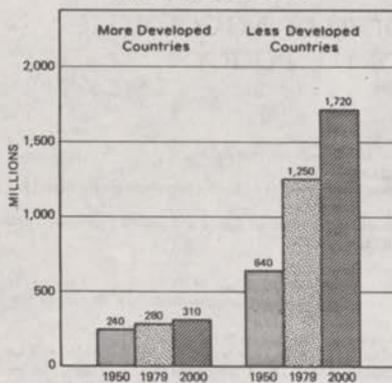
This briefing was organized by the Population Resource Center with technical assistance from the Population Association of America, for members of the US House of Representatives Appropriations Subcommittee on Foreign Operations and members of the House Foreign Affairs Committee, April 23, 1980. This Summary was prepared by the Population Reference Bureau, Inc., Washington DC. Additional information may be obtained from the Population Resource Center (202) 546-5030 or the Population Reference Bureau (202) 785-4664.

## Population Dynamics in Developing Countries

### Fertility Patterns . . .

The populations of developing countries are usually young, fast growing, and have a high dependency ratio (of young and old to the working population). Often 40% or more of the people are under 15 years of age. The built-in momentum for population growth is enormous.

INCREASE IN NUMBERS OF CHILDREN UNDER 15: 1950-2000



Source: United Nations Population Division, WP 55.

Not only are there more couples of childbearing age in the typical developing country, but women tend to marry younger and have more children than women in the developed world. For example, in Africa, over half of all women under 20 are or have been married, and they bear an average of 6.2 children.

Both social progress and long-term economic growth suffer because of overpopulation and high dependency ratios. Unemployment and underemployment are major problems. The developing world, excluding China, will have to produce one billion new jobs by the year 2000.

### Urbanization . . .

Population growth is occurring even more rapidly in the urban areas of developing countries than in the rural areas. Between 1970 and 1980 urban areas grew at an annual rate of 4%—this means a doubling in size every 17 years.

On average, urban natural increase (births to citydwellers), rather than migration, accounts for about 60% of urban growth. It is often this high urban birth rate that contributes to the population problems of Third World cities. Unlike what sometimes happens with migration, high birth rates do not assist the structural transformations that are needed for economic development.

## The Cycle of Poverty and Childbearing

Although women make a substantial contribution to the economies of developing countries, they as individuals are often locked into a personal cycle of poverty because of labor force constraints, restrictions imposed by traditional social and cultural patterns and constant childbearing and the lack of vocational training, technical assistance, credit and educational opportunity. The problem is all the more acute because 25-33% of all households are headed by women with no man present.

Enhancing the status of women and providing family planning services can contribute to significant fertility declines in developing countries. Many women wish to avoid pregnancy, but simply do not have the means to do so. In a World Fertility Survey sample of 15 developing countries, 30-72% of married fecund women said they want no more children--however, in most of these countries contraceptive use is very low.

### PERCENTAGE EXPOSED<sup>a</sup> WOMEN NOT USING CONTRACEPTIVES

	%
Bangladesh	90
Fiji	44
Indonesia	63
Korea, Rep. of	54
Malaysia	58
Nepal	97
Pakistan	93
Sri Lanka	59
Thailand	55
Colombia	48
Costa Rica	22
Dominican Republic	59
Mexico	59
Panama	35
Peru	59

<sup>a</sup> All currently married, sexually active, nonpregnant and fecund women, including those sterilized for contraceptive purposes.

Source: *World Fertility Survey: First Country Reports*.

### Policy Impact—The Unmet Need . . .

While recent technological advances in contraception and sterilization are helping to ease the situation, further research is needed to develop female and male contraceptive methods that are safe, effective, responsive to the logistical problems of developing countries and culturally acceptable to the local people. Methods of male sterilization and reversible sterilization techniques are two areas requiring particular attention.

Because the pharmaceutical industry is reluctant to commit funds to contraceptive research, the public sector must carry the burden. However, in constant dollars, the past 10 years have seen a drastic drop in the level of funding for contraceptive research.

### Implications for U.S. Security Interests

- Population pressures contribute to an increasingly turbulent international environment, especially when there is a shortage of natural resources.
- The scenario of economic stagnation, social unrest and political extremism may lead to repression by some governments--which in turn opens the door to violent civil reaction and further instability.
- Population pressures, whether they are a result of high birth rates or extensive internal migration, exacerbate slum conditions in burgeoning Third World cities. Observers cite overcrowding in Tehran as an important destabilizing factor in the 1978-79 Iranian upheaval.
- Movement to other countries sometimes takes the form of illegal migration (as in the case of illegal Mexican migrants to the U.S.).

## The Search for Solutions

While the demographic situation is serious, experience has shown that population trends can be influenced by determined public and private sector programs. Success has been achieved even among predominantly poor, illiterate and rural populations with various religious and ethnic backgrounds. The keys to success include commitment of government leadership, effective delivery of family planning information and services, local community involvement, and an enhanced status of women, including education and employment opportunities. There are signs of a growing realization of the problems of overpopulation, and of potential demand for family planning services. Population is no longer a North-South confrontational issue, and many of the leaders of developing countries have spoken out forcefully on the need to reduce fertility in order to achieve the development aspirations of their people.

## The U.S. Role

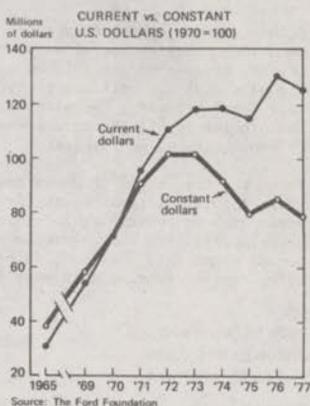
By virtue of experience and resources, the United States has taken a leadership role in promoting humanitarian efforts to solve the population problem. Three areas in which to continue this leadership role would be:

**advocacy** - keeping the problem of overpopulation at the forefront of the world's agenda as a matter of urgent priority

**assistance** - providing a major expansion of U.S. funding for both bilateral and multi-lateral programs that address the problems of underdevelopment and overpopulation. At present, this is especially critical in light of flagging donor support at precisely the time when the need is most urgent and when developing countries are becoming more receptive.

**biomedical and service delivery research** - Although improved methods of controlling fertility would bring far-reaching health and economic benefits, only about 1-2% of global biomedical research funding goes toward contraceptive development. Upgrading the priority of biomedical research in population would contribute significantly to overall health and welfare, both within the U.S. and globally. Other priority concerns in contraceptive development are cultural acceptability, physiological suitability, logistics and cost.

## WORLDWIDE EXPENDITURES FOR REPRODUCTIVE RESEARCH



### Briefing participants:

- Amb. Richard Benedick, Coordinator of Population Affairs, U. S. State Dept.  
 Amb. Marshall Green, Consultant, U.S. State Dept., Population Crisis Committee  
 Dr. Oscar Harkavy, Program Officer in Charge, Population Office, Ford Foundation  
 Dr. Miriam Labbok, Medical Officer, Office of Population, USAID  
 Dr. Samuel Preston, Chairperson, Graduate Group in Demography, University of Pennsylvania  
 Ms. Anne Sheffield, Director, Women's Development Programs, International Planned Parenthood Federation, Western Hemisphere

Ambassador Marshall Green

Testimony  
presented to the

House Appropriations  
Subcommittee on Foreign Operations

April 29, 1980

Copies available from:

Population Crisis Committee  
1120 19th Street, N.W.  
Suite 550  
Washington, D.C. 20036  
659-1833

TESTIMONY OF AMBASSADOR MARSHALL GREEN  
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON FOREIGN OPERATIONS  
APRIL 29, 1980

Mr. Chairman: I appreciate the privilege of appearing before this Committee to discuss world population growth and its implications for national security, especially the security of the United States.

As I said to the House Select Committee on Population in early 1978: The political and security implications of high population growth are difficult to define, for they vary from country to country, are resistant to isolation and analysis, and therefore do not lend themselves easily to valid generalizations. However let me hazard a few, speaking as one who spent his entire career in diplomacy, especially in Asia where excessive population growth is unquestionably the most fundamental adverse factor confronting the development and progress of that great region. Consider the following statements that generally characterize most nations of Asia, Africa and Latin America:

- High population growth rates, especially in the rural areas, contributing to the fragmentation of land holdings, underemployment and low productivity.
- Extensive migration pressures to cities or to other countries, often as illegals and sometimes from brutal eviction, as in the case of ethnic Chinese in Vietnam.
- Overcrowded cities, whose teeming slum areas double in population every decade or less, and which are likely forcing beds for widening resentment, frustration, readily exploitable by extremist forces.
- The impossibility of creating enough jobs for the more than 700 million people who will be added to the developing world's labor force over the next 20 years--a number greater than all the jobholders of today's developed world.
- Embattled leaders, overwhelmed by the problems of overpopulation, unemployment and overcrowded cities, uncertain of their own tenure of power, and therefore prone to more authoritarian rule, often with repression of a type that invites violent reaction.

Obviously population growth is not the only factor behind this scene of growing chaos, but it is a principal underlying cause of social and political instability of nations, posing dangers to international peace.

Let me now turn to the impact of overpopulation in the developing world on the security interests of the United States.

Overpopulation has been an underlying factor in certain international conflicts and major internal disorders. This danger continues and may intensify as populations burgeon and the scramble for scarce raw materials intensifies in an ever more populous world.

Such pressures seem destined to contribute to an increasingly turbulent international environment for the pursuit of our objectives of peace, stability and progress.

