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for
Promoting Peace

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Congressional Presentation

for

Promoting Peace

FY 1995

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SECTION I

SECTION I: PROMOTING PEACE FY 1995 BUDGET REQUEST

OVERVIEW

This Congressional Presentation Document (CPD), a joint product of the Departments of State and Defense, addresses the Administration's budget request for one of the President's major foreign policy goals -- Promoting Peace. While currently under the authority of the Foreign Assistance Act (FAA) of 1961, as amended, this budget request is based on the proposed Peace, Prosperity and Democracy Act.

The FY 1995 budget recommendations for Promoting Peace reflect the Administration's resolve to take United States foreign policy in a new direction. This budget is presented in a manner designed to promote transparency and understanding, and organized to show the clear relationship among United States foreign policy goals, objectives and programs.

This presentation does not intend to replicate the mandated congressional presentations for the *U.S. Agency for International Development (USAID); International Narcotics Trafficking, Terrorism and Crime Prevention; Contributions for International Peacekeeping Activities;* and, the *Arms Control and Disarmament Agency (ACDA).* These presentations provide detailed descriptions of their respective budget requests and proposed peace promoting programs for the coming year.

A New Direction

The FY 1995 International Affairs budget reflects the desirability of shifting resources away from the provision of defense articles to the pursuit of peace, democracy, prosperity, and economic development and humanitarian purposes.

It is in the interest of the United States to address pervasive regional conflicts, aggression fostered by military imbalances among neighboring nations, the proliferation of weapons of mass destruction, and persistent attempts by armed groups to undermine or overthrow democratically elected governments.

To advance our principal foreign policy objectives -- the building of democratic values, the promotion of peace, the fostering of economic progress through the encouragement of market forces, and international cooperation in countering transnational dangers such as terrorism, narcotics trafficking and international crime -- the United States must foster a climate in which all nations can live in safety and stability.

A New Framework

The portion of President Clinton's FY 1995 budget described in this document is intended to pursue the foregoing goals. It corresponds to Title III - Promoting Peace - of the proposed Peace, Prosperity and Democracy Act, and consists of the following subchapters:

- **Peacekeeping and Related Programs.** This subchapter encompasses assessed contributions to United Nations peacekeeping and U.S. voluntary peacekeeping contributions. Assessed peacekeeping (Contributions to International Peacekeeping Operations - CIPA) are detailed in the Department of State Congressional Presentation Document.

- **Nonproliferation and Disarmament.** In this section, the FY 1995 budget proposal supports two important elements of our strategy to promote peace - the Nonproliferation and Disarmament Fund, and the Arms Control and Disarmament Agency (ACDA). The Fund finances both bilateral U.S. programs to combat the spread of weapons of mass destruction, and multilateral programs of the International Atomic Energy Agency (IAEA). Funding for ACDA is summarized here but details are presented in the ACDA Congressional Presentation Document.

- **Regional Peace and Security.** Funding requested for this activity goes largely toward the Middle East peace process, to sustain the momentum of recent positive developments. Other smaller amounts of funding are proposed for regional security initiatives in Southern Europe, Ireland, Cyprus, and the South Pacific. Defense training programs are proposed for a total of 41 countries.

- **International Narcotics Trafficking, Terrorism and Crime Prevention.** The FY 1995 budget proposal funds international counternarcotics, counterterrorism and international crime prevention efforts. The objectives of these programs are summarized in this document, while the detailed description is contained in the Department of State's Narcotics, Terrorism, and Crime Congressional Presentation.

An Investment in International Stability

We believe our domestic and foreign policy goals cannot be met unless the world is reasonably stable. American interests cannot thrive in a world beset by military conflict. Regional and global instability undercut American opportunities for trade and commerce, and divert scarce resources away from economic pursuits into unproductive military expenditures. Peace and prosperity depend on the United States providing leadership in a world community increasingly receptive to democracy, open and competitive markets, and cooperation against aggression.

For over forty years the specter of international communism weighed heavily on our economic and military priorities. In the wake of the collapse of this monolithic threat we recognize that the present threats to peace, democratic institutions and free trade are many, diffuse, and frequently insidious in nature.

The pathway to a more universally peaceful, secure, and democratic world remains to be charted and is fraught with uncertainty. The transition must be marked by flexible and multi-faceted responses. In some instances, the United States may choose to act alone, but in this increasingly interdependent world, it will more often be necessary to work in concert with other nations to solve conflicts and crises, promote peace, and combat narcotics, crime, terrorism, and the proliferation of dangerous weapons and technologies. The end of the Cold War has unleashed long-suppressed ethnic, religious, and regional conflict in the former Soviet Union and Yugoslavia. But it also has opened up new possibilities for international cooperation to contain and, far more importantly, to prevent conflict.

