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UNITED STATES ARMS TRANSFER AND SECURITY ASSISTANCE PROGRAMS

PREPARED FOR THE

SUBCOMMITTEE ON
EUROPE AND THE MIDDLE EAST

OF THE

COMMITTEE ON
INTERNATIONAL RELATIONS
U.S. HOUSE OF REPRESENTATIVES

BY THE

FOREIGN AFFAIRS AND
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FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C., March 21, 1978.

This study was prepared by the Library of Congress at the request of the Subcommittee on Europe and the Middle East, chaired by Hon. Lee H. Hamilton, and has been submitted to the Committee on International Relations.

This report, which examines the various security assistance programs carried out by the United States, serves as a useful reference document and will be of special interest to members of the Committee on International Relations.

The findings of the study are those of the Foreign Affairs and National Defense Division, Congressional Research Service, Library of Congress, and do not necessarily reflect the views of the membership of the Committee on International Relations.

CLEMENT J. ZABLOCKI,
Chairman.

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C., March 21, 1978.

Hon. CLEMENT J. ZABLOCKI,
Chairman, Committee on International Relations, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I enclose a study prepared for the Subcommittee on Europe and the Middle East by the Congressional Research Service of the Library of Congress. This report's basic objective is to examine the various U.S. security assistance programs.

The purpose of commissioning this study from the Congressional Research Service was largely in response to my concern, as well as that of many Members of Congress, with the large security assistance programs, including arms sales, that the United States undertakes worldwide, particularly in the Middle East. Congressional scrutiny of direct and indirect military assistance programs, as well as of arms sales, is an increasingly important element of Congress overall oversight responsibilities.

This study contains a review of the various legislative mechanisms by which Congress oversees the many U.S. security assistance programs. This study will be useful to Members of Congress and others interested in the nature and scope of these programs. It synthesizes in one volume the numerous programs and the legislative controls affecting them.

This report was prepared by Herbert Y. Schandler, Specialist in National Defense, Foreign Affairs and National Defense Division, Congressional Research Service, Library of Congress. The analysis presented here is that of the Congressional Research Service and does not necessarily represent the views of members of the Subcommittee on Europe and the Middle East.

I believe this study will be of special interest to my colleagues of the Committee on International Relations, which has primary jurisdiction over these programs.

Respectfully submitted,

LEE H. HAMILTON,
Chairman,
Subcommittee on Europe and the Middle East.

LETTER OF SUBMITTAL

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., February 15, 1978.

Hon. LEE H. HAMILTON,
Chairman, Subcommittee on Europe and the Middle East, Committee on International Relations, House Annex 1, Washington, D.C.

DEAR CONGRESSMAN HAMILTON: In recent years, Congress has expressed concern over the scope, level, and purpose of U.S. arms transfer and security assistance programs. Problems of special significance have arisen regarding American arms sales and security assistance programs in the Middle East. The various security assistance programs of the United States are subject to differing and increasingly complex requirements with respect to congressional authorization, appropriation, policy direction, limitations, and oversight.

The enclosed report, prepared at your request and entitled "U.S. Arms Transfer and Security Assistance Programs," draws together an array of information on arms transfer and security assistance legislation, policies, and procedures. It reviews current legislation concerning these programs and details the purpose, scope, limitations, legislative requirements and restrictions, justifications, operation, implcmentation, and reporting requirements which apply to their conduct and administration.

U.S. security assistance programs are now conducted under the following broad categories: the military assistance program (MAP); the international military education and training (IMET) program; the foreign military sales (FMS) program; commercial sales; ship transfers; and security supporting assistance. It is often difficult for Members of Congress to become completely familiar with the full scope and details of the overall effort.

It is hoped that this study will be of assistance to the Congress in exercising its legislative and oversight responsibilities concerning this important implement of American foreign and national security policy.

The report was prepared by Dr. Herbert Y. Schandler, specialist in National Defense, Foreign Affairs and National Defense Division, Congressional Research Service. Informal comments on certain technical aspects of the study were solicited and received from the Office of the Under Secretary of State for Secretary Assistance, the Defense Security Assistance Agency, and appropriate offices in the Departments of the Army, Navy, and Air Force. We are grateful for their interest, time, and generous assistance. However, we remain responsible for the contents of the study and for its conclusions. Stenographic assistance was provided by Miss Cheryl E. Powell.

It has been a pleasure to be of service to your subcommittee. Please call if you require additional information.

Sincerely,

GILBERT GUDE, *Director.*

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UNITED STATES ARMS TRANSFER AND SECURITY ASSISTANCE PROGRAMS

SUMMARY

The various arms transfer and security assistance programs of the United States are subject to differing requirements concerning congressional authorization, appropriation, limitations, and oversight. It is often difficult to become completely familiar with the details of the overall effort. The scope, extent, and policy rationale of these programs has been of major congressional concern in recent years. One of the major complaints voiced by some Members of Congress has been the difficulty of first determining the full scope of, and then exercising legislative control and oversight over, the Nation's arms transfer and security assistance programs.

This study draws together an array of information on arms transfer and security assistance legislation, policies, and procedures. It summarizes current legislation concerning U.S. security assistance programs and details the purpose, scope, limitations, legislative requirements and restrictions, justifications, operation, implementation and reporting requirements which apply to the conduct and administration of these programs.

U.S. security assistance programs, are now conducted under the following broad categories: the military assistance program (MAP); international military education and training (IMET); the foreign military sales (FMS) program; commercial sales; ship transfers; and security supporting assistance. Within each category, this study summarizes key information on program purposes, legislative authority and limitations, program administration, and current status.

The supply of arms, weapons of war, and defense equipment to friends and allies has long been a major instrument of U.S. foreign and national security policy. Significant U.S. military supplies of all kinds were furnished to our allies or potential allies under the Lend-Lease Act.

Postwar American aid, both military and economic, was extended to areas and nations devastated by war and threatened by Communist subversion or aggression. In the postwar period, this great effort in defense, economic, and political recovery was, to a great extent, a triumph of American leadership and initiative, especially in Western Europe.

As the nations of Western Europe completed their economic recovery, the military assistance programs in that area were reduced and arms began to be provided through cash sales. In recent years, trends in U.S. arms transfers have continued to reflect the declining use of military assistance and an increasing reliance on arms sales.

The military assistance program (MAP) involves the loan or outright grant to foreign countries of military equipment, facilities, technical assistance, repair and rehabilitation, supply operations support, and administrative support. The military assistance program is carried out under authority of part II of the Foreign Assistance Act (FAA) of 1961, as amended. This act has been subject to reconsideration annually by the Congress, at which time funds to carry out the program are authorized and later appropriated.

The military assistance program was born in the early days of the cold war and the stated purpose of that program since its inception has been to strengthen the mutual defense and collective security of the non-Communist world. As such, it was a flexible instrument of U.S. foreign policy. However, as the original cold war rationale for military aid programs receded, the Congress, in recent years, has indicated that this program should, in general, be phased out and be replaced by a program of sales. Legislative authority for the military assistance program, however, remains intact. This program is likely to continue on a reduced and annually authorized basis for specific countries for some years to come in order to provide military assistance to countries with which the United States has concluded base rights in exchange for, inter alia, multiyear military assistance commitments. The program also remains available for unforeseen contingency use or in situations where a sales approach may be inappropriate for economic or foreign policy reasons.

International military education and training (IMET), until 1976 a part of the military assistance program, is a grant program for formal or informal instruction of foreign students in the United States or overseas. The purposes of such training are to encourage mutually beneficial relations and increased understanding between the United States and foreign countries and to improve the ability of participating countries to utilize their resources, including defense resources obtained from the United States, with maximum effectiveness.

The foreign military sales (FMS) program is carried out under the provisions of the Arms Export Control Act (AECA), formerly the Foreign Military Sales Act (FMSA). That act provides for the transfer of arms and other military equipment, and various services, through government-to-government agreements. Under this program, the Department of Defense (DOD) purchases military equipment or services from U.S. firms, or takes equipment to be sold from U.S. stocks (under some circumstances) and sells the equipment or services to a foreign government or international organization, or sells the services of DOD personnel such as training or management advice. This program is not considered "assistance" as such since there is no cost to the U.S. Government. These sales comprise the largest volume of U.S. arms transfers.

The Arms Export Control Act (AECA) also provides authority for the President to finance sales of defense articles and services or to guarantee financing to friendly foreign countries or international organizations. A major purpose of AECA credit is to help economically less developed countries make the transition from grant aid to sales.

As the foreign military sales program has grown, the Congress has come to feel that its controls over this program were not adequate. In attempting to gain increased control over and a greater voice in this program, the Congress, in 1974, enacted section 36(b) of the

Foreign Military Sales Act (later changed to the Arms Export Control Act). This provided for a congressional veto over individual arms sales.

On May 9, 1977, President Carter outlined his administration's policy concerning arms sales. In his statement, the President indicated that, "The virtually unrestrained spread of conventional weaponry threatens stability in every region of the world." The policy announced by the President contained two basic elements:

> * * * The United States will henceforth view arms transfers as an exceptional foreign policy implement, to be used only in instances where it can be clearly demonstrated that the transfer contributes to our national security interests.
>
> * * * We will continue to utilize arms transfers to promote our security and the security of close friends. But, in the future, the burden of persuasion will be on those who favor a particular arms sale, rather than those who oppose it.

To implement the first element of this policy—that of unilateral U.S. restraint in the sale of arms—the President established a set of six controls applicable to all future arms transfers "except to those countries with which we have major defense treaties (NATO, Japan, Australia, and New Zealand)." During the remaining months of the fiscal year subsequent to the President's policy announcement, the administration transmitted 46 separate arms sale notifications to Congress involving 19 separate countries and goods and services totaling over $4.5 billion, including a controversial offer to sell Airborne Warning and Control System (AWACS) aircraft to Iran.

These actual sales and other proposed sales called into question, in the minds of many in Congress, the President's announced policy of using arms transfers as an "exceptional foreign policy implement." Thus, there currently has grown a skepticism concerning the effectiveness of the announced policy in restricting U.S. arms exports. The administration, however, contends that it is too early to judge the effectiveness of the President's policy.

Commercial arms sales do not constitute a Government program as such, and no Government expenditures are involved. These sales involve the direct transfer of arms, equipment, and services between domestic private corporations and foreign governments (or other foreign purchasers). Payment is arranged on a private contract basis. Export licenses issued by the Department of State control the export of defense articles and services sold through commercial channels.

The ship transfer program involves the grant, sale, lease, or loan of U.S. naval vessels to foreign governments. Except for new construction sales, ships granted or sold to friendly foreign countries have been determined to be no longer needed by the Navy and have been stricken from the U.S. Naval Vessel Register. Specific congressional authorization is required for the transfer of all capital ships and for all ships less than 20 years of age or in excess of 3,000 tons.

Security supporting assistance is designed to promote or support economic or political stability. It has historically been intended to assist countries whose economies are burdened by major defense programs. Basically, security supporting assistance is designed as budgetary support. Security supporting assistance funds normally contribute to some degree to the economic growth or to the developmental goals of the recipient country, but the U.S. motive in providing these funds is neither economic growth or development per se; rather the specific purpose is to stabilize the political or economic situa-

tion vis-a-vis a given security situation. Security supporting assistance seeks, therefore, to assist the recipient nation to overcome an immediate security or defense problem while avoiding deterioration of its national economy. This has been a flexible program which, through its history, has provided U.S. assistance to Western Europe, Southeast Asia, the Middle East, and, most recently, to Africa.

Other programs, such as the Middle East Special Requirements Funds, loans to Portugal, and the international narcotics control program are identified as security assistance programs since they are provided to meet legitimate U.S. national security interests rather than to fulfill an obligation to the world's poor.

Congress has attempted to gain a greater voice in establishing national policies involving arms transfers and security assistance programs through recent legislation. The International Security Assistance and Arms Export Control Act of 1976 (Public Law 94–329) overhauled the statutory framework governing these programs. To some extent, the procedures established in Public Law 94–329, combined with greater sensitivity on the part of the administration to the desires of Congress to be consulted in the formulation of arms sales policies and in the conduct of U.S. security assistance programs, have been successful in achieving greater congressional control over those programs. However, the Congress has expressed its concern that much remains to be done to insure effective congressional oversight.

Thus, in the future, regardless of the effectiveness of President Carter's arms transfer policy, it is likely that the Congress will seek, by working with the administration or through legislation, increased participation in the formulation of policy concerning U.S. security assistance programs.

I. INTRODUCTION

The supply of arms, weapons of war, and defense equipment to friends and allies has long been a major instrument of U.S. foreign and national security policy. Significant U.S. military assistance dates to World War II when vast quantities of military supplies of all kinds were furnished to our allies or potential allies under the Lend-Lease Act. This Act (55 Stat. 3, approved March 11, 1941) authorized the President to manufacture "or otherwise procure" defense articles for any foreign government the defense of which the President considered "vital to the defense of the United States."

Postwar aid was expected to be primarily economic, in order to promote the relief and recovery of Europe. However, the cold war quickly developed and it was determined that both American military and economic assistance should be extended to areas and nations threatened by Communist aggression or subversion.

In an address before Congress on March 12, 1947, President Truman set forth a policy, which came to be known as the Truman Doctrine, of providing U.S. economic and military aid to the nations of the free world or those resisting aggression or subversion whether external of internal.

In voting to aid Greece and Turkey under this program, the Congress reiterated that:

> . . . the national integrity and survival of these nations are of importance to the security of the United States and

> of all freedom-loving peoples and depend upon the receipt at this time of assistance;

About fifty-nine percent of the aid provided to Greece and nearly 100 percent of the aid provided to Turkey in response to the Truman Doctrine in 1947-48 was for military purposes.

The Greek-Turkish aid program was but the first step in the implementing of the Truman Doctrine. Communist moves in Europe became more threatening in 1948 with the seizure of Czechoslovakia and the Berlin blockade. In Asia, the fall of China to communism called into question the security of U.S. allies in that region. In 1949 the North Atlantic Treaty Organization (NATO) was established, and extensive military help was provided by this country to the other NATO members under the Mutual Defense Assistance Act of 1949 (63 Stat. 714, October 6, 1949). Aid was also provided under this Act to Iran, Korea, the Philippines and the "general area of China."

As a consequence of the invasion of South Korea in 1950, large amounts of military assistance (in addition to American troops) were provided to that nation through regular Department of Defense appropriations, and aid to NATO countries was speeded up.

The Mutual Defense Assistance Program was absorbed into the Mutual Security Program under the Mutual Security Act of 1954. Under this Act, the purpose of the program became:

> ...to maintain the security and to promote the foreign policy of the United States...to strengthen mutual security and individual and collective defenses of the free world, to develop their resources in the interest of their security and independence and the national interest of the United States and to facilitate the effective participation of those countries in the United Nations system for collective security.

The Foreign Assistance Act of 1961 (75 Stat. 424, September 4, 1961) repealed and superseded portions of the Mutual Security Act. Section 502 of this Act (redesignated Section 501 in 1967) reiterated the belief of Congress that "the security of the United States is strengthened by the security of other free and independent countries." It is, therefore, the intention of the Congress, this section stated:

> . . .to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter, or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress.

This section has remained largely unchanged to the present time.

During the period 1964-1966, as the nations of Western Europe completed their economic recovery, the grant military aid programs in that area were reduced and arms began to be provided through sales. Grant aid from that time on has been directed primarily to the so-called "forward defense" nations of Taiwan,

Korea, Greece and Turkey and to nations where the U.S. maintained significant military bases, such as the Philippines, Spain and Ethiopia. In Fiscal Year 1967, executive branch requests and congressional appropriations for the military assistance program dropped below $1 billion and the Military Assistance Program (MAP) has remained well below that figure ever since. Thus, Fiscal Year 1967 marked the crossover from an emphasis on grant aid to an emphasis on military sales.

In the postwar period, this great effort of defense (as well as economic and political) recovery was, to a great extent, a triumph of American leadership and initiative, especially in Western Europe. In recent years, however, trends in U.S. arms transfers have continued to reflect the declining use of military assistance and an increasing reliance on arms sales. The Military Assistance Program (MAP) has been reduced from $5.7 billion in Fiscal Year 1952 to $0.22 billion in Fiscal Year 1978. Conversely, the U.S. Foreign Military Sales (FMS) program has grown from $1.6 billion in Fiscal Year 1971 to $11.2 billion in sales agreements in Fiscal Year 1977. The most dramatic increase in the Foreign Military Sales (FMS) program has been the sale of large amounts of defense articles and services to Israel and to the oil producing states of the Middle East.

Congress has recognized the contribution of these sales to American foreign policy interests and objectives. The Arms Export Control Act (AECA), which authorizes the FMS program, charges the Secretary of State with the responsibility for insuring that U.S. arms sales ". . . are integrated with other U.S. activities and the foreign policy of the United States is best served thereby."

In that same Act, the Congress has stated that:

> . . . it remains the policy of the United States to facilitate the common defense by entering into international agreements with friendly countries which further the objective of applying agreed resources of each country to programs and projects of cooperative exchanges of data, research, development, production, procurement, and logistics support to achieve specific national defense requirements and objectives of mutual concern. To that end, this Act authorizes sales by the United States Government to friendly countries. . . in furtherance of the security objectives of the United States.

U.S. security assistance programs are now conducted under the following broad categories: the Military Assistance Program (MAP); International Military Education and Training (IMET); Foreign Military Sales (FMS) Program; Commercial Sales; Ship Transfers; and Security Supporting Assistance. These programs have varied in importance and in dollar amounts over the years.

Proponents of U.S. arms transfer programs state that these transfers provide the President with an important tool in the conduct of America foreign policy. They are advantageous to the U.S., it is claimed, in that they have allowed recipient countries to maintain internal order and have increased the prospects for regional stability

in areas of the world important to the United States, thereby reducing the likelihood of direct U.S. military involvement. In addition, it is claimed that standardization of materiel, doctrine, and training is enhanced among our allies and friends. Other claimed advantages include maintaining the U.S. arms production base which can be diverted to U.S. use in an emergency, increasing U.S. employment, aiding the U.S. balance of payments, and reducing unit costs of equipment to U.S. forces through larger production runs and because research and development costs are partially recovered. Also, it is claimed that cooperation and closer relations are maintained with recipient nations through arms transfers, resupply, logistics, and training commitments. Foreign dependence on U.S. logistic support is created and additional training is provided for U.S. personnel. Further, it is argued that, if the U.S. restricted the sale of arms or refused to sell or grant arms, current recipients would merely obtain them from other sources and the advantages would accrue to other nations. In addition it is claimed, by insuring that friendly nations have a dependable source of conventional arms for their security requirements, the urge to build their own armaments industry, or in some cases, to develop their own nuclear weapons is removed.

Critics of the arms transfer programs, on the other hand, maintain that they no longer serve the security purposes for which the program was established are now used primarily for less justifiable political or economic objectives. It is further contended that these programs have been conducted rather indiscriminately, with little policy guidance from the Administration,

and that they contribute to and even stimulate regional arms races, encouraging certain regimes to give undue attention to military as opposed to social-economic development. Arms transfers are also said to link the United States with regimes prone to practices inimical to our concepts of human dignity, to provide the U.S. with little or no influence on the policies of the recipient countries or the use to which these arms may be used, to promote regional instability, and to increase the ability and the willingness of these nations to resort to force to settle international disputes. Moreover, it is alleged, this massive transfer of weapons, technology, and training reduces U.S. force readiness, creates military commitments, and could involve the U.S. in international disputes which may be contrary to the vital interests of this nation.

The various arms transfer and security assistance programs of the United States are subject to differing requirements concerning Congressional authorization, appropriation, limitations, and oversight. It is often difficult to become completely familiar with the details of the overall effort. One of the major complaints voiced by some Members of Congress has been the difficulty, first of determining the extent of, and then of exercising legislative control and oversight over, the full scope of the nation's arms transfer and security assistance programs.

This paper will summarize current legislation concerning U.S. security assistance programs, and will detail the purpose, scope, limitations, legislative requirements, justifications, operation, and reporting requirements to the Congress which apply to the conduct and administration of these programs.

II. MILITARY ASSISTANCE PROGRAM (MAP)

A. DEFINITION

The Military Assistance Program (MAP), also called Grant Military Assistance, involves the loan or outright grant to foreign countries of military equipment, facilities, technical assistnce, repair and rehabilitation, supply operations support, and administrative support.* The Military Assistance Program is carried out under authority of Part II of the Foreign Assistance Act (FAA) of 1961, as amended. This Act has been subject annually to reconsideration by the Congress, at which time funds to carry out the program are authorized and later appropriated.

B. REDUCTION IN THE PROGRAM

As indicated in the Introduction, the Military Assistance Program (MAP) was born in the early days of the Cold War and the purposes of the program as enacted in legislation reflect that origin. As the nations of Western Europe completed their recovery, and as the original rationale for military aid programs receded,

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* Beginning with the Supplemental Defense Appropriation Act of 1966, one of the single largest categories of grant aid--that of aid to South Vietnam and for other free world forces in Vietnam--was provided through regular Department of Defense appropriations under the Military Assistance Service Fund (MASF) account. In FY 1968, aid to Laos and Thailand was similarly transferred out of MAP and placed under MASF. In FY 1973, military aid to Thailand was again authorized by the Foreign Assistance Act of 1961, rather than the DOD Appropriation Authorization Acts. Funds for Laos were returned to MAP funding in FY 1975. MASF expenditures are not included in MAP totals cited herein.

Congress in recent years, has sought the reduction of and eventual termination of this program.

Section 501, FAA, states the sense of Congress that, in the administration of the military assistance program, "priority shall be given to the needs of those countries in danger of becoming victims of active Communist or Communist-supported aggression or those countries in which the internal security is threatened by Communist-supported internal subversion."

Section 505(c) of that Act requires the President to reduce and terminate, as relevant conditions permit, grant aid to a country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces in adequate strength without undue burden to its economy. Section 620(m) further prohibits the furnishing of assistance on a grant basis to any economically developed country capable of sustaining its own defense burden and economic growth, except for orientation and training grants not to exceed $500,000 each fiscal year.

The Senate had included a provision for a three-year phase-out of the military assistance program (other than training) in its consideration of the Foreign Assistance Act of 1974.

In its report on this bill, the Senate Foreign Relations Committee expressed its view that military assistance should be provided "not as a habit, but rather only in specific instances where such assistance is clearly warranted."[1/] The House, however, refused to accept that amendment and the bill as passed contained the following provision (Section 17):

> (a) It is the sense of Congress that the policies and purposes of the military assistance program conducted under chapter 2 of part II of the Foreign Assistance Act of 1961 should be reexamined in light of changes in world conditions and the economic position of the United States in relation to countries receiving such assistance; and that the program, except for military education and training activities, should be reduced and terminated as rapidly as feasible consistent with the security and foreign policy requirements of the United States.
>
> (b) In order to give effect to the sense of Congress expressed in subsection (a), the President is directed to submit to the first session of the 94th Congress a detailed plan for the reduction and eventual elimination of the present military assistance program.

In his response to that requirement, the President reported, on January 20, 1976, that "grant military assistance in some form will remain a basic requirement of U.S. foreign policy for the foreseeable future," and urged the Congress "to preserve the authorities in law to provide grant military aid, an instrument of our national security and foreign policy that has served the national interest well for more than 30 years."

1/ U.S. Congress. Senate Committee on Foreign Relations. Senate Report No. 93-1299, 93d Congress, 2d Session, November 27, 1974.

The International Security Assisance and Arms Export Control Act of 1976 (P.L. 94-329), which was signed by the President on June 30, 1976, amended the FAA to provide for the termination of the Military Assistance Program after September 30, 1977, except to the extent that Congress might subsequently authorize such assistance for specified countries in specified amounts (Section 516, FAA). This, in effect, retained the legislative authority for military assistance as recommended by the President while providing a strict congressional control over that program.

C. LEGISLATIVE REQUIREMENTS AND RESTRICTIONS

In addition to the requirement for specific authorization on a country-by-country basis by the Congress, however, P.L. 94-329 and subsequent legislation (P.L. 95-92) left intact many additional requirements and limitations of a substantive nature concerning the provision of military assistance by the United States. (All references are to the Foreign Assistanct Act of 1961, as amended, unless otherwise indicated).

1. Presidential Determination

In order for a country or international organization to receive grant military aid, the President must first determine that the granting of such aid "will strengthen the security of the United States and promote world peace" (Sec. 503a). Indeed,

Section 504(b), FAA, directs the President to establish procedures for programming and budgeting to insure that military assistance programs "come into direct competition for financial support with other activities and programs of the Department of Defense" so as to insure that "a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment."

The Foreign Assistance Act also constrains the President, in determining whether to provide assistance to any country, to take into account the status of that country with respect to its dues, assessments, and other obligations to the United Nations (Section 620 (u)). In addition, the President shall adopt regulations and establish procedures to insure that U.S. aid is not used in a manner which, contrary to the best interests of the U.S., promotes or assists foreign aid projects or activities of the Communist-bloc countries (Section 620(h)).

2. No. U.S. Commitment Implied

In answer to the specific charge that U.S. security assistance to a particular nation implied an American military commitment to the defense of that nation, Section 650 of the FAA states that "the furnishing of economic, military, or other assistance under this Act shall be not construed as creating a new commitment or as affecting any existing commitment to use Armed Forces of the United States for the defense of any foreign country."

3. Purposes for Which Aid May be Used

Section 502 of the Act lists the purposes for which grant aid may be used. Articles and services provided are furnished:

> ...solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities helpful to the economic and social development of such friendly countries.

The United States can, of course, enter into agreements for uses of military articles more limited than the purposes indicated above.

Section 505(d) requires that assistance as well as deliveries of assistance shall be terminated to any country which uses U.S.-furnished defense articles or services "in substantial violation" of the purposes for which furnished, or which transfers these articles or permits their use by another country without permission of the President, or which fails to maintain the security of such articles.

Assistance and deliveries of assistance will be terminated if the President determines that such violations have occurred and states this in writing to the Congress, or if the Congress so determines by joint resolution. Assistance to the country shall remain terminated until the President determines the violation has ceased and the country concerned has given satisfactory assurances that such violation will not recur.

4. Requirements for Recipient Countries

The country receiving military aid must agree, under the provisions of Section 505(a), that it will not, without consent, permit the use of furnished defense articles by anyone who is not an officer, employee, or agent of that country; permit the transfer of such articles to another nation; or use or permit the use of such articles for purposes other than those for which furnished. Under this same section, the country must also agree that it will provide substantially the same degree of security protection afforded to such articles by the United States Government; that it will permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and that it will return to the United States Government those articles no longer needed for the purposes for which furnished, unless the President consents to other disposition. In the case of other disposition, the country must agree, under Section 505(f), that "the net proceeds of sale" which it receives in disposing of MAP-furnished defense articles "will be paid to the U.S. Government."

Countries that agree to the above-mentioned qualifications and that are not subject to additional restrictions, which will be discussed later, are eligible to receive assistance of no more than $3.0 million in a given fiscal year. Should it be desirable

to furnish MAP defense articles in excess of $3.0 million, the President must make a further determination, under Section 505(b), to the effect that the country conforms to the purposes and principles of the Charter of the United Nations; that the defense articles will be utilized for the maintenance of the recipient's own defensive strength, or the defensive strength of the free world; that the country is taking all reasonable measures, consistent with its political and economic stability, to develop its defense capacities; and that the increased ability of the country to defend itself is important to the security of the United States.

5. Transfers to Third Countries

The President shall not consent to a transfer of U.S.-furnished significant defense articles to a third country unless the United States would itself transfer the defense articles under consideration to that country. In addition, the country requesting consent to a transfer must agree to demilitarize the defense articles prior to transfer, or the proposed recipient country must provide a commitment in writing to the United States Government that it will not further transfer the articles, unless demilitarized, to another country or person without United States consent (Section 505(e)).

The President, further, shall not give his consent until he submits a written certification to the Congress concerning the transfer, listing the article to be transferred and its acquisition

cost, the country transferring the article, the recipient, and the reasons for the proposed transfer. Unless the President also states that an emergency exists which requires the immediate transfer of the article in the national security interests of the United States, his consent to any transfer shall not become effective until thirty (30) calendar days after notification to the Congress and only if, within that thirty day period, the Congress does not adopt a concurrent resolution disapproving the transfer (Section 3(d), Arms Export Control Act).

These restrictions on transfers do not apply, however, to transfers of maintenance, repair, or overhaul defense services, or articles or parts used in such services, if the transfer will not result in any increase in the military capability of the articles to be maintained, repaired or overhauled. Similarly, these provisions do not apply to temporary transfers of defense articles for the sole purpose of receiving maintenance, overhaul, or repair, nor to cooperative cross servicing arrangements among members of NATO. In addition, consent is not required by law, but by executive branch regulation, for the transfer of items produced abroad under U.S. Government license. The law requires consent only where the item to be transferred was itself originally transferred by the U.S. Government to the proposed government.

6. Human Rights

Section 502B(a)(3), FAA, directs the President to "formulate and conduct international security assistance programs...in a manner

which will promote and advance human rights and avoid identification of the United States, through such programs, with governments which deny to their people internationally recognized human rights, and fundamental freedoms." Thus, Section 502B(a)(2) specifies that "no security assistance may be provided to any country the government of which engages in a consistent pattern of gross violations of internationally recognized human rights." For purposes of this section of the Act, security assistance is defined to include military assistance, international military education and training, cash or credit sales of defense articles and services under the Foreign Military Sales (FMS) program, commercial sales, and security supporting assistance (to include assistance to the Middle East). "Gross violations of internationally recognized human rights" is defined, for purposes of this section, to include "torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges and trial, and other flagrant denial of the right to life, liberty, or the security of person" (Section 502B(d)).

Section 502B(b) requires that a report with respect to the observance of and respect for "internationally recognized human rights" for each country proposed as a recipient of security assistance (as defined above) be provided the Congress as a part of the Administration's presentation material for security assistance programs. In addition, the Congress may request statements concerning observance

of and respect for human rights for specific countries. Any time after receiving such a statement (required within 30 days of the request), the Congress may adopt a joint resolution terminating, restricting, or continuing security assistance for that country.

7. Additional Restrictions

Throughout the years, Congress has carefully examined military Assistance Program (MAP) authorizations and expenditures and has enacted a series of additional restrictions on the use of funds authorized and appropriated for this program. Among current restrictions are the following (references are to the Foreign Assistance Act (FAA) of 1961, as amended, unless otherwise indicated):

a. No military assistance may be provided other than to countries specifically authorized by legislation. (In FY 1978, these countries are Greece, Portugal, Spain, Turkey, Jordan, Indonesia, Philippines, Thailand) (Section 504(a)(2)).

b. No assistance should be furnished countries which, through laws, regulations, policies, or government practices, prevent any "United States person" from participating in the furnishing of defense articles or services on the basis of race, religion, national origin or sex (Section 505(g)).

c. No assistance shall be furnished to any country unless the President determines that "such country is not dominated or controlled by the international Communist movement" (Section 620(b)), and no assistance may be furnished to any Communist country unless the President finds (and reports to the Congress) that such assistance is vital to the security of the United States, the recipient country is not controlled by "the international Communist conspiracy," and that such assistance will further promote the independence of the recipient country from international communism (Section 620(f)).

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d. No assistance shall be furnished the present government of Cuba (Section 664).

e. No assistance shall be provided to any country (unless the President finds such action contrary to national security) which is indebted to any U.S. citizen for goods and services furnished where such citizen has exhausted available legal remedies or the debt is not denied or contested by such government (Section 620(c)).

f. No assistance shall be provided to any country which the President determines is engaging in or preparing for aggressive military efforts directed against the United States, an aid recipient country, or any country to which PL 480 sales are made, unless the President determines that such military efforts or preparations have ceased and he reports to the Congress that he has received satisfactory assurances that such military efforts or preparation will not be renewed (Section 620(i)).

g. The President shall suspend assistance to any country which has nationalized, seized, or expropriated property owned by any United States citizen, corporation, partnership, or organization, or has taken steps to repudiate or nullify contracts or agreements or has imposed or enforced discriminatory taxes (or other conditions or actions) which have the effect of nationalizing, expropriating, or seizing US-owned property and fails to take action within a reasonable time to compensate for such property. This provision can be waived by a Presidential certification to Congress that such waiver is important to the national interests of the United States (Section 620(e)).

h. After July 1, 1975, no funds shall be used to provide training, advice, or any financial support, for police, prisons, or other law enforcement forces for any foreign government or any program of internal intelligence or surveillance on behalf of any foreign government within the United States or abroad (Sec. 660).

i. All assistance under this Act shall be terminated to any country which aids or abets any group that has committed an act of international terrorism by granting sanctuary from prosecution, unless the President finds national security to require otherwise and so reports to Congress (Section 620A).

j. No military or security supporting assistance, grant military education or training, or credits or guaranties may be provided any country which receives or delivers nuclear enrichment equipment, materials, or technology unless both countries concerned have agreed to place this equipment, etc., under multilateral auspices and management, when available, and the recipient country agrees to place such equipment, etc., under the safeguards system of the International Atomic Energy Agency, unless the President determines and certifies in writing to the Congress that: (a) the termination of such assistance would have a serious adverse effect on vital U.S. interests; and (b) he has received reliable assurances that the country in question will not acquire or develop nuclear weapons or assist other nations in doing so (Section 669).

k. No military or security supporting assistance, grant military education or training, or credits or guaranties may be provided to any country which delivers or receives nuclear reprocessing equipment, materials, or technology, or to any non-nuclear-weapon state which detonates a nuclear explosive device, unless the President determines and certifies to the Congress in writing that the termination of such assistance would be "seriously prejudicial to the achievement of United States nonproliferation objectives" or would otherwise jeopardize the common defense and security (Section 670).

1. No assistance can be furnished which would have the effect of promoting or augmenting the capability of any nation, group, organization, movement, or individual to conduct military or paramilitary operations in Angola (Section 404, International Security Assistance Act of 1976).

m. No military assistance, security supporting assistance, military education and training, credits, guaranties, cash sales, or export licenses may be provided Chile (Section 406, International Security Assistance Act of 1976).

n. All military assistance and sales to the Government of Turkey shall be suspended unless and until the President determines and certifies to the Congress that Turkey is in compliance with U.S. laws governing the use of such assistance and sales and that substantial progress toward agreement regarding military forces in Cyprus has been made. However, the President may suspend this prohibition for cash and credit sales for defense items which he determines are necessary to enable Turkey to fulfill her defense responsibilities as a member of NATO. Sales shall be limited, however, to $175 million in FY 1978 (Section 620(x)).

o. No military assistance, security supporting assistance, military education and training, credits, guaranties, military sales, or the granting of export licenses for the commercial sales of arms may be made to Argentina after September 30, 1978 (Section 620B).

p. The aggregate total of military assistance and of credit military sales (except training) shall not exceed $40 million in each fiscal year for African countries, unless the President determines that a waiver of this provision is important to the security of the United States and so reports to the Congress (Section 33, Arms Export Control Act).

q. If a country contains a base constructed, maintained, or operated with U.S. funds, or from which U.S. military personnel carry out operations, no assistance may be provided until the President has

determined that the government of the country has authorized access to that base on a regular basis to bona fide news media correspondents of the United States (Section 659).

r. No funds may be expended by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than those intended solely to obtain necessary intelligence, unless and until the President finds that such operation is important to the national security and reports, in a timely fashion, a description and scope of such operation to the appropriate committees of the Congress. This restriction does not apply, however, during military operations initiated by the United States (Section 662).

s. No assistance of any kind may be furnished during FY 1978 for the purpose of, or which would have the effect of, promoting or augmenting, directly or indirectly, any military or paramilitary operations in Zaire, unless the President determines that such assistance should be furnished in the national security interest of the U.S. and submits to the Congress a detailed explanation of this determination (Section 25, International Security Assistance Act of 1977 (P.L. 95-92)).

t. No monetary assistance may be made to any government for the purpose of compensating owners for expropriated or nationalized property. If the President finds that such assistance has been used for such purpose, no further assistance shall be furnished until appropriated reimbursement to the United States for funds so used has been made (Section 620(g)).

u. No funds for FY 1978 may be used to finance the construction, operation, or maintenance of, or supply of fuel for, any nuclear power plant (Section 14, International Security Assistance Act of 1977).