To the extent excessive population growth frustrates economic development and contributes to a widening gap between rich and poor nations and between the rich and poor within nations, it poses special dangers to the United States. For we are regarded, rightly or wrongly, as the richest and most economically powerful nation in the world. That is why resentment among frustrated nations and peoples is so often directed against the United States. We are the most obvious target.

Another way of looking at the problem is this: Nearly all the developing countries in which the U.S. has one or another vital security interest have very serious population problems. These prominently include countries in the Middle East, Asia and Latin America.

Let me first focus on the Middle East. This contains the so-called arc of crisis extending from Pakistan to Egypt and Turkey. Situated in the middle of this arc are oil producing nations on which we--and even more our allies--so heavily depend, and which lie immediately below the Soviet Union which will be soon running into an oil deficit position. Soviet control of Middle East oil would shift the world balance of power disastrously against us.

Within this area, the four most populous nations--Turkey, Egypt, Iran and Pakistan--have some of the highest population growth rates in the world, and none of them has so far been able to grapple successfully with population growth, although Egypt may be on the threshold of an effective program.

Meanwhile, Turkey is confronted with an internal social crisis, fueled by high population growth and rapid urbanization, which threatens the long-term stability of Turkey, NATO's eastern anchor.

Pakistan, Egypt and Iran are likewise faced with rampant population growth, including heavy farm-to-city migration, which can (and in the case of Iran already has) contribute to widespread frustrations and unrest seized upon by extremist forces of the left or right or both. The sextupling of Teheran's population since World War II has already been cited by several authorities as a major basic factor contributing to recent tragic events in Iran.

Closer to our shores is Central America with even higher population growth rates than any country in the Middle East. Some of our Embassies in Central America have long been warning Washington about the devastating political implications of such high growth rates. For example, on January 29, 1976, our Embassy in San Salvador sent a lengthy unclassified message to the State Department, which concluded:

"With the present high population density and resulting social problems, El Salvador could experience an increase in lawlessness, unrest and social upheaval that could create conditions conducive to a severe authoritarian government of extreme left or right."

Yet I would note that virtually no newspaper in the United States, in analyzing the recent tragedy in El Salvador has even mentioned what our Embassy identified as the key cause factor: overpopulation. This is one more reason for these hearings, Mr. Chairman.

I regret that time does not permit me at this stage to discuss measures being taken to cope with overpopulation, especially in countries that are so critical to world peace as Egypt, which I recently visited and where I discussed population issues with its leaders. I have also just returned from five countries of East Asia with whose leaders I discussed their national population programs, which, by the way, are among the most effective in the world.

Much as excessive population growth threatens nations, it is people--women and children in particular--who are the victims.

No investment of development funds can have a greater return than that devoted to promoting responsibility in parenthood and enabling people to have only those children they want and can provide for; and no investment of funds can have a greater return, dollar for dollar, than population programs which serve, as they already do in many countries, to promote the well-being and security of nations--ours included.

Congressional Meeting on International Population Issues  
(House Appropriations and Foreign Affairs Committees)

Statement by

Ambassador Richard Elliot Benedick  
Coordinator of Population Affairs  
Department of State

April 29, 1980

POPULATION PROGRAMS AND REQUIREMENTS

The demographic situation is obviously serious, but it is not hopeless. A growing body of evidence demonstrates that population trends can be influenced by determined public and private sector programs. Significant fertility declines have occurred in a number of populous countries, most notably China, but also including Indonesia, Thailand, Colombia, and most recently, Mexico. Impressive results have been achieved in many areas among poor, illiterate, and rural populations of varying ethnic and religious backgrounds. The keys to success generally include commitment of government leadership, effective delivery of family planning information and services, local community involvement, and an enhanced status of women, including education and employment opportunities. Improvements in health and economic conditions and hope for future progress appear to be important factors in motivating couples to desire smaller families. In a growing number of countries--China, Singapore, Thailand--economic incentives and disincentives have contributed to dramatic declines in fertility.

There are signs of growing realization of the problem, and of growing potential demand for family planning services. Population is no longer a North-South confrontational issue, and many LDC leaders have spoken forcefully and publicly on the need to reduce fertility in order to achieve the development aspirations of their peoples.

Some observers believe, however, that these successes represent the easy phase. Reducing fertility to replacement levels will require considerably more intensive, and expensive, efforts in terms of education, motivation, and expansion of services. The constraints impeding effective population programs continue to present formidable problems. There is a great need for improved contraceptive methods, more effective rural delivery systems, and greater attention to motivation.

Strenuous efforts will be required to attain the two-child norm. To reach this, an estimated two-thirds of couples must practice family planning--but currently only about one-quarter to one-third of Third World couples (outside China) use contraception. And, many more women are entering the reproductive age each year than are leaving, which means that more people must be reached just to stand still in terms of birth rates.

By virtue of experience and resources, the U.S. cannot relinquish the leadership role in this area. Unfortunately, there are no quick and easy solutions. Many things must be done simultaneously. For purposes of simplicity, I would divide policy recommendations into three categories: (1) diplomacy, (2) assistance, and (3) biomedical research.

1. Diplomacy.

Understanding and awareness of the problem are essential preconditions for action. There is a continuing need for educating new policymakers--and their constituencies. The U.S. will try to keep the population problem at the forefront of the world's agendas, as a matter of urgent global priority. The objective is a strong and sustained international consensus which can support, and influence, national leaders in their approach to population issues.

2. Assistance.

Measured against the magnitude of the problem, current levels of global population assistance are derisory, amounting to only about two percent of total aid flows--and they are declining in real terms. In constant dollars, U.S. population assistance in FY 1980 is significantly lower than in FY 1972.

Many observers, including the Brandt Commission, have called attention to the flagging of donor support at precisely the time when the need is most urgent and when LDC's are

becoming more receptive. The International Conference of Parliamentarians at Colombo last fall called for urgent world attention to the population growth problem, and proposed more than doubling international assistance by 1984.

I am certainly aware of the very tight current budgetary situation, but nevertheless feel obligated to renew the National Security Council's recommendation of 1975 for a "major expansion" of U.S. funding for both bilateral and multilateral population programs--an expansion I believe essential to reflect the priority of the population growth issue. Both AID's bilateral assistance program and the United Nations Fund for Population Activities have significantly more requests for help than they can handle with current budgetary resources.

If there were more funds, a worldwide effort could be launched to extend primary health care services to all peoples by the end of this century. By linking family planning services with basic maternal and child health and nutrition, a combined package of benefits, at not unreasonable cost, could produce hope and change attitudes in previously unreached areas. We are currently exploring this idea in the context North-South negotiations.

Finally, because of the national security implications of population growth factors, and their effects in undermining the benefits of general development assistance, I recommend that serious consideration be given to expanding our population assistance in selected countries by allocations from the Economic Support Fund.

### 3. Biomedical Research.

Existing methods of regulating fertility suffer from serious drawbacks in terms of safety, convenience, acceptability, or effectiveness. Numerous observers agree that it is imperative to increase research funding, in order to expand the options, follow up on currently promising leads, adapt existing methods to the particular physiological and social circumstances of LDC's, and attract high-quality scientific talent to the field.

Yet, although improved methods of controlling fertility would bring far-reaching health and economic benefits to mankind, only about 1-2 percent of global biomedical research funding goes toward research in reproductive physiology and contraceptive development. WHO was forced to abandon several activities in 1979 due to flagging donor interest. Private industry cannot be expected to fill the gap because of the unprofitability of an "ideal contraceptive."

I agree with the conclusion last year of the House of Representatives Select Committee on Population that "there are few areas in which a strong commitment of American scientific expertise and resources could contribute more to overall health and welfare, both in the United States and the world as a whole." I strongly believe that the U.S. Government should upgrade the priority of basic and applied biomedical research in population by increasing funding for the excellent programs of the NIH/Center for Population Research and AID.

In conclusion, I would stress that time is not on our side: unless the U.S., and others, join in urgent and concerted efforts, I believe that the consequences of rapid population growth will increasingly affect international economic and political stability.

Prepared Statement of Oscar Harkavy  
Program Officer in Charge  
Population Office  
The Ford Foundation  
before  
The House Appropriations Subcommittee on Foreign Operations  
Washington, D.C.  
April 29, 1980

Mr. Chairman, I am pleased to accept your invitation to participate in a briefing on international population problems organized for the House Appropriations Subcommittee on Foreign Operations. I am appearing in my individual capacity and do not represent the Ford Foundation. My observations on the current contraceptive research efforts are, however, based on experience gained as Officer in Charge of the Foundation's Population Office since 1963. Activities supported by the Foundation through this office are directed toward understanding and coping with population problems of the developing world, with special attention to application of the biomedical, social, and management sciences to these problems. I am an economist and not a physician or a biologist. My understanding of reproductive science and contraceptive development is derived from more than two decades of close observation, but not direct participation in the research process.

With respect to contraception, it is my conviction that the present array available for use in developing countries leaves much to be desired.

The most effective methods may pose special risks to health under conditions of malnutrition and disease endemic in the Third World. Methods are needed that are acceptable to people of widely differing cultural backgrounds, which do not depend on well-staffed health delivery systems for safe and effective use. Both fundamental and applied research in reproduction and its control must continue to receive high priority if new birth control methods are to be achieved, and the existing resources for support of such research are clearly inadequate.

In recent years the pharmaceutical industry has devoted relatively little effort to the development of new contraceptive methods. Most of the R&D work undertaken by pharmaceutical firms has been directed to minor modifications of the contraceptive pill, reducing dosages and side effects to maintain their share of the market. Given the increased costs of meeting appropriately stringent regulatory requirements and the increasing difficulty of obtaining adequate product liability insurance, contraceptive development is an unattractive way for private industry to allocate its research and development funds.\* Contraceptive development is of great social benefit, however, and government should seek ways of encouraging industry to keep active in the field.