Our friendships abroad, both old and new, give us the option of acting with other nations when we can. Our ability to enlist allies in pursuit of our goals testifies to our strength and lightens our burden. Many of the most severe challenges we face are global in scope, and can be tackled effectively in cooperation with others. We have entered an era in which many nations and institutions must take on new roles and broader responsibilities.

We believe, therefore, that international cooperation in achieving peace and democracy is vital to the success of United States foreign policy during this historic transition in world affairs, and a necessary complement to skillful bilateral diplomacy.

This budget recommendation is the result of an exhaustive review of regional needs to carry out effective programs geared toward achieving the Administration's objectives. The underlying assumption of this funding request is that **investing in peace abroad is much less expensive than underwriting war.**

The effectiveness of these programs will also determine, in large measure, the sort of leadership role that the United States will play in the post Cold War environment. The bottom line is: this budget provides the wherewithal to retain a significant leadership role in world affairs.

INTERNATIONAL AFFAIRS (FUNCTION 150) BUDGET
FY 1995
BUDGET AUTHORITY
(DOLLARS IN MILLIONS)

	ENACTED FY 1994	PROPOSED FY 1995	DIFFERENCE
PROMOTING U.S. PROSPERITY THROUGH TRADE, INVESTMENT & EMPLOYMENT:			
EXPORT-IMPORT FINANCING	718	796	78
FOOD EXPORT PROMOTION (P.L. 480 TITLE I)	395	312	(83)
TRADE AND DEVELOPMENT	40	45	5
OVERSEAS PRIVATE INVESTMENT CREDIT ACTIVITIES	17	20	3
OVERSEAS PRIVATE INVESTMENT NON-CREDIT ACTIVITIES	(133)	(135)	(2)
SUBTOTAL	1,037	1,038	1
BUILDING DEMOCRACY:			
NEW INDEPENDENT STATES OF FORMER SOVIET UNION	891	900	9
NIS ASSISTANCE (DEFENSE TRANSFERS TO USAID)	919	0	(919)
CENTRAL AND EASTERN EUROPE	390	380	(10)
COUNTRIES IN TRANSITION	124	143	19
INFORMATION AND EXCHANGE	1,353	1,430	77
SUBTOTAL	3,677	2,853	(824)
PROMOTING SUSTAINABLE DEVELOPMENT:			
MULTILATERAL DEVELOPMENT BANKS, IMF, & DEBT REDUCTION	1,485	2,109	624
STATE DEPARTMENT AND USAID PROGRAMS:	2,621	2,591	(30)
BROAD-BASED ECONOMIC GROWTH (INCLUDING P.L. 480 TITLE III)	(1,664)	(1,477)	187
STABILIZATION OF WORLD POPULATION GROWTH	(502)	(585)	(83)
PROTECTION OF GLOBAL ENVIRONMENT	(292)	(350)	(58)
SUPPORT FOR DEMOCRATIC PARTICIPATION	(163)	(179)	(16)
PEACE CORPS AND OTHER AGENCIES	268	274	6
SUBTOTAL	4,374	4,974	600
PROMOTING PEACE:			
REGIONAL PEACE & SECURITY	5,430	5,461	31
OF WHICH: MIDDLE EAST PEACE PROCESS	(5,176)	(5,225)	(49)
OF WHICH: MILITARY LOANS SUBSIDY	(47)	(60)	(13)
PEACEKEEPING PROGRAMS	477	608	131
PEACEKEEPING SUPPLEMENTAL	670	0	(670)
NONPROLIFERATION AND DISARMAMENT	94	111	17
NARCOTICS, TERRORISM, & CRIME PREVENTION	172	252	80
SUBTOTAL	6,843	6,432	(411)
PROVIDING HUMANITARIAN ASSISTANCE:			
REFUGEE ASSISTANCE	720	683	(37)
DISASTER ASSISTANCE (INCLUDING CRISIS & TRANSITION INITIATIVE)	161	170	9
FOOD ASSISTANCE (P.L. 480 TITLE II)	822	773	(49)
SUBTOTAL	1,703	1,626	(77)
ADVANCING DIPLOMACY:			
STATE DEPARTMENT OPERATIONS	2,535	2,623	88
STATE DEPARTMENT SMALL PROGRAMS	49	42	(7)
UNITED NATIONS & OTHER AFFILIATES (ASSESSED)	861	914	53
USAID OPERATING EXPENSES	559	567	8
SUBTOTAL	4,004	4,146	142
OTHER:			
NON-STATE SMALL PROGRAMS	73	74	1
ENACTED RESCISSIONS AND SAVINGS	(474)	(282)	192
PROPOSED RESCISSIONS	(424)	0	424
SUBTOTAL	(825)	(208)	617
TOTAL BUDGET AUTHORITY	20,817	20,861	44