The following additional restrictions are included in the Foreign Assistance and Related Programs Appropriations Act, 1978 (P.L. 95-148, October 31, 1977) concerning funds appropriated or made available under that Act:

a. No funds provided for military assistance shall be available for the purchase of new automotive vehicles outside of the United States.

b. No funds may be used to make any payments on contracts to which the U.S. is a party entered into after October 31, 1977 which does not contain a provision authorizing the termination of that contract for the convenience of the United States (Section 104).

c. No appropriated funds may be used to finance directly any assistance or reparations to Uganda, Cambodia, Laos, or the Socialist Republic of Vietnam (Section 107)

d. No funds may be used to provide security assistance to any country for the purpose of aiding directly the efforts of that country to repress the legitimate rights of its population contrary to the Universial Declaration of Human Rights (Section 113).

e. No funds may be used to finance directly any assistance to Mozambique or Angola (Section 114).

f. No funds may be used to provide military assistance, international military education and training, or foreign military credit sales to Ethiopia and Uruguay (Section 503A).

g. No funds shall be used to furnish assistance to any country which is in default in excess of one calendar year in payment of principal or interest on any loan made to that country under this Act unless the country has disputed the debt or has taken steps to cure the existing default (Section 503).

h. Not more than $18.1 million shall be used for military assistance, not more than $1.85 million shall be used for foreign military credit sales, and not more than $700,000 shall be used for military education and training to the Government of the Philippines (Section 503C).

D. PRESIDENTIAL DISCRETION

Beyond these prohibitions, the Foreign Assistance Act gives the President certain discretion in the granting or terminating of military assistance. These circumstances are as follows:

a. The President "shall consider" terminating assistance to any country which permits, or fails to take adequate measures to prevent, the damage or destruction by mob action of United States property within such country, and fails to take appropriate measures to prevent a recurrence thereof and to provide adequate compensation for such damage or destruction (Section 620(j)).

b. The President can deny assistance under the Act to the government of any less developed country which has failed to enter into an agreement with the U.S. to institute an investment guaranty program providing protection against inconvertibility, expropriation or confiscation (Section 620(1)).

c. Assistance may be excluded from any country which seizes or imposes any penalty or sanction against a U.S. fishing vessel on account of its fishing activities in international waters (Section 620(o)).

d. Section 481(a) provides for the suspension of economic and military assistance furnished under the FAA or any other act when the President determines that the government of a country has failed to take adequate steps to prevent narcotic drugs and other controlled substances produced or processed in such country or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents or from entering the United States unlawfully.

e. Within 60 days after receiving information which substantitates that officials of a foreign country receiving international security assistance have (1) received illegal or otherwise improper payments from a United States corporation in return

for a contract to purchase defense articles or services from such corporation, or (2) extorted, or attempted to extort, money or other things of value in return for actions by officials of that country that permit a United States citizen or corporation to conduct business in that country, the President shall submit to Congress a report outlining the circumstances of such payment or extortion. The report shall contain a recommendation from the President as to whether the United States should continue a security assistance program for that country (Section 607, International Security Assistance and Arms Export Control Act of 1976).

E. RESTRICTIONS ON U.S. MILITARY PERSONNEL

Other legislative provisions limit the number of U.S. military personnel which may be assigned duties related to the military assistance program. Title I of the Foreign Assistance Appropriation Act of 1975 (P.L. 94-11) provides that no more than twenty (20) general or flag officers may be assigned or detailed to military assistance advisory groups, military missions, or similar organizations, or to duties primarily involved in military assistance or foreign military sales activities.

Section 515, FAA, provides that no military assistance advisory group, military mission or other organization of U.S. military personnel performing similar military functions may operate in any foreign country unless specifically authorized by Congress. This requirement for specific Congressional authorization, however, does not apply to regular units of the U.S. Armed Forces engaged in routine functions designed to bring about standardization of military operations and procedures between the U.S. and its "defense treaty allies."

For FY 1978, Congress authorized these organizations in only fifteen countries (the eight countries authorized grant military assistance--Greece, Portugal, Spain, Turkey, Jordan, Indonesia, Philippines, and Thailand--plus Korea, Panama, Brazil, Morocco, Iran, Kuwait, and Saudi Arabia). Section 515(b)(1), FAA, further specifies that members of the armed forces so assigned shall have as their primary functions those of logistics management, fiscal management, transportation, and contract administration of country programs. It is the sense of Congress, this section further states, "that advisory and training assistance in the countries specified above shall primarily be provided by personnel who are not assigned under this subsection and who are detailed for limited periods to perform specific tasks." Military personnel in excess of six assigned to Iran, Kuwait, and Saudi Arabia will be on a fully reimbursable basis (Section 515(b)(3)), and the total number of U.S. Armed Forces personnel assigned to the fifteen countries may not exceed the number justified to Congress, unless Congress is notified of any increase (Section 515(b)(2)).

In countries where a military assistance advisory group or similar organization is not authorized, the President may assign up to three (3) Armed Forces personnel to perform accounting and other management functions with respect to U.S. security assistance programs. Three additional personnel may be assigned when specifically

requested by the Chief of the Diplomatic Mission as necessary to the efficient operation of the Mission (Section 515(c)). The total number of members of the U.S. Armed Forces assigned to foreign countries in regard to security assistance programs may not exceed 865 for FY 1978 (Section 515(d)). All members so assigned serve under the directiona and supervision of the Chief of the United States Diplomatic Mission in each particular country (Section 515(e)).

Defense attaches may perform overseas management functions for U.S. security assistance programs only if the President determines that this is the most economic and efficient means of performing such functions, and so reports to the Congress with a description of the number of personnel involved and the reasons for his determination. In any case, the number of defense attaches performing such functions in a country may not exceed the number of defense attaches authorized to be assigned to that country on December 21, 1976 (Section 515(f)).

The entire costs (including salaries of United States military personnel) of the overseas management of international security assistance programs will be charged to or reimbursed from funds made available under Chapter II (MAP), Part II, of the Foreign Assistance Act (Section 515(g)).

F. FLEXIBILITY OF ADMINISTRATION

Some flexibility is provided the Administration in the conduct of the military assistance program. The ceiling amounts specifically established for the eight countries concerned may be increased by not more than ten percent (10%) if the President deems such increase necessary (Section 504(a)(1)). Funds may be used for the winding up of military assistance programs or for other costs incurred in loans of defense articles to countries no longer eligible for military assistance (Section 515(b)). Section 614 authorizes the President the sum of $250 million, plus $100 million in foreign countries, "for the use...without regard to the requirements of this Act." This authority, however, was limited by the International Security Assistance Act of 1977, which amended the FAA to preclude an increase in any amount specifically authorized (other than the 10% increase authorized) or to provide assistance to any country not specifically authorized (Section 504 (a)(3)). Section 506 authorizes the President to order defense articles from the stocks of the Department of Defense and defense services not to exceed a total value of $67.5 million in any fiscal year, to a foreign country or international organization provided he reports to the Congress that (a) an unforeseen emergency exists which requires immediate military assistance; (b) that a failure to respond immediately will result in serious harm to vital U.S. security interests; and (c) that the emergency

requirement cannot be met under authority of any other law. However, section 505(a)(2) states that this authority shall be effective in any fiscal year only to the extent provided in an appropriation act. This provision, therefore, limits this presidential discretion to the extent that Congress fails to appropriate funds for this purpose.

Section 663 allows the President, "not withstanding any other provision of law," to furnish military assistance in exchange for "any necessary or strategic raw material," to include petroleum, other fossil fuels, metals, minerals, or any other natural substance which the President determines is in short supply in the United States.

G. TREATIES AND DEFENSE COOPERATION AGREEMENTS (DCA)

The military assistance implications of treaties and defense cooperation agreements have also been addressed by the Congress. Both the Treaty of Friendship and Cooperation with Spain, to which the Senate gave its advice and consent to ratification on June 21, 1976, and the Defense Cooperation Agreement with Turkey, signed March 26, 1976, on which hearings were conducted by the Senate, contained multi-year commitments for security assistance to those countries. It was felt by many in the Congress that congressional approval of those agreements would constitute multi-year authorizations for military assistance in the amounts indicated in the agreements. This tendency toward multi-year military assistance

commitments, some felt, would tend to undermine congressional control over the program exercised through yearly authorization and appropriation. This argument was specifically met and dealt with by the Senate, which included the following declaration as part of the resolution of ratification of the Spanish Treaty:

> The sums referred to....shall be made available for obligation through the normal procedures of the Congress, including the process of prior authorization and annual appropriations, and shall be provided to Spain in accordance with the provisions of foreign assistance and related legislation.

In addition, Section 22 of the International Security Assistance Act of 1977 (P.L. 95-92) authorized funds for FY 1978 as might be necessary to carry out international agreements with Greece and Turkey, but prohibited the obligation or expenditure of those funds until Congress had enacted legislation approving such agreements. To date, no such legislation has been enacted.

H. STOCKPILES FOR ALLIES

During hearings on the annual Foreign Assistance Authorization Bill in 1974, the Congress learned that since 1972 the Department of Defense had been stockpiling arms and equipment for possible use by South Vietnam, Thailand, and Korea in the event of future hostilities. These items were funded under the Department of Defense budget category, "Support of Other Nations." A General Accounting Office (GAO) report requested by the Congress showed

that these stocks, particularly ammunition, were not segregated from U.S. reserve stocks and, in general consisted of older articles replaced by the modernization of U.S. forces equipment through new procurement. These old reserve stocks were than made available to allies as excess to U.S. defense needs pursuant to applicable legislation, e.g. the FAA or the AECA.

The Congress felt that this program was an unintended addition to the Military Assistance Program through the use of Defense Department funds. If a stockpile for foreign military forces was warranted, the Congress felt, it should be justified as a part of the regular foreign aid program and paid for out of foreign aid funds.

Consequently, Section 514 was added to the Foreign Assistance Act. That section, as subsequently amended, stated that no defense article set aside or in any way earmarked or intended for future use by any foreign country could be made available unless the transfer were authorized by legislation and the value of the transfer charged against funds authorized for that purpose. The value of such transfers were defined as acquisition cost plus crating, packaging, handling, and transportation costs incurred.

In addition, this section required that the value of war reserve stocks to be set aside in stockpiles located in foreign countries (other than for NATO purposes) in any fiscal year must be authorized

by the Congress in security assistance authorizing legislation. The value of such additions to stockpiles in foreign countries authorized for FY 1978 is $270 million.

I. EXCESS DEFENSE ARTICLES

Section 502A, FAA, requires that excess defense articles shall be provided to satisfy requirements under the Military Assistance Program (MAP) whenever possible rather than the procurement of new items. Excess defense articles are defined in Section 644(g), FAA as "the quantity of defense articles owned by the United States Government, and not procured in anticipation of military assistance or sales orders, 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 supplying agency for delivery to countries or international organizations under this Act." The Approved Force Acquisition Objective and the Approved Force Retention Stock levels are the quantities of items authorized to be acquired and retained to meet U.S. peacetime operational and mobilization reserve requirements of approved force levels.

For many years, the total monetary value (acquisition cost) of the excess defense articles program accounted for the second largest dollar value of any weapons transfer program. The total

acqusition cost of equipment furnished under this program ranged from $647 million in FY 1960 to $419 million in FY 1973. The "value" of these articles to be charged to MAP appropriations was merely the "gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles." The total acquisition cost of the article was thus written off. Thus, excess defense articles were utilized as a supplement to Military Assistance Program (MAP) appropriations.

In 1970, Congress became particularly concerned about this use of excess defense articles by the Department of Defense as a means of augmenting military assistance appropriations. In that year, Congress refused to authorize an additional $54.5 million in MAP funds to provide a squadron of F-4 aircraft to the Republic of China. Following this refusal, the Department of Defense announced it was providing the Republic of China with a number of F-100 and F-104 aircraft from excess stocks. Amendments to the Foreign Military Sales Act [P.L. 91-672, January 12, 1971], therefore, required: (1) the value of excess defense articles granted to a foreign country or international organization shall be considered to be an expenditure of funds appropriated for military assistance (Section 8(a)); (2) the value of any defense article so transferred will not be less than one-third of the acquisition cost to the United States (Section 8(c)). These provisions applied, however, only to the excess defense articles ordered during any fiscal year in excess of $100 million.

These two congressional limitations made the transfer of excess defense articles far less attractive and had the effect of reducing the program. For FY 1975, the acquisition cost of excess defense articles delivered under MAP to foreign nations or international organizations was $99.7 million and in FY 1976 was $37.2 million. Some of this reduction, of course, could also be attributed to lessened availability of excess defense articles after the Vietnam War.

The International Security Assistance and Arms Export Control Act of 1976, however, repealed the major provisions of P.L. 91-672 relating to excess defense articles and substituted new provisions. Henceforth, Section 31(d), AECA, provided that the aggregate acquisition cost to the United States of excess defense articles provided under the Military Assistance Program (MAP) or through sales in any fiscal year subsequent to Fiscal Year 1976 may not exceed $100 million (exclusive of ships).

J. REQUIRED REPORTS

Section 657, FAA, requires an annual report to the Congress from the President showing the aggregate dollar value of all foreign assistance provided by the United States Government by any means to all foreign countries and international organizations by category to each such country and organization. In addition, an annual report,

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for the next five years, to the Congress is required which reviews progress of the force modernization program of the Republic of Korea, the role of the U.S. in mutual security efforts in the Republic of Korea, and the prospects for, or implementation of, phased reduction of U.S. Armed Forces in the Republic of Korea, in coordination with the Korean time table for military self-sufficiency (Section 668).

Section 653(a), FAA, requires the President to report to the Congress no later than thirty days after the enactment of any law appropriating funds for security assistance programs as to each foreign country or international organization to which the government plans to provide funds under such law and the amounts of funds, by category of assistance, that will be provided.

In addition, Section 643(d), FAA, requires the President to report to the Congress at the end of each fiscal year actions which resulted in the furnishing of assistance of a kind or purpose, or to an area substantially different from that included in the presentation to Congress, or which resulted in obligations greater by fifty per cent than that which was proposed, and the justification therefore. This section also specifies that, in presentation material to the Congress justifying security assistance requests, a comparison of proposed programs with those of the previous year will be included, with an explanation of substantial changes. This presentation material will also include

a chart showing, insofar as security assistance is concerned, the full extent of all United states assistance planned or expected on a country-by-country basis for the next fiscal year.

Section 8(d), P.L. 91-672, requires that the President promptly report to the Congress any decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent that these systems were not included in presentation material previously submitted to the Congress. Additionally, this Section requires a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, giving both the original acquisition cost and the aggregate value at time of delivery.

K. ADMINISTRATION OF THE PROGRAM

The Secretary of State, under the direction of the President, is charged with the responsibility for the general direction and continuous supervision of grant military assistance and training programs. His responsibilities, as set forth in Section 622(c), FAA, include determining whether there should be a military assistance or training program for a country and the value thereof, so that such programs are effectively integrated both at home and abroad with other assistance programs and the foreign policy of the United States is best served thereby.

In addition, any decision to furnish military assistance shall be coordinated with the Director, Arms Control and Disarmament Agency (ACDA) and shall take into account his opinion as to whether such assistance will: (a) contribute to an arms race; (b) increase the possibility of outbreak or escalation of a conflict; and (c) prejudice the development of bilateral or multilateral arms control arrangements (Section 511).

The responsibilities of the Secretary of Defense concerning the military assistance and training programs, as set out in Section 623, FAA, include: (a) the determination of military end-item requirements; (b) the procurement of military equipment in a manner which permits integration with service programs; (c) the supervision of foreign military training; (e) the movement and delivery of end-items; and (f) the establishment of priorities in the procurement, delivery, and allocation of military equipment.

Within the Department of Defense, the Assistant Secretary of Defense/International Security Affairs (ASD/ISA) acts for the Secretary of Defense and is his principal representative and spokesman on security assistance matters. As the operating arm of the Secretary of Defense, the Defense Security Assistance Agency (DSAA) is responsible for directing and supervising the implementation and administration of the program. The Military Departments are specifically

responsible for conducting training and for procuring and providing such defense articles and services as may be required by approved security assistance programs.

The Defense Security Assistance Council (DSAC) advises the Secretary of Defense on security assistance matters of major importance and provides expeditious high-level coordination of such matters within DOD. Membership of the DSAC includes the ASD/ISA (Chairman), the Director, DSAA (Secretary), appropriate Assistant Secretaries of Defense, and the Director of the Joint Staff, JCS. The Chairman may also request representation from the military services on an ad hoc basis as appropriate.

L. SECURITY ASSISTANCE PLANNING

Planning for security assistance is an integral part of the Department of Defense Planning, Programming, and Budgeting System (PPBS). Security assistance programs are initiated by requests from recipient governments. U.S. overseas security assistance management organizations (MAAGS, etc.) provide their estimates of host country plans and requirements to the Unified Commands. Commanders of Unified Commands review and comment on these security assistance plans and programs, correlate them with U.S. military plans, and are responsible for developing and submitting assistance plans to the Secretary of Defense. The Joint Chiefs of Staff (JCS) are responsible for correlating security assistance planning with military force planning and security objectives and provide the Secretary of Defense with their recommendations

concering security assistance levels. Upon approval by the Secretary of Defense, these recommendations are considered by the Security Assistance Program Review Committee (SAPRC), an interagency working group of the newly-established Arms Export Control Board (AECB)(see pp. 74-78). The SAPRC, chaired by the Director of the Bureau of Political-Military Affairs, Department of State, reviews country assistance plans and makes recommendations to the AECB on resource allocations and proposed budgetary levels for the security assistance program. The decisions of the AECB, after approval by the appropriate departments, are included in budget proposals, reviewed by the Office of Management and Budget (OMB), and, based upon Presidential decision, are included in the budget presented to the Congress.

M. CURRENT STATUS

Military aid has been a decreasing part of the total U.S. arms transfer program. Military aid appropriations have ranged from a high of $5.7 billion in FY 1952 to a low of $220 million in FY 1978.*

The list of restrictions on the use of grant military assistance attests to congressional interest in the oversight of this program in terms of policy, impact, extent, and purpose. This interest has been expressed through annual hearings and through congressional authorization of programs and amounts, and appropriation of funds.

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* Not including MASF. See note, p. 9.

Grant military assistance programs of the United States were born in the early days of the cold war and the stated purpose of these programs since their inception has been to strengthen the mutual defense and collective security of the non-Communist world. As such, these programs were flexible instruments of U.S. foreign policy. However, as these programs--and U.S. relations with the rest of the world--evolved, these programs began to be justified on several new grounds. For example, grant military assistance programs have been requested for the following purposes: to retain U.S. military base rights; to maintain regional arms balances and thus contribute to regional stability in areas important to the U.S.; to encourage greater military self-reliance on the part of certain nations; to promote favorable bilateral relations; to establish and maintain rapport with the military leaders of foreign countries in order to provide channels of communications, dialogue, and influence which are valuable to the U.S. Government for diplomatic and commercial, as well as military, reasons; to provide tangible evidence of U.S. support; to maintain internal security and contribute to self-defense capabilities; to preclude arms aid and sales by other nations; to insure the survival and security of nations to whom the U.S. committed; to contribute to the stability of friendly regimes; to contribute to internal development by assisting the military forces in less developed friendly countries to construct public works and engage in other activities helpful to their economic and social development.

Clearly, the Congress has indicated that this program should, in general, be phased out and be replaced by a program of credit and cash sales, to the extent possible. Legislative authority for the Military Assistance Program, however, remains intact. This program is likely to continue on an annually authorized basis for specific countries for some years to come in order to provide payments to countries with which the United States has concluded agreements for base rights in exchange for, inter alia, multi-year military assistance commitments. The program also remains available for unforseen contingency use or in situations where a "sales" approach may be inappropriate for economic or foreign policy reasons.

III. INTERNATIONAL MILITARY EDUCATION AND TRAINING (IMET)

A. DEFINITION

The International Security Assistance and Arms Export Control Act of 1976 [PL 94-329] established a separate chapter for international military education and training in the Foreign Assistance Act (Part II, Chapter 5). Previously grant training assistance had been included under military assistance totals. Since inception of the program under MAP, about 456,000 foreign personnel have been trained. Military education and training is defined as "formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors, or by correspondence courses, publications and media of all kinds, training aids, orientation, and military advice to foreign military units and forces" (Section 644, FAA).

B. PURPOSES

The purposes of such training, as indicated in the Act, are to encourage mutually beneficial relations and increased understanding between the United States and foreign countries as well as to improve the ability of participating countries to utilize their resources-including defense resources obtained from the United States--with maximum effectiveness (Section 543). Such training and education may be provided to military and "related civilian personnel" of foreign countries through attendance at

military educational and training facilities (other than Service academies) in the United States and abroad; attendance in special courses at schools in the United States and abroad; and observation and orientation visits to military activities and related activities in the United States and abroad (Section 541). After June 30, 1976, however, no training may be conducted outside the United States unless the President has reported and justified such training to the Congress (section 542).

C. LIMITATIONS

International Military Education and Training (IMET) is considered "assistance under the Foreign Assistance Act of 1961" and, as such, is subject to all legal restrictions on such assistance, but IMET is not subject to legal restrictions on "military assistance" expressed in those terms.

The Congress, in addition, has expressly prohibited the furnishing of IMET to Ethiopia, Uruguay, Chile, and to Argentina after September 30, 1978. Also not more than $700,000 may be furnished the Philippines for international military education and training in FY 1978. No IMET funds may be furnished Uganda, Cambodia, Laos, Mozambique, Angola, Cuba, or the Socialist Republic of Vietnam (see pp. 20-24).

D. CURRENT STATUS

The Department of Defense feels that the training of foreign military personnel is of lasting value and provides a simple, direct, effective, and relatively inexpensive contribution to the achievement of American foreign policy objectives. Participation in the program, it is hoped, will often create ties to the United States that endure long after the actual training experience is completed. Alumni of the program include many individuals who have become high ranking military and government leaders in their countries today. Since instruction is largely conducted in English, this tends to become the foreign student's second language, producing a bonus which transcends the immediate purposes of the instruction.

In an analysis of the U.S. foreign military training program conducted in 1976, Dr. Ernest W. Lefever concluded:

> The Military Assistance Training Program has been and is a low-cost, low-risk foreign policy instrument that has served the United States interest in interstate stability and has provided a valuable channel of communication and influence with a significant elite, especially in the Third World. ... The program has advanced the efficiency, professional performance, and readiness of the recipient military services. Perhaps more significant, it has established a continuing link between United States and host-state military leaders, many of the latter being in positions of political responsibility. 1/

1/ Ernest W. Lefever, "The Military Assistance Training Program," The Annals of the American Academy of Political and Social Science, March 1976.

IV. FOREIGN MILITARY SALES (FMS)

A. DEFINITION

The Foreign Military Sales (FMS) program is carried out under the provisions of the Arms Export Control Act (AECA), formerly the Foreign Military Sales Act (FMSA).* That Act provides for transfer of arms, other military equipment, and various services through government-to-government agreements. Under this program, the Department of Defense purchases military equipment or services from United States firms, or takes equipment to be sold from U.S. stocks (under some circumstances) and sells the equipment or services to a foreign government, or sells the services of DOD personnel such as training or management advice. This program is not considered "assistance" as such since there is no cost to the U.S. Government. However, these sales comprise the largest volume of U.S. arms transfers.

B. ELIGIBILITY

In order for a country or international organization to be eligible to purchase arms or defense services from the United States under the AECA, the President must find that the furnishing of such articles and services, in language exactly the same as required to justify the MAP under the Foreign Assistance Act (FAA), "will

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* The title of the act was changed by Section 201 of the International Security Assistance and Arms Export Control Act of 1976, and reflects increased congressional interest in the control of arms sales.

strengthen the security of the United States and promote world peace" (Section 3(a)(1)). As in the FAA, the country must agree that it will not, without Presidential consent, transfer title or possession to another country or use the articles for purposes other than those for which furnished under U.S. legislation.

In addition, cash sales are to be approved only when consistent with U.S. foreign policy and national security interests and foreign aid purposes, with regard being given to the economic and financial capability of the purchaser and the impact of the sale on the purchasers social and economic development and on existing and incipient arms races (Section 1, AECA).

C. PURPOSES FOR WHICH SALES ARE PERMITTED

Purposes for which defense articles and services are permitted to be sold are listed in section 4, AECA, and are identical to the purposes contained in Section 502, FAA (see page 14). Similarily, the penalty for substantial misuse of these articles is that the recipient country shall be immediately ineligible for further cash sales, credits, guaranties, or deliveries pursuant to previous sales. A country can be determined to be ineligible either by a Presidential determination transmitted in writing to the Congress or by a joint resolution of the Congress. Cash sales and deliveries pursuant to previous sales may continue to be made, however, if

the President certifies in writing to the Congress that such termination would have "significant adverse impact on United States security." Termination of cash sales and deliveries would remain in effect, however, even in the face of such Presidential determination, if Congress has adopted a joint resolution to that effect (Section (3(c)).

A country found ineligible under the above provisions and procedures would remain ineligible until the President determined the violation had ceased or the country concerned had given satisfactory assurances that such violations would not recur.

D. SALES FINANCING PROGRAM

The Arms Export Control Act (AECA) provides authority for the President to finance procurement of defense articles and services or to guarantee financing for friendly foreign countries or international organizations (Section 23). A major purpose of AECA credit is to help economically less developed countries make the transition from grant aid to sales.

Three basic types of credit assistance utilizing U.S. Government resources are generally available for military sales:

1. DOD Guaranteed Credit:

The AECA (Section 24) provides that the President may "guarantee any individual, corporation, partnership, or other juridical entity doing business in the U.S. (excluding U.S. Government agencies other

than the Federal Financing Bank), against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles and services to friendly countries and international organizations."

To cover possible nonpayment to U.S. lenders, the AECA requires that ten percent (10%) of the principal amount of all guaranteed loans to be aside as a reserve, using funds appropriated for that purpose. A fee of one-fourth of 1% is charged for such guarantees.

Since Section 24(a), AECA, was amended in 1974 to permit such financing, the Federal Financing Bank (FFB) has been the exclusive source of DOD guaranteed financing.

2. DOD Direct Credit:

In this case, the Defense Department directly finances procurement of defense articles for sales credit out of funds specifically appropriated for AECA financing programs. Although there is no legal prohibition against using FMS funds for credit to develped countries, U.S. Government policy and practice have generally restricted such credit to eligible economically less developed countries. The basic reason for this policy is to maximize available AECA credit resources which are generally more limited than other credit resources. FFB financing with DOD guaranties is preferred to DOD direct credit because the former requires only 10% of the principal amount to be obligated whereas

the latter requires 100%. DOD direct credit is used largely, if not exclusively, at the present time to satisfy that portion of credits provided to Israel which by law are not required to be repaid to the United States and which cannot therefore be met by use of the FFB.

Repayment to the U.S. Government of these credits must be completed within twelve years after delivery (Section 23). However, DOD credit arrangements require completion of principal repayment within a stated number of years after the initial disbursement of funds, which generally precedes delivery of the procured items to the borrower-purchaser.

Interest on credits is set by the AECA (Section 23) at "a rate equivalent to the current average interest rate, as of the last day of the month preceding the financing of such procurement, that the United States Government pays on outstanding marketable obligations of comparable maturity, unless the President certifies to Congress that the national interest requires a lesser rate of interest" and states the justification therefor.

Funds for DOD direct and guaranteed credits are authorized and appropriated annually by Congress, and when repaid are returned to the general account of the Treasury. Thus, one of the major congressional controls on credit sales, a control which does not apply to those commercial and government sales not financed under

the AECA, is this annual ceiling imposed by the authorization and appropriation of specific amounts for financing those sales. For FY 1978, $675.85 million was appropriated to support a credit sales program of $2,102.35 million.

3. Export-Import Bank Direct Credit

Export-Import Bank direct credit may be utilized for sales of defense items only to developed countries. The AECA (Section 32) specifically prohibits the Export-Import Bank from using its credit resources for the sale of defense items to economically less developed countries However, the Export-Import Bank has not in recent years financed any military sales even to developed countries.

E. PROCUREMENT AND PRICING

Section 22 of the AECA authorizes the President to procure defense articles or defense services for sale without requirement for charge to any appropriation or authorization if a "dependable undertaking" has been provided by a foreign country or international organization to pay the full amount of such contract which will assure the United States Government against any loss on the contract.
In FY 1975, the procurement by the U.S. Army for foreign military sales exceeded procurement for its own use.

A Foreign Military Sales Trust Fund maintained by the Security Assistance Accounting Center, Denver, Colorado, functions as a holding

account and medium of transfer for payments received from foreign governments for defense articles procured by the U.S. military departments on their behalf, or for items sold out of stock. The trust funds of all military services are maintained in this one account. Sales agreements which are executed with a foreign government provide authority to the military department to enter into a contract with a supplier and thereby incur an obligation. These obligations are liquidated by funds which the foreign governments have paid into the trust fund.

The AECA also mandates pricing policies for the sale of U.S. defense agencies and equipment. In the case of defense articles not intended to be replaced in the U.S. inventory, the actual value of the item must be charged. If it is intended to replace the item in the U.S. inventory, then the estimated cost of replacement, minus any depreciation, will be charged (Section 2(a)). "Value" in regard to excess defense articles is further defined in Section 47(2), AECA, as not less than the greater of: (1) the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such article, plus the scrap value; or (2) market value, if ascertainable.

For defense services, the full cost to the U.S. Government of furnishing such service will be charged (Section 21(a)).

Appropriate changes shall also be included for administrative services; any use of plant and production equipment in connection with the purchased articles; and a proportionate amount of any non-recurring costs of research, development, and production on major defene equipment sales under the AECA. The President, however, may reduce or waive the charge or charges concerning use of plant and equipment and/or non-recurring costs for particular sales that would significantly advance North Atlantic Treaty Organization (NATO) standardization efforts, or foreign procurement in the United States under co-production arrangements (Section 21(e)). In addition, other administrative expenses incurred by U.S. Government personnel in carrying out sales functions which are primarily for the benefit of any foreign country will be fully reimbursed from amounts received from sales (Section 43(b).

Sales will be made only for U.S. dollars. Payment shall be made in advance, or, if the President determines it to be in the national interest, upon delivery of the defense article from stock or the rendering of the defense service. Interest will be charged on any amount not paid within sixty days. The President may extend this to one hundred twenty days if he determines that emergency requirements of the purchaser for acquisition of the defense articles or services exceeds the ready availability to

the purchaser of funds to pay for them in full within the sixty day period, notifies Congress of that determination, and makes a special emergency request for authorization and appropriation of additional funds to finance such purchases (Sections 21 and 22).

Section 663(a), FAA, authorizes the President, "notwithstanding and other provision of law," to furnish defense articles or services under the AECA in exchange for "any necessary or strategic raw material," when he determines this to be in the U.S. national interest. These materials include petroleum, other fossil fuels, metals, minerals, or any other natural substance which the President determines is in short supply in the United States. Section 663(c), however, requires that funds received for the disposal of such materials must be deposited as miscellaneous receipts in the U.S. Treasury. This, in effect, would require payment for defense articles or services furnished under this program to be financed by Department of Defense appropriations.

F. AGENT'S FEES

Section 39, AECA, requires the Secretary of State, under such regulations as he may prescribe, to receive "adequate and timely" reports on political contributions, gifts, commissions and fees paid or offered or agreed to be paid by any person in

connection with sales of defense articles or services to or for the armed services of a foreign country or international organization to secure the conclusion of such sales. The amounts and kinds of payments or offers and the names of sales agents or other persons receiving such payments shall be specified. The President may prescribe regulations to prohibit, limit, or prescribe conditions with respect to such payments. No such payment may be included in the FMS procurement price of defense articles and services unless the amount is reasonable, allocable to such procurement, and not made to a person who has solicited, promoted or otherwise secured the sale, or held himself out as able to do so, through improper influence. A quarterly report to the Congress describing each such contribution, payment, gift, commission, or fee is required by Section 36(a)(8), AECA.

G. TRANSFERS TO THIRD COUNTRIES

Requirements for Presidential and Congressional approval for the transfer of U.S.-furnished defense articles and services to a third country under the FMS program are exactly the same as for articles furnished under MAP (see pp. 16-17).

H. LEGISLATIVE RESTRICTIONS

In addition to the requirements heretofore discussed, the Congress has enacted the following specific restrictions on foreign

military sales under the Arms Export Control Act (AECA) (all references are to that Act unless otherwise specified):

a. Sales shall not be approved to arm military dictators who are denying the growth of fundamental rights or social progress to their people. The President may waive this sense-of-Congress limitation when he determines it would be important to the security of the United States and so reports to Congress (Section 1).

b. No sales shall be made, or credits or guaranties provided to any country whose laws, regulations, official policies, or governmental practices prevent any United States person from participating in the furnishing of defense articles and services on the basis of race, religion, national, origin, or sex (Section 5).

c. Unless the President determines that national security requires otherwise and so reports to the Congress, he shall terminate all sales, credits, or guaranties for one year to any government which aids or abets, by giving sanctuary from prosecution to any individual or group which has committed an act of international terrorism (Section 3 (f)).

d. Sales of defense articles or services which would have significant adverse effect on the combat readiness of United States Armed Forces will be kept to an absolute minimum, and the President must certify to the Congress that each such sale is important to the security of the United States (Section 21(h)).

e. No sale or credit guarantee shall be made to an economically less developed country that is diverting development assistance or P.L. 480 sales furnished by the United States to military expenditures, or diverting its own resources to unnecessary military expenditures to a degree which materially interferes with its development, until the President is assured that such diversion shall no longer take place (Section 35 (a)).

f. FMS funds may be used for procurement outside the U.S. only if the President determines that such procurement will not result in adverse effects upon the U.S. economy or the industrial mobilization base which outweigh other advantages to the U.S. (Sec. 42(c)).

g. No credits shall be extended or guaranteed for any sale of sophisticated weapons systems, such as missile systems and military jet aircraft, to any underdeveloped country (other than Greece, Turkey, Iran, Israel, the Republic of China, the Philippines, and Korea), unless the President determines that such financing is important to the national security of the United States and reports each such determination to the Congress (Section 4).

h. No credit or guarantee shall be provided in any case involving coproduction or licensed production outside the United States or any defense article of U.S. origin unless the Secretary of State shall, in advance of such transaction, furnish the Congress with full information regarding the proposed transaction to include a description of the article(s) to be produced, their estimated value, and the probable impact of the proposed transaction on employment and production within the United States (Section 42(b)).

i. No funds shall be used to provide foreign military credit sales to Argentina, Brazil, El Salvador, and Guatemala (Section 503B, Foreign Assistance Appropriations Act, 1978).

j. No credit or cash sales may be made to Chile, and no cash sales may be made to Argentina after September 30, 1978 (see pp. 19-23).

k. No credits may be provided Cuba, Ethiopia, Uganda, Cambodia, Laos, the Socialist Republic of Vietnam, Mozambique, or Angola (see pp. 19-23).

l. In Fiscal Year 1978, not more than $1.85 shall be used for foreign military credit sales to the Government of the Philippines. Cash and credit sales to Turkey shall be limited to $175 million in Fiscal Year 1978 (see pp. 19-23).