---

\*A very recent exception is research by a number of firms on the contraceptive potential of agonists and antagonists of hypothalamic releasing hormones.

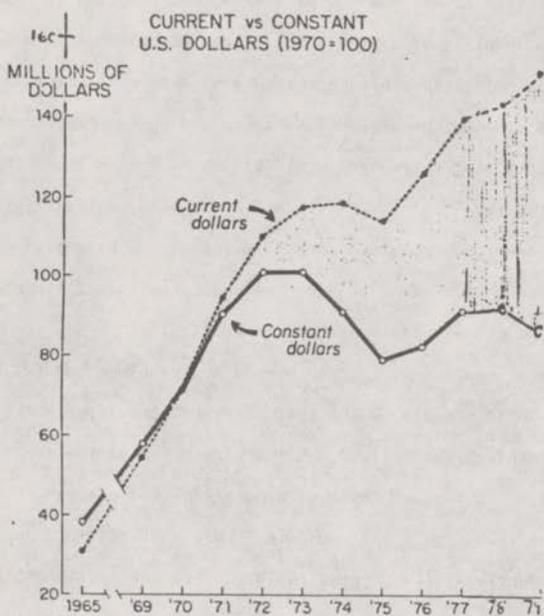
The development of radically improved contraceptive methods poses an extraordinarily difficult scientific and technological challenge. At their very early stages, promising "breakthroughs" such as the use of gossypol, a derivative of cottonseed, as a male contraceptive or the use of agonists or antagonists of hypothalamic releasing hormones as male and female contraceptives have been heralded with much excitement in the popular press and also by the professionals engaged in the contraceptive development process. But there are formidable obstacles in the path from an exciting lead to the final formulation of a compound that will prove to be both safe and effective after long-term trials. Substantial funds and patience on the part of funding agencies are essential if the contraceptive development process is to bear important fruit.

Because of concern with world population problems and relative lack of interest in this field by the pharmaceutical industry in the years following development of the "pill," philanthropic foundations followed by governments began to fund an impressive public sector contraceptive development "industry." As is indicated in Figure 1, funds for fundamental and applied reproductive research grew rapidly until the mid-1970s. While the level of funding continued to increase at a much reduced pace in terms of current dollars, in constant dollars (with 1970 as a baseline) funding is declining.

The U. S. Government is by far the largest source of funds for this enterprise. In 1979 the Center for Population Research of the National Institute of Child Health and Human Development in 1979 provided \$51 million

Figure 1

### WORLDWIDE EXPENDITURE FOR REPRODUCTIVE RESEARCH



Source: L. E. Atkinson, "Status of Funding and Costs of Reproductive Science Research and Contraceptive Development," Contraception: Science, Technology, and Application, National Academy of Sciences, 1979, p. 298, updated.

out of an estimated \$155 million total world effort, approximately one third of the total. AID's commitment of \$8 million represented about 5 percent of the world's effort in 1979. Most of the National Institutes of Health funds support fundamental research in reproductive science, while AID has conceived its mission as limited to encouraging highly applied contraceptive development in the hope of short-term payoff.

While the Scandinavian governments have contributed substantially to the contraceptive development effort through their support of the WHO Special Program in Human Reproduction, there is notable lack of enthusiasm for support of contraceptive development on the part of most European governments, which are more concerned about falling birth rates in Europe than about excessive rates of fertility in the developing world; nor do they seem to be particularly worried about side effects of current methods as they may affect the health of their own people.

The contraceptive development process must take place across a broad spectrum of activities. We are driven back to emphasizing fundamental research in order to discover more potential leads to new methods of contraception, as we cannot count on those now in the development pipeline to blossom into safe and effective new methods. Substantially increased funding for fundamental research; training programs to encourage bright, young investigators to enter the field; applied research and development by the public and private sectors; and epidemiological studies of the costs and risks of contraception, particularly in the developing world, all require attention by funding agencies of the U. S. Government. In an atmosphere of budget cutting for social programs, one must be an optimist to expect major increases for this work. Furthermore, the principal mission of the National Institutes of Health is to enhance the health of the American

public, while AID, devoted to the developed world, feels constraints on the sums that it can apply to research. This anomaly needs to be examined, and new devices developed in order to assure an adequate flow of funds for contraceptive development. The Institute for Scientific and Technical Cooperation (ISTC), which I hope will not be strangled in its cradle, should be an excellent mechanism to support collaboration in contraceptive and other population research by scientists throughout the world.

It may be useful to examine the public sector contraceptive development effort.\* Five new scientific organizations, all in existence for less than a decade, are the major players: the WHO Special Program in Human Reproduction (funded by nine governments other than the United States, and the United Nations Fund for Population Activities); the International Committee for Contraception Research, managed by the Population Council (funded by private foundations and U. S. and Canadian Government agencies); two organizations funded by AID--the Program for Applied Research on Fertility Regulation (PARFR) and the International Fertility Research Program (IFRP); and the newest and smallest of these organizations, the Program for the Introduction and Adaptation of Contraceptive Technology (PIACT), funded by UNFPA, the U. S., the U.K., and private foundations. These organizations together operate at a level of some \$30 million a year, which is probably about twice the annual investment of the pharmaceutical industry in contraceptive development.

The WHO Program is the broadest of the four, concerned with developing clinical testing capacity in the Third World, as well as support of mission-oriented and applied research. Because of pressure from its

---

\*Based on materials prepared for study of contraceptive development prepared for Congress's Office of Technology Assessment, by S. Bruce Schearer.

donors, it tries to allocate as much of its budget as possible to activities in the developing world and thus is increasingly reluctant to support development activities in laboratories of the industrial world, where a substantial (but by no means the entire) proportion of the world's contraceptive development effort takes place.

The ICCR program is more sharply focussed on product development, conducting research on technological leads at or near the clinical stages of investigation, using a network of clinical investigators throughout the world. It is the closest analog in the public sector of the pharmaceutical firm.

PARFR provides small grants to a variety of investigators for innovative contraceptive research, and IFRP is primarily active in late-stage clinical trials of new and existing contraceptive technologies with special emphasis on establishing networks for clinical trials in the developing world. PIACT is concerned with adaptation of existing products to increase their acceptability to people of the Third World with emphasis on packaging, manufacturing, and informational materials.

To date the public sector contraceptive development effort has not produced radically new methods, but has made significant contributions to improvement of modern contraception by developing copper-clad intrauterine devices and improved methods of sterilization and pregnancy interruption.

A survey of the world's most knowledgeable scientists conducted by Dr. Michael Harper for an Office of Technological Assessment report has identified eight methods as having the greatest likelihood of becoming

available during the next decade. These are: vaginal ring contraceptives, biodegradable contraceptive implants, long-acting injectable contraceptives, IUDs causing less bleeding and pain, IUDs that can be inserted immediately following delivery, a nonsteroidal method of ovulation inhibition for women, prostaglandins administered to induce first trimester abortions, and improved vaginal contraceptives.

As indicated above, there are formidable obstacles in the path of all of these developments; and any list of those "most likely to succeed" must be modified as testing goes along.

The public sector contraceptive effort is hampered by a number of factors; primarily, insufficient, declining, and insecure funding; and, secondarily, fragmentation among a number of agencies, none of which operates at a sufficient scale to push at optimum speed a potential contraceptive lead from a promising laboratory phenomenon to a product available to the general public. In the best of all possible worlds, public and private sector contraceptive development would be regarded as a single system, fueled by substantial government funding with full collaboration between the two sectors, in order to take advantage of the expertise of the private sector in product management. This is easy to prescribe, difficult to achieve, but essential if timely progress is to be made.

## TESTIMONY ON "TRENDS IN WORLD POPULATION GROWTH AND DISTRIBUTION"

Delivered to Briefing of House Appropriations Sub-Committee on Foreign  
Operations and House Foreign Affairs Committee - On  
April 30, 1980

Samuel H. Preston  
Chairman, Graduate Group in Demography  
University of Pennsylvania

It is a great honor for me to be invited to testify before you today on trends in population growth, urbanization and migration in developing countries. I should say that, while this briefing is jointly organized by Population Association of America of which I am an officer, this organization takes no specific positions on scientific matters. So my comments are offered strictly in my personal capacity.

You may have read recently that the era of rapid population growth is coming quickly to an end in developing countries.

It does seem to be the case that population growth rates in developing countries peaked in the early 1960's at about 2.35% per year and have been trending downwards slowly since then. The U.N. estimates that the growth rate in developing countries as a whole is about 2.2% in 1980. This rate may not seem very high compared to 18% inflation; but it is sufficient to double the size of population every 3 decades.

Furthermore, this growth rate is being applied to an ever-larger population. The result is that the total number of people added to the population of developing countries each year continues to rise, from about 47 million in 1960 to about 71 million in 1980. If all of these 71 million new members in 1980 were concentrated in one place, they would constitute the 7th most

populous developing country - and that is just one years excess of births over deaths.

The fact that this excess is dispersed among all developing countries means that it is often ignored in favor of more immediately pressing problems. But obviously it builds up over time and feeds back upon itself, accumulating what demographers refer to as growth momentum. This phrase reflects the fact that, because of very rapid population growth and high birth rates, the populations of developing countries are very young. At present, slightly over 40% of the developing countries populations are below age 15, compared to less than 25% in MDC's. This means that huge numbers of people are on the verge of the reproductive ages in developing countries - twice as many as a generation ago. Even if these people reduce the average number of children they bear to the totally unrealistic figure of  $2\frac{1}{2}$  per woman from the current level of 5, the population of developing countries would still grow by approximately 70% before it levelled off. Every year that a decisive downward movement in growth rates is postponed adds 10's of millions to the ultimate size of population when zero growth is finally achieved.