PROMOTING PEACE
FY 1995
BUDGET AUTHORITY
(Dollars in Thousands)

	PEACE-KEEPING PROGRAMS	NON-PROLIFERATION & DISARMAMENT	REGIONAL PEACE & SECURITY	NARCOTICS, TERRORISM & CRIME PREVENTION	TOTAL
AFRICA:					
BOTSWANA	0	0	350	0	350
NAMIBIA	0	0	150	0	150
SAO TOME & PRINCIPE	0	0	75	0	75
SENEGAL	0	0	500	0	500
ZIMBABWE	0	0	250	0	250
REGIONAL TOTAL	0	0	1,325	0	1,325
EAST ASIA & PACIFIC:					
KOREA	0	0	10	0	10
LAOS	0	0	0	2,000	2,000
MALAYSIA	0	0	500	0	500
PHILIPPINES	0	0	1,195	0	1,195
SINGAPORE	0	0	20	0	20
SOLOMON ISLANDS	0	0	100	0	100
SOUTH PACIFIC TUNA TREATY	0	0	14,000	0	14,000
THAILAND	0	0	1,000	1,000	2,000
TONGA	0	0	50	0	50
VANUATU	0	0	50	0	50
WESTERN SAMOA	0	0	50	0	50
REGIONAL TOTAL	0	0	16,975	3,000	19,975
EUROPE:					
AUSTRIA	0	0	15	0	15
CYPRUS	0	0	15,000	0	15,000
FINLAND	0	0	15	0	15
GREECE (LOAN $317.0 MILLION) a/	0	0	24,586	0	24,586
IRELAND FUND	0	0	15,000	0	15,000
MALTA	0	0	65	0	65
PORTUGAL	0	0	500	0	500
SPAIN	0	0	50	0	50
TURKEY (LOAN $453.0 MILLION) a/	0	0	136,062	400	136,462
AFRICA/ASIA/EUROPE REGIONAL	0	0	0	1,250	1,250
REGIONAL TOTAL	0	0	191,293	1,650	192,943
LATIN AMERICA & CARIBBEAN:					
ARGENTINA	0	0	100	0	100
BAHAMAS	0	0	0	700	700
BOLIVIA	0	0	0	68,000	68,000
BRAZIL	0	0	100	1,500	1,600
CHILE	0	0	100	0	100
COLOMBIA	0	0	0	40,000	40,000
COSTA RICA	0	0	50	0	50
DOMINICAN REPUBLIC	0	0	200	0	200
EASTERN CARIBBEAN	0	0	200	0	200
ECUADOR	0	0	300	744	1,044
GUATEMALA	0	0	0	2,550	2,550
JAMAICA	0	0	170	1,200	1,370
LATIN AMERICA REGIONAL	0	0	0	8,700	8,700
MEXICO	0	0	200	0	200
PACAMS (SCIATTS)	0	0	425	0	425
PERU	0	0	0	42,000	42,000
URUGUAY	0	0	100	0	100
VENEZUELA	0	0	250	500	750
REGIONAL TOTAL	0	0	2,195	165,894	168,089
NEAR EAST:					
ALGERIA	0	0	75	0	75
BAHRAIN	0	0	75	0	75

PROMOTING PEACE
FY 1995
BUDGET AUTHORITY (CONTINUED)
(Dollars in Thousands)