Finally, the AECA provides that any cash sale entered into may be canceled in whole or in part, or its execution suspended by the United States at any time under or compelling circumstances if the national interest so requires (Section 42(e)(1)).

There is no specific legislative ceiling on arms sales under the FMS program. The question of such a ceiling, to include commercial sales, was addressed by the 94th Congress, and a ceiling on sales was included in the initial Security Assistance Authorization Bill passed in 1976. This bill, however, was vetoed by President Ford on May 7, 1976. A subsequent bill which contained no ceiling was passed and signed by the President. This act, (P.L. 94-329) however, contained a sense-of-the Congress provision to the effect that the aggregate value of FMS and commercial sales in any fiscal year "should not exceed current levels" (Section 1, AECA).

I. RESTRICTIONS ON THE USE OF U.S. MILITARY PERSONNEL

Congress has provided for some flexibility in the utilization of U.S. military personnel in the FMS program. The requirement for specific Congressional authorization for U.S. military missions on a country-by-country basis, as well as numerical restrictions on those missions contained in Section 515, Foreign Assistance Act (see pp. 26-28) do not apply to U.S. Armed Forces members performing services for specific purposes and for specific periods of time on a fully reimbursable basis in connection with FMS activities (Section 515(g), FAA).

The Arms Export Control Act (AECA) does, however, place some additional restrictions on the use of U.S. military personnel in the conduct of the program. Section 21(c) of the AECA states that "personnel performing defense services sold under this Act may not perform any duties of a combatant nature, including any duties related to training, advising, or otherwise providing assistance regarding combat activities, outside the United States in connection with the performance of these defense services." In addition, Section 42(f), AECA, states that, to the maximum extent possible, civilian contract personnel will be used in foreign countries to perform defense services sold under the Act.

The entire costs (including salaries of U.S. military personnel) of overseas management of the FMS program must be reimbursed from charges for administrative services collected on FMS cases (Section 515(g), FAA and Section 43(b), AECA).

J. CONGRESSIONAL CONTROL

The major provision of law which provides Congress with approval or disapproval authority over specific sales under the FMS program, other than the specific restrictions indicated above, is contained in Section 36(b), AECA. This section requires that any letter of offer to sell defense articles or services in the amount of $25 million or more or any major defense equipment* in the amount of

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* Major defense equipment is defined as any item of significant combat equipment on the U.S. Munitions List having a nonrecurring research and development cost of more than $50 million or a total production cost of more than $200 million.

$7 million or more shall be submitted to the Congress prior to being issued, and shall not be issued if the Congress, within thirty (30) calendar days after receiving such statement, adopts a concurrent resolution stating that it objects to the proposed sale. This provision is waived, however, if the President certifies at the time the notification of the proposed sale is submitted to the Congress that an emergency exists which requires the sale in the national security interests of the United States.

In order to allow the Congress additional time to review proposed arms sales, the Defense Security Assistance Agency (DSAA) has agreed to provide the Congress with 20 days advance notification prior to the formal notification required by Section 36(b).

At least one hundred fifteen (115) resolutions to disapprove sales have been introduced since the enactment of this authority. Although hearings have been held in both Houses of Congress on many of those resolutions, no sales have been disapproved by Congress to date. However, informal consultations between the Congress and the Administration have resulted in modifications to Administration proposals in the case of the sale of HAWK surface-to-air missiles to Jordan and of SIDEWINDER air-to-air missiles and MAVERICK air-to-ground missiles to Saudi Arabia. Congress has also raised questions concerning the sale of airborne warning and control system (AWACS) aircraft to NATO and Iran and C-130 aircraft to Egypt.

K. ADMINISTRATION OF THE PROGRAM

Functions and responsibilities of the Executive Departments in the FMS program, as spelled out in the AECA, are very similar to those enacted in the FAA. The Secretary of State, under the direction of the President, is charged with responsibility for the continuous supervision and general direction of sales and exports, including the determination as to whether there shall be a sale to a country and the amount thereof, "to the end that sales and exports are integrated with other United States activities and the foreign policy of the United States is best served thereby" (Section 2(b)).

The establishment of priorities in the procurement, delivery, and allocation of military equipment under this program is determined by the Secretary of Defense, under the direction of the President (Section 42(d)(2)). In addition, the Secretary of Defense has primary responsibility for: (a) the determination of military end-item requirements; (b) the procurement of military equipment in a manner which permits its integration with service programs; (c) the movement and delivery of military end-items; and (d) the supervision of the training of foreign military personnel under this program (Section 42(d)(1)).

In evaluating any proposed sale, the opinion of the Director of the United States Arms Control and Disarmament Agency (ACDA)

as to the extent to which such sale might contribute to an arms race, or increase the possibility of outbreak of escalation of conflict, or prejudice the development of bilateral and multilateral arms control arrangements, will be taken into account (Section 42 (a)(3)).

Within the Department of Defense, the Assistant Secretary of Defense, International Security Affairs (ASD/ISA) has been appointed to act for the Secretary of Defense in security assistance and arms sales matters. The Director, Defense Security Assistance Agency (DSAA) is responsible for directing, administering, and supervising security assistance programs. The Director, DSAA is a military officer of at least three-star rank while serving in that position, who concurrently serves as Deputy Assistant Secretary of Defense for Security Assistance. Among his duties and responsibilities are the following:

1. Direct, administer, and supervise, within the policies established by the Assistant Secretary of Defense (International Security Affairs), approved security assistance plans and programs. The administration of sales programs may be delegated in whole or in part to the Military Departments, but such administration will be under the direction and supervision of the DSAA.

2. Direct and supervise implementation of security assistance programs to include daily line item management of security assistance materiel and training programs to include excess and long supply items.
3. Conduct international logistics and sales negotiations with foreign countries, as directed by the Assistant Secretary of Defense (International Security Affairs) and in coordination with the offices within the Office of the Secretary of Defense which are responsible for logistics policies.
4. Maintain liaison with U.S. industry in the export of military supplies, equipment, and services.
5. Manage governmental and government supported private sources of credit financing of foreign military sales.
6. Develop, within policy guidance, and promulgate security assistance procedures.

L. PROCESSING REQUESTS FOR ARMS PURCHASES

Requests for the sale of defense articles or services originate with the foreign country concerned. The Department of State has categorized countries eligible for military sales as Category A (generally NATO or other developed countries) or Category B. Some countries are listed as Category A for maintenance support and as Category B for major military end items. Category A countries are

authorized to send their requests for arms purchases directly to the U.S. Military Departments (Army, Navy, Air Force) for action without prior State Department review or approval. The Department of State does, however, review and approve sales which require the notifications to Congress required by Section 36(b), AECA (see pp. 59-60) for defense articles and services of $25 million or more for any purchaser.

In addition, any sale for which a sales commission or fee is included must be coordinated with the Defense Security Assistance Agency (DSAA), regardless of the dollar amount or the country involved. When ready for submission to the purchasers, all letters of offer are submitted by the Military Departments to the Defense Security Assistance Agency (DSAA) for final approval and counter-signature. DSAA clears all such letters of offer to to the State Department's Bureau of Politico-Military Affairs prior to submission to the purchaser (Chart 1).

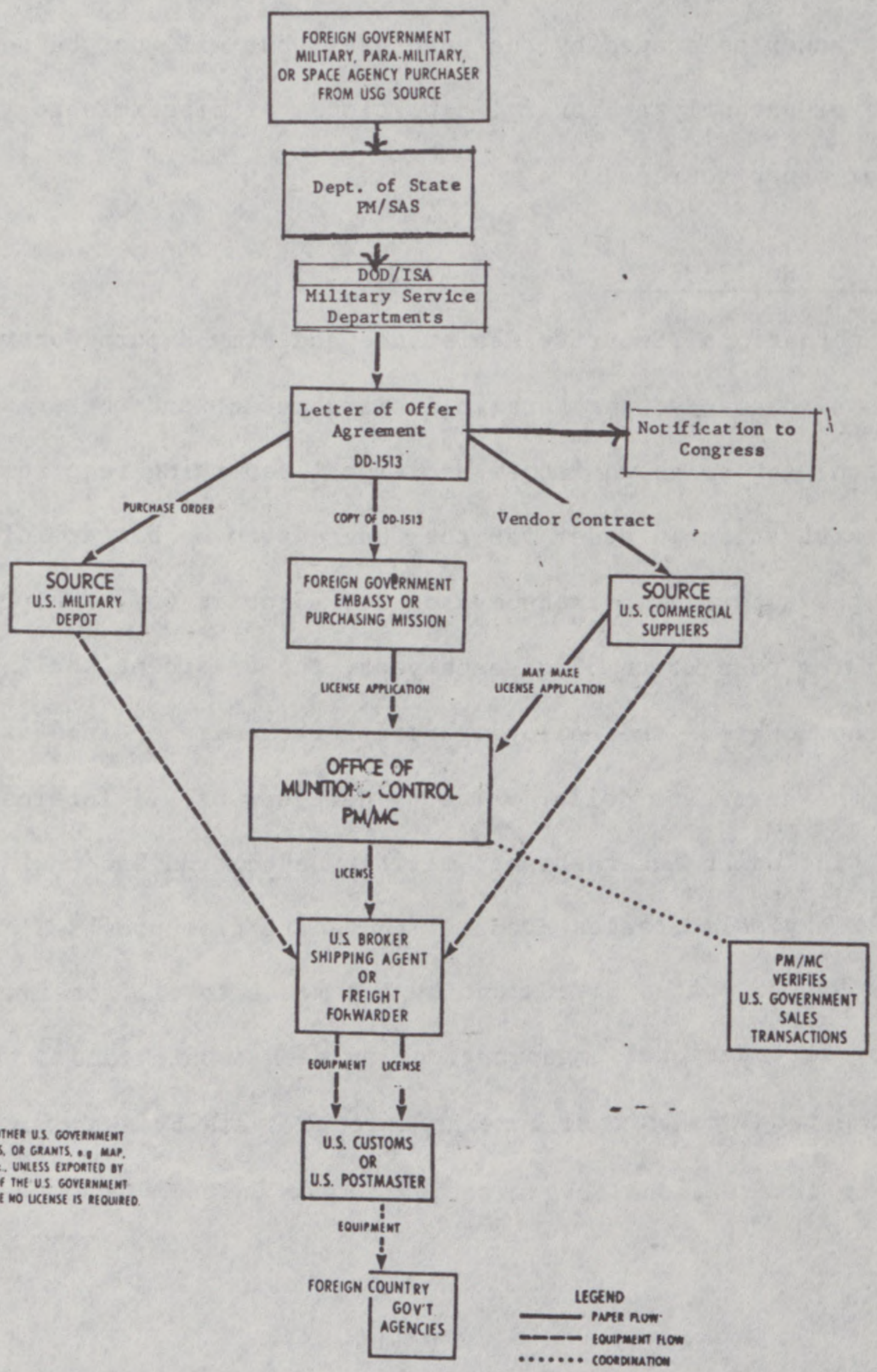
Category B countries require submission to, and approval by, the Department of State and the Department of Defense prior to action within the Military Departments. All requests for credit sales must be submitted to the Department of State for approval.

When procurring for a foreign government, the Department of Defense applies the same contract clauses and contract administration as it would use in procuring for itself, except where exceptions are authorized in Armed Forces Procurement Regulations. When a

CHART 1

PROCESSING EXPORTS OF U.S. MUNITIONS LIST ARTICLES

U.S. GOVERNMENT SALE TO FOREIGN GOVERNMENT PURCHASER



Source: Office of Munitions Control, Department of State (Modified by the author).

foreign government requests, prior to its acceptance of the letter of offer, that a particular prime contractor of subcontractor be used in the execution of the sale, the request will be honored when the sole source designated is based upon the objective needs of the FMS purchaser as stated by the purchaser, but will not be honored in any case of patently arbitrary, capricious, of discriminatory exclusion of other sources.

M. REPORTING REQUIREMENTS

The International Security Assistance and Arms Export Control Act of 1976 also amended the Foreign Assistance Act and the Arms Export Control Act so as to impose additional reporting requirements on the Administration in order for the Congress to be better informed concerning the security assistance program. Section 657, FAA, requires that, not later than March 31 of each year, the President shall report to the Congress the following data for the preceeding fiscal year: (1) the aggregate dollar value by category of all foreign assistance (including international military education and training), foreign military sales, sales credits, and guaranties provided or made by the United States Government by any means to all foreign countries or international organizations by each country and organization; (2) the total amounts of foreign currency paid by each foreign government or international organization to the United States Government

in each fiscal year, what the payment was for, whether any portion was returned by the U.S. Government to the country concerned or to another country of organization, and, if so, the kind of assistance obtained by that country with those foreign currencies; and (3) the aggregate dollar value and quantity of defense articles and services, and of military education and training, exported to each foreign country or organization by category.

Section 25, AECA, (added in 1976) requires the President to transmit to the Congress, as part of the presentation materials for proposed security assistance programs for each fiscal year, a report which sets forth: (1) an estimate of the amount of cash sales expected to be made to each specific country, including a detailed statement of the foreign policy and national security considerations involved in such expected sales; (2) an estimate of the amounts of credits and guaranties expected to be extended to each country; (3) a list of all Presidential findings that the furnishing of defense articles and services to specific countries will strengthen the security of the United States and promote world peace (as required by Section 3(a)(1), AECA), together with full justification for each such finding; and (4) an arms control impact statement for each purchasing country, including an analysis of the relationship of expected sales and arms control efforts relating to each country and the impact of such sales on the stability of the region of the purchasing country. It should be noted, however,

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that these estimates of expected cash sales are not binding upon the Administration. However, these estimates of sales credits to be extended by country may not be exceeded by the Administration unless the Appropriations Committees are "previously notified fifteen days in advance" (Foreign Assistance Appropriations Act, 1978, Title I, Economic Assistance, last unnumbered paragraph).

Section 634(f), FAA, further requires the President to report to the Congress, as of September 30 and March 31 of each year, the status of each sales credit and each guaranteed loan under the AECA on which there remains any unpaid obligation or potential liability.

Section 36(a), AECA, requires a quarterly report from the President to the Congress containing:

(1) a listing of all letters of offer to sell any major defense equipment for $1,000,000 or more to each foreign country and international organization, by category, if such letters of offer have not been accepted or cancelled;

(2) a listing of all letters of offer to sell any major defense equipment for $1 million or more that have been accepted during the fiscal year in which the report is submitted, together with the total value of all defense articles and services sold to each foreign country and international organization during the fiscal year;

(3) the cumulative dollar amounts, by foreign country and international organization, of sales credit and guaranty agreements made during the fiscal year in which the report is submitted;

(4) projections of the dollar amounts, by foreign country and international organization, of cash sales expected to be made, credits to be extended, and guaranty agree-

ments to be made in the quarter of the fiscal year immediately following the quarter for which the report is submitted;

(5) a projection with respect to all cash sales expected to be made and credits expected to be extended to each country and organization for the remainder of the fiscal year in which the report is transmitted;

(6) an estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel present in each such country at the end of that quarter for assignments in implementation of sales and commercial exports under this Act;

(7) an analysis and description of the FMS services being performed by officers and employees of the United States Government including the number of personnel so employed.

Further, Section 813, Department of Defense Appropriation Authorization Act, 1976 [P.L. 94-106] as amended by Section 814, Department of Defense Appropriations Authorization Act, 1978 (P.L. 95-70), requires that in the case of any letter of offer to sell or otherwise transfer defense articles that are valued at $25 million or more from United States active forces inventories or from current production, the Secretary of Defense shall submit a report to the Congress setting forth: (1) the impact of such sales or transfers on the current readiness of U.S. forces; (2) the adequacy of reimbursements to cover the full replacement cost of those items; and (3) for each article to be sold: (a) the initial issue quantity requirement of U.S. forces for that article; (b) the percentage of such requirement already delivered to such forces or contracted for at the time of the report; (c) the timeable for meeting such require-

ment absent the proposed sale; and (d) the timetable for meeting such requirement if the sale is approved.

N. CONGRESSIONAL INTEREST IN REDUCING ARMS SALES

As indicated, the Congress attempted, in the International Security Assistance and Arms Export Control Act of 1976 [P.L. 94-329], to gain a greater voice in the policy aspects of arms sales decisions and greater knowledge of and control over proposed sales. Section 1, AECA, states that it shall be United States policy to "exert leadership in the world community to bring about arrangements for reducing the international trade in implements of war," and states the sense of Congress that the President should "seek to initiate multilateral discussions for the purpose of reaching agreements among the principal arms suppliers and arms purchasers and other countries with respect to the control of the international trade in armaments." Congress further expressed its sense that the President "should work actively with all nations to check and control the international sale and distribution of conventional weapons...and to encourage regional arms control agreements."

As indicated, the Congress expressed its sense, in the AECA, that the aggregate value of defense articles and services sold under FMS programs or through commercial channels in any fiscal year "should not exceed current levels" (Section 1).

In addition, Section 202(b), Public Law, 94-329, directed the following study requirement:

> The President shall conduct a comprehensive study of the arms sales policies and practices of the United States Government, including policies and practices with respect to commercial arms sales, in order to determine whether such policies and practices should be changed. Such study shall examine the rationale for arms sales to foreign countries, the benefits to the United States of such arms sales, the risks to world peace as a result of such arms sales, trends in arms sales by the United States and other countries, and steps which might be taken by the United States to provide for limitations on arms sales. In addition, such study shall include an evaluation of the impact of United States arms sales policies on the economic and social development of foreign countries and consideration of steps which might be taken by the United States to encourage the maximum use of the resources of the developing countries to economic and social development purposes.

The President was required to submit to the Congress no later than June 30, 1977 the findings of this study, along with recommendations for legislation as appropriate, as well as the efforts made by the United States during the preceding five years to initiate and otherwise encourage arms sales limitations, and the efforts currently being made along those lines.

Congress also directed the Secretary of State, in consultation with the Secretary of Defense, to conduct a comprehensive study of the effects of the provisions of the Arms Export Control Act with a view to determining their consequences on (1) the foreign policy of the United States; (2) the balance of payments of the United States; (3) trade with foreign countries; (4) unemployment in the United States; and (5) weapons procurement by the Department of Defense. This study, along with recommendations for appropriate legislation,

was also required by June 30, 1977, one year after enactment of this provision (Section 218, International Security Assistance and Arms Export Control Act of 1976, P.L. 94-329).

These studies requirements were consolidated into one study by the Department of State and were submitted to the Congress on June 30, 1977.[1/]

O. PRESIDENT CARTER'S ARMS SALES POLICY

On May 19, President Carter outlined his Administration's policy concerning conventional arms transfers (See Appendix I). This policy was based upon the studies required by Sections 202(b) and Section 218 of the International Security Assistance and Arms Export Control Act of 1976.

In his statement, the President indicated that, "The virtually unrestrained spread of conventional weaponry threatens stability in every region of the world." The policy announced by the President contained two basic elements:

> ...The United States will henceforth view arms transfers as an exceptional foreign policy implement, to be used only in instance where it can be clearly demonstrated that the transfer contributes to our national security interests.

1/ U.S. Congress, Senate, Committee on Foreign Relations, Arms Transfer Policy, Report to Congress, 95th Congress, 1st Session, Committee Print, July 1977. Washington, U.S. Govt. Print. Off., 1977, 107 pp.

> ...We will continue to utilize arms transfers to promote our security and the security of close friends. But, in the future, the burden of persuasion will be on those who favor a particular arms sale, rather than those who oppose it.

The President added, however, that "actual reductions in the worldwide traffic in arms will require multilateral cooperation...The United States will meet with other arms suppliers... to begin discussions of possible measures for multilateral action."

To implement the first element of this policy--that of unilateral United States restraint in the sale of arms--the President established a set of six controls applicable to all future arms transfers "except to those countries with which we have major defense treaties (NATO, Japan, Australia, and New Zealand)." These controls are:

1. The dollar volume (in constant FY76 dollars) of new commitments under the Foreign Military Sales and Military Assistance Programs for weapons and weapons-related items in FY78 will be reduced from the FY77 total. Transfers which can clearly be classified as services are not covered, nor are commercial sales, which the U.S. Government monitors through the issuance of export licenses. Commercial sales are already significantly restrained by existing legislation and Executive Branch policy.

2. The United States will not be the first supplier to introduce into a region newly-developed, advanced weapons systems which would create a new or significantly high combat capability. Also, any commitment for sale or coproduction of such weapons is prohibited until they are operationally deployed with U.S. forces, thus removing the incentive to promote foreign sales in an effort to lower unit costs for Defense Department procurement.

3. Development or significant modification of advanced weapons systems solely for export will not be permitted.

4. Coproduction agreements for significant weapons, equipment, and major components (beyond assembly of sub-components and the fabrication of high-turnover spare parts) are prohibited. A limited class of items will be considered for coproduction arrangements, but with restriction on third-country exports, since these arrangements are intended primarily for the coproducer's requirements.

5. In addition to existing requirements of the law, the United States, as a condition of sale for certain weapons, equipment, or major components, may stipulate that we will not entertain any requests for retransfers. By establishing at the outset that the United States will not entertain such requests, we can avoid unncessary bilateral friction caused by later denials.

6. An amendment to the International Traffic in Arms Regulations will be issued, requiring policy level authorization by the Department of State for actions by agents of the United States or private manufacturers which might promote the sale of arms abroad. In addition, embassies and military representatives abroad will not promote the sale of arms and the Secretary of Defense will continue his review of government procedures, particularly procurement regulations, which may provide incentives for foreign sales.

P. ARMS EXPORT CONTROL BOARD (AECB)

In his report to the Congress on arms transfer policy on June 30, 1977,[1/] the Secretary of State pointed out that there presently was no single, formally established means within the Administration for policy control of all programs for the transfer

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1/ U.S. Congress. Senate. Committee on Foreign Relations. Arms Transfer Policy: Report to Congress. 95th Congress. 1st Session, Committee Print. July 1977. op. cit.

of U.S. defense articles and services. Transfers under the FMS program are controlled, as has been indicated, through a informal system of direct coordination between the Departments of Defense and State and ACDA, with the State Department making the final decision in most cases on individual sales. Sales which raise major policy issues, of course, are decided by the President.

The Secretary of State, under the direction of the President, is charged with the responsibility for the general direction and continuous supervision of grant military assistance and training programs. His responsibilities (section 622(c), FAA) include determining whether there should be a military assistance or training program recommended for a particular country and the value thereof, so that such programs are integrated effectively with other assistance programs and with the foreign policy of the United States. However, articles and services to be transferred under the military assistance or training programs are determined by the Defense Department.

Requests for commercial export licenses (see pp. 86-88) are reviewed and approved by the Department of State which seeks informal advice from other agencies.

According to the report submitted by the Secretary of State, this system has been "generally effective and reasonably efficient." It has, however, met the following problems:

its essentially ad hoc and fragmented character;

the multiplicity of decision channels;

the lack of a single document or coherent series of documents on policies, planning, and procedures;

difficulty in controlling all significant decision points;

inadequate interagency planning.

In order to centralize and formalize the decision-making process concerning arms transfers, the report indicated, an interagency Arms Export Control Board (AECB) would be established. This Board, created by modifying the charter of the Security Assistance Program Review Committee (SAPRC) (see p. 40), is an advisory body with policy planning and review functions. It is chaired by the Under-secretary of State for Security Assistance and has the same composition as the former Security Assistance Program Review Committee (representatives from Departments of State, Treasury and Defense, Joint Chiefs of Staff, Arms Control and Disarmament Agency, National Security Council, Central Intelligence Agency, Agency for International Development, and Office of Management and Budget). Other representatives (such as Department of Commerce) attend Board meetings whenever matters under consideration may be of concern to them.

The Arms Export Control Board will review, consult, and hear recommendations on security assistance and arms export control policy and on the following:

-- procedures for implementing the arms transfer policy conveyed by the Presidential statement of May 19;

-- guidelines and criteria for setting priorities and making decisions;

-- means for systematically collecting, analyzing, utilizing pertinent data, and for exchanging views of interested agencies;

-- key transfers of defense articles and services as they relate to policy;

-- preparation and submission of all security assistance plans, programs, budgets, and legislative proposals.

The Arms Export Control Board has also established several interagency working groups responsible to it. These working groups also have policy planning and review functions but are not decision-making bodies. Their deliberations, along with diverging views, are provided to the Arms Export Control Board. These working groups, in general, work continously within the regular channels of agency responsibility and interagency coordination. When new issues or substantive policy questions arise, these groups formulate the issues and options for the Board's consideration. These working groups and their areas of concern are as follows:

Working Groups	Areas of Concern
1. Arms Transfer Policy Planning Chair: State Department (Director of PM)	Develop recommendations for policies and procedures to implement the President's arms transfer policies; recommend policies concerning applicability of human rights concerns to arms transfer policy; monitor implementation and recommend changes in policies, procedures, or statutes as needed. Review individual arms transfer proposals focusing on those which require Congressional notification. Prepare re-

Working Groups	Areas of Concern
	commendations on key transfers for consideration. Prepare recommendations on key transfers for consideration by the AECB. Monitor license violations and retransfer requests. Prepare plans for multilateral initiatives designed to secure supplier and recipient restraint; monitor such multilateral efforts; monitor non-U.S. arms transfers.
2. Security Assistance Program Review Chair: State Department (Director of PM)	Prepare Security Assistance programs, budgets, and legislative proposals for discussion by the AECB.
3. Administration and Management Chair: Defense Department (Director, DSAA)	Monitor administration of arms transfer programs. Propose remedies for administrative problems (e.g., shipping, financing). Design procedures for improved data acquisition and utilization.
4. Middle East Arms Transfer Panel Chair: State Department (Director of PM)	Monitor and coordinate technical aspects of the transfer of defense articles and services to Middle East countries.
5. Arms Control Impact Chair: ACDA	Assess the general impact of arms transfer policy on arms races, regional stability, and the probability and intensity of conflict.

Q. CURRENT STATUS

In the remaining months of the fiscal year subsequent to the President's policy announcement, the Administration transmitted 46 separate arms sales notifications to Congress involving 19

separate countries and involving goods and services totalling over $4.5 billion, including a controversial offer to sell Airborne Warning and Control System (AWACS) aircraft to Iran. In addition, it was also announced or reported during this same period that the United States was prepared to negotiate substantial arms sales to Saudi Arabia, Egypt, Chad, the Sudan, and Somalia (the offer to Somalia was later withdrawn). The Administration also announced the necessity for a substantial arms transfer program for South Korea in order to strengthen that nation's defenses over the next five years during the contemplated withdrawal of American ground forces.

These actual and proposed sales called into question the President's policy of using arms transfers as an "exceptional foreign policy implement." Indeed, arms sales by the United States appeared to continue as a rather routine tool of American policy. Thus, there currently exists in the Congress some scepticism concerning the effectiveness of the annnounced policy in restricting U.S. arms exports.

The Administration, however, contends that it is too early to judge the effectiveness of the President's policy. It is further contended that recent arms transfer approvals made after the announcement of the president's policy were commitments made by the previous Administration which had to be honored in order to assure these allies that the United States was a dependable supplier.

What has changed, Administration spokesmen state, is that there is a heightened sensitivity to arms sales concerns within the Executive Branch, a more positive and centralized control of the management of arms transfers, new regulations concerning the manner in which arms transfers are initiated and approved, and a firm commitment to lowering sales and to negotiating a multilateral approach to a reduction in the worldwide traffic in arms. In this latter respect, formal talks with the Soviet Union on limiting Soviet and American conventional arms sales were opened in Washington in mid-December, 1977. The President is also reported to have raised this issue with the French president during his visit to that country in January, 1978.

On February 1, 1978, the President announced that arms transfer agreements for Fiscal Year 1978 covered by the ceiling established in his policy statement of May 19 would be reduced by $740 million. New commitments under the Foreign Military Sales and Military Assistance programs for weapons and weapons-related items to all countries except NATO, Japan, Australia, and New Zealand would therefore not exceed $8.6 billion, a reduction of 8 percent, figured in constant FY 1976 dollars, from the comparable figure of $9.3 billion for Fiscal Year 1977. The President stated:

> A larger cut in the ceiling would violate commitments already made, including our historic interest in the security of the Middle East, and would ignore the continuing realities of world politics and risk the confidence and security of those nations with whom the United States has vital and shared foreign policy and security interests. A smaller reduction would neglect our responsibility to set an example of restraint that others might follow [See Appendix X].

The White House also announced, however, that total arms sales to all nations in FY 1978 was likely to rise above $13 billion, almost $2 billion over FY 1977 sales.[1/]

In testimony before a subcommittee of the House International Relations Committee on February 1, 1978, Lucy Wilson Benson, Undersecretary of State for Security Assistance, indicated that, as of that date, over half of the ceiling dollars were already "pretty much committed." The residual, less than $4 billion, is the discretionary sum available to the Administration to apply to new major sales of defense articles and services in FY 1978 under the FMS program.[2/]

The proposal by the Administration, announced on February 14, 1978, to sell $4.8 billion of jet aircraft to Egypt, Saudi Arabia, and Israel would appear to threaten the President's ceiling, however.

1/ "Rise in Total U.S. Arms Sales Seen Despite Curb Set for Fiscal 1978," New York Times, February 2, 1978, pg. 1.

2/ Testimony of the Honorable Lucy Wilson Benson, Under-Secretary of State for Security Assistance, Science, and Technology before the Subcommittee on International Security and Scientific Affairs, Committee on International Relations, House of Representatives, February 1, 1978, p. 8.

V. COMMERCIAL SALES

A. DEFINITION

Commercial arms sales do not constitute a Government program as such, and no Government expenditures are involved. These sales involve the direct transfer of arms, equipment, and services between domestic private corporations and foreign governments (or other foreign purchasers). Payment is arranged on a private contract basis. Payments may be financed by sources available to the foreign purchaser abroad, or by a U.S. bank, or by the Export-Import Bank (in the case of a developed country purchaser), or by financing authorized by the Arms Export Control Act. Regardless of the source of financing, however the sale is considered a commercial sale if the U.S. Government neither procures nor sells the items.

B. LIMITATIONS ON COMMERCIAL SALES

The International Security Assistance and Arms Export Control Act of 1976 (Public Law 94-329) made major changes in the legislation concerning commercial sales in order to increase congressional control over those sales. Section 414 of the Mutual Security Act of 1954, which had provided authority to the President to control the export (and import) of arms, ammunition, and implements of war and technical data relating thereto, was repealed and replaced by Section 38, AECA, and other provisions. The so-called Fulbright

amendment to the Foreign Military Sales Act, which stated congressional preference for the reduction of government-to-government arms sales so as to return such transactions to commercial channels, was also repealed.

Section 38, AECA, gives the President authority to control the export and import of defense articles and services, to designate those items to be considered as defense items and services, to promulgate regulations for the import and export of such articles and services, and to provide foreign policy guidance to persons involved in the export and import of such items and services.

Section 38, AECA, further directs that no defense articles or services designated by the President may be exported or imported without a license issued in accordance with the AECA, except for exports by an agency of the U.S. Government for official use or for carrying out any foreign assistance sales program.

Section 38(b)(3) further restricts commercial sales of major defense equipment as defined in Section 47 of the Act in the amount of $25 million or more to members of NATO, Australia, New Zealand, Japan or in implementation of a coproduction agreement between the United States and a foreign government which has been approved by the Congress. Sales of $25 million or more to other countries are prohibited through commercial channels and must be conducted on a government-to-government basis under the FMS program.

Commercial sales to Chile are prohibited, as are sales to Argentina after September 30, 1978 (see pg. 22).

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C. ADMINISTRATION OF THE PROGRAM

The Department of State, throught its Office of Munitions Control in the Bureau of Political-Military Affairs, has been delegated the responsibility for administering the United States commercial arms sales program. That office prescribes International Traffic in Arms Regulations (ITAR) in Title 32 of the Code of Federal Regulations. The ITAR lists and defines arms, ammunition, and implements of war, and enumerates the articles controlled by the Office of Munitions Control. This is the U.S. Munitions List. These items are decided upon by the Department of State with the concurrence of the Department of Defense.

Section 38(b)(1) requires that every person (other than government employees acting in an official capacity) who engages in the business of manufacturing, exporting, or importing any defense article or service designated on The Munitions List must register with the Office of Munitions Control and pay a registration fee.

D. REQUIREMENTS FOR PRIOR APPROVAL

In his May 19 policy statement, President Carter announced that "an amendment to the International Traffie in Arms Regulations (ITAR) will be issued, requiring policy level authorization by the Department of State for actions by agents of the United States or private manufacturers which promote the sale of arms abroad." The new rule, which became effective September 1, 1977, requires

State Department approval as a "condition precedent to any proposal or presentation designed to constitute a basis for a decision to purchase, either through commercial or Foreign Military Sales procedures, made to any foreign government or foreign national if:"

(1) Significant combat equipment valued at $7 million or more is involved; and

(2) the equipment involved is for the use of a foreign nation's armed forces; and

(3) the sale would involve export of any item on the U.S. Munitions List or any technical data relating to an item on this list; or if

(4) Technical assistance or a manufacturing license agreement for the "production or assembly of significant combat equipment" on the Munitions List is involved; and

(5) the equipment involved is for the use of a foreign nation's armed forces; and

(6) the technical assistance or manufacturing license agreement would involve the export from the U.S. of any item on the U.S. Munitions List or of any technical data relating to an item on the U.S. Munitions List.

Further, the regulation defines a "proposal or presentation designed to constitute a basis for a decision to purchase" as the communication of information in sufficient detail that the person communicating that information knew or should known that it would permit an intended purchaser to decide to acquire the particular combat equipment, technical information, or license in question. Thus, presentations which describe the equipment's

performance characteristics, probable availability, and price would require the State Department's prior approval where the above criteria are met in any given case. However, prior approval by the State Department would not be required for advertising in a general circulation publication, for preliminary discussion to ascertain market potential, or for merely calling attention to the fact that a particular item is manufactured by or is available from a company.