So I see little reason to be smug about current population growth trends. The hopeful signs arise from a few well documented countries where birth growth rates have indeed declined. These declines seem to have been produced in about equal measure by increased use of contraceptives and increased age of women at marriage. Even here we should be cautious about interpreting the record because China has contributed the vast bulk of the estimated decline in growth rates. In fact, if we examine only the group of developing countries outside of China their aggregate growth rate has actually increased

between 1960 and 1980 according to U.N. figures.

These demographic changes prefigure a diminished international role for the U.S. In 1950, one human in 16 was an American; by the year 2000 it will be 1 in 24. In fact, there are more children below age 3 in developing countries today than there are Americans of all ages.

The consequences of this rapid growth are very serious for those concerned with social and economic progress in developing countries. Basically, the 71 million persons added this year are additional claimants on resources that are already stretched very thin. These resources include not only land and petroleum but, perhaps even more important, positions in educational systems, beds in hospitals, and seats at the family table. There is no question that the incessant pressure of ever-increasing numbers is straining government programs of social services as well as the private sector's ability to create jobs and to satisfy consumption aspirations.

These strains are particularly severe in cities of developing countries. These cities combine high birth rates and low death rates with high rates of immigration from rural areas. As a result, urban areas grew at an annual rate of 4% between 1960 and 1970, about 2½ times faster than the growth rate of rural areas. The giant cities, those larger than 4 million, are growing even faster. Projections which I did for the U.N. suggest that Mexico City is soon to become the world's largest city and will reach about 30 million by the year 2000. The administrative problems posed by this rapid growth are staggering, as they are in Africa where cities are much smaller but growing more rapidly and where administrative structures are poorly developed.

Unfortunately, governments of many developing countries place the major blame for rapid city growth on migration. Governments responding to U.N. questionnaires are virtually unanimous in wanting to slow down migration to cities: its the most widely perceived population problem among governments in developing countries. I think that this emphasis on migration is misplaced, for two reasons:

First, the main source of city growth in developing countries is the excess of births over-deaths, not the excess of in-migrants over out-migrants. On average, the difference between births and deaths is accounting for about 60% of urban growth. Furthermore, the fastest growing cities are invariably located in the fastest growing countries; a 1% increase in national growth rates is associated internationally with exactly a 1% increase in city growth rates.

Second, migration to cities seems to be playing a central role in the structural transformations associated with development. Rural-urban migration has generally been fastest in those developing countries where economic levels and growth rates are highest. For example, the rate of rural out-migration exceeds 2% a year in South Korea, Puerto Rico, and Venezuela but falls short of 1% in Guatemala, Ghana, and India. In other words, the rural exodus is fastest in countries that are in the best position to accomodate the flow. Also, the experience of rural-urban migrants is generally a positive one. In most countries where their adjustment has been investigated, the large majority of migrants express satisfaction with the results of the move. Their incomes are generally higher and their social services better. Although they often begin in marginal jobs and residences,

their rate of upward mobility is surprisingly swift. Rural areas often profit from urban migration both through the flow of remittances sent back to the village and through the relief of population pressure on the land.

Urban birth rates are not working in this supportive way but tend to be unrelated to urban job opportunities or to the stage of economic development. In fact, birth rates are often highest in the poorest cities.

So high birth rates are the basic source of the problem of rapid urban growth but a more visible element, migration, is getting the blame. This incorrect diagnosis is setting the stage for authoritarian restrictions on migration and a sacrifice of the positive contribution it usually makes to social and economic development.

This is a simple illustration of how the problems posed by high birth rates are incorrectly diagnosed because they work not through dramatic leaps but persistently and cumulatively.

CONTRACEPTIVE TECHNOLOGY AND RESEARCH NEEDS  
OF DEVELOPING COUNTRIES

Miriam H. Lobbok, M.D.,M.P.H.

Paper presented before members of the House Appropriations Subcommittee on Foreign Operations and the House Foreign Affairs Committee, April 29, 1980.

Views expressed are those of the author and not necessarily those of the Agency for International Development.

Presentation - April 29, 1980 at request of Congressman Conte.

Title: Contraceptive Technology and Research Needs of Developing Countries

Previous speakers today have presented with great clarity the reasons that we must pursue an effective population program. The philosophy, direction and motivation of existing programs have also been highlighted. Clearly, the best use of our contraceptive technology is to respond to the existing demand, raise the level of demand as much as possible through modifications of existing technology, and engender the interest and support of those most able to sustain this effort over time. Let us first consider the couple who decides "not to have a child right now." The factors and philosophies influencing this decision may be similar in Bali, Washington, D.C., or Ougadougou, and have been touched upon in Ambassador Benedick's comments. But at this point, the moment of the decision, a variety of other factors may influence whether or not this decision ultimately leads to the practice of family planning.

There is no question that there are couples who wish to delay pregnancy but do not have the means to do so. When true availability of modern contraception is introduced, we find that there is an immediate relative increase in prevalence of contraceptive use. This relative increase has been reported varying from 16% to 1200% in different countries and regions.

Data from the World Fertility Survey supports this. In a sampling of 15 countries 30 to 74% of exposed women stated that they desired no more children and yet up to 91% of these women were not using any method of contraception. This shows us that there are at this very moment a great number of people who have made the decision to "not have a child" and yet do not have the means at their disposal to act upon this decision. There are also settings, for example, in Africa, where high family size ideals persist but family size exceeds even these ideals.

Much of this initial unmet need can be fulfilled through good service delivery, but improvements in contraceptive technology may be the way to raise the level of contraceptive use still further. Needless to say, the perfect contraceptive is 100% effective, 100% safe, has no side effects, is cheap, lasts as long as desired, is removed from the act of coitus, and can be used by men or women. The research to improve contraceptives for the developing world, while striving for perfection, should assure that the new products are:

1. Culturally acceptable
2. Physiologically appropriate
3. Responsive to logistical problems, and
4. Affordable

What are some of the improvements that have been made in these four areas?

Sterilization is one of the most frequently chosen methods of family size limitation. It is chosen by both men and women. Early marriage and cultural pressures to have children early means that often desired family size is reached very early. The traditional female sterilization procedure required surgery under general anesthesia. Research has yielded the laparoscope, a surgical instrument requiring local anesthesia only. With this improvement we can see women up and travelling home, frequently over difficult terrain, within 6 hours. The laproscator, a modification, is a less expensive version of the same instrument. Non-surgical methods are needed in areas where clinics are few and far between, or just to alleviate fear of being "operated on". Research to reduce cost and eliminate surgery are not necessarily in the interest of manufacturers; government research funds can be used to decrease both human and financial costs.

There remains a need for research on reversible methods of sterilization, especially for areas such as the Islamic world. For men worldwide, the fear of the knife of surgery signals a need for vasectomy without cutting. Work is being done in these areas but much remains.

IUD's which could be inserted immediately after the baby is born are now in development. Logistically, this would mean that family planning practice could be initiated during one of the few times in a woman's life that she might come in contact with some clinical supervision. However much research remains before this method can be offered.

Steroids as found in pills and injectables are highly effective and acceptable. They are relatively inexpensive and easy to transport. Daily pill usage fits well in the life pattern of women in developing countries where their life is very structured, demanding the same chores at the same time each day. Injections are considered strong medicine by certain cultures and hence an acceptable injectable would be an excellent addition to the methods currently used.

Barrier methods are highly acceptable to some cultures but not to others. It is recorded that Cleopatra used a sponge soaked in lemon juice and other natural products as a contraceptive; in Egypt today, a sponge barrier method is in clinical trials. Whereas these methods have few side effects, they are difficult to supply and are not inexpensive. Reusability and decreased production costs merit research. For the men, the condom has been modified to fit men of all countries. No new male methods have been developed which can compare to the safety and efficacy of the condoms.

In the future, there are possibilities of contraception by nasal spray, vaginal rings, ingestion of a product of the cotton seed, and others. All of these improvements and modifications are many years and research dollars away at present support levels.

The methods in use today in the developing world (sterilization, pills, IUDs, condoms) are highly appropriate and should be made fully available. Research needs exist, especially in such areas as the period of lactation when the return to fertility is not predictable. There are numerous research studies needed to assure that contraceptives are responsive to the four concerns mentioned: acceptability, physiological appropriateness, logistics and cost.

In spite of this, few organizations are involved in service related aspects of contraceptive research. In fact there are only one or two international organization who demonstrate programming in both service and contraceptive research. Increased financial support and prolonged interest in these areas are mandatory if we are to assist developing world programs in impacting on fertility.

## SUMMARY: THE DEPO-PROVERA ISSUE

The process of weighing the known and potential risks and benefits of Depo-Provera (DMPA) is a complex one. The Food and Drug Administration (FDA), the World Organization (WHO), A.I.D., and many others have actually been reviewing Depo-Provera off and on for over a decade. Depo-Provera is, in fact, a drug approved by the FDA for use in the United States as a treatment for cancer of the uterus. It has never been approved by the FDA for general use as a contraceptive and has not been provided by A.I.D. Nevertheless, it has been widely used as a contraceptive for years in developing countries.