	PEACE-KEEPING PROGRAMS	NON-PROLIFERATION & DISARMAMENT	REGIONAL PEACE & SECURITY	NARCOTICS, TERRORISM & CRIME PREVENTION	TOTAL
NEAR EAST (CONT):					
EGYPT	0	0	2,116,000	0	2,116,000
ISRAEL	0	0	3,000,000	0	3,000,000
JORDAN	0	0	15,500	0	15,500
LEBANON	0	0	4,400	0	4,400
MIDDLE EAST REGIONAL COOPERATION	0	0	7,000	0	7,000
MOROCCO	0	0	800	0	800
MULTILATERAL WORKING GROUP - MEPP	0	0	5,000	0	5,000
OMAN	0	0	110	0	110
TUNISIA	0	0	800	0	800
WEST BANK-GAZA	0	0	75,000	0	75,000
REGIONAL TOTAL	0	0	5,224,760	0	5,224,760
SOUTH ASIA:					
BANGLADESH	0	0	175	0	175
INDIA	0	0	200	0	200
PAKISTAN	0	0	0	2,500	2,500
REGIONAL TOTAL	0	0	375	2,500	2,875
OTHER:					
PEACEKEEPING:					
CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES (ASSESSMENTS)	533,304	0	0	0	533,304
VOLUNTARY PEACEKEEPING ACTIVITIES:					
AFRICA REGIONAL PEACEKEEPING	10,050	0	0	0	10,050
CEE JOINT PEACEKEEPING	10,000	0	0	0	10,000
CONFERENCE ON SECURITY & COOPERATION IN EUROPE	7,000	0	0	0	7,000
HAITI	3,770	0	0	0	3,770
MULTILATERAL FORCE & OBSERVERS - SINAI	17,000	0	0	0	17,000
NEPAL	30	0	0	0	30
NIS PEACEKEEPING	5,150	0	0	0	5,150
ORGANIZATION OF AFRICAN UNITY	5,000	0	0	0	5,000
SANCTIONS ASSISTANCE MONITORS	17,000	0	0	0	17,000
VOLUNTARY PEACEKEEPING SUBTOTAL	75,000	0	0	0	75,000
PEACEKEEPING TOTAL	608,304	0	0	0	608,304
NONPROLIFERATION & DISARMAMENT:					
NONPROLIFERATION & DISARMAMENT FUND	0	50,000	0	0	50,000
NONPROLIFERATION, STATE PROGRAM FOR	0	(10,000)	0	0	(10,000)
INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)	0	(40,000)	0	0	(40,000)
U.S. ARMS CONTROL & DISARMAMENT AGENCY (ACDA)	0	61,278	0	0	61,278
NONPROLIFERATION & DISARMAMENT TOTAL	0	111,278	0	0	111,278
NARCOTICS, TERRORISM & CRIME PREVENTION:					
ANTI-TERRORISM ASSISTANCE	0	0	0	15,244	15,244
INTERNATIONAL CRIMINAL JUSTICE	0	0	0	4,756	4,756
INTERNATIONAL ORGANIZATIONS	0	0	0	11,500	11,500
INTERREGIONAL AVIATION SUPPORT	0	0	0	30,000	30,000
INTERREGIONAL PROGRAMS	0	0	0	11,156	11,156
PROGRAM DEVELOPMENT & SUPPORT	0	0	0	6,300	6,300
NARCOTICS, TERRORISM & CRIME PREVENTION TOTAL	0	0	0	78,956	78,956
DEFENSE ADMINISTRATIVE COSTS	0	0	23,938	0	23,938
TOTAL BUDGET AUTHORITY	608,304	111,278	5,460,861 a/	252,000	6,432,443

a/ Total budget authority requested includes subsidy element of $59.598 million for direct loans to Greece ($317.0 million) and Turkey ($453.0 million).

REGIONAL CONSIDERATIONS

The Departments of State and Defense use regional approaches to effectively achieve the global goal of promoting peace. This section provides an overview of the regional programs in support of the FY 1995 budget request.

NEAR EAST

The Near East regional peace and security proposal supports the Administration's priority of Promoting Peace, including Regional Security, Peacekeeping and Related Activities and Narcotics, Terrorism, and Crime Prevention. Assistance to the region helps meet legitimate security needs, encourage economic reform and growth, and promote democratic values and respect for human rights. In the face of fiscal constraints, post Cold War priorities, and competing global needs, the Administration has minimized the overall request, particularly the military assistance portion of the proposal.

The vast majority of assistance in the Middle East region supports the long-standing U.S. foreign policy goal of seeking a just, lasting and comprehensive peace between Israel and her Arab neighbors, including the Palestinians. The peace process remains one of the highest foreign policy priorities for the U.S.