The requirement to obtain prior approval may be met by "any of the following":

(1) Obtaining from the State Department a "written statement approving the proposed sale or approving the making of a proposal or presentation";

(2) Obtaining from the State Department a "license for the export of technical data relating to the proposed sale to the country concerned";

(3) Obtaining from the State Department a "temporary export license relating to the proposed sale for a demonstration to the armed forces of the country of export";

E. EXPORT LICENSES

After these negotiations have been concluded under the permission granted under the new regulation, an export license is still required when items on The Munitions List are to be:

-- commercially exported;

-- commercially exported temporarily for demonstration, or other purposes and returned to the United States;

-- commercially brought to the United States in transit to a third country or returned to the country of origin;

-- commercially described using information defined as technical data; and

-- commercially described for purposes of having technical data used under manufacturing license and technical assistance agreements.

Under the new rule previously discussed, every application for an export license to implement a sale or a technical assistance or manufacturing license agreement "must be accompanied by a statement from the applicant which either":

(1) Makes reference "to a specific approval previously granted with respect to the transaction"; or

(2) Makes a certification that no presentation or proposal requiring prior approval has been made.

The State Department, in addition, may require a similar statement from the Foreign Military Sales contractor concerned in any case where the United States Government receives a request for a letter of offer for a sale which meets the criteria specified.

The new amendment states that, in addition to other remedies and penalties prescribed by law, the failure to obtain the State Department's prior approval as specified in the regulation, may be considered to be a reason for disapproval of an export license application.

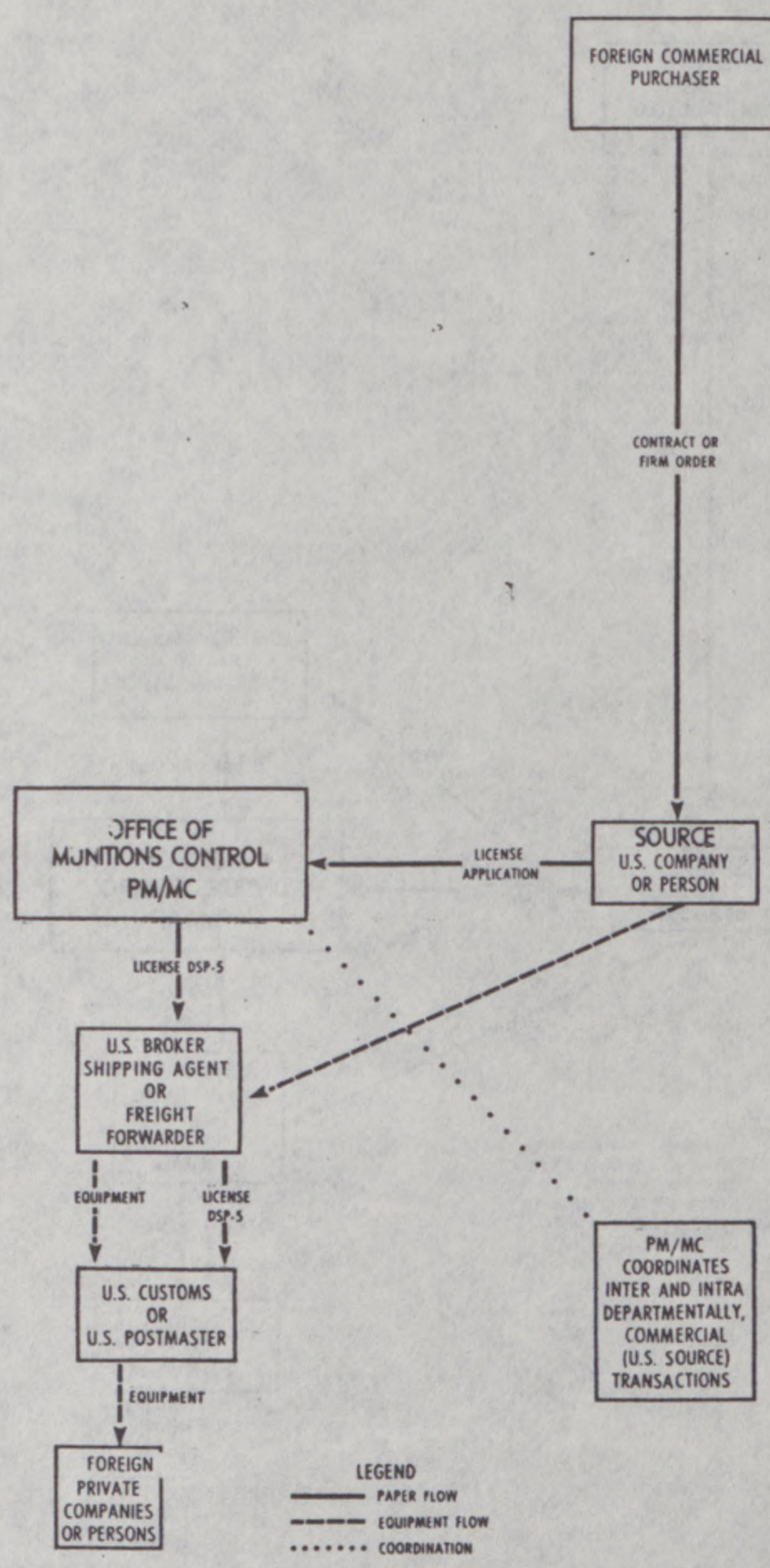
The Office of Munitions Control judges each application based on applicable statutes, the ITAR, U.S. Government policies originating with the President and the Secretary of State, precedents, U.S. foreign, political, and economic policies, security policies, technical views, whether a particular export is in the overall interest of the United States, and other factors. Office of Munitions Control officials may seek the views of the Department of Defense, the National Aeronautics and Space Administration, the various regional and functional bureaus in the Department of State, and other executive agencies. Section 38(a)(2), AECA, directs that decisions on issuing export licenses shall be made in coordination with the Director, United States Arms Control and Disarmament Agency (ACDA), and shall take into account the Director's opinion as to whether the export of an article will contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements. Charts 2 and 3 illustrate the processing of license applications.

Section 42(e)(2)(A), AECA, requires that each export license shall provide that the license may be revoked, suspended, or amended by the Secretary of State, without prior notice, whenever he deems such action to be advisable.

CHART 2

PROCESSING EXPORTS OF U.S. MUNITIONS LIST ARTICLES

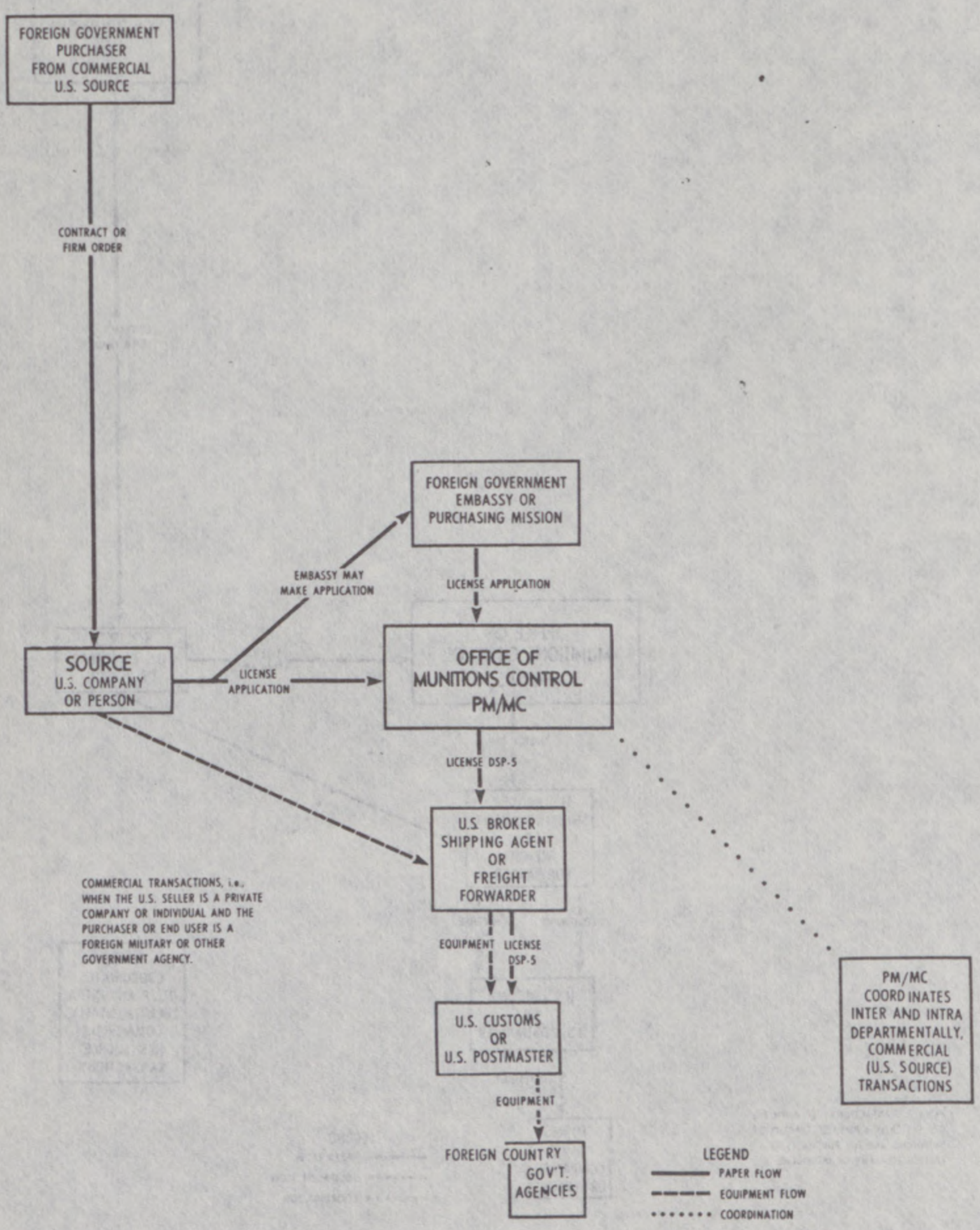
U.S. COMMERCIAL SALE TO FOREIGN COMMERCIAL PURCHASER



Source: Office of Munitions Control, Department of State.

CHART 3

PROCESSING EXPORTS OF U.S. MUNITIONS LIST ARTICLES
U.S. COMMERCIAL SALE TO FOREIGN GOVERNMENT PURCHASER



Source: Office of Munitions Control, Department of State.

F. AGENT'S FEES

Legislation concerning agent's fees or payments in the conduct of commercial arms sales is the same as that for government-to-government sales (Section 39, AECA)(see p. 54-55). Applicants for export licenses must provide information concerning political contributions, fees, or commissions which might have been offered or paid, or are expected to be paid in connection with the sale.

G. ADDITIONAL RESTRICTIONS

In addition to other restrictions on and requirements for the commercial export of defense items, Section 38(b)(1) requires that export regulations shall prohibit the return to the United States for sale in the United States (other than for U.S. Armed Forces and its allies or for state for local law enforcement agencies) of any military firearms or ammunition of United States manufacture furnished to any foreign government under any assistance or sales program, whether or not enhanced in value or improved in condition. This prohibition does not extend to firearms that have been so substantially altered as to become, in effect, articles of foreign manufacture.

H. REQUIRED REPORTS

In addition to the required reports to Congress concerning commercial sales which have already been discussed, Section 36(c), AECA, requires that the President transmit to the Congress not

less than thirty days prior to issuing an export license for any major defense equipment in the amount of $7 million or more or for defense articles and services of $25 million or more, a certification stating: (1) the country or international organization to which such export shall be made; (2) the dollar amount of the items to be exported; and (3) a description of the articles to be exported. Section 36(d) requires a similar report for any United States commercial, technical assistance, or manufacturing license agreement for any country, except members of NATO, which involves the manufacture abroad of significant combat equipment on the United States Munitions List. Neither of these sections, however, gives the Congress disapproval authority over these commercial sales.

I. REVIEW OF CONTROLS OF NONLETHAL ITEMS

During consideration of the International Security Assistance Act of 1977, concern was expressed in both Houses of the Congress that many of the items listed on the Munitions List whose export was controlled under ITAR were not "arms" at all and should not be subjected to stringent controls nor be counted as "arms sales" by the United States. In testimony before the Senate Foreign Relations Committee,[1/] the Director, Defense Security Assistance

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1/ U.S. Congress. Senate. Committee on Foreign Relations Security Assistance Authorization. Hearings on S. 1160. 95th Congress, 1st Session, pp. 15-16.

Agency, indicated that of total U.S. FMS arms sales agreements in FY 1976, only 36% consisted of weapons systems or munitions, while the remaining 65% comprised spare parts, supporting equipment, and supporting services.* For FY 1977, the comparable figures are 39% and 63%. Thus, the vast majority of U.S. foreign military sales were not actually "arms" in the strictest sense.

In order to clarify the definition as to what constituted an "arms sale" and what items should be included on the Munitions List, Section 27 of the International Security Assistance Act of 1977 (P.L. 95-92) directed the President to undertake a review of all regulations "relating to arms control" for the purpose of "defining and categorizing lethal and non-lethal products and establishing the appropriate level of control for each category."

J. TRANSFERS OF TECHNOLOGY

The transfer of technology between the United States and other nations, particularly through the sale of military equipment, can have a profound effect upon this country's national security. To protect U.S. national security interests, it has been found necessary to institute various controls over the transfer of certain elements of U.S. technology. However, as

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* SUPPORTING EQUIPMENT--training and cargo aircraft, tankers, tugs, barges, trucks, trailers, radar, communications equipment, and other equipment and supplies.
SUPPORTING SERVICES--construction, supply operations, training, technical and administrative services.

the sale of sophisticated military equipment has increased, the possibility of U.S. advanced military technology falling into unfriendly hands has been more frequently raised. In order to address this question, Section 24, International Security Assistance Act of 1977 (P.L. 95-92) requires the President to conduct a comprehensive study of the policies and practices of the United States Government with respect to the military and national security implications of international transfers of technology. The purpose of the study is to determine whether such policies and practices should be changed, and whether present statutory and administrative controls are adequate. The study is required by August 4, 1978, and is to contain recommendations for legislative and administrative action deemed appropriate by the President.

K. CURRENT STATUS

On their face, the recent changes to the ITAR appear to place important new tools in the hands of the State Department which could be utilized effectively to prohibit conventional commercial arms transfers that the Department found to be at variance with the national security interests and foreign policy of the United States. Not only do attempts to promote significant commercial sales now have to be approved in advance by the State Department, but the failure to receive such advance approval

places the exporter in the position of potentially having his license to export or the foreign government's request for a letter of offer denied even after an arrangement has been established with the foreign client.

Furthermore, under the proposed changes in the ITAR, satisfactory compliance with the stipulations regarding prior approval of promotional activities does not ensure State Department approval of a proposed export transaction at a later date. A company could receive permission to promote a sale, do so, and make a request for an export license after successfully inducing a foreign government to buy their product. At that point, the State Department would still have the legal option to refuse to grant the export license on the grounds that it would not be in the interests of the United States to have the sale consummated. Granting permission to promote a product does not necessarily obligate the State Department to permit its exportation, as a practical matter, the same pressures from vendors and foreign purchasers and the same foreign policy and national security issues would arise at that point whether the sale were through commercial or government channels.

Decisions to grant or deny export license or letters of offer will still be made on a case-by-case basis weighing the various factors involved at the time a request for a given license

or letter of offer is made. In this context, the ability of the Administration to restrain unilaterally U.S. arms sales and exports appears to be strongly supported by the ITAR amendment. The ultimate test of how much restraint is imposed by the ITAR changes will be how rigorously the Administration uses them at the beginning of the arms transfer process to prevent arms commercial arms sales from coming to fruition.

Nevertheless, this new control over commercial sales can have only limited impact on reducing total U.S. arms transfers. Commercial arms sales are excluded from dollar ceilings announced in the President's arms transfer policy. While they are "monitored" by the U.S. Government as indicated above, they are not subject to numerous other controls. The export licensing requirements pertain to "deliveries" rather than "orders," generally speaking. The recent ITAR amendments requiring approval before a proposal or presentation is made which is designed to constitute a basis for a decision to purchase from a U.S. commercial source does not cover: (1) items on the U.S. Munitions List which the Department of State determines are not "significant combat equipment," nor (2) significant combat equipment valued at less than $7 million, nor (3) items on the U.S. Munitions List which are intended for use by groups other than the armed forces of a foreign country.

In addition, the vast majority of U.S. arms transfers remain in government-to-government channels. In FY 1977, for example, commercial deliveries were estimated as $1,247.9 million while FMS deliveries totalled $6,898.1 million (FMS sales agreements that year for future delivery were $11,190.3 million).

This is true for one or more of the following reasons:

a. Major weapons systems may involve substantial amounts of Government Furnished Equipment (GFE). Since the U.S. Government is not authorized to sell military equipment to private parties, such GFE can only be sold to foreign governments or international organizations. This GFE likewise cannot be sold to U.S. prime manufacturers for incorporation in weapons systems and onward sale to foreign buyers.

b. For some special situations, the U.S. Government wishes to exercise the control that is more easily achieved with the FMS program.

c. Classified equipment, which must in any event be delivered through Government channels, and items produced in U.S. arsenals, are often easier to sell through the Government channel.

d. Sales made under supply support arrangements and similar logistics sales arrangements are handled through FMS channels as the only practicable way of permitting the armed forces of friends and allies to "buy into" the U.S. logistics system and to obtain support therefrom under the same procedure as do using U.S. units.

e. There are some transactions which the procuring government, for reasons of insufficient procurement experience or for other reasons, insists should be concluded on a government-to-government basis.

f. Some transactions may be part of a larger government-to-government agreement, such as offset or other arrangements.

g. There may be occasions when U.S. industry requests a government-to-government transaction to avoid political or trade reprisals.

There is a wide variety of other reasons for casting the sale into a government-to-government mode rather than a commerical one. Certain training and advisory services can be provided only by Defense Department personnel in absence of a commercial availability. Where the financial security of the U.S. vendor firm is shakey, the foreign government may wish the added assurance that the U.S. Government supports the sale through its direct participation. Of course, there is often an implicit political component in an FMS transaction that transcends the formal words of the contract.

VI. SHIP TRANSFERS

A. DEFINITION

The ship transfer program involves the grant, sale, lease, or loan of U.S. naval vessels to foreign governments. The United States has transferred Navy vessels to other countries since the end of World War II. During this time it has given away, loaned, sold, or transferred about 4,000 ships and craft of various descriptions to 58 countries. The total acquisition value of all ships loaned or leased, however, is slightly less than $1 billion.

Ships granted to friendly foreign countries under the Military Assistance Program or sold to a foreign country under the Arms Export Control Act (AECA) (except for new construction sales) have been determined to be no longer needed by the Navy because of their obsolescence and/or degraded material condition and have been stricken from the U.S. Naval Vessel Register. Extension of their service life or continued operations in the U.S. Navy would be impossible without an investment to overhaul and modernize the ships which would not be considered cost effective. Further, the end result of such modernization would still be a limited capability in an old hull. Were the ships not made available to friendly foreign countries, they would most likely be sold for scrap. Instead, these ships, with a comparatively small investment, can provide a significant improvement to

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foreign navies whose operations may require ship capabilities less sophisticated than those required for the U.S. Navy. Transfer of these ships is normally effected on an "as is, where is" basis, and title passes to the recipient on transfer. Whenever possible, transfers are effected on a "hot ship" basis, wherein the foreign crew "relieves the watch" of the U.S. Navy crew coincident with the decommissioning of the ship from the U.S. Navy. This eliminates both inactivation costs for the U.S. and activation costs for the purchasing navy.

Coincident with the transfer, the purchasing navy normally contracts for follow-on logistic support from U.S. Navy or commercial sources, and often arranges for repairs and overhaul in U.S. commercial shipyards.

Ships loaned and leased to foreign countries are still considered part of the U.S. mobilization reserve but, for budgetary or other reasons, have been removed from the active fleet. In such transfers, the ship is still carried on the Naval Vessel Register and title remains with the United States. The basic difference in execution of leases and loan is that loans are normally a government-to-government agreement and leases are on a navy-to-navy basis. It has been administration policy since 1972 to sell ships as these leases/loans expire, thus tending to reduce and eventually to eliminate this program.

B. AUTHORITY

Title 10, Section 7307, United States Code, states that capital ships* may not be transferred by any method to another nation unless approved by law. The loan or sale of such vessels to foreign countries, therefore, requires specific legislation. Since 1951, nineteen public laws have been passed which authorized the transfer of 191 capital ships. The most recent capital ship legislation (Public Law 94-457, approved October 5, 1976) authorized the sale of ships to Spain, Korea, Greece, Argentina, the Republic of China, Columbia, Federal Republic of Germany, Iran, Pakistan, Venezuela and the Philippines.

Noncapital ships, until 1974, could be loaned under the Foreign Assistance Act without the specific authority of the Congress. However, the Department of Defense also used the general leasing authority amounting to a loan in Title 10, Section 2667, United States Code, for this purpose. This section, which is not related to foreign assistance, permits the leasing of all manner of property in a broad sense without limitation on the value or quantity which may be leased. Thus, until 1974, there was little or no legislative control over the loan or leasing of non-capital ships. The FY 1974 congressional presentation contained no identifiable information on ship loans or leases.

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* Capital ships are battleships, cruisers, carriers, destroyers, destroyer escorts, and submarines. All others are considered non-capital ships.

C. GAO REPORT ON SHIP TRANSFER PROCEDURES

The General Accounting Office (GAO), in investigating the financing of ship transfers in 1973, found[1/] that in FY 1973 the Navy spent almost $13.2 million, for which it was not reimbursed, to overhaul and repair 13 ships which were then transferred to foreign countries. These expenditures occurred at a time when the Secretary of the Navy, in FY 1974 budget hearings, testified before the Senate Armed Services Committee that funding constraints had resulted in deferral of ship maintenance and major overhauls in the active U.S. fleet, thus adversely affecting fleet readiness.

In addition, the GAO report indicated that some $5 million in equipment, torpedoes, ammunition and other resources were transferred along with these ships without reimbursement. Such non-reimbursed expenditures by the Navy, the GAO concluded, constituted a form of "hidden" foreign assistance in the ship transfer program which was not apparent to the appropriate committees of Congress.

D. CURRENT PROCEDURES

The Foreign Assistance Act (FAA) of 1973 (P.L. 93-189), December 17, 1973, tightened loan procedures to some extent. The Foreign Assistance Act of 1961 was amended by this legislation to provide that while a defense article or service is on loan,

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1/ How Ship Transfers to Other Countries Are Financed, General Accounting Office Report to the Congress, B-163742, June 24, 1974.

there shall be a charge to the military assistance appropriation for any fiscal year based on: (1) the out-of-pocket expenses authorized to be incurred in connection with the loan, and (2) the depreciation which occurs during the year while the article is on loan (Section 503(c)).

Section 702 of the Defense Department Procurement Authorization Act (P.L. 93-365), August 5, 1974, placed additional restrictions on the ship transfer program. This section (the Byrd Amendment) provides that no naval vessel in excess of 2,000 tons or less than 20 years of age may be sold, leased, granted, loaned, bartered, transferred, or otherwise disposed of to another nation unless the disposition thereof has been authorized by law. The section also provides that naval vessels not subject to this provision may be sold, leased, granted, loaned, bartered, transferred, or otherwise disposed of to another nation in accordance with applicable provisions of law only after the Secretary of the Navy (or his designee) has notified the Committees on Armed Services of the Congress in writing of the proposed disposition and thirty days of a continuous session of Congress have expired following the date on which notice was transmitted.

Under this provision, the Department of Defense, during 1976, forwarded to the Congress thirteen separate legislative proposals to authorize the transfer of some forty-nine ships to twelve

foreign governments. Hearings on these transfers were held before the Subcommittee on General Legislation of the Senate Armed Services Committee on July 28, 1976, and on August 5 an original bill (S. 3734) which consolidated all of these proposed sales (except for two patrol boats to Greece and two destroyers to Brazil, which the Committee deferred) was introduced in the Senate by the Subcommittee Chairman, Senator Byrd. The measure passed the Senate on August 25, passed the House without amendment on September 27, and was signed by the President on October 5, 1976 (P.L. 94-457).

In addition to authorizing the sale of these particular ships, P.L. 94-457 also amended the Byrd Amendment (Section 702, P.L. 93-365) to increase the weight limitation to 3000 tons for ships requiring legislative authorization for transfer. Navy witnesses had testified that this increased limitation would reduce the legislative and administrative burden incident to the sale of these older ships while still maintaining congressional control over such transfers.

E. CURRENT STATUS

Although the ship transfer program involves the lowest monetary value of any United States arms transfer program, it now receives extensive congressional oversight and control. In practice, this control has proven largely effective and workable to date, with the legislation modified slightly to make these control procedures less burdensome administratively. In addition, the

number of ship transfers is diminishing as the number of available ships in the inactive fleet and those stricken from the active fleet diminishes. The majority of present sales are of those ships previously on loan or lease as those arrangements expire.

VII. OTHER SECURITY ASSISTANCE PROGRAMS

A. DEFINITION

Security Assistance is defined by Section 502B(d)(2) of the FAA as military assistance, security supporting assistance, military education and training, Middle East assistance programs, commercial exports licensed by the Department of State, and arms sales under the Arms Export Control Act. Other than the military assistance program, commercial exports licensed by the Department of State, and arms sales programs, these additional programs do not involve the transfer of arms.

B. SECURITY SUPPORTING ASSISTANCE

1. Definition

Security Supporting Assistance is defined in Section 531, FAA, as assistance to friendly countries, organizations, and bodies eligible to receive assistance to promote or support economic or political stability. This form of assistance can be traced back to the Marshall Plan. During the period 1951-1960, the funds were characterized as "defense support." During the Mutual Security Act period (Fiscal Years 1953-1961), $8.853 billion was provided for this purpose, primarily to the nations of Western Europe. The designation of this type of assistance was changed to "supporting assistance" with the passage of the Foreign Assistance Act (FAA) in 1961. The present title was adopted in 1971. This type of assistance has historically been

intended to assist countries whose economies are burdened by major defense programs. Basically, Security Supporting Assistance is designed as budgetary support. The recipient country is provided with foreign exchange, allowing a higher level of imports and general economic activity than would otherwise have been the case or, as a substitute, allowing the recipient to expend his own budgetary resources for programs which would not otherwise have been funded. Security Supporting Assistance has frequently been used as a tool for limiting inflation in the recipient country, thereby contributing to political and economic stability.

2. Purposes

The use of Security Supporting Assistance funds in a given country depends on the perceived degree of importance of that country to U.S. foreign policy objectives, particularly in terms of potential impact on U.S. national security interests. Security Supporting Assistance funds normally contribute to some degree to the economic growth or to the developmental goals of the recipient country, but the U.S. motive in providing these funds is neither economic growth or development per se; rather the specific purpose is to stabilize the political or economic situation vis-a-vis a given security situation. Security Supporting Assistance seeks, therefore, to assist the recipient nation to overcome an immediate security or defense problem while avoiding simultaneous deterioration of its national economy.

3. Flexibility of the Program

In the early 1970's, the major portion of Security Supporting Assistance funds were directed toward Southeast Asia. In FY 1974, funds for Southeast Asia were budgeted separately in the Indochina Postwar Reconstruction program and the amount appropriated for supporting assistance declined. In FY 1975, however, the flexibility of this program was demonstrated by a broadened and expanded program in the Middle East. Funds were provided for Jordan to help combat the impact of worldwide inflation on that country's budget. Continued economic assistance for Israel was provided, and smaller supporting assistance programs were continued for Malta, Spain, and U.N. Forces in Cyprus. In FY 1976, funds were added for Syria and for Zaire. Funds to carry out the non-military aspects of the United States-Spain Treaty of Friendship and Cooperation are also contained in this program.

4. Current Status

The flexibility of the program continues to be demonstrated by Administration requests for FY 1978 for an expanded assistance program for African countries. The International Security Assistance Act of 1977 (P.L. 95-92) added Section 533, Southern Africa Special Assistance Fund to Chapter 4 (Security Supporting Assistance) of Part II of the Foreign Assistance Act. This section authorized $80 million of the total Security Supporting Assistance program authorization of $1.89 billion for the countries of southern Africa to address the problems caused by the economic dislocation resulting from the conflict in that region. Such funds, the legislation

states, "may be used to provide assistance to African refugees and persons displaced by war and internal strife in southern Africa, to improve transportation links interrupted or jeopardized by regional political conflicts, and to provide trade credits for the purchase of United States products to those countries in the region adversely affected by blocked outlets for their exports and by the overall strains in the world economy."

Funds are specifically authorized for Botswana, Lesotho, and Swaziland. No assistance may be furnished Mozambique, Angola, Tanzania, or Zambia under this section unless the President determines and reports to the Congress that such assistance would further the foreign policy interests of the United States. None of the funds, however, may be used for guerrilla, military, or paramilitary activities in any country (Section 533(c), and no security supporting assistance may be provided to Uganda, Cuba, Cambodia, Laos, the Socialist Republic of Vietnam, Chile, or to Argentina after September 30, 1978 (see pp. 19-23). This form of assistance may be provided to no more than twelve countries in any fiscal year (Section 531).

Before obligating the funds authorized by this section, the President is required to notify the Congress with respect to the specific projects and programs for which the funds will be used. However, funds made available for Security Supporting Assistance shall not be obligated for activities, programs, projects, type

of material assistance, countries, or other operations not justified or in excess of the amount justified unless the Appropriations Committees of both Houses of Congress are previously notified fifteen days in advance (Foreign Assistance Appropriations Act, 1978, last unnumbered paragraph under "Economic Assistance").

C. MIDDLE EAST SPECIAL REQUIREMENTS FUND

The Middle East Special Requirements Fund is a contingency fund designed to allow the United States to have the economic resources immediately available to respond to opportunities to move all parties in the region toward a negotiated settlement and away from further military adventures that could jeopardize peace and disrupt the international economy. Section 901 of the Foreign Assistance Act states that "the United States can and should play a constructive role in securing a just and durable peace in the Middle East by facilitating increased understanding between the Arab nations and Israel, and by assisting the nations in the area in their efforts to achieve economic progress and political stability, which are the essential foundations for a just and durable peace."

This fund was initially used to establish and operate the U.S. Sinai Support Mission, a civilian early warning system in the Sinai to monitor compliance with the terms for the September 1975 Egypt-Israel Disengagement Agreement. Funds for that purpose,

however, were shifted to the Security Supporting Assistance program by the Foreign Assistance Appropriations Act of 1978 (P.L. 95-148).

D. OTHER PROGRAMS

In addition to the programs already discussed, the Senate Foreign Relations Committee, in its report on the International Security Assistance Act of 1977, identified two other programs under the broad category of security assistance, since they are "provided to meet legitimate U.S. national security interests rather than to fulfill an obligation to the world's poor."[1/]

The first of these programs consists of an authorization for a $300 million loan to provide balance of payments assistance to Portugal "in recognition of the established interest of the United States in fostering a democratic government in Portugal, in maintaining the strength of the North Atlantic Treaty Organization alliance, and in supporting European economic recovery" (Section 497, FAA). The loan is to be at market rates with repayment within ten years.

The second program listed is the International Narcotics Control Program. More than half of the funds provided for this program ($39 million authorized and $37.1 million appropriated in FY 1978) are used for grants of quasi-military equipment for use in the drug control effort, according to the Senate report.

1/ U.S. Congress, Senate, Committee on Foreign Relations, The International Security Assistance and Arms Export Control Act of 1977, Report to Accompany S. 1160, 95th Congress, 1st Session, May 16, 1977, Senate Report No. 95-195, p. 6.

VIII. CONGRESSIONAL INTEREST

The transfer of arms and military equipment, either by grant or sale, has been an important and flexible instrument of U.S. foreign policy since the end of World War II. At their inception during the early days of the cold war, these programs were seen by American policymakers as practical and beneficial means of supporting U.S. diplomatic and security interests. Supplying weapons to our allies, close friends, or potential friends multiplied the military strength of the "free world" while allowing the United States to maintain small conventional forces and rely on its strategic nuclear capability to provide an umbrella of protection over those nations. Thus, American policy was implemented through Truman Doctrine aid programs, the Marshall Plan, and a series of collective defense treaties (NATO, SEATO, etc.) after World War II.

However, U.S. arms transfers programs have expanded and changed through the years. As the nations of Western Europe completed their recovery, and as the original rationale for grant military aid receded, that program was reduced and largely replaced by an extensive program of arms sales based on different rationale and serving different American foreign policy, economic, and security interests. To a degree, that change was mandated by the Congress. Section 505(c) of the Foreign Assistance Act requires

the President to reduce and terminate, as relevant conditions permit, grant aid to countries having sufficient wealth to enable them, in the judgement of the President, to maintain and equip their own military forces without undue burden. Section 620(m) of that Act prohibits the furnishing of assistance on a grant basis to any economically developed country capable of sustaining its own defense burden and economic growth. And in 1976, Congress amended the Foreign Assistance Act to terminate the military assistance program after September 30, 1977, except to the extent such aid might be subsequently authorized for specific countries in specific amounts (Section 516).

As the Foreign Military Sales program grew, however, the Congress found that its controls over this program were diminished. It was also felt that this program was conducted by the administration without adequate policy control and for less justifiable and less well-thought-out political and economic purposes.

In attempting to gain greater control over and a greater voice in this program, the Congress, in 1974, enacted Section 36(b) of the Foreign Military Sales Act (later changed to the Arms Export Control Act). This provided for a Congressional veto over individual arms sales. This control, however, also appeared to be inadequate. In its report on the International Security Assistance Act of 1977, the Senate Foreign Relations Committee

noted continuing problems in the Congressional exercise of its policy-formation and oversight responsibilities concerning arms sales:

> At present, the Congress is informed of individual sales on a piece meal basis throughout the course of the year. Congressional sanctions, ultimately, are limited to disapproval of individual sales decisions under the existing procedure, after it receives notification of Executive Branch sales decisions. Currently, the Congress is compelled to make its decisions on the basis of information provided about individual sales decisions and without the framework of an integrated plan and rationale in which to judge the broader significance and potential ramifications of the sale under consideration. Moreover, it appears that the Executive Branch makes its sales decisions on a piece meal basis and without an overall plan based on integrated policy decisions. 1/

The House International Relations Committee voiced similar concerns:

> Arms transfers cannot become an automatic, unregulated process. Each case must be carefully judged on its own merits. Approval could come only after application of a set of criteria designed to insure that a grant or sale of defense articles will be in the national interest of the United States....Too often in the past decisions have been made with respect to security assistance without the knowledge or concurrence of the Congress. Because of the importance which arms transfers have for our own national security, such decisions should be understood by, and have the support of, the Congress and the American people. 2/

1/ Senate Report to Accompany S. 1160, Report No. 95-195, op. cit., p. 12.

2/ U.S. Congress, House of Representatives, Committee on International Relations, International Security Assistance and Arms Export Control Act of 1976, Report on H.R. 13680, Report No. 94-1144, May 14, 1976, pp. 12-13.