While the issues regarding Depo-Provera are complex, the crucial question is how the risks and benefits of Depo-Provera compare to the alternatives (pregnancy and other methods of contraception such as oral contraceptives). Basically Depo-Provera has a number of known advantages. These include: lack of hypertensive effect, generally decreased loss of iron during menstruation, and actual promotion effect on lactation, a decrease in subjective side effects (such as nausea, dizziness and mental depression), and a programmatic acceptability and effectiveness which markedly decreases the significant health risks of pregnancy. Depo-Provera also has a number of theoretical health advantages over oral contraceptives which stem from the fact that it contains only one compound (a progestin) rather than two compounds (a progestin plus an estrogen) as do the usual combined oral contraceptives. Furthermore, the synthetic progestin in Depo-Provera more closely resembles the natural hormone (progesterone) than do the synthetic progestins in oral contraceptives.

The major health concern on the negative side is the finding that Depo-Provera can cause cancer in laboratory animals. This includes breast cancer in beagle dogs and cancer of the endometrium of the uterus (when administered for 10 years at 50 times the human dose) in rhesus monkeys. With respect to breast cancer, several points are of particularly import. First, under suitable conditions essentially all progestins, including the natural progestin - progesterone - induce breast tumors in beagle dogs (although not as easily as Depo-Provera). Second, the progestins in oral contraceptives induce tumors in other animals such as rats and mice, whereas Depo-Provera does not. Third and probably most importantly, data from epidemiologic studies in Thailand, Great Britain, and Atlanta, Georgia, are all reassuring with respect to the long-term risk of breast cancer in humans. Regarding endometrial cancer, less is known, but again several points are worth noting. First, Depo-Provera is clearly effective in the treatment of endometrial cancer which makes it unlikely to induce this cancer. Second, while "unopposed" estrogens are known to greatly increase the risk of endometrial cancer in postmenopausal women the addition of the oral form of Depo-Provera appears to nullify this risk. Thirdly there

is now good evidence that oral contraceptives actually decrease the risk of endometrial cancer in women probably because their progestin content "opposes" estrogen's stimulation of the endometrium. Depo-Provera would be expected to have a similar effect. Finally, preliminary data from the area of Thailand where use of Depo-Provera has been most extensive for over 15 years indicate no increased risk of endometrial cancer. Most experts in the field of animal testing seem to agree that testing with very large doses of hormonal compounds makes very little sense because of the severe metabolic disturbances that occur.

A.I.D. will continue to monitor information on Depo-Provera most closely. Two processes should provide important additional information. First, the FDA is holding a Board of Inquiry on the subject, which probably will take place later in 1980. Second both A.I.D. and WHO are planning epidemiologic studies among long-term users. In any case you may be sure that A.I.D. will place the highest consideration on the health of women and their children in developing countries.

RESEARCH: DEPO-PROVERA

QUESTION: What is the Agency position concerning the provision and use of depo-provera?

ANSWER: The Agency's position is largely contained in my testimony before the House Select Committee on Population of August 10, 1978. As explained in that testimony, since depo-provera is not currently approved by the U.S.F.D.A. for contraceptive purposes, A.I.D. cannot supply it from a U.S. source of purchase. The Agency does not and has not supplied this drug. Nevertheless, depo-provera appears to have been safely used by large numbers of women and A.I.D. has assembled an Ad Hoc Advisory Panel to provide advice about the very real scientific, public policy and ethical issues regarding its use. If the panel recommends that A.I.D. provide depo-provera to developing countries as an important addition to available methods of contraception, I have said I would recommend to the A.I.D. Administrator that A.I.D. consider purchases of depo-provera from manufacturers overseas.

The Advisory Committee originally met in December, 1978 and made draft recommendations. Soon thereafter, however, important new information regarding the effects on monkeys of very large doses over a ten-year period became available. These findings have required considerable additional information gathering and assessment. A special subgroup was convened in March, 1980 to examine the information and we expect a final report in late May or early June.

Meanwhile, the F.D.A. disapproval of depo-provera as a contraceptive is by no means final. They have agreed to a Public Board of Inquiry on the matter which should convene sometime this year.

*jde*  
DS/POP/R:JShelton:ejp:05/13/80

Clearances: DS/POP/R, D. Gillespie (draft)  
DS/POP/DIR, J. Speidel \_\_\_\_\_  
P. Baldi \_\_\_\_\_  
DS/DAA, S. Joseph \_\_\_\_\_  
AA/DS, S. Levin \_\_\_\_\_  
AA/PPC, C. Paolillo \_\_\_\_\_  
GC/LPIA, C. Costello \_\_\_\_\_

## Depo: The Debate Continues

By Deborah Maine

Depo-Provera, the only injectable contraceptive that is at present widely used (in more than 70 developing and developed countries), was denied approval for use as a contraceptive in the United States by the Food and Drug Administration (FDA) in March 1978.<sup>1</sup> This decision came after more than a decade of indecision on the part of the regulatory agency and after heated public debate among scientists, politicians and consumer and women's groups. The regulatory agency based its decision on what it considered substantial evidence that there might be an increased risk of breast cancer associated with use of the injectable; that there might be an increased risk of congenital malformations in infants inadvertently exposed to the drug in utero; and that there were bleeding problems associated with its use that might lead to questionable treatment. Further, the agency maintained that in the United States, where alternative effective contraceptive methods are available, there is no sizable patient population in need of Depo, and thus the risks of the drug outweigh the benefits. The FDA emphasized, however, that in other countries, where the risks associated with childbearing are high, and where other contraceptives are not readily available, the benefits of this highly effective method might well outweigh its risks.

The FDA ruling has been protested by experts on a variety of grounds. Many investigators argue that the experimental

data which suggest that Depo-Provera (the long-acting form of medroxyprogesterone acetate—a progestin) poses a health risk are not valid, and that no serious side effects have been reported during or following its extensive use in other countries. Others have pointed out that there have been few good studies anywhere in the world to ascertain what serious side effects, if any, may be associated with its use. Despite the FDA's insistence that its ruling applies only to the United States, critics maintain that it has caused unnecessary reservation about the use of the drug in the countries where it is now approved as a contraceptive. Moreover, since drugs may not be exported for uses not approved in the United States, the critics fear that the U.S. Agency for International Development, one of the major suppliers of contraceptives to Third World countries, would have to continue its policy of refusal to provide the injectable to family planning programs abroad. Finally, there are some observers who believe, contrary to the view expressed by the FDA, that even in the United States there are women for whom Depo would be the ideal contraceptive, and who will have unwanted pregnancies if it is not available.

In order to explore the basis of the FDA's ruling and its impact on other nations, the U.S. House of Representatives' Select Committee on Population\* devoted three days of hearings to the subject last August.<sup>2</sup> The need for such a forum became evident, noted Committee Chairman James H. Scheuer, when "witnesses from Africa, Latin America and Asia departed from their prepared testimony [in Committee hearings on population and development assistance] to state in the strongest possible terms their distress over the FDA decision." During

the hearings on Depo-Provera, more than 20 witnesses from developing and developed countries, international agencies, research centers, the FDA, consumer groups and the manufacturer testified.

### Background

In the autumn of 1973, the FDA announced that it proposed to approve Depo for contraception.<sup>3</sup> This brought strong objections from Senator Edward Kennedy, whose Health Subcommittee had held 12 days of widely publicized hearings on the drug.<sup>4</sup> Kennedy maintained that approval would "result in widespread use of the drug in institutions for the mentally retarded and in health clinics serving the poor and uneducated" without proper safeguards. Four black congresswomen also protested approval of the drug on the grounds that the rights of the poor and minorities might be abused, and that family planning programs would come to be mistrusted by such groups.<sup>5</sup>

In the spring of 1974, Representative L. H. Fountain of North Carolina, Chairman of the House Intergovernmental Relations Subcommittee, convened hearings in which it was alleged that the FDA had ignored evidence of a possible link between Depo and cancer.<sup>6</sup>

Nonetheless, satisfied that the data showed the drug to be safe for human use, the FDA announced final approval on September 12, 1974, the approval to become effective 30 days later.<sup>7</sup> The FDA mandated that prospective users were to be fully informed of the serious risks which might be associated with the drug's use, and that a registry of all physicians administering the injectable was to be established so that the FDA "could notify the physicians involved in the event that any of the potential carcinogenic risks were confirmed." The drug

Deborah Maine is an Associate Editor at The Alan Guttmacher Institute.

\*The Select Committee on Population was established by the House of Representatives in September 1977 to examine issues related to population in the United States and abroad. The Committee has no legislative authority, but informs members of the Congress of its findings.

was to be given only to women unable or unwilling to use other methods. The order of approval was stayed, however, following a letter of protest that Fountain had sent to the Secretary of HEW<sup>1</sup> and released to the press, and after women's and consumer groups publicized their concern over the safety of the drug. The FDA took no further action until four years later, when it announced its disapproval of the drug.

In the recent Select Committee hearings, William N. Hubbard, Jr., president of the Upjohn Company (the manufacturer of Depo-Provera), related that Upjohn had petitioned the FDA for a hearing to appeal its decision not to approve the drug. (The FDA had not responded to the appeal by mid-November.)

#### Safety

The question of the safety of Depo-Provera centers around studies conducted a decade ago, in which beagle dogs treated with this substance developed breast tumors, some of them malignant. While the FDA interprets these data as indicating a possible increased risk of breast cancer among women who use Depo, many researchers question the validity of this conclusion, noting that beagles are evidently especially prone to breast tumors. Philip A. Corfman, Director of the Center for Population Research, U.S. National Institute of Child Health and Human Development, testified before the Select Committee that "beagle breast tissue may be unusually sensitive to steroids," and that dogs metabolize Depo in a manner quite different from that of humans and monkeys. Corfman observed that the latter may be a better model, but noted that although monkey studies have been in progress for some time, there are not yet data for assessing "long-term effects or the lack thereof . . . on the mammary glands of monkeys."