The frustrations of the Congress over the lack of success of congressional efforts to gain greater control over arms sales policies were further voiced by Senator Frank Church:

> We also wrote into the law a veto so that we would have some say in matters involving billions of dollars of arms sales to the Middle East with which we're refueling a new war. Yet we discovered that this was awkward, too, for when we came around to considering a veto, it was too late. We were told that the exercise of the veto power would create a grievious embarrassment, a serious diplomatic crisis, because everything had been settled between the governments concerned by the time it got to the committee. 1/

Congress has attempted to gain greater control over arms transfers as well as a voice in national policies involving the transfer of arms through recent legislation. This was the major focus of congressional action on security assistance and arms sales programs in 1976. 2/ The International Security Assistance and Arms Export Control Act of 1976 as orignally enacted imposed an annual ceiling on U.S. arms sales and increased congressional controls over that program. These provisions led to a Presidential veto of the bill. A subsequent combined authorization bill for Fiscal Years 1976 and 1977, (P.L. 94-329) eliminated many of the

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1/ U.S. Congress, Senate, Committee on Foreign Relations, Meeting with President-Elect Carter, 94th Congress, Transition Period, November 23, 1976, p. 9.

2/ U.S. Congress. House. Committee on International Relations. Congress and Foreign Policy-1976. May 22, 1977. pp. 7-10, 93-99.

features found objectionable by the President, but retained important new controls over U.S. arms sales programs.

That Act, as finally approved, overhauled the statutory framework governing the arms sales program and mandated specific Congressional authorization on a country-by-country basis for the military assistance program.

In commenting on that Act, the Committee on International Relations of the House of Representative stated:

> Many of the policy provisions of [the bill]...reflect the Committee's strong desire to provide for increased congressional participation in the formulation of U.S. military assistance and sales policies and programs. 1/

For its part, the Senate Foreign Relations Committee commented on these procedures as follows:

> The Arms Export Control Act provides for a significant congressional role in these matters and the Committee wishes . . . to put the Executive Branch on notice that it fully intends to exercise its responsibilities in a forceful and responsive way. 2/

To some extent, the procedures established in P.L. 94-329, combined with greater Administration sensitivity to the desires of Congress to be consulted in the formulation of arms sales

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1/ House Report No. 94-1144, op. cit., p. 11.

2/ U.S. Congress, Senate, Committee on Foreign Relations, Sale of Missiles to Saudi Arabia, Report to Accompany S. Con. Res. 161, 94th Congress, 2d Session, Report No. 94-1305, September 24, 1976.

policies and in the conduct of the foreign military sales program, were successful in achieving greater Congressional control over the program.

In its report on the International Security Assistance Act of 1977, the Senate Foreign Relations Committee indicated that the major purpose of the 1976 act, that of bringing about more effective control over arms sales within the Executive Branch while providing Congress with a stronger voice in arms exports, was well on the way to being achieved. Specifically, the Committee saw the following substantial developments during the year toward achieving a coordinated and coherent program of arms sales by the United States:

> After one year, the Committee is pleased to report that the goal of the 1976 Act is well on the way to being achieved. The Executive and Legislative Branches are moving in substantial ways under the Act toward a coordinated, coherent program of arms sales and transfers. Specifically: The focus is shifting to arms control rather than promotion of arms sales; the Congressional role in the process has sharply increased through a higher level of direct and early participation in the process and more detailed oversight; more information on the process, content and purpose of arms exports is available to the public; and the widespread direct involvement of the U.S. military establishment in arms exports has been checked and reversed. 1/

1/ Senate Report No. 95-195, op. cit., p. 10.

The House International Relations Committee, in its report on security assistance authorizations for Fiscal Year 1978, similarly indicated:

> The policy provisions of [the bill] reflect the intention of the committee to adhere to and extend the reforms enacted last year. ... These reforms were called for by the erosion of public support in this country for military assistance programs to foreign nations and increasing concern over the rapid growth of the U.S. arms exports around the world. 1/

"What is needed now and in the period ahead," stated Senator Humphrey, chairman of the Subcommittee on Foreign Assistance:

> . . . is a continued joint Legislative-Executive Branch effort to improve upon the execution of the existing provisions of law, to make them more effective in achieving the statutory goals of an arms export control policy that contributes to both the cause of peace and stability and our own national security. 2/

President Carter's announcement of his administration's policy on restraint in the transfer of U.S. arms abroad, which was followed by subsequent decisions to sell or to consider selling substantial quantities of defense supplies and equipment to many nations, led to renewed skepticism concerning the effectiveness of the announced policy as an effective means of restricting U.S. arms transfers as an instrument of U.S. national security policy. Senator Humphrey, for one, stated his concern over the apparent inconsistency between

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1/ U.S. Congress. House. Committee on International Relations. International Security Assistance Act of 1977. Report on H.R. 6884, 95th Congress, 1st Session, May 9, 1977. Report No. 95-274. p. 8.

2/ Senate Report No. 95-195, op. cit., pp. 11-12.

the President's announced policy and the actions which had taken place subsequent to the promulgation of that policy. "As the current backlog of previously negotiated arms sales diminishes," he stated, "the Subcommittee [on Foreign Assistance], in its oversight role, will review each proposed sale with the President's May 19 policy statement in mind." 1/

Similarly, the Senate Foreign Relations Committee saw much that remained to be done:

> There are presently $32 billion in approved sales orders in the pipeline; $9 billion in sales are planned for fiscal year 1978 alone. The United States is not a lone actor in this field. U.S. national security interests and those of its friends and allies must be carefully weighed even as the U.S. seeks to reduce and restrain the trade in arms. The Committee intends to continue its close scrutiny of arms exports and to work constructively to control this activity. 2/

In the House of Representatives as well, concern continued to be expressed as to congressional oversight of U.S. arms sales programs. Representative Lee H. Hamilton, chairman of the Subcommittee on Europe and the Middle East of the Committee on International Relations, expressed his concern over the level U.S. aid and sales to Israel and the nations of the Middle East and Persian Gulf.

1/ U.S. Congress. Senate. Committee on Foreign Relations. Implications of President Carter's Conventional Arms Transfer Policy. Report by the Subcommittee on Foreign Assistance. December 1977. 95th Congress, 1st Sess., Committee Print. p. iii.

2/ Senate Report No. 95-195, op. cit., p. 10.

In considering the Fiscal Year 1978 foreign aid authorization bill, unsuccessful attempts were made within the International Relations Committee and on the floor of the House to cut military assistance and credit sales by 10% across the board.

On October 7, 1977, in a statement on the floor, Senate Majority leader Robert C. Byrd further raised questions concerning "the appropriate role of the Congress in the arms sales process." Senator Byrd indicated that present procedures, which presented the Congress with "essentially a take-it-or-leave-it proposition" concerning individual arms sales, with "no real opportunity for compromise . . . [and] no direct means for Congress to attach reservations or conditions to a proposed sale," were inadequate.

Indicating that results from the implementation of the President's arms sales policy had been disappointing, the Majority Leader stated, "Congress, with its oversight responsibility in this area, has an obligation to help develop appropriate guidelines and procedures for arms sales." The Majority Leader, in his statement, then outlined procedures which he believed should be instituted "to insure that the Senate does exercise its proper role."

Among his recommendations were the following:

> First. The executive branch should submit a detailed overall plan for arms sales for each fiscal year early in the congressional session....
> Second. Congress should...extend the period for congressional review of major arms sales.
> Third. As a general rule, the executive should not submit notifications of proposed sales during extended

> congressional nonlegislative periods. . . .
> Fourth. The cumulative and long-term impact of arms sales must be given more thorough consideration. . . .
> Fifth. Consideration should be given to requiring explicit congressional approval--rather than a resolution of disapproval--for major arms sales....
> Sixth. Finally, in the case of Iran, ...I would suggest a moratorium on further sales in the near future 1/

The President's announcement, on February 1, 1978, of an arms transfer ceiling of $8.6 billion for Fiscal Year 1978 for those items and countries covered by his arms transfer policy, followed by a White House announcement the same day that total sales for Fiscal Year 1978 were projected to rise above $13 billion, some $2 billion over the Fiscal Year 1977 total, added to congressional skepticism concerning the effectiveness of the Administration's arms sales policy. Additional skepticism was generated by the announcement on February 14, 1978 of the Administration's intention to sell $4.8 billion in jet aircraft to Israel Egypt, and Saudia Arabia.

In many ways, Congress has been pleased with its increasing control over U.S. arms sales policy and with the willingness of the Administration to seek restraint in these sales and to consult with the Congress. In hearings on the security assistance bill in 1977, Senator Humphrey indicated to administration witnesses, "I appreciate very, very much the cooperation you have given this committee. I think we were able to work out many of our difficulties and differences of opinion."

1/ Congressional Record (daily edition), October 7, 1977. pp. S16619-21.

But the greatest remaining problem, as seen from a widely voiced congressional perspective, remains the fact that Congress receives notification only of proposed individual sales and then only after significant negotiation has been conducted with the perspective purchaser. Cancellation--or even major modification--of a negotiated sale at that point entails possible damage to U.S. relationships with the purchasing country. The twenty-day prenotification agreement was originally designed to afford Congress some time in which to make its views on any particular sale known to the Administration prior to having sales negotiations reach a point of U.S. commitment. But each of these prenotifications has been invariably followed by a formal notification subsequent to the twenty day period, thus limiting the degree of congressional influence possible.

Similarly, the fact that arms sales notifications to the Congress are made on a piecemeal, one at a time, basis precludes the possibility of prior congressional review of the entire program on an annual basis. To meet this deficiency, Senator Javits in 1977 proposed an amendment to the Arms Export Control Act which would have required the Executive Branch, in its annual presentation to the Congress, to identify for each foreign country the total aggregate dollar value of sales it intended to make that year and to identify the major defense equipment intended to be sold. By requiring the presentation of arms sales plans in this overall format, the amendment was designed to enable the Congress to exercise its policy-formation and oversight responsibilities in a coherent and deliberate manner.

Senator Humphrey, the Subcommittee chairman, stated that "the purpose of this amendment is fully within the purpose and statement of objectives of that particular piece of legislation." However, he requested that the amendment be withdrawn in view of the Committee's decision to "note in precise language. . . the desire of the full Committee to have the cooperation of the Administration in the fulfillment of the directives of this amendment." Accordingly, the amendment was withdrawn.[1/]

Thus, in the future, regardless of the effectiveness of President Carter's arms transfer policy, it is likely that the Congress will seek, either by working with the Administration, or through legislation, to provide an opportunity for annual congressional review of the entire arms sales program and of specific sales on a more complete and timely basis in order to allow for increased congressional participation in the formulation of policy concerning U.S. arms transfer and security assistance programs.

1/ Senate Report No. 95-195, op. cit., pp. 11-12.

APPENDIX I

Conventional Arms Transfer Policy Statement by the President

The White House,

May 19, 1977.

The virtually unrestrained spread of conventional weaponry threatens stability in every region of the world. Total arms sales in recent years have risen to over $20 billion, and the United States accounts for more than one half of this amount. Each year, the weapons transferred are not only more numerous, but also more sophisticated and deadly. Because of the threat to world peace embodied in this spiralling arms traffic, and because of the special responsibilities we bear as the largest arms seller, I believe that the United States must take steps to restrain its arms transfers.

Therefore, shortly after my Inauguration, I directed a comprehensive review of U.S. conventional arms transfer policy, including all military, political, and economic factors. After reviewing the results of this study, and discussing those results with members of Congress and foreign leaders, I have concluded that the United States will henceforth view arms transfers as an exceptional foreign policy implement, to be used only in instances where it can be clearly demonstrated that the transfer contributes to our national security interests. We will continue to utilize arms transfers to promote our security and the security of our close friends. But, in the future, the burden of persuasion will be on those who favor a particular arms sale, rather than whose who oppose it.

To implement a policy of arms restraint, I am establishing the following set of controls, applicable to all transfers except those to countries with which we have major defense treaties (NATO, Japan, Australia, and New Zealand). We will remain faithful to our treaty obligations, and will honor our historic responsibilities to assure the security of the state of Israel. These controls will be binding *unless* extraordinary circumstances necessitate a Presidential exception, *or* where I determine that countries friendly to the United States must depend on advanced weaponry to offset quantitative and other disadvantages in order to maintain regional balance.

1. The dollar volume (in constant FY 1976 dollars) of new commitments under the Foreign Military Sales and Military Assistance Programs for weapons and weapons-related items in FY 1978 will be reduced from the FY 1977 total. Transfers which can clearly be classified as services are not covered, nor are commercial sales, which the U.S. Government monitors through the issuance of export licenses. Commercial sales are already significantly restrained by existing legislation and Executive Branch policy.

2. The United States will not be the first supplier to introduce into a region newly-developed, advanced weapons systems which would create a new or significantly higher combat capability. Also, any commitment for sale or coproduction of such weapons is prohibited until they are operationally deployed with U.S. forces, thus removing the incentive to promote foreign sales in an effort to lower unit costs for Defense Department procurement.

3. Development or significant modification of *advanced* weapons systems *solely for export* will not be permitted.

4. Coproduction agreements for significant weapons, equipment, and major components (beyond assembly of subcomponents and the fabrication of high-turnover spare parts) are prohibited. A limited class of items will be considered for coproduction arrangements, but with restrictions on third-country exports, since these arrangements are intended primarily for the coproducer's requirements.

5. In addition to existing requirements of the law, the United States, as a condition of sale for certain weapons, equipment, or major components, may stipulate that we will not entertain *any* requests for retransfers. By establishing

at the outset that the United States will not entertain such requests, we can avoid unnecessary bilateral friction caused by later denials.

6. An amendment to the International Traffic in Arms Regulations will be issued, requiring policy level authorization by the Department of State for actions by agents of the United States or private manufacturers which might promote the sale of arms abroad. In addition, embassies and military representatives abroad will not promote the sale of arms and the Secretary of Defense will continue his review of government procedures, particularly procurement regulations, which may provide incentives for foreign sales.

In formulating security assistance programs consistent with these controls, we will continue our efforts to promote and advance respect for human rights in recipient countries. Also, we will assess the economic impact of arms transfers to those less-developed countries receiving U.S. economic assistance.

I am initiating this policy of restraint in the full understanding that actual reductions in the worldwide traffic in arms will require multilateral cooperation. Because we dominate the world market to such a degree, I believe that the United States can, and should, take the first step. However, in the immediate future, the United States will meet with other arms suppliers, including the Soviet Union, to begin discussions of possible measures for multilateral action. In addition, we will do whatever we can to encourage regional agreements among purchasers to limit arms imports.

MILITARY ASSISTANCE PROGRAM

INCLUDES MILITARY ASSISTANCE SERVICE FUNDED[a/] AND EXCLUDES TRAINING

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976[b/]	FY 1977	FY 1950-FY 1977
Worldwide	33 376 425	1 781 392	2 121 776	2 175 941	2 964 907	3 288 333	4 210 273	1 528 387	1 061 715	272 381	254 462	53 035 992
East Asia & Pacific	10 423 620	1 556 332	1 887 120	2 003 279	2 752 849	3 135 738	4 053 809	1 365 829	924 976	120 959	49 224	28 273 735
Burma	69 562	2 566	-	-	-	-	6	-	-	-	-	72 134
Cambodia	84 327	-	-	8 203	172 874	171 630	147 486	365 243	229 674	-	-	1 179 438
China (Taiwan)	2 347 004	58 119	31 268	17 619	18 501	10 049	36 179	32 361	2 300	684	39	2 554 122
Indochina	708 977	-	-	-	-	-	-	-	-	-	-	708 977
Indonesia	58 338	4 196	4 214	4 545	14 941	14 708	16 693	12 213	12 765	22 566	15 000	180 178
Japan	810 214	-	-	-	-	-	-	-	-	-	-	810 214
Korea a/	2 504 786	357 270	425 222	313 071	434 804	285 727	296 742	92 008	79 185	59 817	1 185	4 849 816
Laos a/	347 100	77 519	85 356	132 913	190 687	275 755	272 894	66 564	11 394	-	-	1 460 182
Philippines a/	355 379	21 320	18 278	15 600	14 622	13 156	16 427	14 642	18 955	21 696	17 000	527 076
Thailand a/	601 143	80 213	81 707	87 531	73 687	95 948	40 593	29 167	27 580	16 196	16 000	1 149 766
Vietnam a/	2 536 790	955 129	1 241 075	1 423 797	1 832 733	2 268 765	3 226 789	753 631	543 123	-	-	14 781 832
Near East & So Asia	1 659 817	23 338	22 854	2 666	40 339	41 144	38 328	41 510	70 684	54 625	55 082	2 050 383
India	90 191	-	-	-	-	-	-	28	39	-	35	90 293
Iran	728 556	18 990	18 847	-	-	-	339	2	-	-	-	766 733
Iraq	45 208	-	-	-	-	-	-	-	-	-	-	45 208
Jordan	51 331	206	-	-	28 268	39 644	35 428	39 835	68 764	54 398	55 000	372 873
Lebanon	8 592	-	-	-	4 373	-	538	32	49	-	-	13 585
Libya	11 871	753	-	-	-	-	-	-	-	-	-	12 624
Morocco	27 235	1 064	1 294	-	-	-	7	-	-	-	-	29 600
Nepal	1 678	-	-	-	-	-	-	-	-	-	-	1 678
Pakistan	650 280	-	-	-	-	-	-	-	-	-	-	650 280
Saudi Arabia	23 868	-	-	-	-	-	-	-	-	-	-	23 868
Sri Lanka	-	-	-	-	2 930	-	226	12	-	-	-	3 167
Tunisia	21 007	2 325	2 713	2 666	4 768	1 500	1 790	1 601	1 832	227	47	40 474
Europe	17 643 038	127 429	136 262	127 119	137 393	78 122	76 686	77 837	14 201	35 661	80 250	18 533 997
Austria	96 266	-	-	-	-	-	-	-	-	-	-	96 266
Belgium	1 203 784	-	-	-	-	-	-	-	-	-	-	1 203 784
Denmark	587 274	-	-	-	-	-	-	-	-	-	-	587 274
France	4 045 066	-	-	-	-	-	-	-	-	-	-	4 045 066
Germany	884 774	-	-	-	-	-	-	-	-	-	-	884 774
Greece	1 428 583	36 302	38 261	18 240	18 410	9 127	2 999	-	-	34 014	33 000	1 618 936
Italy	2 243 742	-	-	-	-	-	-	-	-	-	-	2 243 742
Luxembourg	7 753	-	-	-	-	-	-	-	-	-	-	7 753
Netherlands	1 178 056	-	-	-	-	-	-	-	-	-	-	1 178 056
Norway	862 177	-	-	-	-	-	-	-	-	-	-	862 177
Portugal	308 345	309	628	566	559	712	535	541	120	1 484	32 250	346 049
Spain	544 477	2 025	1 600	22 194	22 329	10 132	9 165	2 498	1 308	163	15 000	630 889
Turkey	2 550 316	88 793	95 773	86 119	96 095	58 151	63 987	74 798	12 773	-	-	3 126 806
United Kingdom	1 012 855	-	-	-	-	-	-	-	-	-	-	1 012 855
Yugoslavia	689 570	-	-	-	-	-	-	-	-	-	-	689 570

* Appendices II through VIII are taken from Foreign Military Sales and Military Assistance Facts, December, 1977, published by Data Management Division, Comptroller, Defense Security Assistance Agency (DSAA)

MILITARY ASSISTANCE PROGRAM (Continued)

INCLUDES MILITARY ASSISTANCE SERVICE FUNDED[a/] AND EXCLUDES TRAINING

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976[b/]	FY 1977	FY 1950-FY 1977
Africa	131 338	11 822	12 576	10 851	10 798	9 531	8 899	10 802	12 100	5 193	2 483	226 390
Benin	55	-	-	-	-	-	-	-	-	-	-	55
Cameroon	239	-	-	-	-	-	-	-	-	-	-	239
Ethiopia	103 242	9 890	10 312	9 307	10 497	9 421	8 791	10 789	12 096	5 193	2 479	192 017
Guinea	810	-	-	-	-	-	-	-	-	-	-	810
Ivory Coast	54	-	-	-	-	-	-	-	-	-	-	54
Liberia	4 110	208	237	226	274	110	108	13	4	-	4	5 293
Mali	1 865	-	-	-	-	-	-	-	-	-	-	1 865
Niger	52	-	-	-	-	-	-	-	-	-	-	52
Senegal	2 646	-	-	-	-	-	-	-	-	-	-	2 646
Upper Volta	57	-	-	-	-	-	-	-	-	-	-	57
Zaire	18 208	1 724	2 027	1 318	27	-	-	-	-	-	-	23 302
American Republics	592 211	16 264	12 130	9 252	5 812	5 882	5 396	6 178	6 843	5 815	3 151	668 934
Argentina	32 865	1 114	-	-	-	-	-	-	-	-	-	33 978
Bolivia	11 265	1 585	1 049	694	1 206	2 881	3 123	2 750	2 617	3 400	2 502	33 073
Brazil	205 239	1 681	-	-	-	-	-	-	-	-	-	206 920
Chile	79 857	608	-	-	-	-	2	-	-	-	-	80 468
Colombia	74 470	3 707	2 718	2 047	198	-	5	9	-	-	-	83 155
Costa Rica	930	-	-	-	-	-	-	-	-	-	-	930
Cuba	8 552	-	-	-	-	-	-	-	-	-	-	8 552
Dominican Republic	14 150	2 085	1 957	1 521	345	388	164	359	523	193	9	21 693
Ecuador	28 166	1 101	1 576	1 048	100	-	-	-	-	-	-	31 991
El Salvador	3 198	94	206	352	47	-	15	136	697	236	10	4 991
Guatemala	9 150	736	1 609	907	1 490	1 305	322	449	161	194	9	16 332
Haiti	2 427	-	-	-	-	-	-	-	-	-	-	2 427
Honduras	3 570	424	504	241	44	-	25	154	425	244	19	5 649
Jamaica	1 053	-	-	-	-	-	-	-	-	-	-	1 053
Nicaragua	3 973	488	362	374	309	334	697	534	397	199	3	7 670
Panama	1 437	136	215	682	672	246	284	179	269	232	225	4 577
Paraguay	3 775	666	778	328	783	351	326	894	683	546	340	9 468
Peru	74 165	745	-	-	-	-	-	-	-	-	-	74 909
Uruguay	33 969	1 094	1 156	1 058	618	377	433	714	1 071	571	34	41 098
General, Regional & Other Costs	2 926 408	46 204	50 836	22 776	17 715	17 919	27 159	26 231	32 910	50 131	64 272	3 282 556

NOTE: Totals may not add due to rounding.

a/ During the period FY 1966 - FY 1975, grant aid funded in support of activities in Southeast Asia was a part of the regular DoD 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.

b/ Includes transitional quarter (FY 197T).

APPENDIX III

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM

INCLUDES MILITARY ASSISTANCE SERVICE FUNDED

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1950-FY 1977
Worldwide	1 385 551	57 301	53 542	84 888	71 651	61 118	47 424	48 471	33 439	26 563	25 136	1 895 084
East Asia & Pacific	494 162	29 106	29 071	61 631	49 103	39 872	30 969	31 660	17 186	7 656	6 666	797 085
Burma	3 932	91	83	105	41	-	-	-	-	-	-	4 253
Cambodia	2 491	-	-	-	1 343	1 511	2 511	5 027	1 670	-	-	14 554
China (Taiwan)	91 272	3 071	2 033	1 783	1 190	961	536	407	408	519	455	102 636
Indochina	598	-	-	-	-	-	-	-	-	-	-	598
Indonesia	7 355	398	718	882	1 166	1 963	1 819	1 712	2 451	2 371	2 674	23 509
Japan	44 651	-	-	-	-	-	-	-	-	-	-	44 651
Korea b/	116 025	6 599	7 244	4 965	5 369	4 519	2 032	1 527	1 291	2 058	1 395	153 022
Laos b/	21 648	3 181	3 483	3 590	3 796	3 353	1 591	1 269	903	-	-	42 814
Malaysia	440	183	165	170	215	137	181	177	284	392	294	2 640
Philippines b/	24 781	1 327	1 051	795	824	994	813	562	465	832	622	33 067
Thailand b/	45 289	4 498	4 607	4 119	4 065	3 147	1 560	1 506	1 698	1 484	1 226	73 198
Vietnam b/	135 680	9 758	9 687	45 222	31 094	23 287	19 926	19 473	8 016	-	-	302 143
Near East & So Asia	105 302	5 328	6 190	5 055	4 500	3 576	2 096	2 434	2 943	3 310	3 353	144 088
Afghanistan	3 333	192	272	201	155	239	208	142	191	240	193	5 367
Bangladesh	-	-	-	-	-	-	-	-	-	-	49	49
India	4 639	62	71	79	147	27	-	185	56	119	178	5 564
Iran	55 670	2 966	3 247	2 593	2 084	885	-	-	-	-	-	67 445
Iraq	1 487	-	-	-	-	-	-	-	-	-	-	1 487
Jordan	1 053	177	187	204	200	535	726	632	1 029	763	1 009	6 514
Lebanon	449	95	77	78	98	185	157	141	125	136	36	1 577
Libya	2 080	251	327	137	-	-	-	-	-	-	-	2 795
Morocco	5 414	590	698	794	733	822	130	550	823	929	783	12 267
Nepal	137	12	12	5	12	24	33	25	28	36	31	355
Pakistan	21 370	108	103	188	166	99	308	254	270	405	312	23 584
Saudi Arabia	9 230	755	536	491	632	429	179	169	37	-	-	12 457
Sri Lanka	-	43	79	44	-	-	-	-	-	-	6	172
Syria	56	-	-	-	-	-	-	-	-	-	-	56
Tunisia	383	77	581	241	273	331	355	336	384	499	399	3 858
Yemen	1	-	-	-	-	-	-	-	-	183	357	541
Europe	496 834	6 747	4 948	5 363	5 029	4 127	3 782	3 208	2 306	2 454	4 225	539 021
Austria	1 235	10	-	4	-	12	23	24	9	18	24	1 359
Belgium	33 889	-	-	-	-	-	-	-	-	-	-	33 889
Denmark	30 451	-	-	-	-	-	-	-	-	-	-	30 451
Finland	24	22	11	3	15	11	25	16	15	24	14	179
France	107 987	-	-	-	-	-	-	-	-	-	-	107 987
Germany	16 173	-	-	-	-	-	-	-	-	-	-	16 173
Greece	37 099	1 404	1 107	1 121	806	853	326	-	-	622	976	44 313
Iceland	-	-	-	-	-	-	-	-	-	-	11	11
Italy	46 566	-	-	-	-	-	-	-	-	-	-	46 566
Luxembourg	494	-	-	-	-	-	-	-	-	-	-	494
Netherlands	39 100	-	-	-	-	-	-	-	-	-	-	39 100

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM (Continued)

INCLUDES MILITARY ASSISTANCE SERVICE FUNDED

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1950-FY 1977
Europe (Contd)												
Norway	31 652	-	-	-	-	-	-	-	-	-	-	31 652
Portugal	8 766	231	249	306	312	294	499	290	336	1 220	1 200	13 704
Spain	25 920	797	572	776	1 172	889	1 165	328	1 538	570	2 000	35 726
Turkey	91 568	4 283	3 009	3 153	2 724	2 068	1 744	2 550	408	-	-	111 507
United Kingdom	21 624	-	-	-	-	-	-	-	-	-	-	21 624
Yugoslavia	4 286	-	-	-	-	-	-	-	-	-	-	4 286
Africa	18 618	2 332	2 069	2 038	2 165	1 999	1 135	1 341	1 301	2 644	3 227	38 874
Benin	11	2	14	-	-	-	-	-	-	-	-	27
Cameroon	10	-	15	13	-	-	-	-	-	-	-	38
Ethiopia	13 175	1 459	1 244	1 181	1 262	1 209	670	824	769	1 007	263	23 063
Ghana	54	46	49	46	40	40	55	43	70	82	81	606
Guinea	74	-	15	-	-	-	-	-	-	-	-	89
Ivory Coast	14	3	30	15	15	22	4	-	-	-	-	104
Kenya	-	-	-	-	-	-	-	-	40	948	192	1 180
Liberia	1 364	460	300	285	297	259	99	93	89	128	91	3 466
Mali	883	-	1	45	6	43	4	-	-	-	-	982
Niger	5	6	-	-	-	-	-	-	-	-	-	11
Nigeria	1 115	16	28	48	201	98	-	-	-	-	-	1 507
Senegal	115	-	6	16	-	*	19	7	34	37	48	284
Sudan	694	-	-	-	-	-	11	14	-	-	103	821
Togo	-	-	-	-	-	-	-	-	-	-	20	20
Upper Volta	28	4	-	-	-	-	-	-	-	-	-	33
Zaire	1 076	336	367	389	344	328	273	360	299	442	2 429	6 643
American Republics	98 316	8 881	7 944	7 626	7 941	8 198	8 092	8 390	8 647	10 304	7 267	181 606
Argentina	7 794	523	667	590	379	713	545	479	100	396	725	12 911
Bolivia	6 976	566	710	500	606	546	816	444	602	760	602	13 128
Brazil	10 068	875	754	776	689	668	662	816	771	654	59	16 792
Chile	9 899	1 192	736	852	690	875	905	1 144	618	-	-	16 911
Colombia	6 874	775	790	635	604	589	502	536	676	1 043	695	13 720
Costa Rica	901	-	-	-	-	-	-	-	-	-	-	901
Cuba	2 023	-	-	-	-	-	-	-	-	-	-	2 023
Dominican Republic	4 357	387	570	325	577	550	531	486	504	633	536	9 455
Ecuador	8 507	488	499	482	195	-	-	1	381	491	404	11 446
El Salvador	1 844	281	175	224	286	255	491	437	504	794	546	5 838
Guatemala	3 690	300	226	271	392	251	497	492	398	477	500	7 495
Haiti	753	-	-	-	-	-	-	-	14	100	124	991
Honduras	2 430	360	234	198	512	526	562	509	804	771	600	7 505
Jamaica	13	-	-	-	-	-	-	-	-	-	-	13
Mexico	1 532	108	87	89	80	107	11	35	110	128	125	2 411
Nicaragua	5 863	651	454	541	508	479	263	429	656	743	597	11 185
Panama	1 206	85	72	140	289	255	281	259	320	559	399	3 864
Paraguay	2 768	379	387	354	384	422	23	192	304	557	400	6 171
Peru	10 611	661	543	553	508	925	725	941	820	1 078	878	18 245

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM (Continued)

INCLUDES MILITARY ASSISTANCE SERVICE FUNDED

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976[a/]	FY 1977	FY 1950-FY 1977
American Republics (Contd)												
Uruguay	3 624	238	224	339	347	331	418	305	393	458	-	6 676
Venezuela	6 583	1 012	816	757	895	706	860	885	672	662	77	13 925
General, Regional & Other Costs	172 311	4 906	3 323	3 174	2 916	3 345	1 348	1 437	1 057	194	401	194 411

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 (IMETP) beginning as of FY 1976.

(2) Totals may not add due to rounding.

* Less than $500.

a/ Includes transitional quarter (FY 197T).

b/ Includes both predecessor programs (MAP and MASF).

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EXCESS DEFENSE ARTICLES PROGRAM – ACQUISITION COST

INCLUDES MILITARY ASSISTANCE SERVICE FUNDED

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976[a]	FY 1977	FY 1950-FY 1977
Worldwide	3 282 583	496 447	644 512	543 067	471 772	580 017	419 367	126 412	28 587	79 147	1 056	6 672 967
East Asia & Pacific	1 407 150	381 520	489 730	378 355	295 413	398 183	251 824	51 890	18 950	76 665	534	3 750 215
Burma	12 164	86	-	-	-	-	-	-	-	-	-	12 250
Cambodia	12 879	-	-	408	26 010	15 448	21 850	7 603	1 451	-	-	85 649
China (Taiwan)	428 858	40 495	63 440	203 533	59 507	78 961	67 144	-	-	-	-	941 939
Indochina	21 882	-	-	-	-	-	-	-	-	-	-	21 882
Indonesia	6 196	170	510	2 667	2 529	11 051	1 868	2 260	415	6 047	-	33 714
Japan	174 979	-	-	-	-	-	-	-	-	-	-	174 979
Korea [b/c]	305 209	51 377	123 964	34 813	137 115	226 113	32 142	19 505	7 976	1 153	-	939 367
Laos [b]	51 414	4 261	6 873	7 726	9 484	4 783	12 539	561	186	-	-	97 826
Philippines	61 766	1 625	1 885	3 699	2 333	2 688	15 669	2 328	1 343	4 663	509	98 508
Thailand [b]	71 969	5 046	9 840	26 213	20 845	11 248	20 812	5 284	7 549	64 802	25	243 633
Vietnam [b]	259 834	278 460	283 218	99 296	37 590	47 891	79 800	14 349	30	-	-	1 100 469
Near East & So Asia	145 547	740	1 672	941	1 713	6 398	19 393	5 268	387	19	477	182 557
India	22 012	-	-	*	-	-	-	-	-	-	-	22 012
Iran	61 031	9	592	-	-	-	-	-	-	-	-	61 632
Iraq	3 342	-	-	-	-	-	-	-	-	-	-	3 342
Jordan	12 715	-	-	-	1 330	6 152	19 332	5 242	378	19	477	45 646
Lebanon	300	-	-	-	9	-	-	-	-	-	-	309
Libya	1 981	215	-	-	-	-	-	-	-	-	-	2 195
Morocco	11 417	64	452	-	-	-	-	10	-	-	-	11 943
Nepal	1	-	-	-	-	-	-	-	-	-	-	2
Pakistan	26 826	-	-	-	-	-	-	-	-	-	-	26 827
Saudi Arabia	1 761	-	-	-	4	-	-	-	-	-	-	1 765
Sri Lanka	-	-	-	-	2	-	-	-	-	-	-	2
Tunisia	4 161	452	628	941	368	246	61	16	9	-	-	6 882
Europe	1 240 206	110 994	149 952	156 639	164 426	157 811	138 110	37 275	7 084	-	26	2 162 528
Austria	8 155	-	-	-	-	-	-	-	-	-	-	8 155
Belgium	21 326	-	-	-	-	-	-	-	-	-	-	21 327
Denmark	20 935	-	-	-	-	-	-	-	-	-	-	20 935
France	289 843	-	-	-	-	-	-	-	-	-	-	289 843
Germany	718	-	-	-	-	-	-	-	-	-	-	718
Greece	195 471	29 437	68 253	49 538	55 602	37 783	14 980	-	-	-	-	451 064
Italy	214 639	-	-	-	-	-	-	-	-	-	-	214 639
Luxembourg	178	-	-	-	-	-	-	-	-	-	-	178
Netherlands	44 003	-	-	-	-	-	-	-	-	-	-	44 003
Norway	44 051	-	-	-	-	-	-	-	-	-	-	44 051
Portugal	22 269	2	1 324	194	96	47	17	27	-	-	18	23 994
Spain	42 360	2 372	-	18 462	2 318	15 208	2 357	8	-	-	8	83 094
Turkey	235 781	79 183	80 375	88 445	106 410	104 773	120 756	34 240	7 084	-	-	860 050
United Kingdom	72 950	-	-	-	-	-	-	-	-	-	-	72 950
Yugoslavia	27 527	-	-	-	-	-	-	-	-	-	-	27 527

EXCESS DEFENSE ARTICLES PROGRAM – ACQUISITION COST (Continued)

INCLUDES MILITARY ASSISTANCE SERVICE FUNDED

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976[a/]	FY 1977	FY 1950-FY 1977
Africa	25 917	687	1 064	1 598	1 533	1 517	2 715	617	227	110	-	35 985
Cameroon	4	-	-	-	-	-	-	-	-	-	-	4
Ethiopia	20 713	658	777	1 386	1 379	1 511	2 714	617	227	110	-	30 093
Guinea	50	-	-	-	-	-	-	-	-	-	-	50
Liberia	203	1	1	49	129	6	1	-	-	-	-	390
Mali	201	-	-	-	-	-	-	-	-	-	-	201
Senegal	33	-	-	-	-	-	-	-	-	-	-	33
Zaire	4 713	28	286	163	25	-	-	-	-	-	-	5 214
American Republics	182 228	2 500	2 090	5 532	8 685	9 511	7 110	31 361	1 939	2 353	18	253 321
Argentina	3 999	232	-	2	2	140	-	-	-	-	-	4 375
Bolivia	3 464	308	205	345	742	2 550	868	24 304	227	482	-	33 494
Brazil	82 778	314	-	-	-	-	-	-	-	-	-	83 092
Chile	23 903	114	-	-	-	-	-	-	-	-	-	24 017
Colombia	15 049	398	521	1 160	775	*	*	-	-	-	-	17 903
Costa Rica	115	-	-	-	-	-	-	-	-	-	-	115
Cuba	5 516	-	-	-	-	-	-	-	-	-	-	5 516
Dominican Republic	2 964	52	31	222	121	223	287	*	-	-	-	3 900
Ecuador	9 234	136	238	750	6	-	-	-	-	-	-	10 364
El Salvador	746	55	8	35	96	-	-	203	1 268	44	-	2 454
Guatemala	3 000	74	232	174	776	611	308	1 558	-	-	-	6 732
Haiti	195	-	-	-	-	-	-	-	-	-	-	195
Honduras	1 247	165	81	26	349	-	-	14	20	94	-	1 995
Jamaica	4	-	-	-	-	-	-	-	-	-	-	4
Mexico	50	-	-	-	-	-	-	-	-	-	-	50
Nicaragua	687	10	2	341	759	52	1 986	1 121	124	152	-	5 233
Panama	28	7	8	192	621	151	189	468	*	-	-	1 665
Paraguay	1 479	336	21	151	2 887	1 872	1 437	1 331	122	1 535	18	11 188
Peru	20 135	142	-	-	-	-	-	-	-	-	-	20 277
Uruguay	7 311	157	743	2 134	1 551	3 912	2 035	2 362	178	46	-	20 428
Venezuela	324	-	-	-	-	-	-	-	-	-	-	324
General, Regional & Other Costs	281 534	5	4	4	1	6 599	216	-	-	-	-	288 363

NOTE: Totals may not add due to rounding.
*Less than $500.
a/ Includes transitional quarter (FY 197T).
b/ Includes MAP and MASF Programs.
c/ For FY 1971 and FY 1972, data include transfers under Section 3, P.L. 91-652, $86,213 and $184,653 respectively.

EXCESS DEFENSE ARTICLES DELIVERED – ACQUISITION COST

INCLUDES MILITARY ASSISTANCE SERVICE FUNDED

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1950-FY 1977
Worldwide	3 126 200	442 655	530 201	511 060	560 064	548 317	374 888	306 222	99 658	44 764	64 367	6 608 402
East Asia & Pacific	1 338 077	362 784	412 303	345 130	349 605	404 249	213 311	144 166	60 814	40 407	63 137	3 733 987
Burma	10 357	1 796	18	35	8	30	6	-	-	-	-	12 250
Cambodia	12 879	-	-	398	12 248	17 253	22 199	10 819	9 852	-	-	85 648
China (Taiwan)	416 194	36 387	59 653	105 692	136 483	75 289	47 826	48 627	14 650	350	-	941 154
Indochina	21 882	-	-	-	-	-	-	-	-	-	-	21 882
Indonesia	6 041	98	201	1 333	2 347	1 925	8 380	5 541	1 221	548	189	27 825
Japan	174 979	-	-	-	-	-	-	-	-	-	-	174 979
Korea b/c/	271 119	26 225	49 279	133 580	137 232	209 271	37 263	35 285	16 599	6 970	9 246	932 069
Laos b/	51 414	3 288	6 261	4 837	13 610	5 129	10 780	1 876	621	-	11	97 827
Philippines	58 325	3 631	1 962	639	5 233	1 432	4 318	15 014	1 139	5 535	1 206	98 434
Thailand b/	67 407	4 593	7 750	9 368	11 231	29 517	13 537	15 120	3 439	27 004	52 485	241 451
Vietnam b/	247 480	286 766	287 179	89 248	31 213	64 403	69 002	11 884	13 293	-	-	1 100 468
Near East & So Asia	136 111	5 016	977	2 824	3 193	2 484	10 885	14 479	4 837	827	49	181 690
India	21 922	-	-	-	-	-	-	86	2	-	-	22 012
Iran	56 504	3 608	74	1 130	313	-	-	-	-	-	-	61 632
Iraq	3 342	-	-	-	-	-	-	-	-	-	-	3 342
Jordan	11 736	433	-	537	919	2 202	10 619	12 658	4 820	811	43	44 778
Lebanon	300	-	-	-	-	3	4	-	-	2	-	309
Libya	1 767	224	204	-	-	-	-	-	-	-	-	2 195
Morocco	11 415	60	401	-	30	25	-	-	-	10	-	11 943
Nepal	-	2	-	-	-	-	-	-	-	-	-	2
Pakistan	26 826	-	-	-	-	-	-	-	-	-	-	26 827
Saudi Arabia	1 761	-	-	-	4	-	-	-	-	-	-	1 765
Sri Lanka	-	-	-	-	-	2	-	-	-	-	-	2
Tunisia	538	689	298	1 157	1 927	252	262	1 735	15	4	6	6 883
Europe	1 178 286	61 087	114 208	157 213	197 287	126 169	138 711	137 829	29 528	20	730	2 141 067
Austria	8 155	-	-	-	-	-	-	-	-	-	-	8 155
Belgium	21 326	-	-	-	-	-	-	-	-	-	-	21 327
Denmark	20 935	-	-	-	-	-	-	-	-	-	-	20 935
France	289 843	-	-	-	-	-	-	-	-	-	-	289 843
Germany	718	-	-	-	-	-	-	-	-	-	-	718
Greece	144 882	18 677	28 422	50 965	114 368	46 068	24 239	23 373	70	-	-	451 064
Italy	214 639	-	-	-	-	-	-	-	-	-	-	214 639
Luxembourg	178	-	-	-	-	-	-	-	-	-	-	178
Netherlands	44 003	-	-	-	-	-	-	-	-	-	-	44 003
Norway	43 682	370	-	-	-	-	-	-	-	-	-	44 051
Portugal	22 057	-	1 317	15	391	94	51	19	10	2	8	23 965
Spain	40 117	1 865	1 408	5 291	6 053	13 057	10 833	3 532	914	18	32	83 118
Turkey	227 274	40 175	83 061	100 942	76 475	66 950	103 588	110 905	28 534	-	890	838 594
United Kingdom	72 950	-	-	-	-	-	-	-	-	-	-	72 950
Yugoslavia	27 527	-	-	-	-	-	-	-	-	-	-	27 527

EXCESS DEFENSE ARTICLES DELIVERED – ACQUISITION COST (Continued)

INCLUDES MILITARY ASSISTANCE SERVICE FUNDED

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976[a/]	FY 1977	FY 1950-FY 1977
Africa	22 734	3 259	589	1 268	1 432	1 659	1 846	2 107	629	263	163	35 948
Cameroon	4	-	-	-	-	-	-	-	-	-	-	4
Ethiopia	17 590	3 210	470	1 152	1 280	1 547	1 650	2 104	629	263	163	30 056
Guinea	50	-	-	-	-	-	-	-	-	-	-	50
Liberia	148	49	1	37	28	112	12	3	-	-	-	390
Mali	200	-	-	-	-	-	-	-	-	-	-	201
Senegal	33	-	-	-	-	-	-	-	-	-	-	33
Zaire	4 709	-	118	79	124	-	184	-	-	-	-	5 214
American Republics	169 458	10 509	2 124	4 612	8 546	7 164	10 115	7 636	3 850	3 049	286	227 349
Argentina	2 291	1 133	9	797	-	1	142	-	-	-	-	4 375
Bolivia	2 984	653	217	121	782	1 509	1 405	640	871	228	91	9 501
Brazil	78 543	3 801	153	234	361	-	-	-	-	-	-	83 092
Chile	23 375	511	3	48	65	8	-	-	7	-	-	24 017
Colombia	13 523	1 535	304	1 230	1 159	146	-	-	7	-	-	17 903
Costa Rica	115	-	-	-	-	-	-	-	-	-	-	115
Cuba	5 516	-	-	-	-	-	-	-	-	-	-	5 516
Dominican Republic	2 868	112	53	229	121	73	385	57	2	-	-	3 900
Ecuador	8 935	148	148	484	477	-	-	161	-	11	-	10 364
El Salvador	598	137	59	-	130	11	-	4	5	1 476	33	2 454
Guatemala	2 536	371	44	264	354	724	500	1 021	788	63	67	6 732
Haiti	195	-	-	-	-	-	-	-	-	-	-	195
Honduras	962	177	193	2	219	143	42	136	8	18	26	1 926
Jamaica	4	-	-	-	-	-	-	-	-	-	-	4
Mexico	50	-	-	-	-	-	-	-	-	-	-	50
Nicaragua	607	60	7	209	276	620	778	1 557	249	664	32	5 059
Panama	18	14	11	191	-	8	863	177	236	*	-	1 516
Paraguay	1 394	138	239	66	1 060	2 443	1 956	1 405	497	432	23	9 653
Peru	17 575	1 607	52	-	1 037	-	-	6	-	-	-	20 277
Uruguay	7 045	112	632	737	2 505	1 478	4 044	2 472	1 180	157	14	20 376
Venezuela	324	-	-	-	-	-	-	-	-	-	-	324
General, Regional & Other Costs	281 534	-	-	13	1	6 592	20	5	-	198	-	288 362

NOTE: Totals may not add due to rounding.
*Less than $500.
a/ Includes transitional quarter (FY 197T).
b/ Includes MAP and MASF Programs.
c/ For FY 1971 and FY 1972, deliveries include transfers under Section 3, P.L. 91-652.

FOREIGN MILITARY SALES AGREEMENTS

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1950-FY 1977
Worldwide	11 334 596	1 184 594	1 189 185	1 011 816	1 527 638	3 088 947	4 476 782	10 544 886	12 305 547	13 167 720	11 190 275	71 021 983
East Asia & Pacific	1 016 531	131 986	161 142	142 839	142 056	281 417	307 774	321 563	667 213	1 742 337	1 276 316	6 191 170
Australia	759 872	31 684	33 268	54 707	53 690	87 405	26 001	31 820	167 839	564 150	132 002	1 942 437
Brunei	-	-	-	-	-	-	-	-	-	*	9	10
Burma	1 765	92	45	7	65	268	223	120	21	110	576	3 292
China (Taiwan)	22 865	63 743	37 903	35 125	67 333	75 181	208 895	88 716	144 831	324 012	153 049	1 221 652
Fiji	-	-	-	-	-	-	-	-	-	160	-	160
Indochina	8 542	-	-	-	-	-	-	-	-	-	-	8 542
Indonesia	624	24	-	*	18	*	148	148	51 833	3 728	5 853	62 376
Japan	163 414	20 283	51 765	21 344	10 705	42 552	51 396	58 638	29 876	42 142	44 082	536 198
Korea	295	1 504	3 093	-	393	8 765	1 589	100 392	216 010	634 265	653 987	1 620 292
Malaysia	1 085	1 608	1 323	1 837	98	41 020	1 457	1 414	3 290	6 698	5 263	65 093
New Zealand	51 736	11 960	29 264	5 353	6 638	3 338	3 281	5 570	4 471	6 998	5 995	134 603
Philippines	5 085	237	454	843	1 107	468	1 161	4 501	32 241	35 825	58 008	139 930
Singapore	1	841	196	2 472	1 961	5 434	7 637	12 576	1 767	17 605	113 690	164 179
Thailand	1 242	10	3 829	21 151	48	16 984	4 831	17 664	15 034	106 644	103 802	291 239
Vietnam	5	-	2	-	-	2	1 155	4	-	-	-	1 167
Near East & So Asia	3 067 667	460 068	360 110	265 537	857 293	1 284 807	3 076 241	8 737 616	6 113 517	9 615 184	8 526 215	42 364 264
Bahrain	-	-	-	-	-	-	-	-	18	26	73	117
Egypt	358	-	-	-	-	-	-	-	-	69 034	40	69 432
India	56 529	1 574	163	911	856	46	*	2 615	8 162	3 350	1 434	75 641
Iran	438 427	66 984	240 076	113 150	385 971	520 345	2 167 652	4 157 408	2 495 881	1 688 381	5 803 079	18 077 356
Iraq	13 150	-	*	-	-	-	-	-	-	-	-	13 152
Israel	147 008	317 384	70 610	44 222	413 466	404 286	182 461	2 432 337	841 217	1 014 561	552 042	6 419 594
Jordan	72 297	33 363	13 324	28 826	16 282	18 965	6 103	63 774	78 331	466 559	116 984	914 810
Kuwait	*	-	-	-	-	*	53	31 041	378 027	222 516	27 695	659 332
Lebanon	2 634	48	55	1 160	187	237	5 202	9 887	295	314	-	20 019
Libya	16 804	2 389	1 674	5 282	632	2 672	130	12	-	-	-	29 595
Morocco	6 797	9 671	7 931	2 437	2 272	7 542	2 513	8 319	294 846	103 145	35 687	481 160
Nepal	-	-	-	-	11	-	60	1	-	-	-	72
Oman	-	-	-	-	-	-	-	-	1 623	352	833	2 808
Pakistan	41 363	14 959	22 062	4 459	21 755	5	21 318	11 603	37 278	100 131	137 918	412 851
Saudi Arabia b/	2 269 411	13 696	4 214	65 090	15 861	330 709	688 607	2 017 145	1 977 085	5 806 950	1 804 732	14 993 500
Sri Lanka	3	-	1	-	-	*	-	-	-	-	-	4
Syria	1	-	-	-	-	-	-	-	-	-	-	1
Tunisia	2 885	-	-	-	-	-	2 142	840	382	2 328	42 795	51 374
United Arab Emirates	-	-	-	-	-	-	-	-	-	3 383	299	3 682
Yemen	-	-	-	-	-	-	-	2 634	372	134 154	2 603	139 764
Europe	5 927 562	532 384	619 426	488 765	416 364	1 334 482	800 255	1 137 624	5 175 689	1 341 278	1 051 017	18 824 846
Austria	67 906	6 041	1 107	1 324	3 446	2 398	2 445	3 877	7 554	9 108	5 549	110 755
Belgium	106 985	2 203	9 899	4 755	2 998	4 514	6 113	11 047	1 300 440	8 116	6 942	1 464 012
Denmark	55 775	8 944	9 520	6 652	15 221	11 751	12 092	21 275	579 759	26 040	13 931	760 960
Finland	2	1	*	-	1	68	-	12	2	1	267	353
France	307 864	6 764	6 219	3 349	5 418	7 380	8 711	22 721	7 139	5 149	2 174	382 888

FOREIGN MILITARY SALES AGREEMENTS (Continued)

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976[a/]	FY 1977	FY 1950-FY 1977
Europe (Contd)												
Germany	2 913 735	274 088	465 907	287 685	134 032	839 587	213 631	229 990	299 967	304 234	315 561	6 278 416
Greece	10 413	12 133	11 090	29 168	24 553	179 789	56 919	486 355	214 948	87 965	207 280	1 320 614
Iceland	14	-	-	-	*	436	46	-	-	4	11	513
Ireland	*	*	1	*	13	228	198	15	21	60	49	586
Italy	288 128	101 148	35 991	36 992	22 954	73 399	64 329	51 053	46 711	26 375	23 774	770 854
Luxembourg	1 827	1	114	101	85	23	629	21	25	-	2	2 826
Netherlands	109 934	7 808	4 476	7 438	7 025	29 397	35 652	19 155	1 308 273	26 184	31 213	1 586 555
Norway	84 668	55 870	24 097	9 670	25 397	19 819	13 581	52 900	1 193 179	36 582	21 105	1 536 868
Portugal	6 259	774	500	1 065	1 011	2 564	275	1 666	2 338	1 751	1 592	19 795
Spain	185 349	8 367	12 612	25 939	108 624	21 575	62 272	148 762	56 972	135 854	94 970	861 296
Sweden	29 637	8 011	108	265	885	1 545	2 016	6 045	779	25 901	31 986	107 178
Switzerland	49 418	24 950	19 577	4 435	19 418	11 198	2 251	9 644	48 457	455 029	88 631	733 008
Turkey	2 301	139	2 096	2 590	1 145	5 086	212 852	20 213	77 020	124 907	124 972	573 321
United Kingdom	1 696 290	14 928	15 895	67 296	44 126	123 640	105 025	52 867	31 843	67 547	80 741	2 300 198
Yugoslavia	11 057	214	217	41	12	85	1 218	6	262	471	267	13 850
Africa	6 730	230	99	117	16 327	2 754	2 707	13 615	27 295	231 028	113 582	414 484
Benin	-	-	-	-	-	-	-	-	-	-	*	*
Ethiopia	705	4	7	6	-	10	-	7 340	22 149	141 269	192	171 681
Gabon	-	-	-	-	-	-	-	-	211	-	2 185	2 396
Ghana	1	-	2	51	*	-	-	187	7	1	144	394
Kenya	-	-	*	-	-	-	-	-	-	68 075	2 833	70 909
Liberia	1 226	-	-	-	-	-	1 353	332	450	145	35	3 541
Mali	-	-	84	5	-	48	-	-	17	-	-	154
Niger	-	-	-	-	-	-	-	8	-	-	-	8
Nigeria	350	-	2	-	-	2 404	653	4 415	2 840	7 131	4 062	21 857
Senegal	-	-	-	-	-	4	-	-	-	6	-	9
South Africa	3 140	*	4	1	1	2	1	-	-	-	-	3 149
Sudan	-	-	-	-	-	-	-	-	-	-	91 904	91 904
Zaire	1 308	226	*	54	16 326	286	700	1 333	1 621	14 401	12 227	48 482
American Republics	1 132 729	44 539	39 075	76 198	77 828	145 633	200 177	319 635	287 460	145 569	156 394	2 625 238
Argentina	64 054	14 696	3 960	10 761	12 210	14 846	16 445	8 497	15 416	17 003	14 406	192 295
Bolivia	906	17	3	-	44	5	37	122	744	81	121	2 082
Brazil	71 485	2 265	11 348	2 458	17 901	32 619	14 857	71 497	27 222	11 789	14 277	277 717
Canada	798 666	18 204	15 680	51 449	28 506	38 657	89 691	104 651	97 464	56 887	73 811	1 373 667
Chile	21 930	4 043	1 677	7 523	2 903	6 199	15 040	80 353	46 595	8 754	-	195 017
Colombia	10 924	56	141	158	2 168	5 397	1 248	1 024	946	1 880	3 463	27 406
Costa Rica	902	-	-	-	-	34	-	-	237	*	8	1 180
Cuba	4 510	-	-	-	-	-	-	-	-	-	-	4 510
Dominican Republic	1 913	*	-	-	31	16	82	31	2	116	*	2 192
Ecuador	2 887	1 501	14	20	411	4	-	-	15 259	2 953	23 863	46 911
El Salvador	945	514	6	-	2	*	52	385	431	799	295	3 429
Guatemala	2 071	317	153	464	7 768	2 023	3 343	831	918	900	6 860	28 648

FOREIGN MILITARY SALES AGREEMENTS (Continued)

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976[a/]	FY 1977	FY 1950-FY 1977
American Republics (Contd)												
Haiti	224	-	-	-	-	-	-	298	84	441	191	1 237
Honduras	1 033	59	-	-	-	27	5 324	680	304	872	915	9 215
Jamaica	5	3	*	8	8	3	7	42	72	6	-	153
Mexico	11 382	98	3 910	12	441	175	693	411	153	2 068	154	19 495
Nicaragua	2 134	103	2	82	674	64	135	387	607	598	798	5 584
Panama	13	-	3	14	9	6	1 614	1 715	235	1 460	202	5 271
Paraguay	376	1	-	*	-	-	12	*	36	9	239	674
Peru	31 089	1 492	982	185	1 479	796	24 863	43 416	24 128	26 489	13 112	170 030
Surinam	-	-	-	-	-	-	-	-	-	-	1	1
Trinidad/Tobago	-	-	-	85	-	-	-	-	-	-	-	85
Uruguay	2 661	30	26	241	1 631	1 588	1 496	1 160	7 747	2 372	654	19 604
Venezuela	102 619	1 140	1 170	738	1 642	43 174	25 238	4 135	48 860	7 092	3 024	238 835
International Organizations	183 372	15 389	9 331	38 356	17 770	39 855	89 627	14 829	34 373	92 322	66 751	601 976

NOTES:
(1) In previous years the value of amendments to prior year agreements was reflected in the year of the basic agreement. For greater accuracy, the procedure was changed whereby all amendments signed during FY 1977 resulting in increases in scope of at least $100,000 in the value of a basic FMS agreement which was concluded prior to FY 1977 are recorded in FY 1977. Those amendments to prior year agreements which could be identified for years earlier than 1977; i.e., amendments in scope which were either notified to Congress under Section 36(b) of the Arms Export Control Act or were for a Corps of Engineers FMS agreement, have also been reflected in the fiscal year of the acceptance of the scope amendment. The current method of reporting ensures that all major FMS amendments which increase the scope of a prior year agreement are recorded in the fiscal year of their occurrence.

(2) Totals may not add due to rounding.

* Less than $500.

a/ Includes transitional quarter (FY 197T) which amounted to $1,175,222,000.

b/ Includes the projected value of Saudi Arabian Engineer Assistance Agreements (EAA) projects requested by the Saudi Arabian Minister of Defense and Aviation (MODA) and approved by the U.S. Government for management by the U.S. Corps of Engineers (COE) as of the fiscal years in which approval was given. The projects are implemented by annual increments of contract authorizations and funding furnished by the Saudi Arabian Government (SAG) to the COE. For FY 1965 through FY 1977, such funding has totaled $1,506,817,000. The balance of $4,849,557,000 is the backlog of construction projects approved by the U.S. Government but not yet implemented by the SAG. The value (in thousands of dollars) of EAA projects, by fiscal year, as of 30 September 1977, is as follows:

FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976[a/]	FY 1977	FY 1950-FY 1977
2 034 400	-	-	50 000	-	-	600 000	1 375 000	63 451	1 762 400	471 123	6 356 374

FOREIGN MILITARY SALES DELIVERIES

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1950-FY 1977
Worldwide	5 595 199	986 707	1 277 235	1 363 860	1 450 621	1 360 867	1 365 473	2 956 089	3 328 438	5 258 716	6 898 061	31 841 274
East Asia & Pacific	493 737	183 203	161 737	122 425	168 934	134 810	200 063	354 970	276 347	418 768	472 204	2 987 203
Australia	311 943	120 163	112 920	52 451	62 256	38 982	101 829	196 018	19 907	16 265	28 901	1 061 636
Brunei	-	-	-	-	-	-	-	-	-	1	-	1
Burma	1 313	6	109	298	92	333	149	199	88	32	61	2 682
China (Taiwan)	7 628	9 251	13 154	35 886	34 138	35 386	66 516	93 297	114 982	136 533	142 406	689 177
Fiji	-	-	-	-	-	-	-	-	-	41	21	62
Indochina	8 542	-	-	-	-	-	-	-	-	-	-	8 542
Indonesia	622	24	1	-	17	-	150	148	8 010	7 546	19 402	35 921
Japan	124 376	41 312	20 074	19 364	32 561	37 420	19 560	25 516	24 847	29 362	24 192	398 584
Korea	285	1 428	716	1 904	408	371	2 378	13 318	57 452	161 260	184 818	424 338
Malaysia	601	1 550	1 798	1 790	13	534	934	2 132	29 007	12 667	2 293	53 318
New Zealand	32 481	9 055	11 628	8 802	24 282	6 330	3 342	12 393	2 949	1 991	3 285	116 538
Philippines	4 705	399	212	841	1 309	728	84	1 680	5 148	19 287	33 911	68 304
Singapore	-	-	792	1 084	995	2 382	1 622	3 737	4 233	6 911	15 192	36 949
Thailand	1 236	15	332	5	12 863	12 344	3 499	5 376	9 720	26 872	17 722	89 984
Vietnam	5	-	1	-	-	*	-	1 156	4	-	-	1 167
Near East & So Asia	415 233	149 721	253 428	489 260	557 541	484 366	538 520	1 775 101	1 958 631	3 357 200	5 055 864	15 034 865
Bahrain	-	-	-	-	-	-	-	-	8	8	-	15
Egypt	358	-	-	-	-	-	-	-	-	62	10 469	10 890
India	54 400	778	1 567	1 932	1 071	254	77	81	2 370	3 367	1 633	67 531
Iran	86 158	56 717	94 881	127 717	78 566	214 807	238 633	510 347	913 267	1 466 767	2 245 899	6 033 759
Iraq	12 663	205	29	-	255	-	-	-	-	-	-	13 152
Israel	56 013	28 598	72 486	215 864	303 195	192 499	189 903	977 931	656 547	728 671	875 328	4 297 036
Jordan	38 469	11 999	24 248	53 075	14 445	10 579	15 228	14 629	16 636	72 885	116 440	388 633
Kuwait	-	-	-	-	*	*	-	44	7 563	20 446	88 504	116 556
Lebanon	402	518	980	1 044	1 122	38	1 791	844	943	5 325	1 034	14 041
Libya	717	6 117	10 468	6 107	1 459	3 528	891	270	38	-	-	29 594
Morocco	5 599	1 339	2 832	11 203	7 304	1 746	1 925	4 036	2 442	15 586	32 079	86 091
Nepal	-	-	-	-	6	3	25	36	3	-	-	72
Oman	-	-	-	-	-	-	-	-	1 595	184	3	1 782
Pakistan	36 177	6 581	13 851	20 343	6 067	1 262	3 845	11 675	12 965	15 311	38 642	166 720
Saudi Arabia	121 487	36 856	32 086	51 937	144 049	59 646	86 159	254 971	342 239	1 027 640	1 617 423	3 774 494
Sri Lanka	2	-	*	-	2	*	-	-	-	-	*	4
Syria	-	1	-	-	-	-	-	-	-	-	-	1
Tunisia	2 788	12	-	38	-	4	43	237	206	635	3 283	7 246
United Arab Emirates	-	-	-	-	-	-	-	-	-	-	255	255
Yemen	-	-	-	-	-	-	-	-	1 809	313	24 872	26 993
Europe	3 609 901	578 099	761 597	640 001	634 042	628 496	508 701	685 819	858 795	1 180 120	1 030 011	11 115 579
Austria	39 791	1 397	956	8 733	522	2 664	1 638	1 767	2 049	4 312	28 550	92 379
Belgium	94 520	3 726	555	7 929	5 930	7 414	11 663	4 577	5 597	7 554	6 536	156 001
Denmark	40 479	5 343	8 567	10 921	9 118	14 842	6 170	10 074	20 557	12 682	22 006	160 760
Finland	-	2	1	-	1	-	-	2	1	5	2	13

FOREIGN MILITARY SALES DELIVERIES (Continued)

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976[a/]	FY 1977	FY 1950-FY 1977
Europe (Contd)												
France	248 913	12 615	25 062	12 390	19 187	3 184	9 065	3 481	3 710	12 635	3 369	353 613
Germany	2 401 150	187 484	205 144	226 226	338 491	391 194	239 229	406 499	394 135	415 712	342 576	5 547 840
Greece	3 233	3 408	16 425	10 627	25 427	24 624	32 102	101 062	131 818	198 571	242 885	790 182
Iceland	14	-	-	-	*	1	44	439	*	-	6	504
Ireland	*	-	1	*	1	64	164	36	168	50	39	523
Italy	223 982	50 128	54 479	50 361	49 923	37 464	45 227	20 440	52 235	38 273	41 148	663 659
Luxembourg	1 330	194	103	290	52	160	6	302	329	6	1	2 773
Netherlands	63 155	13 286	12 583	11 820	10 178	6 536	11 242	24 962	24 627	19 690	24 644	222 724
Norway	38 430	16 202	49 439	40 442	23 515	14 946	14 036	12 412	21 475	24 117	33 240	288 255
Portugal	5 293	1 000	600	1 056	599	904	824	500	813	663	251	12 500
Spain	31 911	13 500	14 727	8 626	13 188	43 497	59 386	24 625	46 922	140 491	65 088	461 960
Sweden	27 815	1 134	1 111	485	7 775	703	938	1 556	1 462	484	19 283	62 747
Switzerland	45 703	5 681	8 657	25 094	12 269	914	2 395	4 775	7 303	37 654	51 868	202 313
Turkey	970	228	390	3 287	130	1 052	7 621	17 102	89 283	106 784	38 216	265 062
United Kingdom	332 580	262 771	362 184	221 535	117 627	78 290	66 894	51 206	56 306	160 048	108 836	1 818 275
Yugoslavia	10 632	-	613	179	109	43	57	2	5	389	1 467	13 496
Africa	5 631	501	397	265	7 344	8 750	2 818	2 979	14 461	26 506	70 929	140 586
Ethiopia	675	34	1	7	5	*	9	-	9 782	19 593	59 158	89 266
Gabon	-	-	-	-	-	-	-	-	72	2	75	148
Ghana	-	1	-	51	1	1	*	26	103	60	7	251
Kenya	-	-	-	-	*	-	-	-	-	-	1 039	1 039
Liberia	915	-	-	-	20	2	306	273	442	972	453	3 384
Mali	-	-	2	84	3	22	26	-	-	17	-	154
Niger	-	-	-	-	-	-	-	-	8	-	-	8
Nigeria	338	11	2	-	1	1 005	1 523	1 396	3 250	2 059	2 045	11 632
Senegal	-	-	-	-	-	-	*	2	2	*	-	4
South Africa	2 617	149	370	-	7	5	1	-	-	-	-	3 149
Zaire	1 086	306	22	123	7 307	7 715	953	1 282	802	3 803	8 152	31 551
American Republics	954 954	60 377	64 132	74 722	60 417	91 178	90 167	115 090	190 033	239 673	217 337	2 158 077
Argentina	50 147	9 838	8 222	8 140	12 587	11 675	9 390	11 928	7 960	8 503	6 115	144 505
Bolivia	885	32	3	3	44	3	5	74	405	348	36	1 839
Brazil	39 862	15 684	18 171	11 655	2 472	12 918	23 265	20 800	38 804	32 676	9 941	226 247
Canada	693 954	14 016	27 981	39 482	33 628	48 892	39 844	52 081	77 227	98 295	66 779	1 192 180
Chile	18 732	2 100	4 612	9 145	2 958	2 252	1 971	4 747	12 298	39 193	57 383	155 390
Colombia	10 792	149	159	179	1 934	1 346	1 035	3 882	799	1 167	1 011	22 452
Costa Rica	901	1	-	-	-	14	20	-	-	234	-	1 169
Cuba	4 510	-	-	-	-	-	-	-	-	-	-	4 510
Dominican Republic	1 551	10	-	55	30	16	315	38	39	31	11	2 095
Ecuador	2 612	990	410	-	-	461	74	9	1 353	3 999	9 054	18 962
El Salvador	901	36	395	131	2	*	37	129	259	328	270	2 489
Guatemala	1 977	363	144	278	846	6 229	1 820	1 484	3 379	3 736	2 306	22 560
Haiti	224	-	-	-	-	-	-	248	50	20	117	658
Honduras	1 030	4	40	-	18	27	108	844	588	4 710	387	7 756

FOREIGN MILITARY SALES DELIVERIES (Continued)

(Dollars in Thousands)

	FY 1950-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1950-FY 1977
American Republics (Contd)												
Jamaica	-	6	1	8	7	3	6	28	20	68	1	148
Mexico	9 485	716	60	333	1 285	396	207	860	212	763	4 242	18 559
Nicaragua	2 063	138	38	53	644	66	45	142	219	696	388	4 492
Panama	13	-	-	5	14	8	4	881	1 634	1 588	284	4 431
Paraguay	376	1	-	-	-	-	7	5	22	15	22	448
Peru	27 236	4 060	694	1 981	1 487	672	1 338	4 425	8 240	31 349	26 003	107 486
Trinidad/Tobago	-	-	-	-	85	-	-	-	-	-	-	85
Uruguay	2 305	21	390	241	939	775	708	1 581	2 009	1 225	5 600	15 795
Venezuela	85 398	12 212	2 812	3 033	1 437	5 425	9 968	10 904	34 516	10 729	27 387	203 821
International Organizations	115 743	14 806	35 944	37 186	22 344	13 267	25 199	22 130	30 173	36 448	51 714	404 960

NOTE: Totals may not add due to rounding.
*Less than $500.
a/ Includes transitional quarter (FY 197T).