The controversial nature of the beagle studies is highlighted by the fact that the FDA's Ob-Gyn Advisory Committee, after considering these and other data, repeatedly recommended that the agency approve Depo-Provera.

A World Health Organization (WHO) representative, Giuseppe Benagiano, told the Committee that a WHO Scientific Group convened in Geneva in December 1977, after examining "all the published and unpublished information . . . on the risks of neoplasia," concluded that there are "no data from adequate studies in women" assess



Women in Thailand's Chiang Mai Province line up for a Depo shot.

whether progestogens . . . have any effect on the risk of neoplasia."<sup>2</sup>

The studies necessary to rule out an increased risk are formidable. Corfman told the Committee that to determine whether Depo increases the risk of breast cancer by 50 percent, at least 30,000 women using the drug and an equal number of women not using any hormones would have to be monitored for 5-10 years.

In its decision to deny approval, the FDA also cited a possible risk of birth defects among children exposed to Depo-Provera in utero. While there are some data which suggest that prenatal exposure to exogenous progestins (including medroxyprogesterone acetate) may be related to birth defects, the WHO representative told the Committee that the existing studies "do not show any evidence of a teratogenic effect associated with Depo-Provera." Scientists disagree on this issue, however, and another witness, Samuel Shapiro, Co-Director of the Drug Epidemiology Unit at Boston University Medical Center, testified that there are "reasonable grounds to suspect that female hormones cause . . . deformities . . . when used early in pregnancy." However, he added, "it is not possible to evaluate progestational agents specifically . . . as possible teratogens. Still less is it possible to determine whether medroxyprogesterone [Depo-Provera] . . . has that property." Nonetheless, he concluded that "there are reasonable scientific grounds

for suspecting that exogenous female hormones, medroxyprogesterone included, may be harmful to the fetus."

Addressing the question of other health effects, the WHO representative described a variety of multicenter studies his health agency has conducted in India, Sweden, Thailand, the United Kingdom and Yugoslavia to determine the effect of Depo-Provera on women's metabolism. No adverse effect on the liver, on carbohydrate, lipid and protein metabolism or on hematological status has been detected. In addition, the WHO has found that Depo-Provera does not decrease, and may even increase, milk production among women who have recently given birth. The effect on the infant of the hormone in the milk is still under study.

Since amenorrhea is a common side effect of Depo use, the issue of the return of fertility was addressed by Tieng Pardsithai of Chiang Mai University in Thailand, who reported on one of the world's largest bodies of experience with Depo-Provera. Since 1965, Depo has been offered by the family planning program at McCormick Hospital in Chiang Mai Province, where about three-quarter

<sup>2</sup>In a recent review of its research program on human reproduction, the WHO noted that its Toxicology Review Panel had found "no toxicological reason why [Depo-Provera] should not be used for fertility regulation by women." (See World Health Organization, *Special Programme of Research, Development and Research Training in Human Reproduction, Seventh Annual Report*, Nov. 1978, p. 343.)

LEPPO: THE PEOPLE CONTINUE

ters of the women served choose this method. In a study of women who discontinued contraception in order to become pregnant, former pill users conceived more rapidly than former users of Depo or the IUD. But 24 months after method discontinuation, there were no significant differences in their rates of conception and their live-birth rates. While women who had used Depo became pregnant an average of three months later than ex-pill users, there was no indication that younger women or nulliparous women were especially prone to delayed conception after using Depo, or that prolonged use increased the delay. (There was also no significant excess of birth defects among children born to Chiang Mai women who had used Depo, but the number of malformed infants was too small to be meaningful—seven of 582 births.)

A number of the experts who appeared before the Committee stressed that Depo-Provera appears to have fewer side effects than oral contraceptives, and that there has never been a report of a death related to its use as a contraceptive. Unfortunately, there are no studies of Depo that are as well designed and as carefully performed as those that document pill-associated mortality.

#### Depo-Provera in the Developing World

In denying approval to Depo-Provera, the FDA stressed that the possibility of risk is not the only factor which should influence a country's decision whether to approve a given drug; the benefit which it would provide must also be taken into account. The risk/benefit ratio of Depo-Provera may be quite different in developing countries, the FDA noted, "where alternative methods of contraception may be less available or less acceptable," and where health levels are lower than in the United States.

Among those who testified that the FDA's decision could have a profoundly harmful effect in other parts of the world was Fred T. Sai, a Ghanaian physician who has been his country's Director of Medical Services and Assistant Secretary General of the International Planned Parenthood Federation (IPPF). Sai said that in Africa only about five percent of women at risk of pregnancy are currently being served by family planning programs, and the maternal mortality rate is 100-200 times the U.S. rate. Furthermore, he observed, "so high is the fertility rate that . . . any woman who is not

using satisfactory contraceptive methods and who is of childbearing age is likely to be pregnant rather than not, thus risking her life. Any risk comparison of Depo, therefore, will have to be a comparison not only with other contraceptives, but also with pregnancy itself."

In such a situation, Sai pointed out, Depo-Provera has a number of advantages over other effective contraceptives: It can be used by women who cannot tolerate the side effects of the pill and IUD; its use is not related to coitus and does not require constant motivation, since the drug is generally given in three-month doses; it is useful where women have little privacy in their homes; it can be administered by trained nonphysicians in remote areas; it can be used in situations where sanitation is a problem; and it does not reduce the milk supply of lactating mothers. Sai maintained that the FDA ruling, despite its intentions to the contrary, "is tantamount to enforcement of the U.S. norm on other countries."

The advantages described by Sai have reportedly created a great demand for Depo in the developing world. Malcolm Potts, a Cambridge University-educated physician and scientist who is Executive Director of the International Fertility Research Program, estimated that 1.25 million women worldwide currently use Depo. He reported to the Committee that while visiting many developing countries, he has asked users, potential users and doctors about the method. Their answers convinced him "that for every woman now using Depo, two or three more could be recruited immediately, and 10 or more in a relatively short interval." Potts maintained that "proof of safety [of drugs] is impossible in advance of widespread use" and urged that greater effort be put into careful studies of women using this drug.

Benagiano of the WHO told the Committee about studies of the acceptability of injectable contraceptives in India, Korea, The Philippines, Thailand and Turkey, where women in clinics "were given balanced and unbiased information on a number of contraceptive methods including Depo-Provera, oral contraceptives and IUDs." It was found that rural women had a "marked preference for Depo-Provera relative to oral contraceptives or IUDs."

Inevitably, decisions made in the United States affect the rest of the world. Several witnesses pointed out that the

States has a great deal of influence on the world's medical community, and that its refusal to approve Depo has raised doubts about the drug's safety. As Rebecca Cook, formerly head of and now consultant to IPPF's Law and Planned Parenthood Program, explained, "Very few countries in the developing world have decided to use scarce health resources to make scientific risk/benefit determinations for their own populations," so they rely on respected sources (like the FDA) to provide guidance. She said that there is "no doubt" that the FDA's decision "has caused a great deal of misunderstanding among health authorities, family planners, women . . . , consumer groups and the press both [in the United States] and abroad." She attributed such misunderstanding to the FDA's having taken more than a decade to arrive at its decision, first declaring its intention to approve, then reconsidering and denying approval, while ignoring the recommendations of its own medical advisory group. She also charged consumer groups with being so "obsessed" with possible risks that they are "blinded to the benefits."

From the perspective of the important role that the United States Agency for International Development (AID) plays in family planning programs around the world, AID Assistant Administrator Sander Levin urged the FDA to review its decision on Depo-Provera so that the drug could be made available to programs abroad, and urged support for the proposed Drug Regulation Reform Act which was put before the Congress. This legislation would permit export of non-approved drugs (or drugs, like Depo, that have limited approval) to countries which formally request them. Such countries would have to be informed of the drugs' legal status in the United States and the reasons for it. At present, Levin explained, AID may not export a drug which is not approved for U.S. use. AID could circumvent this restriction by buying Depo from Upjohn's Belgian subsidiary, but Levin said that he "would hope that the Congress would act so that AID [would] not be placed in such a position."

Commenting on the proposed drug regulation law, FDA Commissioner Donald Kennedy said that passage of the legislation may be perceived as the United States' "condoning 'second-class health care' for others." But this problem is only a perceptual one, he said, "and

the solution of banning exports is only a perceptual solution—like solving the problem of poverty by relocating the poor." The FDA should not be required to make its decisions on the basis of the needs of other countries, he maintained. "It is already difficult enough to determine the risk/benefit ratio of a new drug for our own population. To add the more difficult calculus of risks and benefits for hundreds of other nations, each with its own special circumstances, would complicate matters impossibly."

#### Depo-Provera in the United States

While most of those who testified before the Select Committee concentrated on the need for Depo in developing countries and on the barrier to its use posed by the FDA's ruling, a number of witnesses disputed the FDA's contention that there is no need for it in the United States. Allan Rosenfield, Professor of Obstetrics-Gynecology and Public Health at Columbia University's College of Physicians and Surgeons, argued that there are a significant number of [U.S.] women for whom this method would be an attractive alternative. This is particularly true as increasing numbers of women, for a variety of medical or other reasons, cannot or will not use the pill or IUD, choose not to use condom, foam or diaphragm and . . . are [not] yet ready for . . . sterilization. . . . In addition, there are a number of mentally retarded and psychiatrically ill women [for some of whom] . . . the only viable alternative may be sterilization or hysterectomy, neither of which is desirable . . . on ethical grounds.

For these reasons, he concluded, Depo-Provera "is another effective addition to the cafeteria of methods and should be made available for use in this country, as it is abroad."