APPENDIX VII

FOREIGN MILITARY SALES FINANCING PROGRAM

(Dollars in Thousands)

	FY 1955-Fy 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1955-FY 1977
Worldwide	1 228 848	257 916	273 772	70 000	742 155	546 930	530 503	2 889 361	850 300	2 786 075	1 911 025	12 086 885
Payment Waived	-	-	-	-	-	-	-	1 500 000	100 000	850 000	500 000	2 950 000
DOD Direct	649 240	105 823	218 512	70 000	686 576	327 430	321 275	878 103	134 100	41 000	28 000	3 460 059
DOD Guaranty	579 608	152 093	55 260	-	55 579	219 500	209 228	511 258	616 200	1 895 075	1 383 025	5 676 826
East Asia & Pacific	179 705	66 407	26 000	40 000	58 009	70 550	77 900	147 533	170 700	447 275	296 525	1 580 604
DOD Direct	165 282	32 368	20 000	40 000	58 009	45 550	47 900	42 575	-	-	-	451 684
DOD Guaranty	14 423	34 039	6 000	-	-	25 000	30 000	104 958	170 700	447 275	296 525	1 128 920
Australia	115 540	-	-	-	-	-	-	-	-	-	-	115 540
DOD Direct	115 540	-	-	-	-	-	-	-	-	-	-	115 540
China (Taiwan)	12 269	54 399	20 000	40 000	41 000	45 000	43 700	60 000	80 000	93 000	35 000	524 368
DOD Direct	5 341	32 368	20 000	40 000	41 000	20 000	13 700	15 600	-	-	-	188 009
DOD Guaranty	6 928	22 031	-	-	-	25 000	30 000	44 400	80 000	93 000	35 000	336 359
Indonesia	-	-	-	-	-	-	-	3 500	5 000	23 100	23 100	54 700
DOD Direct	-	-	-	-	-	-	-	3 500	-	-	-	3 500
DOD Guaranty	-	-	-	-	-	-	-	-	5 000	23 100	23 100	51 200
Japan	34 771	-	-	-	-	-	-	-	-	-	-	34 771
DOD Direct	34 771	-	-	-	-	-	-	-	-	-	-	34 771
Korea	-	-	-	-	15 000	17 000	24 200	56 683	59 000	260 075	152 425	584 383
DOD Direct	-	-	-	-	15 000	17 000	24 200	5 500	-	-	-	61 700
DOD Guaranty	-	-	-	-	-	-	-	51 183	59 000	260 075	152 425	522 683
Malaysia	15 633	-	-	-	2 009	8 550	10 000	18 750	4 700	17 000	36 000	112 642
DOD Direct	8 138	-	-	-	2 009	8 550	10 000	9 375	-	-	-	38 072
DOD Guaranty	7 495	-	-	-	-	-	-	9 375	4 700	17 000	36 000	74 570
New Zealand	1 492	-	-	-	-	-	-	-	-	-	-	1 492
DOD Direct	1 492	-	-	-	-	-	-	-	-	-	-	1 492
Philippines	-	-	-	-	-	-	-	8 600	14 000	17 400	20 000	60 000
DOD Direct	-	-	-	-	-	-	-	8 600	-	-	-	8 600
DOD Guaranty	-	-	-	-	-	-	-	-	14 000	17 400	20 000	51 400
Singapore	-	12 008	6 000	-	-	-	-	-	-	-	-	18 008
DOD Guaranty	-	12 008	6 000	-	-	-	-	-	-	-	-	18 008
Thailand	-	-	-	-	-	-	-	-	8 000	36 700	30 000	74 700
DOD Guaranty	-	-	-	-	-	-	-	-	8 000	36 700	30 000	74 700

FOREIGN MILITARY SALES FINANCING PROGRAM (Continued)

(Dollars in Thousands)

	FY 1955-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1955-FY 1977
Near East & So Asia	720 601	156 475	205 413	30 000	602 146	336 368	309 800	2 488 164	349 000	1 837 500	1 155 000	8 190 467
Payment Waived	-	-	-	-	-	-	-	1 500 000	100 000	850 000	500 000	2 950 000
DOD Direct	230 276	52 214	156 153	30 000	566 298	186 368	159 800	688 164	-	-	-	2 077 273
DOD Guaranty	432 325	104 261	49 260	-	35 848	150 000	150 000	300 000	249 000	987 500	655 000	3 163 194
India	27 310	-	-	-	-	-	-	-	-	-	-	27 310
DOD Direct	27 310	-	-	-	-	-	-	-	-	-	-	27 310
Iran	299 325	99 581	97 500	-	-	-	-	-	-	-	-	496 406
DOD Direct	59 251	41 454	68 240	-	-	-	-	-	-	-	-	168 945
DOD Guaranty	240 074	58 127	29 260	-	-	-	-	-	-	-	-	327 461
Israel	136 550	25 000	85 000	30 000	545 000 b/	300 000	300 000	2 482 664 c/	300 000	1 700 000	1 000 000	6 904 214
Payment Waived	-	-	-	-	-	-	-	1 500 000	100 000	850 000	500 000	2 950 000
DOD Direct	56 539	7 819	65 000	30 000	525 000	150 000	150 000	682 664	-	-	-	1 667 072
DOD Guaranty	79 961	17 181	20 000	-	20 000	150 000	150 000	300 000	200 000	850 000	500 000	2 287 142
Jordan	14 991	-	13 413	-	28 935	10 000	-	-	30 000	82 500	75 000	254 839
DOD Direct	5 991	-	13 413	-	26 298	10 000	-	-	-	-	-	55 702
DOD Guaranty	9 000	-	-	-	2 637	-	-	-	30 000	82 500	75 000	199 137
Lebanon	-	-	-	-	-	9 168	-	-	-	-	25 000	34 168
DOD Direct	-	-	-	-	-	9 168	-	-	-	-	-	9 168
DOD Guaranty	-	-	-	-	-	-	-	-	-	-	25 000	25 000
Morocco	20 130	-	9 500	-	15 000	15 000	9 800	3 000	14 000	30 000	30 000	146 430
DOD Direct	16 530	-	9 500	-	15 000	15 000	9 800	3 000	-	-	-	68 830
DOD Guaranty	3 600	-	-	-	-	-	-	-	14 000	30 000	30 000	77 600
Pakistan	5 000	2 633	-	-	-	-	-	-	-	-	-	7 633
DOD Direct	3 153	2 633	-	-	-	-	-	-	-	-	-	5 786
DOD Guaranty	1 847	-	-	-	-	-	-	-	-	-	-	1 847
Saudi Arabia	214 481	28 953	-	-	13 211	-	-	-	-	-	-	256 645
DOD Direct	66 638	-	-	-	-	-	-	-	-	-	-	66 638
DOD Guaranty	147 843	28 953	-	-	13 211	-	-	-	-	-	-	190 007
Sri Lanka	-	308	-	-	-	-	-	-	-	-	-	308
DOD Direct	-	308	-	-	-	-	-	-	-	-	-	308
Tunisia	2 814	-	-	-	-	2 200	-	2 500	5 000	25 000	25 000	62 514
DOD Direct	2 814	-	-	-	-	2 200	-	2 500	-	-	-	7 514
DOD Guaranty	-	-	-	-	-	-	-	-	5 000	25 000	25 000	55 000

FOREIGN MILITARY SALES FINANCING PROGRAM (Continued)

(Dollars in Thousands)

	FY 1955-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1955-FY 1977
Europe	110 082	-	20 000	-	18 000	74 971	78 000	127 500	161 000	281 000	367 000	1 237 553
DOD Direct	110 082	-	20 000	-	18 000	49 971	55 000	72 500	63 000	-	-	388 553
DOD Guaranty	-	-	-	-	-	25 000	23 000	55 000	98 000	281 000	367 000	849 000
Austria	15 712	-	-	-	-	-	-	-	-	-	-	15 712
DOD Direct	15 712	-	-	-	-	-	-	-	-	-	-	15 712
Belgium	7 793	-	-	-	-	-	-	-	-	-	-	7 793
DOD Direct	7 793	-	-	-	-	-	-	-	-	-	-	7 793
France	80 392	-	-	-	-	-	-	-	-	-	-	80 392
DOD Direct	80 392	-	-	-	-	-	-	-	-	-	-	80 392
Greece	-	-	20 000	-	18 000	60 000	58 000	52 500	86 000	156 000	122 000	572 500
DOD Direct	-	-	20 000	-	18 000	35 000	35 000	27 500	23 000	-	-	158 500
DOD Guaranty	-	-	-	-	-	25 000	23 000	25 000	63 000	156 000	122 000	414 000
Italy	292	-	-	-	-	-	-	-	-	-	-	292
DOD Direct	292	-	-	-	-	-	-	-	-	-	-	292
Netherlands	2 200	-	-	-	-	-	-	-	-	-	-	2 200
DOD Direct	2 200	-	-	-	-	-	-	-	-	-	-	2 200
Spain	2 300	-	-	-	-	-	-	-	-	-	120 000	122 300
DOD Direct	2 300	-	-	-	-	-	-	-	-	-	-	2 300
DOD Guaranty	-	-	-	-	-	-	-	-	-	-	120 000	120 000
Turkey	-	-	-	-	-	14 971	20 000	75 000	75 000	125 000	125 000	434 971
DOD Direct	-	-	-	-	-	14 971	20 000	45 000	40 000	-	-	119 971
DOD Guaranty	-	-	-	-	-	-	-	30 000	35 000	125 000	125 000	315 000
Yugoslavia	1 393	-	-	-	-	-	-	-	-	-	-	1 393
DOD Direct	1 393	-	-	-	-	-	-	-	-	-	-	1 393
Africa	2 995	-	-	-	13 231	4 500	6 228	14 500	35 300	62 700	53 500	192 954
DOD Direct	1 469	-	-	-	-	4 500	-	14 500	30 300	31 000	28 000	109 769
DOD Guaranty	1 526	-	-	-	13 231	-	6 228	-	5 000	31 700	25 500	83 185
Ethiopia	-	-	-	-	-	-	-	11 000	25 000	-	-	36 000
DOD Direct	-	-	-	-	-	-	-	11 000	25 000	-	-	36 000
Gabon	-	-	-	-	-	-	-	-	-	2 000	2 000	4 000
DOD Direct	-	-	-	-	-	-	-	-	-	2 000	-	2 000
DOD Guaranty	-	-	-	-	-	-	-	-	-	-	2 000	2 000
Kenya	-	-	-	-	-	-	-	-	5 000	30 000	15 000	50 000
DOD Guaranty	-	-	-	-	-	-	-	-	5 000	30 000	15 000	50 000

FOREIGN MILITARY SALES FINANCING PROGRAM (Continued)

(Dollars in Thousands)

	FY 1955-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1955-FY 1977
Africa (Contd)												
Liberia	1 134	=	=	=	=	2 000	=	=	1 800	1 700	500	7 134
DOD Direct	1 134	=	=	=	=	2 000	=	=	1 800	-	-	4 934
DOD Guaranty	-	-	-	-	-	-	-	-	-	1 700	500	2 200
Mali	=	=	=	=	=	500	=	=	=	=	=	500
DOD Direct	=	=	=	=	=	500	=	=	=	=	=	500
Nigeria	335	=	=	=	=	=	=	=	=	=	=	335
DOD Direct	335	=	=	=	=	=	=	=	=	=	=	335
Senegal	=	=	=	=	=	=	=	=	=	=	8 000	8 000
DOD Guaranty	=	=	=	=	=	=	=	=	=	=	8 000	8 000
Sudan	1 526	=	=	=	=	=	=	=	=	=	=	1 526
DOD Guaranty	1 526	=	=	=	=	=	=	=	=	=	=	1 526
Zaire	=	=	=	=	13 231	2 000	6 228	3 500	3 500	29 000	28 000	85 459
DOD Direct	=	=	=	=	-	2 000	-	3 500	3 500	29 000	28 000	66 000
DOD Guaranty	-	-	-	-	13 231	-	6 228	-	-	-	-	19 459
American Republics	192 407	34 982	22 359	=	50 769	60 541	58 575	111 664	134 300	157 600	39 000	862 197
DOD Direct	111 073	21 189	22 359	=	44 269	41 041	58 575	60 364	40 800	10 000	-	409 670
DOD Guaranty	81 334	13 793	-	-	6 500	19 500	-	51 300	93 500	147 600	39 000	452 527
Argentina	26 595	9 514	11 000	=	16 000	13 902	11 401	22 500	30 000	34 000	=	174 912
DOD Direct	11 720	5 750	11 000	=	9 500	6 402	11 401	6 500	-	-	=	62 273
DOD Guaranty	14 875	3 764	-	-	6 500	7 500	-	16 000	30 000	34 000	-	112 639
Bolivia	=	=	=	=	=	=	=	4 000	4 000	9 000	=	17 000
DOD Direct	=	=	=	=	=	=	=	4 000	4 000	-	=	8 000
DOD Guaranty	-	-	-	-	-	-	-	-	-	9 000	-	9 000
Brazil	53 256	18 500	=	=	9 400	19 889	14 962	45 300	60 000	44 000	=	265 307
DOD Direct	20 868	10 796	=	=	9 400	7 889	14 962	20 000	27 500	-	=	111 415
DOD Guaranty	32 388	7 704	-	-	-	12 000	-	25 300	32 500	44 000	-	153 892
Chile	3 143	5 981	11 000	=	5 000	10 000	12 400	15 000	=	=	=	62 524
DOD Direct	1 434	3 656	11 000	=	5 000	10 000	12 400	15 000	=	=	=	58 490
DOD Guaranty	1 709	2 325	-	-	-	-	-	-	-	-	-	4 034
Colombia	=	=	=	=	4 973	7 250	10 000	=	=	19 600	=	41 823
DOD Direct	=	=	=	=	4 973	7 250	10 000	=	=	-	=	22 223
DOD Guaranty	-	-	-	-	-	-	-	-	-	19 600	-	19 600
Costa Rica	=	=	=	=	=	=	=	=	=	=	5 000	5 000
DOD Guaranty	=	=	=	=	=	=	=	=	=	=	5 000	5 000

FOREIGN MILITARY SALES FINANCING PROGRAM (Continued)

(Dollars in Thousands)

	FY 1955-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976 a/	FY 1977	FY 1955-FY 1977
American Republics (Contd)												
Dominican Republic	-	-	-	-	-	-	-	-	500	1 000	1 000	2 500
DOD Direct	-	-	-	-	-	-	-	-	500	-	-	500
DOD Guaranty	-	-	-	-	-	-	-	-	-	1 000	1 000	2 000
Ecuador	-	638	-	-	-	-	-	-	-	10 000	15 000	25 638
DOD Direct	-	638	-	-	-	-	-	-	-	-	-	638
DOD Guaranty	-	-	-	-	-	-	-	-	-	10 000	15 000	25 000
El Salvador	-	-	-	-	-	-	-	364	3 000	-	-	3 364
DOD Direct	-	-	-	-	-	-	-	364	3 000	-	-	3 364
Guatemala	68	-	359	-	4 000	-	2 600	-	2 300	1 500	-	10 827
DOD Direct	68	-	359	-	4 000	-	2 600	-	2 300	-	-	9 327
DOD Guaranty	-	-	-	-	-	-	-	-	-	1 500	-	1 500
Haiti	-	-	-	-	-	-	-	-	-	-	500	500
DOD Guaranty	-	-	-	-	-	-	-	-	-	-	500	500
Honduras	-	-	-	-	-	-	-	-	3 000	2 500	2 500	8 000
DOD Direct	-	-	-	-	-	-	-	-	3 000	-	-	3 000
DOD Guaranty	-	-	-	-	-	-	-	-	-	2 500	2 500	5 000
Mexico	4 298	-	-	-	-	-	-	-	-	-	-	4 298
DOD Direct	4 298	-	-	-	-	-	-	-	-	-	-	4 298
Nicaragua	-	-	-	-	-	-	-	-	3 000	2 500	2 500	8 000
DOD Guaranty	-	-	-	-	-	-	-	-	3 000	2 500	2 500	8 000
Panama	-	-	-	-	-	-	-	-	-	500	2 500	3 000
DOD Guaranty	-	-	-	-	-	-	-	-	-	500	2 500	3 000
Paraguay	318	-	-	-	-	-	-	-	500	500	-	1 318
DOD Direct	318	-	-	-	-	-	-	-	500	-	-	818
DOD Guaranty	-	-	-	-	-	-	-	-	-	500	-	500
Peru	19 540	-	-	-	-	-	-	15 000	20 500	20 000	10 000	85 040
DOD Direct	15 978	-	-	-	-	-	-	5 000	-	-	-	20 978
DOD Guaranty	3 562	-	-	-	-	-	-	10 000	20 500	20 000	10 000	64 062
Uruguay	-	349	-	-	4 000	2 000	-	2 000	7 500	2 500	-	18 349
DOD Direct	-	349	-	-	4 000	2 000	-	2 000	-	-	-	8 349
DOD Guaranty	-	-	-	-	-	-	-	-	7 500	2 500	-	10 000

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FOREIGN MILITARY SALES FINANCING PROGRAM (Continued)

(Dollars in Thousands)

	FY 1955-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	FY 1977	FY 1955-FY 1977
American Republics (Contd)												
Venezuela	85 189	-	-	-	7 396	7 500	7 212	7 500	-	10 000	-	124 797
DOD Direct	56 389	-	-	-	7 396	7 500	7 212	7 500	-	10 000	-	95 997
DOD Guaranty	28 800	-	-	-	-	-	-	-	-	-	-	28 800
International Organizations	23 058	52	-	-	-	-	-	-	-	-	-	23 110
DOD Direct	23 058	52	-	-	-	-	-	-	-	-	-	23 110

NOTE: Totals may not add due to rounding.

a/ Includes transitional quarter (FY 197T).

b/ Includes $500 million for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665 (Supplemental Appropriation Act, January 8, 1971).

c/ Includes $2,182,664,000 pursuant to P.L. 93-199 (Emergency Security Assistance Act, December 26, 1973).

APPENDIX VIII

COMMERCIAL EXPORTS

(Dollars in Thousands)

	FY 1960-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	Estimated FY 1977	FY 1960-FY 1977
Worldwide	1 545 190	257 122	250 819	437 620	396 840	423 581	362 076	502 166	546 554	1 423 910	1 247 944	7 393 822
East Asia & Pacific	225 175	55 475	53 240	79 186	103 876	52 539	60 995	92 738	102 493	276 375	282 675	1 384 767
Australia	13 258	632	1 353	1 938	1 597	14 443	5 916	5 640	3 161	8 490	9 500	65 928
Brunei	-	-	-	-	-	14	11	58	25	39	250	397
Burma	2 385	77	261	266	349	119	108	29	47	157	25	3 823
Cambodia	62	74	265	49	-	2	2	-	*	-	-	454
China (Taiwan)	2 954	1 228	1 889	2 837	7 757	5 392	6 001	8 086	44 982	42 531	47 000	170 657
Fiji	-	-	-	-	-	2	*	-	-	*	-	2
French Polynesia	-	-	-	-	-	1	*	1	54	1	-	57
Hong Kong	-	-	-	-	-	387	358	128	416	1 305	-	2 594
Indonesia	12 568	2 730	760	233	412	51	68	859	304	6 707	3 200	27 892
Japan	172 390	30 250	39 552	62 481	71 543	20 824	39 725	58 644	35 083	151 426	99 000	780 918
Korea	2 366	586	1 907	1 083	2 037	685	187	1 090	3 550	19 909	62 500	95 900
Laos	225	98	85	-	-	1	1	*	1	-	-	411
Macao	-	-	-	-	-	1	3	2	3	1	-	10
Malaysia	5 145	10 804	546	1 589	2 039	2 393	2 461	10 583	3 359	6 334	37 000	82 253
Nauru	-	-	-	-	-	*	*	-	*	-	-	*
New Caledonia	-	-	-	-	-	8	19	42	42	94	-	205
New Hebrides	-	-	-	-	-	*	*	-	3	1	-	4
New Zealand	718	91	114	405	-	593	592	571	1 183	2 194	3 200	9 661
Papua New Guinea	-	-	-	-	-	5	*	1	2	81	-	89
Philippines	813	149	349	53	513	273	187	1 966	2 942	11 768	7 300	26 313
Pitcairn Islands	-	-	-	-	-	-	*	-	-	-	-	*
Singapore	1 337	945	1 711	4 169	13 633	4 392	4 033	723	5 041	15 297	5 900	57 181
Thailand	4 835	6 188	4 149	3 298	3 422	2 922	1 319	4 315	2 294	10 040	7 800	50 582
Vietnam	6 119	1 623	299	785	574	30	3	-	-	-	-	9 433
Western Samoa	-	-	-	-	-	1	-	*	-	-	-	1
Near East & So Asia	103 193	56 972	33 606	85 765	74 543	110 689	51 475	107 980	122 417	430 255	391 665	1 568 560
Afghanistan	-	-	-	-	-	-	6	-	-	75	145	226
Algeria	347	-	-	-	23	-	-	-	1	366	-	737
Bahrain	-	40	-	-	-	3	3	58	43	369	745	1 261
Bangladesh	-	-	-	-	-	-	80	37	*	33	8	158
Egypt	1 386	25	463	64	106	*	-	*	32	619	1 200	3 895
India	9 511	912	1 382	557	1 491	2 050	22	659	219	6 169	8 530	31 502
Iran	7 927	5 147	10 084	9 811	27 059	36 975	19 466	35 322	49 410	107 943	121 500	430 644
Iraq	4 592	271	192	529	217	-	-	-	-	29	-	5 830
Israel	13 527	10 467	11 708	37 195	26 526	63 068	21 555	50 118	46 746	190 021	206 000	676 931
Jordan	877	216	189	1 120	1 612	57	17	92	184	148	1 640	6 152
Kuwait	357	-	-	228	223	*	5	106	241	11 759	215	13 134
Lebanon	816	-	788	279	22	3	3 044	575	502	801	500	7 330
Libya	4 718	2 644	167	20 101	3 770	487	48	1 048	1 275	268	-	34 526
Morocco	468	54	64	370	625	34	251	38	1 047	6 032	3 700	12 683
Nepal	-	-	-	-	-	-	4	-	25	*	-	29
Oman	43	-	-	78	381	174	65	40	531	1 016	1 100	3 428
Pakistan	7 940	1 470	1 319	1 776	4 254	1 402	1 162	1 622	1 644	1 532	4 740	28 861

COMMERCIAL EXPORTS (Continued)

(Dollars in Thousands)

	FY 1960-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	Estimated FY 1977	FY 1960-FY 1977
Near East & So Asia (Contd)												
Qatar	-	-	-	-	-	*	5	-	21	42	-	68
Saudi Arabia	50 413	35 481	6 253	12 723	8 200	6 410	5 650	18 031	20 151	100 046	40 000	303 358
Sri Lanka	133	22	229	83	-	11	*	1	-	25	19	523
Syria	78	142	715	851	34	-	25	107	74	106	43	2 175
Tunisia	60	81	53	-	-	-	-	-	14	177	900	1 285
United Arab Emirates	-	-	-	-	-	15	67	126	257	2 678	680	3 823
Yemen	-	-	-	-	-	-	-	-	-	*	-	*
Europe	1 011 668	116 032	116 484	181 438	158 723	146 198	131 181	186 822	207 039	456 758	414 086	3 126 429
Austria	4 395	149	221	373	5 257	2 088	218	428	812	1 192	1 130	16 263
Belgium	95 969	3 638	5 541	9 975	11 231	8 429	3 536	12 014	11 282	11 727	9 400	182 742
Bulgaria	-	-	-	-	-	-	-	1	-	-	-	1
Cyprus	-	-	-	-	-	-	-	-	-	18	-	18
Denmark	12 861	951	1 147	3 066	3 494	3 679	3 341	4 330	482	12 219	11 100	56 670
Finland	574	20	336	195	149	287	468	471	572	1 673	4 000	8 745
France	161 321	18 133	17 180	16 950	10 971	14 294	7 138	19 027	14 425	31 891	24 600	335 930
Germany	365 587	10 091	12 716	22 450	30 883	24 916	33 582	51 196	76 146	81 902	95 000	804 469
Gibraltar	-	-	-	-	-	-	-	2	2	1	-	5
Greece	5 605	1 798	1 062	3 425	3 395	1 340	488	1 402	3 788	37 202	9 800	69 305
Iceland	-	-	-	-	-	5	4	17	47	44	31	148
Ireland	-	-	266	-	105	192	21	222	139	262	125	1 332
Italy	92 185	36 074	35 307	52 459	35 404	24 362	21 472	26 323	25 456	108 154	98 000	555 196
Liechtenstein	-	-	-	-	-	3	5	1	3	4	-	16
Luxembourg	-	-	-	-	-	-	3	1 081	7 522	52	-	8 658
Malta	-	-	-	-	-	5	5	-	*	*	-	10
Monaco	-	-	-	-	-	5	13	-	*	*	-	18
Netherlands	122 971	3 268	2 257	7 778	4 454	4 700	4 453	4 108	1 777	19 963	27 300	203 029
Norway	8 572	459	1 881	21 064	9 099	2 593	1 494	3 064	3 361	7 320	17 000	75 907
Portugal	3 961	741	907	606	574	802	656	1 964	553	373	3 000	14 137
Romania	-	-	-	-	-	-	-	1 178	-	-	-	1 178
Soviet Union	-	-	-	-	-	-	-	-	*	-	-	*
Spain	11 333	4 614	13 768	13 590	12 405	7 904	3 851	24 454	3 757	48 398	33 000	177 074
Sweden	49 942	3 863	5 919	9 516	9 374	6 931	9 037	9 489	11 170	31 392	26 000	172 633
Switzerland	31 147	16 646	6 255	6 475	6 748	6 656	1 511	5 134	3 543	13 707	6 200	104 022
Turkey	9 074	318	159	3 416	3 755	1 793	1 063	3 297	1 569	10 040	13 400	47 884
United Kingdom	34 592	15 015	11 210	10 019	11 261	34 529	38 475	17 293	39 943	37 301	33 100	282 738
Yugoslavia	1 579	254	352	81	164	685	347	324	689	1 922	1 900	8 297
Africa	34 564	4 027	7 040	6 400	8 208	6 380	1 380	5 604	2 545	31 589	2 305	110 042
Angola	-	-	-	-	-	7	1	3	6	-	-	17
Benin	-	-	-	-	-	*	-	-	-	-	-	*
Botswana	-	-	-	-	-	35	11	5	10	63	-	124
Burundi	24	-	-	-	-	1	-	-	-	-	-	25
Cameroon	-	-	-	-	172	14	3	*	6	2 298	415	2 908
Central African Emp	-	-	-	-	-	1	54	-	-	-	-	55

COMMERCIAL EXPORTS (Continued)

(Dollars in Thousands)

	FY 1960-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	Estimated FY 1977	FY 1960-FY 1977
Africa (Contd)												
Chad	-	-	-	-	-	*	*	-	-	-	16	16
Djibouti	-	-	-	-	-	1	2	3	2	*	-	8
Ethiopia	62	38	21	-	-	103	107	46	50	36	-	463
Gabon	-	-	55	20	-	*	1	2	-	23	7	108
Gambia	-	-	-	-	-	-	-	263	-	-	-	263
Ghana	-	50	79	-	28	*	12	1	23	1	210	404
Ivory Coast	-	-	-	23	-	*	*	252	*	-	-	275
Kenya	182	-	38	25	2 294	22	86	1 986	860	50	235	5 778
Lesotho	-	-	-	-	-	-	-	-	-	-	2	2
Liberia	52	-	-	356	269	55	251	1	2	6	100	1 092
Malagasy Republic	-	-	-	-	-	-	-	-	213	-	-	213
Malawi	-	-	-	-	-	5	-	-	-	-	-	5
Mali	-	-	-	-	-	-	*	1	1	3	1	6
Mauritania	-	-	-	-	-	-	*	-	-	1	-	1
Mauritius	-	-	-	-	-	6	3	7	8	28	-	52
Mozambigue	-	-	-	-	-	32	100	111	43	84	-	370
Nigeria	248	122	1 249	2 324	1 591	303	693	2 155	427	23 532	672	33 316
Reunion	-	-	-	-	-	-	-	1	*	-	-	1
Rwanda	-	-	-	-	-	-	-	*	-	-	-	*
Senegal	123	-	-	-	-	*	1	2	19	2	3	150
Seychelles	-	-	-	-	-	-	-	2	-	3	-	5
Sierra Leone	-	-	-	-	33	-	*	2	2	-	-	37
Somalia	-	-	-	-	-	-	-	*	-	-	-	*
South Africa	30 576	3 596	4 449	2 844	2 976	3 356	3	41	807	4 825	-	53 473
St. Helena	-	-	-	-	-	-	-	*	-	-	-	*
Sudan	1 987	-	-	117	-	-	*	-	*	14	100	2 218
Swaziland	-	-	-	-	-	31	*	-	-	2	-	33
Tanzania	112	49	657	153	39	218	31	227	36	77	-	1 599
Togo	326	-	-	-	-	-	-	-	-	109	-	435
Uganda	-	-	402	138	719	29	6	275	-	144	-	1 713
Upper Volta	-	-	-	-	-	-	-	-	-	-	60	60
Zaire	551	172	90	310	87	2 149	13	205	-	167	245	3 989
Zambia	321	-	-	90	-	12	2	15	29	124	240	833
American Republics	170 590	24 616	40 449	84 831	51 490	98 252	101 957	96 454	105 817	162 150	103 213	1 039 819
Antigua	-	-	-	-	-	-	2	1	2	*	-	5
Argentina	5 227	3 327	5 647	7 092	2 861	13 575	11 569	1 251	2 302	3 599	5 100	61 550
Bahamas	-	-	-	-	-	7	12	1	26	3	-	49
Barbados	-	-	-	-	-	3	23	8	6	2	-	42
Belize	-	-	-	-	-	4	2	9	24	15	-	54
Bermuda	-	-	-	-	-	2	83	212	6	3	-	306
Bolivia	365	69	77	135	349	97	88	158	185	230	500	2 253
Brazil	10 976	4 539	6 630	6 113	5 810	579	724	4 002	4 337	43 988	5 100	92 798
Canada	125 330	11 608	20 271	54 987	11 370	76 403	82 076	78 738	84 920	98 010	72 000	715 713
Cayman Islands	-	-	-	-	-	-	20	*	47	-	-	67

COMMERCIAL EXPORTS (Continued)

(Dollars in Thousands)

	FY 1960-FY 1967	FY 1968	FY 1969	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974	FY 1975	FY 1976a/	Estimated FY 1977	FY 1960-FY 1977
American Republics (Contd)												
Chile	3 350	377	229	2 373	3 851	359	548	1 819	568	1 427	-	14 901
Colombia	4 117	1 294	2 095	7 682	765	221	580	764	1 045	1 163	2 000	21 726
Costa Rica	-	-	-	-	210	41	54	46	123	93	135	702
Cuba	239	-	-	-	-	-	-	-	-	-	-	239
Dominica	-	-	-	-	-	*	*	*	6	3	-	9
Dominican Republic	368	-	-	-	26	33	10	88	250	42	800	1 617
Ecuador	541	291	265	1 372	700	86	26	48	1 132	2 469	690	7 620
El Salvador	63	555	952	482	99	125	218	170	200	240	200	3 304
French Guiana	-	-	-	-	-	44	*	*	6	91	-	141
Greenland	-	-	-	-	-	*	*	*	*	*	-	*
Grenada	-	-	-	-	-	1	1	6	-	-	-	8
Guadeloupe	-	-	-	-	-	*	*	*	*	-	-	*
Guatemala	571	354	179	145	86	506	142	209	471	345	675	3 683
Guyana	193	135	-	-	65	4	13	4	16	20	-	450
Haiti	-	-	-	-	80	75	69	217	220	225	435	1 321
Honduras	185	-	45	-	56	88	15	281	338	111	75	1 194
Jamaica	39	-	393	-	160	115	48	32	5	109	143	1 044
Martinique	-	-	-	-	-	*	1	1	1	3	-	6
Mexico	951	501	1 603	776	634	491	241	1 167	751	1 017	640	8 772
Montserrat	-	-	-	-	-	-	1	-	-	3	-	4
Netherlands Antilles	-	-	-	-	-	2	25	4	4	7	-	42
Nicaragua	373	169	126	248	349	122	212	187	381	824	1 030	4 021
Panama	258	20	-	196	267	318	1 664	1 773	272	543	2 200	7 511
Paraguay	43	-	58	-	45	105	96	193	198	243	430	1 411
Peru	7 290	663	582	1 598	6 146	604	234	357	146	2 751	5 100	25 471
Turks & Caicos Islands	-	-	-	-	-	-	-	-	-	*	-	*
St Christopher-Nevi	-	-	-	-	-	-	-	-	-	1	-	1
St Lucia	-	-	-	-	-	1	1	1	*	2	-	5
St Vincent	-	-	-	-	-	-	-	*	-	*	-	*
Surinam	-	-	-	-	-	9	12	2	1	10	-	34
Trinidad/Tobago	-	-	-	55	-	1	20	2	219	6	-	303
Uruguay	*	-	403	27	634	105	7	210	11	473	260	2 130
Venezuela	10 111	714	894	1 550	16 927	4 123	3 120	4 492	7 595	4 026	5 700	59 252
Virgin Islands(U.K.)	-	-	-	-	-	3	-	-	-	55	-	58
International Organizations	-	-	-	-	-	9 523	15 086	12 568	6 243	66 783	54 000	164 203

NOTE: (1) The data shown for FY 1960-1971 are taken from Shipper's Export Declarations covering all items which were not purchased from U.S. military departments under FMS, are valued at $20,000 or more and destined for foreign country and international organization military establishments. Data subsequent to FY 1971 represent the value of exports to foreign countries and international organizations against licenses issued by the Office of Munitions Control, Department of State.

(2) Totals may not add due to rounding.

* Less than $500.

a/ Includes transitional quarter (FY 197T).

APPENDIX IX*

SHIP TRANSFERS

Ship	Country	Authority*	Date	Remarks
COCONINO LST-603	Vietnam	Lease	Jul 69	
TAYLOR DD-468	Italy	FMS	Jul 69	
WALKER DD-517	Italy	FMS	Jul 69	
COGSWELL DD-651	Turkey	FMS	Nov 69	
BOYD DD-544	Turkey	FMS	Nov 69	
RUCHAMPKIN LPR-89	Colombia	Lease	Nov 69	
CADO PARISH LST-515	Philippines	Lease	Nov 69	
HICKMAN CITY LST-825	Philippines	Lease	Nov 69	
MADIERA CITY LST-905	Philippines	Lease	Nov 69	
PRESTON DD-795	Turkey	FMS	Nov 69	
S.N. MOORE DD-747	Rep of China	FMS	Dec 69	
BRISTOL DD-857	Rep of China	FMS	Dec 69	
BRUSH DD-745	Rep of China	FMS	Dec 69	
BARBER LPR-57	Mexico	FMS	Dec 69	
PRICHETT DD-561	Italy	FMS	Jan 70	
LUZERN CITY LST-902	Thailand	Lease	Jan 70	
HAWKBILL SS-366	Netherlands	FMS	Feb 70	
STONE CITY LST-1141	Thailand	Lease	Mar 70	
JEROME CITY LST-848	Vietnam	Lease	Apr 70	Sold FMS to Philippines Apr 76
BULLOCH CITY	Vietnam	Lease	Apr 70	
WAYNESWORTH DD-700	Rep of China	FMS	May 70	
GREENLET ASR-10	Turkey	Lease	Jun 70	Sold FMS Feb 73
GUNSTON HALL LSD-5	Argentina	FMS	Jun 70	
ELLYSON DD-545	Rep of China	FMS	Jul 70	

* Source: Department of the Navy, OP-631

Ship	Country	Authority*	Date	Remarks
MACOMB DD 458	Rep of China	FMS	Jul 70	
CLARKE CITY LST 601	Indonesia	Lease	Jul 70	
IREDELL CITY LST 839	Indonesia	Lease	Jul 70	
ENGLISH DD-696	Rep of China	FMS	Sep 70	
DAVIS T-AGOR 5	New Zealand	Lease	Jul 70	
HARNETT CITY LST 821	Vietnam	Lease	Oct 70	Sold FMS to Philippines Apr 76
RAZOBRACK SS-394	Turkey	FMS	Nov 70	
SEAFOX SS-402	Turkey	FMS	Dec 70	
FORT MANDAN LSD-21	Greece	Lease	Jan 71	
FRANK KNOX DD742	Greece	FMS	Jan 71	
CAMP DER-251	Vietnam	Loan, PL91-682	Feb 71	Sold FMS to Philippines Apr 76
MINGO SS-261	Japan	FMS	Feb 71	
TIDEWATER AD-31	Indonesia	Lease	Feb 71	
PACE CITY LST-1076	Greece	Lease	Mar 71	
GAINARD DD-706	Iran	FMS	Mar 71	
ZELLARDS DD-777	Iran	FMS	Mar 71	
FOREST ROYAL DD-872	Turkey	Loan, PL91-682	Mar 71	Sold FMS Feb 73
HARRISON DD-573	Mexico	FMS	Apr 71	
ROGERS DD-574	Mexico	FMS	Apr 71	
JACANA MSC-193	Indonesia	Lease	Apr 71	Scrap disposal sale Oct 76
MEADOWLARK MSC-196	Indonesia	Lease	Apr 71	Scrap disposal sale Oct 76
SMALL DD-838	Rep of China	FMS	Apr 71	
OUTAGAMIE CITY LST 1073	Brazil	Lease	Apr 71	Sold FMS Dec 73

Ship	Country	Authority*	Date	Remarks
GARRETT CITY LST-786	Vietnam	Lease	Feb 71	Sold FMS to Philippines Apr 76
WINDSOR ARD-22	Rep of China	Lease	Jun 71	
FALCON MSC-190	Indonesia	Lease	Jun 71	Scrap disposal sale Oct 76
LIMPKIN MSC-195	Indonesia	Lease	Jun 71	Scrap disposal sale Oct 76
POMFRET SS-391	Turkey	Loan	Jul 71	Sold FMS Aug 73
THORNBACK SS-481	Turkey	Loan	Jul 71	Sold FMS Aug 73
SAN MARCOS LSD-25	Spain	Lease	Jul 71	
DYNAMIC MSO-432	Spain	Lease	Jul 71	
PIVOT MSO-463	Spain	Lease	Jul 71	
PERSISTENT MSO-491	Spain	Lease	Jul 71	
RONQUIL SS-396	Spain	FMS	Jul 71	
HOLMES CITY LST-836	Singapore	Lease	Jul 71	Sold FMS Dec 75
HUNTERDON CITY AGP-838	Malaysia	Lease	Jul 71	
MAHOPAC ATA-196	Rep of China	Lease	Jul 71	Sold FMS May 76
UMPQUA ATA-209	Colombia	Lease	Jul 71	
KALMIA ATA-184	Colombia	Lease	Jul 71	
MARK AKL-12	Rep of China	Lease	Jul 71	Sold FMS May 76
ARIKARA ATF-98	Chile	Lease	Jul 71	
CATFISH SS-339	Argentina	FMS	Jul 71	
CHIVO SS-341	Argentina	FMS	Jul 71	
HUMMINGBIRD MSC-192	Indonesia	Lease	Jul 71	
INGRAHAM DD-694	Greece	FMS	Jul 71	
FRIGATEBRID MSC-191	Indonesia	Lease	Jul 71	Scrap disposal sale Oct 76
TILLAMOOK ATA-192	Korea	Lease	Aug 71	

Ship	Country	Authority*	Date	Remarks
TWINING DD-540	Rep of China	FMS	Aug 71	
BRAINE DD-630	Argentina	FMS	Aug 71	
COWELL DD-547	Argentina	FMS	Aug 71	
ASKARI ARL-30	Indonesia	Loan, FAA	Sep 71	
LAMPREY SS-372	Argentina	FMS	Sep 71	Previously on loan
MACABI SS-375	Argentina	FMS	Sep 71	Previously on loan
UTINA ATF-163	Venezuela	Lease	Sep 71	
PARK CITY LST-1077	Mexico	Lease	Sep 71	
FORSTER DER-334	Vietnam	Loan, PL 91-682	Sep 71	
SATYR ARL-23	Vietnam	Lease	Sep 71	Sold FMS to Philippines Jan 77
AMPHION AR-12	Iran	Lease	Oct 71	Sold FMS Mar 77
MULLANY DD-528	Rep of China	FMS	Oct 71	
ICEFISH SS-367	Netherlands	FMS	Oct 71	
BENICIA PG-96	Korea	Lease	Oct 71	
GWIN MMD-33	Turkey	FMS	Oct 71	
WEXFORD CITY LST 1168	Spain	Loan, FAA	Oct 71	
TERREBONNE PARISH LST-1165	Spain	Loan, FAA	Oct 71	
KRISHNA ARL-38	Philippines	Lease	Nov 71	
BRULE AKL-28	Korea	Lease	Nov 71	Sold FMS Nov 74
PF-107	Thailand	FMS	Nov 71	
ARCO ARD-29	Iran	Lease	Nov 71	Sold FMS Mar 77
GIBBS T-AGOR 1	Greece	Lease	Dec 71	Sold FMS May 77

Ship	Country	Authority*	Date	Remarks
HARWOOD DD-861	Turkey	Loan, PL 91-682 TIAS 7206	Dec 71	Sold FMS Feb 73
CUBERA SS-347	Venezuela	FMS	Jan 72	
TOM GREEN CTY LST-1159	Spain	Loan, FAA	Jan 72	
KELLAR AGS-25	Portugal	Loan, FAA	Jan 72	
GUITARRO SS-363	Turkey	FMS	Jan 72	
HAMMERHEAD SS-364	Turkey	FMS	Jan 72	
SAGAMORE ATA-208	DOMREP	Lease	Feb 72	
SALISH ATA-187	Argentina	Lease	Feb 72	
CATAWBA ATA-210	Argentina	Lease	Feb 72	
STORMES DD-780	Iran	FMS	Feb 72	
TUTUILA ARG-4	Rep of China	FMS	Feb 72	
KUKUI WAK-186	Philippines	Lease	Feb 72	
KEATHLEY AGS-35	Rep of China	Lease	Mar 72	
VIGOR MSO-473	Spain	Lease	Apr 72	Sold FMS Aug 74
CAHOKIA ATA-186	Rep of China	Lease	APR 72	Sold FMS May 76
GRAMPUS SS-523	Brazil	FMS	May 72	
CLEARWATER CTY LST-602	Mexico	FMS	May 72	
ANTHONY DD-515	Germany	FMS	Jun 72	
LCU 1491	Spain	Lease	Jun 72	Sold FMS Aug 76
LCU 1471	Spain	Lease	Jun 72	Sold FMS Aug 76
CAIMAN SS-323	Turkey	FMS	Jun 72	
TRUTTA SS-421	Turkey	FMS	Jul 72	
KEPPLER DD-765	Turkey	FMS	Jul 72	
CHEVALIER DD-805	Korea	Loan PL92-270	Jul 72	

Ship	Country	Authority*	Date	Remarks
HUGH PURVIS DD-709	Turkey	Loan PL 92-270	Jul 72	Sold FMS Feb 73
ELKHORN AOG-7	Rep of China	Lease	Jul 72	
STICKELL DD-888	Greece	FMS	Jul 72	
WILLARD KEITH DD-775	Colombia	FMS	Jul 72	
SHIELDS DD-596	Brazil	FMS	Jul 72	
BORIE DD-704	Argentina	FMS	Jul 72	
HANK DD-702	Argentina	FMS	Jul 72	
GENESSE AOG-8	Chile	Lease	Jul 72	
ENERGY MSO-436	Philippines	Lease	Jul 72	
FIRM MSO-444	Philippines	Lease	Jul 72	
MADDOX DD-731	Rep of China	FMS	Jul 72	
TOMBIGBEE AOG-11	Greece	Lease	Jul 72	
ODAX SS-484	Brazil	FMS	Jul 72	
HARTLEY DE-1029	Colombia	FMS	Jul 72	
BEATTY DD-756	Venezuela	FMS	Jul 72	
LST-546	Philippines	Lease	Jul 72	
LST-488	Philippines	Lease	Jul 72	
LST-222	Philippines	Lease	Jul 72	
DESOTO CTY LST-1171	Italy	Lease	Jul 72	
YORK CTY LST-1175	Italy	Lease	Jul 72	
HARDHEAD SS-365	Greece	FMS	Jul 72	
DEALEY DE-1006	Uruguay	FMS	Jul 72	
DOGFISH SS-350	Brazil	FMS	Jul 72	

Ship	Country	Authority*	Date	Remarks
ENTEMEDOR SS340	Turkey	Loan, PL 92-270 TIAS 7407	Jul 72	Sold FMS Aug 73
HYDRO SOUND BOAT #C30411	Iceland	Lease	Aug 72	
PICKEREL SS-524	Italy	Loan, PL 92-270	Aug 72	
VOLADOR SS-490	Italy	Loan, PL 92-270	Aug 72	
THREADFIN SS-410	Turkey	Loan, PL 92-270	Aug 72	Sold FMS Aug 73
FURSE DD-882	Spain	Loan PL 92-270	Aug 72	
E.A. GREENE DD-711	Spain	Loan PL 92-270.	Aug 72	
SPRINGER SS-414	Chile	FMS	Sep 72	Previously on loan
AFDL-28	Mexico	Lease	Sep 72	
MSF-105	Mexico	FMS	Sep 72	
MSF-123	Mexico	FMS	Sep 72	
MSF-314	Mexico	FMS	Sep 72	
MSF-316	Mexico	FMS	Sep 72	
MSF-317	Mexico	FMS	Sep 72	
MSF-318	Mexico	FMS	Sep 72	
MSF-319	Mexico	FMS	Sep 72	
MSF-322	Mexico	FMS	Sep 72	
MSF-340	Mexico	FMS	Sep 72	
MSF-381	Mexico	FMS	Sep 72	
COMPTON DD-705	Brazil	FMS	Sep 72	

Ship	Country	Authority*	Date	Remarks
BANG SS-385	Spain	Loan, PL 92-270	Oct 72	Sold FMS Nov 74
PICUDA SS-382	Spain	Loan, PL 92-270	Oct 72	Sold FMS Nov 74
YTM-767	Greece	Lease	Oct 72	
SANDLANCE SS-381	Brazil	FMS	Oct 72	Previously on loan
LCM-6 #36824	Uruguay	Lease	Oct 72	
LCM-6 #6551	Uruguay	Lease	Oct 72	
LLOYD THOMAS DD-764	Rep of China	FMS	Oct 72	
KIOWA ATF-72	DOM REP	Lease	Oct 72	
E.F. LARSON DD-830	Korea	Loan, PL 92-270	Oct 72	Sold FMS Jan 77
SIOUX ATF-75	Turkey	Lease	Oct 72	Sold, FMS Aug 73
APL-47	Turkey	Lease	Dec 72	
CABOT AVT-3	Spain	FMS	Dec 72	Previously on loan
CAPP DD-550	Spain	FMS	Dec 72	Previously on loan
D.W. TAYLOR DD-551	Spain	FMS	Dec 72	Previously on loan
CONVERSE DD-509	Spain	FMS	Dec 72	Previously on loan
JARVIS DD-799	Spain	FMS	Dec 72	Previously on loan
MCGOWAN DD-678	Spain	FMS	Dec 72	Previously on loan
GRANT CTY LST-1174	Brazil	Lease	Jan 73	
PERKINS DD-877	Argentina	FMS	Jan 73	

Ship	Country	Authority*	Date	Remarks
LST-277	Chile	FMS	Feb 73	
GREENLET (ASR 10)	Turkey	FMS	Feb 73	Prev on lease
BERGALL SS-320	Turkey	FMS	Feb 73	Previously on loan
HUGH PURVIS DD-709)	Turkey	FMS	Feb 73	"
BRONSON DD-668	Turkey	FMS	Feb 73	Previously on loan
FORREST ROYAL DD-872	Turkey	FMS	Feb 73	"
VAN VALKENBURG DD-656	Turkey	FMS	Feb 73	Previously on loan
HARWOOD DD-861	Turkey	FMS	Feb 73	"
MSF-64	Mexico	FMS	Feb 73	
MSF-120	Mexico	FMS	Feb 73	
MSF-124	Mexico	FMS	Feb 73	
MSF-128	Mexico	FMS	Feb 73	
MSF-315	Mexico	FMS	Feb 73	
MSF-379	Mexico	FMS	Feb 73	
JOHN R. PERRY DE-1034	Indonesia	FMS	Feb 73	
SURPRISE PG-97	Turkey	Loan, FAA	Feb 73	
SEA LEOPARD SS-483	Brazil	FMS	Mar 73	
MSF-101	Mexico	FMS	Apr 73	
MSF-104	Mexico	FMS	Apr 73	
MSF-111	Mexico	FMS	Apr 73	
MSF-306	Mexico	FMS	Apr 73	
IRWIN DD-794	Brazil	FMS	Apr 73	Previously on loan
HANCOCK DD-675	Brazil	FMS	Apr 73	Previously on loan
CUTLASS SS-478	China	FMS	Apr 73	
HANSON DD-832	China	FMS	Apr 73	

Ship	Country	Authority*	Date	Remarks
SHELTON DD-790	China	FMS	Apr 73	
J.E. KYES DD-787	China	FMS	Apr 73	
WARRINGTON DD-843	China	FMS	Apr 73	
GRENADIER SS-525	Venezuela	FMS	May 73	
WINDHAM CTY LST-1170	Turkey	Loan, FAA	Jun 73	
DEFIANCE PG-95	Turkey	Loan, FAA	Jun 73	
VERNON CTY LST-1161	Venezuela	Loan, FAA	Jun 73	
SKYLARK ASR-20	Brazil	FMS	Jun 73	
PLAICE SS-390	Brazil	FMS	Jul 73	Previously on loan
TRIGGER SS-564	Italy	FMS	Jul 73	
RUPERTUS DD-851	Greece	Loan, PL 92-270	Jul 73	
EVERSOLE DD-789	Turkey	FMS	Jul 73	
BUCK DD-761	Brazil	FMS	Jul 73	
J.C.OWENS DD-776	Brazil	FMS	Jul 73	
GUEST DD-472	Brazil	FMS	Aug 73	Previously on loan
BENNETT DD-473	Brazil	FMS	Aug 73	Previously on loan
CUSHING DD-797	Brazil	FMS	Aug 73	Previously on loan
HAILEY DD-556	Brazil	FMS	Aug 73	Prev on loan
SIOUX ATF-75	Turkey	FMS	Aug 73	Prev on loan
MAPIRO SS-376	Turkey	FMS	Aug 73	Previously on loan

Ship	Country	Authority*	Date	Remarks
MERD SS-378	Turkey	FMS	Aug 73	Previously on loan
POMFRET SS-391	Turkey	FMS	Aug 73	
ARD-25	Chile	FMS	Aug 73	
THORNBACK SS-418	Turkey	FMS	Aug 73	
LST-1066	Chile	FMS	Aug 73	
ENTEMEDOR SS-340	Turkey	FMS	Aug 73	
LST-1067	Chile	FMS	Aug 73	
THREADFIN SS-410	Turkey	FMS	Aug 73	
C.H. ROAN DD-853	Turkey	FMS	Sep 73	
HURST DE-250	Mexico	FMS	Oct 73	
MEGARA ARVA-6	Mexico	FMS	Oct 73	
TRUMPETFISH SS-425	Brazil	FMS	Oct 73	
AMBERJACK SS-522	Brazil	FMS	Oct 73	
TUSK SS-426	China	FMS	Oct 73	
T.J. GARY DER-326	Tunisia	FMS	Oct 73	
LOWRY DD-770	Brazil	FMS	Oct 73	
REMORA SS-487	Greece	FMS	Oct 73	
WALDRON DD-699	Colombia	FMS	Oct 73	
STRONG DD-758	Brazil	FMS	Oct 73	
HUNTINGTON DD-781	Venezuela	FMS	Oct 73	
NOA DD-841	Spain	Loan PL 92-270	Oct 73	
LEARY DD-879	Spain	Loan PL 92-270	Oct 73	
O'HARE DD-889	Spain	Loan PL 92-270	Oct 73	
CORPORAL SS-346	Turkey	FMS	Nov 73	
COBBLER SS-344	Turkey	FMS	Nov 73	
TUCKER DD-875	Brazil	FMS	Dec 73	
OUTGAMIE CTY LST 1073	Brazil	FMS	Dec 73	Prev on lease

Ship	Country	Authority*	Date	Remarks
BASS DD-887	Brazil	FMS	Dec 73	
ISBELL DD-869	Greece	Loan PL 92-270	Dec 73	
LIND DD-703	Korea	FMS	Dec 73	
DEHAVEN DD-727	Korea	FMS	Dec 73	
GREENFISH SS-351	Brazil	FMS	Dec 73	
D.H. FOX DD-779	Chile	FMS	Jan 74	
SPERRY DD-697	Chile	FMS	Jan 74	
BENHAM DD-796	Peru	FMS	Jan 74	Previously on loan
ISHERWOOD DD-520	Peru	FMS	Jan 74	Previously on loan
KIMBERLEY DD-521	China	FMS	Jan 74	Previously on loan
YARNALL DD-541	China	FMS	Jan 74	Previously on loan
RILEY DE-579	China	FMS	Jan 74	Previously on loan
BERRY DE-1035	Indonesia	FMS	Jan 74	
CADMUS AR-14	China	FMS	Jan 74	
ELTANIN T-AGOR-8	Argentina	Lease	Feb 74	
HARDER SS-568	Italy	FMS	Feb 74	
WHITLEY AKA-91	Italy	FMS	Feb 74	Previously on lease
RUDDY MSF-380	Peru	FMS	Mar 74	Previously on loan
YTL-567	Paraguay	Loan, FAA	Apr 74	
SWENSON DD-729	China	FMS	May 74	

Ship	Country	Authority*	Date	Remarks
TAUSSIG DD-746	China	FMS	May 74	Prev on loan
PINTO ATF-90	Peru	FMS	May 74	Prev on loan
BOLE DD-755	China	FMS	May 74	
SHOVELLER MSF-382	Peru	FMS	May 74	Prev on loan
LOFBERG DD-759	China	FMS	May 74	
MISSION SANTA CLARA AO-132	Pakistan	FMS	May 74	Prev on loan
THOMASON DD-760	China	FMS	May 74	
THOMAS DD-833	China	FMS	May 74	
BADGER DD-657	Chile	FMS	May 74	
MANSFIELD DD-728	Argentina	FMS	Jun 74	
COLLETT DD-730	Argentina	FMS	June74	
ARD-11	Mexico	FMS	Jun 74	
JALLAO SS-368	Spain	FMS	Jun 74	
AFDL 25	Cambodia	Loan, FAA	Jun 74	
YO-226	Denmark	FMS	Jul 74	Prev on loan
SEA POACHER SS-406	Peru	FMS	Jul 74	
YO-229	Denmark	FMS	Jul 74	Prev on loan
SANDS T-AGOR-6	Brazil	Lease	Jul 74	
ATULE SS-403	Peru	FMS	Jul 74	
NORRIS DD-859	Turkey	FMS	Jul 74	
BAILEY DD-713	Iran	FMS	Jul 74	
LAVALETTE DD-448	Peru	FMS	Jul 74	
TERRY DD-513	Peru	FMS	Jul 74	

Ship	Country	Authority*	Date	Remarks
T-LST-117	Singapore	FMS	Jul 74	
T-LST-276	Singapore	FMS	Jul 74	
CHASE CTY T-LST-532	Singapore	FMS	Jul 74	
TONTI AOG-76	Colombia	FMS	Jul 74	Prev on loan
WESTCHESTER COUNTY LST-1167	Turkey	Loan, FAA	Aug 74	
HUNTERDON COUNTY LST-838	Malaysia	FMS	Aug 74	Prev on loan
SAN MARCOS LSD-25	Spain	FMS	Aug 74	" " "
DYNAMIC MSO-432	Spain	FMS	Aug 74	" " "
VIGOR MSO 473	Spain	FMS	Aug 74	" " "
PIVOT MSO 463	Spain	FMS	Aug 74	" " "
PERSISTENT MSO 491	Spain	FMS	Aug 74	" " "
Admirals Barge Ser 26502	Turkey	FMS	Oct 74	
DUKES COUNTY LST-735	Rep of China	FMS	Nov 74	" " "
PLUCKETT DD-431	Rep of China	FMS	Nov 74	" " "
BENSON DD-421	Rep of China	FMS	Nov 74	" " "
JONES DD-427	Rep of China	FMS	Nov 74	" " "
SHARPS AKL-10	Korea	FMS	Nov 74	" " "
BRULE AKL-28	Korea	FMS	Nov 74	" " "
AKL-35	Korea	FMS	Nov 74	" " "
TRILLIUM AKL-170	Korea	FMS	Nov 74	" " "
HOLT DE-706	Korea	FMS	Nov 74	" " "

Ship	Country	Authority*	Date	Remarks
MUIR DE-770	Korea	FMS	Nov 74	Prev on loan
SUTTON DE-771	Korea	FMS	Nov 74	"
LSM-17	Korea	FMS	Nov 74	"
LSM-19	Korea	FMS	Nov 74	"
LSM-30	Korea	FMS	Nov 74	"
LSM-54	Korea	FMS	Nov 74	"
LSM-57	Korea	FMS	Nov 74	"
LSM-84	Korea	FMS	Nov 74	"
APD-128	Korea	FMS	Nov 74	"
LSM-96	Korea	FMS	Nov 74	"
LSM-268	Korea	FMS	Nov 74	"
LSM-316	Korea	FMS	Nov 74	"
LSM-462	Korea	FMS	Nov 74	"
LSM-546	Korea	FMS	Nov 74	"
LST-227	Korea	FMS	Nov 74	"
BERKSHIRE CTY LST-288	Korea	FMS	Nov 74	"
LST-1010	Korea	FMS	Nov 74	"
CURLEW MSCO-8	Korea	FMS	Nov 74	"
KITE MSCO-22	Korea	FMS	Nov 74	"
MOCKINGBIRD MSCO-27	Korea	FMS	Nov 74	"
PCE-873	Korea	FMS	Nov 74	"
PCE-882	Korea	FMS	Nov 74	"
LST-218	Korea	FMS	Nov 74	"

Ship	Country	Authority*	Date	Remarks
KRACKEN SS-370	Spain	FMS	Nov 74	Prev on loan
PICUDA SS-382	Spain	FMS	Nov 74	"
BANG SS-385	Spain	FMS	Nov 74	"
APL-53	Turkey	Loan	Dec 74	
CLAUDE JONES DE-1033	Indonesia	FMS	Dec 74	
MCMORRIS DE-1036	Indonesia	FMS	Dec 74	
YO-221	Peru	FMS	Feb 75	Prev on loan
DRY TORTUGAS ATF	Argentina	FMS	Feb 75	"
SOMBRERO KEY ATF	Argentina	FMS	Feb 75	"
SALISH ATA-187	Argentina	FMS	Feb 75	"
CATAWBA ATA-210	Argentina	FMS	Feb 75	"
LUISENO ATF-156	Argentina	FMS	Jul 75	Prev on loan
CHEWAUCAN AOG-50	Colombia	FMS	Jul 75	"
DERRICK YO-59	Korea	FMS	Jul 75	"
YO-179	Korea	FMS	Jul 75	"
MSB-2	Korea	FMS	Jul 75	"
LCU-531	Korea	FMS	Jul 75	"
YOG-61	Philippines	EDA	Jul 75	
YO-115	Philippines	EDA	Jul 75	
YO-116	Philippines	EDA	Jul 75	
YW-103	Philippines	EDA	Jul 75	
YW-111	Philippines	EDA	Jul 75	
YW-130	Philippines	EDA	Jul 75	

Ship	Country	Authority	Date	Remarks
HEMMINGER DE-746	Thailand	Grant	Jun 75	
VIREO MSC-205	Fiji	FMS	Oct 75	
WARBLER MSC-206	Fiji	FMS	Oct 75	
LST-689	Philippines	Grant	Nov 75	
LST-835	Philippines	Grant	Nov 75	
THRASHER MSC-203	Singapore	FMS	Dec 75	
WHIPPOORWILL MSC-207	Singapore	FMS	Dec 75	
HOLMES COUNTY LST-836	Singapore	FMS	Dec 75	Prev on loan
DODGE COUNTY LST-722	Thailand	FMS	Dec 75	
CRESTVIEW PCE-895	Philippines	Grant	Feb 76	
BRATTLEBORO PCER-852	Philippines	Grant	Feb 76	
GAYETY MSF-239	Philippines	Grant	Feb 76	
SHELTER MSF-301	Philippines	Grant	Feb 76	
MARION COUNTY LST-975	Philippines	Grant	Feb 76	
CAYUGA COUNTY LST-529	Philippines	Grant	Feb 76	
ORCA AVP-49	Ethiopia	FMS	Mar 76	Prev on loan
LAPON SS-260	Greece	FMS	Apr 76	Prev on loan
SCABBARDFISH SS-397	Greece	FMS	Apr 76	Prev on loan
CAMP DER 251	Philippines	FMS	Apr 76	
BERING STRAIT WHEC-382	Philippines	FMS	Apr 76	
YAKUTAT WHEC-380	Philippines	FMS	Apr 76	
CASTLE ROCK WHEC-383	Philippines	FMS	Apr 76	
COOK INLET WHEC-384	Philippines	FMS	Apr 76	
CHINCOTEAGUE WHEC-375	Philippines	FMS	Apr 76	
MCCULLOCH WHEC-386	Philippines	FMS	Apr 76	

AMHERST PCER-853	Philippines	FMS	Apr 76	
JEROME COUNTY LST-848	Philippines	FMS	Apr 76	
HARNET COUNTY AGP-821	Philippines	FMS	Apr 76	
GARRETTCOUNTY AGP-786	Philippines	FMS	Apr 76	
YOG-80	Philippines	FMS	Apr 76	
PLACERVILLE PC-1087	Rep of China	FMS	May 76	Prev loan
HANFORD PC-1142	Rep of China	FMS	May 76	Prev loan
SUSANVILLE PC-1149	Rep of China	FMS	May 76	Prev loan
ELKHORN AOG-7	Rep of China	FMS	May 76	Prev lease
NAMAKAGON AOG-53	Rep of China	FMS	May 76	Prev lease
PECATONICA AOG-57	Rep of China	FMS	May 76	Prev loan
CAHOKIA ATA-186	Rep of China	FMS	May 76	Prev lease
MAHOPAC ATA-196	Rep of China	FMS	May 76	Prev lease
CHICKASAW ATF-83	Rep of China	FMS	May 76	Prev loan
MARK AKL-12	Rep of China	FMS	May 76	Prev lease

Ship	Country	Authority	Date	Remarks
LST-629	Singapore	FMS	Jun 76	
LST-579	Singapore	FMS	Jun 76	
LST-649	Singapore	FMS	Jun 76	
LST-613	Singapore	FMS	Jun 76	
LST-623	Singapore	FMS	Jun 76	
WOODPECKER (MSC-209)	Fiji	FMS	Jun 76	
CHICKADEE (MSF-59)	Uruguay	FMS	Jun 76	Prev on loan
NANSEMOND COUNTY LST 1064	Philippines	Grant	Aug 76	
LCU-1471	Spain	FMS	Aug 76	Prev on loan
LCU-1491	Spain	FMS	Aug 76	Prev on loan
TENCH (AGSS-417)	Peru	FMS	Sep 76	
ETLAH (ANL-79)	Dom Rep	FMS	Sep 76	
PASSACONAWAY (ANL-86)	Dom Rep	FMS	Sep 76	
PASSAIC (ANL-87)	Dom Rep	FMS	Sep 76	
AMICK (DE-168)	Philippines	FMS	Sep 76	
ATHERTON (DE-169)	Philippines	FMS	Sep 76	
LST-74	Philippines	FMS	Sep 76	
LST-287	Philippines	FMS	Sep 76	
LST-230	Philippines	FMS	Sep 76	
LST-491	Philippines	FMS	Sep 76	
LST-566	Philippines	FMS	Sep 76	
LST-607	Philippines	FMS	Sep 76	
LST-692	Philippines	FMS	Sep 76	
LST-822	Philippines	FMS	Sep 76	
LST-1069	Philippines	FMS	Sep 76	
LST-1072	Philippines	FMS	Sep 76	

Ship	Country	Authority	Date	Remarks
HENRY COUNTY (LST-824)	Malaysia	FMS	Oct 76	
SEDGEWICK COUNTY (LST-1123)	Malaysia	FMS	Oct 76	
HEERMANN (DD-532)	Argentina	FMS#	Jan 77	Prev loan
STEMBEL (DD-644)	Argentina	FMS#	Jan 77	Prev loan
DORTCH (DD-670)	Argentina	FMS#	Jan 77	Prev loan
SATYR (ARL-23)	Philippines	FMS#	Jan 77	
WHITEMARSH (LSD-8)	Rep of China	FMS#	Jan 77	Prev loan
ARD-9	Rep of China	FMS#	Jan 77	Prev lease
POWELL (DD-686)	Korea	FMS#	Jan 77	Prev loan
ERBEN (DD-631)	Korea	FMS#	Jan 77	Prev loan
HICKOX (DD-673)	Korea	FMS#	Jan 77	Prev loan
LARSON (DD-830)	Korea	FMS#	Jan 77	Prev loan
CHEVALIER (DD-805)	Korea	FMS#	Jan 77	Prev loan
MINOTAR (ARL-15)	Korea	FMS#	Jan 77	Prev loan
SUMMIT COUNTY (LST-1146)	Ecuador	FMS	Feb 77	
YFB-82	Paraguay	FMS	Feb 77	Prev lease
YFB-86	Paraguay	FMS	Feb 77	Prev lease
AFDL-26	Paraguay	FMS	Feb 77	Prev lease
YTL-211	Paraguay	FMS	Feb 77	Prev lease
YTL-567	Paraguay	FMS	Feb 77	Prev lease
YR-37	Paraguay	FMS	Feb 77	Prev lease
NEW (DD-818)	Korea	FMS#	Feb 77	
RICHARD E. KRAUS (DD-849)	Korea	FMS#	Feb 77	

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Ship	Country	Authority	Date	Remarks
AMPHION (AR-13)	Iran	FMS#	Mar 77	Prev loan
ARCO (ARD-29)	Iran	FMS#	Mar 77	Prev loan
GURKE (DD-783)	Greece	FMS#	Mar 77	
TERRELL COUNTY (LST-1157)	Greece	FMS#	Mar 77	
WHITEFIELD COUNTY (LST-1169)	Greece	FMS#	Mar 77	
RINGOLD (DD-500)	W. Germany	FMS#	Mar 77	Prev loan
CLAXTON (DD-571)	W. Germany	FMS#	Mar 77	Prev loan
WADSWORTH (DD-516)	W. Germany	FMS#	Mar 77	Prev loan
DYSON (DD-572)	W. Germany	FMS#	Mar 77	Prev loan
FORT MARION (LSD-22)	Rep of China	FMS#	Apr 77	
BRADFORD (DD-545)	Greece	FMS#	Apr 77	Prev loan
BROWN (DD-546)	Greece	FMS#	Apr 77	Prev loan
AULICK (DD-569)	Greece	FMS#	Apr 77	Prev loan
CHARRETTE (DD-581)	Greece	FMS#	Apr 77	Prev loan
CONNER (DD-582)	Greece	FMS#	Apr 77	Prev loan
HALL (DD-583)	Greece	FMS#	Apr 77	Prev loan
EPPERSON (DD-719)	Pakistan	FMS#	Apr 77	
WILTSIE (DD-716)	Pakistan	FMS#	Apr 77	
R.B. ANDERSON (DD-786)	Rep of China	FMS	Jun 77	
ROWAN (DD-782)	Rep of China	FMS	Jun 77	

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Ship	Country	Authority	Date	Remarks
GIBBS AGOR-1	Greece	FMS	May 77	Prev lease
YTL-426	Argentina	FMS	Jun 77	Prev lease
YTL-441	Argentina	FMS	Jun 77	Prev lease
YTL-443	Argentina	FMS	Jun 77	Prev lease
YTL-444	Argentina	FMS	Jun 77	Prev lease
YTL-445	Argentina	FMS	Jun 77	Prev lease
YTL-448	Argentina	FMS	Jun 77	Prev lease
BORDELON DD-881	Iran	FMS	Jul 77	
SARSFIELD DD-837	Rep of China	FMS	Oct 77	
POWER DD-839	Rep of China	FMS	Oct 77	
CHOWANOC ATF-100	Ecuador	FMS	Oct 77	
CAPITAINE SS-336	Italy	FMS	Dec 77	Prev on loan
VOLADOR SS-490	Italy	FMS	Dec 77	Prev on loan
PICKEREL SS-524	Italy	FMS	Dec 77	Prev on loan

* Loan - each loan is on government-to-government basis in accordance with the public law indicated or Section 503 of the Foreign Assistance Act of 1961 as amended.

Lease - leases are on a Navy to Navy basis under 10 USC 2667.

FMS - sales under the Arms Export Control Act.

EDA - Excess Defense Article.

APPENDIX X

Statement By The President, February 1, 1978

[Office of the White House Press Secretary]

The United States Government, the Executive Branch and the Congress, are pledged to bring about a reduction in the trade in conventional arms. Last year, I promised to begin reducing U. S. arms sales as a necessary first step. I will continue that policy this year.

In the last fiscal year, the previous Administration and my Administration made sales commitments totaling many billions of dollars. While high, however, the total was considerably less than it would have been in the absence of new restraints we introduced, particularly in sales commitments to the developing countries of the world. Between January 20 and the close of the fiscal year, I approved and sent to Congress arms sales totaling $5.7 billion, which is less than half the total approved during the same period in 1976.

Today, I am announcing that arms transfer agreements covered by the ceiling which I have established will be reduced by $740 million in Fiscal Year 1978. This means that for the fiscal year which began on October 1, 1977, and which will end on September 30, 1978, new commitments under the Foreign Military Sales and Military Assistant programs for weapons and weapons-related items to all countries except NATO, Japan, Australia and New Zealand will not exceed $8.6 billion. The comparable figure for Fiscal Year 1977 was $9.3 billion. This is a reduction of 8 percent, figured on constant Fiscal Year 1976 dollars.

A larger cut in the ceiling would violate commitments already made, including our historic interest in the security of the Middle East, and would ignore the continuing realities of world politics and risk the confidence and security of those nations with whom the United States has vital and shared foreign policy and security interests. A smaller reduction would neglect our responsibility to set an example of restraint that others might follow.

I intend to make further reductions in the next fiscal year. The extent of next year's reduction will depend upon the world political situation and upon the degree of cooperation and understanding of other nations.

I want to emphasize that the restraint policy I announced on May 19, 1977, was not aimed exclusively at the volume of arms transfers. Equally important is restraint in the sophistication of arms being transferred and on the spreading capability to produce armaments. Therefore, in addition to the ceiling, I established five specific controls applicable to all transfers except those to our NATO allies, Japan, Australia, and New Zealand. These controls included: (1) a control on the first introduction of certain advanced systems into an area; (2) a prohibition on advanced systems for export only; (3) a prohibition on various types of coproduction arrangements; (4) tighter controls on retransfer; and (5) special controls on sales promotions.

These guidelines are at the heart of my decisions to approve or disapprove an arms transfer.

As I stated in my October 4 speech to the United Nations, genuine progress in this area will require multilateral efforts. But, we are committed to taking the first steps alone to stop the spiral of increasing arms transfers. I call upon suppliers and recipients alike to join us in a determined effort to make the world a safer place in which to live.

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