Evidence of the market for this meth-

\*Physicians in the United States may prescribe Depo-Provera as a contraceptive if they have an Investigational New Drug Exemption (IND) from the FDA, or on their own authority. (Source: R. Bennett, Medical Officer, FDA, personal communication, Oct. 13, 1978.) A physician may prescribe any unapproved drug for a nonapproved indication, since the lack of FDA approval only means that for that indication, use of the drug has not been demonstrated to be safe and effective; it does not mean that such use is not safe and/or effective. Depo-Provera is marketed and approved in the United States as a palliative in the treatment of inoperable endometrial . . .

od in the United States was also presented by Robert A. Hatcher of Emory University School of Medicine in Atlanta, Georgia. He reported that in a recent two-year period, about five percent of a consecutive series of 4,000 patients he counseled on family planning chose Depo-Provera over other methods. Hatcher observed that "a woman seeking to avoid . . . an unwanted pregnancy may sometimes have to go through many methods of birth control before finding the method which suits her, her husband or partner, and the two of them together as a couple." For such women, the minor side effects of Depo-Provera may be outweighed by its advantages. He observed that "currently there is no perfect contraceptive which will take care of everyone's needs."

Addressing the issue of informed consent, Hatcher reported that in 1972, his program replaced its consent form (which listed amenorrhea, irregular bleeding and possible infertility as side effects) with a form developed by the FDA. The FDA's much more detailed form is designed to ensure that the woman is informed of all alternative contraceptive methods, and their advantages and disadvantages, and elects to use Depo-Provera. It lists the known side effects of Depo, as well as those of oral contraceptives (on the assumption that Depo "is similar to the pill"). The FDA form summarizes the findings of breast tumors in beagle dogs and states that "it is not known whether similar tumors or cancers will develop in [the woman's] breasts." Finally, the form emphasizes that the woman is free to stop using Depo at any time. When this form was introduced, Hatcher told the Committee, 500 of the 1,300 women in their program on Depo discontinued its use; the other 800 elected to continue.

In this connection, a user of Depo shared her experience with the Committee. She said that the drug had relieved her of a lifetime of suffering caused by her menstrual cycle. In six years on the injectable, she had experienced no unpleasant side effects. The cessation of her periods had improved her physical health and her outlook on life, and had enabled her to hold a full-time job and to care for her three children. "Not only am I completely satisfied with Depo-Provera," she told the Committee, "it has proven to be great for many of my friends."

Quite another view, however, was ex-

pressed by a member of the Toxic Chemicals Program of the Environmental Defense Fund, Anita Johnson, formerly of Ralph Nader's Health Research Group, maintained that "the combination of suggestive—though not conclusive—human evidence and the solid animal evidence [of the carcinogenic effect of Depo] makes routine use of Depo-Provera foolhardy," as does its alleged association with birth defects and persistent sterility. She argued that the "FDA was correct in disapproving" the drug, and urged that the United States not allow it to be sent abroad for use as a contraceptive. To permit this, she maintained, "would broadcast to the world that the United States has two standards of drug approval: first-class drugs for Americans and second-class drugs for everybody else."

The Depo-Provera debate has not yet been resolved. Upjohn has requested another hearing before the FDA, but the agency has not yet responded to this request. If denied a hearing, Upjohn is permitted to appeal to the courts.<sup>3</sup> The new Congress will have to decide whether to revise the drug regulation law. Failing revision of the law, AID could decide to purchase Depo abroad. At the very least, the Select Committee hearing provided an opportunity for many groups involved in this complex, decade-old controversy to voice their concerns.

#### References

1. M. J. Finkel, Bureau of Drugs, FDA, letter to the Upjohn Company, Mar. 7, 1978, and H. Kenna, FDA Consumer Safety Officer, personal communication, Mar. 27, 1978.
2. Testimony before Select Committee on Population, U.S. House of Representatives, Aug. 8-10, 1978, by G. Benaglio, R. Cook, P. A. Corfman, B. A. Hatcher, W. N. Hochstadt, Jr., A. Johnson, B. Kennedy, S. Levin, A. M. Nichols, T. Parikhastong, M. Potts, A. Rosenfield, F. T. Sol, J. H. Scheuer and S. Shapiro.
3. FDA, press release on Depo-Provera, Oct. 10, 1978.
4. "Special Report: The House Committee on Population," *Planned Parenthood-World Population* Washington News, Sept. 1, 1978.
5. *Ibid.*
6. *Ibid.*
7. A. M. Schimidt, Commissioner, FDA, "Drugs for Human Use," *Federal Register*, 39-32907, Sept. 12, 1974.
8. L. H. Fomonis, letter to C. W. Weinberger, Secretary, DHEW, Oct. 2, 1974.
9. E. Nida, FDA press officer, personal communication, Oct. 31, 1978.

CABLE FROM JAKARTA

R 030925Z Feb 78  
FM AMEMBASSY JAKARTA  
TO SECSTATE WASHDC 6599

UNCLAS SECTION 1 OF 2 JAKARTA 1576

AIDAC

EO 11652: NA  
SUBJ: THEY SAID IT COULDN'T BE DONE

1. That poor, illiterate, rural societies would never adopt modern contraceptive practices without many antecedent development changes. They said it couldn't be done in Bali--in this intensely traditional child-centered Hindu culture of 2.2 million population, 90 percent rural, 40 percent illiterate, poor (per capita GNP less than dollars 200 per annum), where in 1968 the birth rate was 44, the death rate 18, and the infant mortality rate more than 120.
2. But it has been done. With a clinic centered program begun in 1970 which recruited approximately one-fourth of eligible couples to the use of IUDs and oral contraceptives during four years; and especially by the village family planning program begun as an operations research and development project in 1974 with USAID assistance and rapidly implemented by the BKKBN to make contraceptive services readily available in every sub-village or Banjar. And with the remarkable result that by September 1977, 61 percent of eligible couples were using modern contraceptives, mainly IUDs and oral contraceptives; further recent indications are that the birth rate in 1977 for all of Bali was less than 20 and the growth rate under one percent. It is noteworthy that this achievement has been accomplished by a single purpose family planning program, at remarkably low cost, and offering no adopter incentives. Essential elements of the village family planning program or Banjar system are:
  - A. Outstanding BKKBN leadership inspiring and leading a well-trained cadre of field supervisors.
  - B. Training of the Klian (Banjar leaders) in the need for family planning in Indonesia and in the elements of the Banjar System, consisting of:
    - I. Registration of all eligible couples (married, menstruating women) hereafter referred to as ELCOS.
    - II. Mapping of every household containing ELCOS.
    - III. Color coding of contraceptive use status of every ELCO, e.g., blue for IUD, red for oral contraceptives, on a publicly-displayed map of the Banjar.

- IV. Monthly meeting of the Klian (Village Chief) with the male heads of all households, at which time family planning progress is reviewed, problems discussed, and contraceptives distributed.
- V. Thorough reporting of contraceptive use status and fertility by every Banjar (3725) at quarterly intervals to the BKKBN, with feedback of cumulative data and analysis to Banjars.

Effect of this vigorous community level program is not only apparent in survey and registration data, but also has begun to reverberate through Bali society as some of the Districts with a more advanced family planning program report greatly reduced first grade school enrollments.

3. They said it couldn't be done in Java. In this traditional Moslem society of 84 million, 80 percent rural, 40 percent illiterate, poor (per capita GNP less than dollars 200 per annum) where in 1968 the birth rate was 43, the death rate 19, and the infant mortality rate more than 125.

4. But it has been done in large measure especially in East Java, and with rapidly advancing programs in Central and West Java. The clinic-centered program begun in 1970 achieved contraceptive use by 15 percent of ELCOS in four years; and, according to a recent BKKBN survey, the village family planning program begun in 1974 with USAID assistance rapidly increased contraceptive use to 37 percent of ELCOS in all of Java by late 1977 (42 percent in East Java, 39 percent in Central Java and 29 percent in West Java). In close relation with the advancing east to west implementation of village family planning services in Java, birth rates dropped by 1977 to the low twenties in East Java, high twenties in Central Java and mid-thirties in West Java. According to the 1976 Intercensal Survey, growth rates in Java are under two percent with East Java growing at 1.2 percent, Central Java 1.5 percent and West Java 1.7 percent. Surprisingly, and again contrary to conventional wisdom, Jakarta's urban population is increasing at a natural rate (excluding migration) of about 2 percent. The essential elements of the Java village family planning program are:

- A. Strong BKKBN leadership at National, Provincial and Local (Kabupaten) levels.
- B. Recruitment of participation and active support of village and sub-village formal and informal leaders (including religious leaders).
- C. Establishment of contraceptive resupply depots (POS KB) in every village, with volunteer villagers in charge who register all ELCOS and maintain records of contraceptive use status.

- D. Development and support of sub-village family planning groups, linked to the POS KB Leader; in West Java these field workers, accompanied by paramedic from the Ministry of Health, visit each household to educate couples; do a simple health check; leave a cycle of pills; and, refer acceptors to the village resupply (POS KB) center.

5. The BKKEN, with increased USAID assistance, is rapidly extending the village family planning program in Java and to the outer islands. On the basis of current progress and plans the Indonesia family planning program should be fully in place by late 1979. Achievements to date have been accomplished mainly with oral contraceptives and IUDs (AID has provided 200 million monthly cycles of orals) but injectables and surgical contraceptive services are being added. Building upon the success of the village family planning program in delivering services to villages and households, the BKKEN is now adding other program elements to solidify gains won and to strengthen general development programs, e.g., nutrition education by family planning field workers, cooperative production of poultry and clothing, and adult literacy classes for villagers.

Experience in developing the village family planning program has strengthened village capacity for planning and administration of other development programs.

6. Clearly President Suharto's strong and continuing interest in the family planning program has been essential to the speed and success the BKKEN has enjoyed in establishing services in the village. The President continues to monitor the progress of the program quarterly with his Ministers and Provincial Governors. Recently the BKKEN held a family planning exhibition in the President's working offices which was reviewed favorably by Suharto.

7. The burgeoning success of Indonesia's family planning program during the last seven years provides heateing evidence that this large, underdeveloped non-communist country, by vigorous and steady leadership, with modest amounts of foreign assistance, and non-coercive methods can rapidly solve its excess fertility and population growth problem, and thereby contribute greatly to the efficiency of its general development program.

## APPENDIX

---

For FY 1981 we are proposing IMET programs totalling \$32.5 million to train some 4,264 personnel from 60 countries. IMET programs in prior years have trained similarly large numbers of foreign personnel. Indeed, since the inception of grant military training in 1950, about 500,000 foreign personnel from 85 countries have been trained under IMET and predecessor programs.

Of the countries which have received IMET programs, a large proportion have been LDC's, whose own training capabilities are inadequate to their needs. For FY 1981, for example, all of our proposed IMET programs, with the exception of those for European countries, are slated for developing nations. These nations, with their fragile institutions, expanding populations, and pressing economic and social needs are, of course, the setting for much of the civil unrest in the world today. It thus should not be surprising that a number of IMET recipient nations have undergone revolutions, military coups, or have experienced periods of civil disorder. Similarly, given the large numbers of military personnel trained under IMET, it should come as no surprise that a number have been involved in coups or revolutions.

IMET is not intended to be -- nor can it be -- an insurance policy against turmoil in recipient nations. It does enhance the professional skills of the military forces of friendly nations. We believe it also has some valuable secondary benefits in terms of exposing foreign military personnel to our society and institutions. However, given the political, economic and social strains in the Third World, it should be evident that revolutions and disorder will continue to occur, whether or not we have an IMET program.

Following is a list of countries which received IMET programs and which have had extralegal government takeovers or major internal civil strife since 1970.

### Latin America

- Argentina - 1976
- \*Bolivia - 1970; 1971; July 1978; November 1978; September 1979; November 1979
- Chile - 1973
- \*Ecuador - 1972
- \*El Salvador - 1979
- \*Honduras - 1972
- \*Nicaragua - 1978-79 (civil war)
- Uruguay - June 1973-June 1976 (trend toward de facto military rule)

Africa

Benin - 1972  
 Ethiopia - 1974  
 \*Ghana - 1972; 1978; 1979  
 \*Liberia - 1980  
 \*\*Niger - 1974  
 Nigeria - 1975  
 \*Rwanda - 1973

Middle East

Afghanistan - 1978  
 Iran - 1979  
 \*Lebanon - 1975  
 Pakistan - 1977  
 \*North Yemen - 1978

East Asia

Cambodia - 1975  
 \*Korea - 1980 (civil unrest)  
 \*Thailand - 1973; 1976

Europe

\*Portugal - 1974

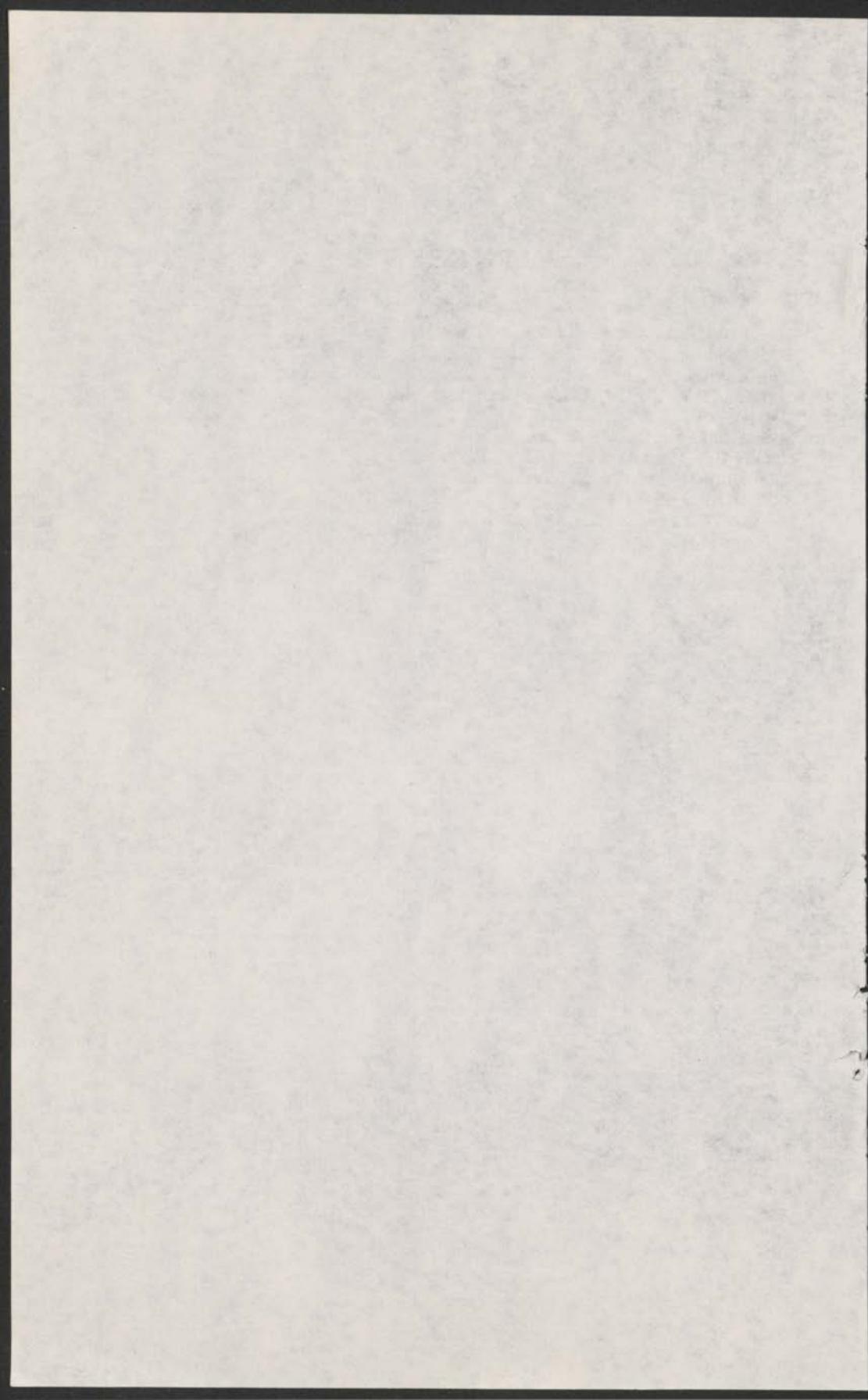
\*Currently have IMET programs.  
 \*\*FY 1981 proposed IMET program.

Drafted: PM/SSP:MOwens  
 X25097 6/10/80  
 Clearance: PM - Mr. O'Donohue  
 T - Mr. Giese  
 PM/SAS - Mr. Bruce  
 ARA - Mr. Jones  
 EA - Ms. Clapp  
 AF - Col Ramsey  
 EUR - Mr. Michel  
 NEA - Col Gross

## WITNESSES

---

	Page
Corr, E. G.....	1
Falco, Mathea.....	1
Linnemann, J. H.....	1
Loy, Amb. F. E.....	87
Marbod, E. V.....	129
Moss, Frank.....	87
Nimetz, Hon. Matthew.....	129
Palmieri, V. H.....	87
Shakow, Alexander.....	129
Went, J. V.....	1



# INDEX

	Page
Briefing on Population Problems .....	293-332
<b>Fiscal Year 1981 Security Assistance Programs</b> .....	129
Congressional presentation, security assistance programs .....	215-291
Egypt .....	136
Egyptian assistance needs .....	143
Egyptian defense needs .....	157
Egyptian economy .....	142
Egyptian military capabilities .....	159
Egyptian spare parts .....	165
El Salvador .....	150
El Salvador assistance components .....	152
FMS defaults .....	146
Haitian refugees .....	154
Imet .....	133
Israel .....	164
Liberia .....	131
Libyan military capabilities .....	158
New FMS programs .....	167
Philippines .....	151
Questions and answers submitted for the record .....	176-214
Reports .....	154
Security assistance country programs .....	154
Sinai redeployment .....	157
Threat to Egypt .....	166
U.S. arms sales .....	137
<b>International Narcotics Control</b> .....	1
Budget projections .....	61
Budget request .....	50, 60
Cigarettes and heroin .....	58
Demand for drugs .....	55
Drug consumption .....	52
Drug traffic .....	51
Effect of a continuing resolution .....	53
Islamic countries .....	56
Methadone .....	59
Questions and answers submitted for the record .....	71
Statistics on program operations .....	62
Testimony of Mathea Falco .....	2
U.N. Programs .....	69
U.S. citizens in foreign jails .....	70

	Page
<b>Migration and Refugee Assistance</b> .....	87
Afghan refugees in Pakistan.....	112
African refugee program .....	122
Cuban asylum applicants.....	109, 114
Errors in foreign assistance policy.....	125
Indochinese refugee resettlement .....	106
Indochinese refugees, health of .....	117
Kampuchea program .....	106
Kampuchean relief.....	113
Level of fiscal year 1981 appropriations request.....	109
Reductions in fiscal year 1981 appropriations request .....	119
Refugees in Africa.....	108
Refugees in the Middle East .....	123
Soviet emigration policy .....	113
Testimony of Victor H. Palmieri.....	88
Worldwide refugee situation .....	124