In this regard, we remain committed to Israel's security and to preserving its qualitative edge over any likely combination of aggressors. The U.S. also actively supports Egypt's vital role in bolstering regional stability and security, and in promoting peace. In FY 1994, a more intensified focus is being placed on projects to support developments made possible by the September 13, 1993 Declaration of Principles signed by Israel and the PLO. We want to recognize and further encourage positive contributions to achieve comprehensive peace in the region by the governments of Jordan and Lebanon. Finally, the U.S. will support the five multilateral working groups which remain a successful component of the peace talks and cooperative programs involving Arabs and Israelis (Middle East Regional Cooperation).

Throughout this region, the U.S. supports the goals of promoting democratic values and economic stability. In the proposed FY 1995 defense training and education programs, emphasis will be placed on democratic development, respect for human rights, defense resource management and the responsible role of the military in a democratic society. We have requested military training programs for Egypt, Jordan, Lebanon, Morocco,

Tunisia, Oman, Bahrain, and Algeria. The U.S. commitment to the Multilateral Force and Observers in the Sinai is maintained.

EUROPE & CANADA

European regional security objectives may be divided into four major areas of interest to the United States: Central and Eastern European democratic development; the promotion of democratic values and market reform in the New Independent States of the former Soviet Union; the safeguarding of U.S. security interests in and near Southern Europe; and the maintenance of traditional defense relationships with NATO and other European countries. Funding for the first two areas, Central and Eastern Europe and the former Soviet states, is requested under the Building Democracy section of the budget. Nevertheless, global and regional security concerns are the major factors in our support for democratic reforms in these countries.

Southern European Security Concerns

During the Cold War years, we sought and obtained large amounts of security assistance for Turkey and Greece based on their key roles protecting the Alliance's flank against the Soviet Union. This pattern ended in FY 93, when our grant and sales financing assistance changed to all loans, but a security justification for aid to Turkey and Greece remains.

Turkey is the only NATO ally now facing a credible security threat--from Iraq, Iran, conflict in the Caucasus, instability in Russia, and internally from a growing guerrilla insurgency. The U.S. has an interest as part of our NATO commitment, and for our role in Provide Comfort and the containment of Iraq. In addition, Turkey plays a regional diplomatic role. We rely on Ankara's support for key U.S. diplomatic objectives in the Middle East, the Caucasus, and the eastern Mediterranean.

Despite domestic pressures, Turkey has maintained a moderate stance, and has worked with us to end the conflict between Armenia and Azerbaijan over Nagorno-Karabakh. Turkey is essential to an equitable solution on Cyprus, and is working with the UN in that regard.

Turkey has supported U.S. policy in the former Yugoslavia, and has participated in international peacekeeping operations (such as Somalia, where a Turkish general commanded the 20,000 UN troops there). Turkey has also borne great economic hardship due to its enforcing the UN sanctions against Iraq, for which economic funding has in the past served as a partial buffer. We estimate Turkey's annual economic losses from the sanctions to be in the neighborhood of $1.5-1.9 billion.

Greece occupies a vital strategic location for command of eastern Mediterranean sea lanes, and transit aircraft from central Europe to the Middle East. Our security assistance programs for Greece are geared to responding to threats to U.S. and NATO security in the more volatile areas of Southeastern Europe and the Middle East. The Greek government has embarked on an ambitious five-year defense modernization program to improve its military capability, as well as its ability to operate more effectively with the military forces of other NATO allies.

Western Europe's southern region countries of Malta, and NATO Allies Spain and Portugal remain important to U.S. interests in light of continued tension in the Middle East and rising instability in North Africa. The United States maintains important strategic interests with Spain and Portugal. U.S. access to Portuguese military facilities at Lajes Air Base in the Azores makes a key contribution to our strategic mobility for NATO, Middle Eastern, and other contingencies. Intense cooperation between Spanish and U.S. armed forces continues despite the decreased U.S. military presence in Spain.

Other European Objectives

The United States supports the International Fund for Ireland as a tangible expression of our desire to promote peace and reconciliation in Northern Ireland through economic progress. Established in 1986 to demonstrate U.S. support for the Anglo-Irish Agreement, the Fund is strongly supported by the British and Irish governments and is believed responsible for creating over 18,000 jobs to date. The Fund is highly regarded by moderates from both the Catholic and the Protestant communities, but has not been well accepted by those who oppose the Anglo-Irish Agreement.

U.S. assistance to Cyprus is designed to encourage joint economic and social development between Greek and Turkish Cypriots communities. U.S. goal in continued assistance is to promote bicommunal projects aimed at fostering reconciliation between the Greek and Turkish Cypriots. A bicommunal project is one which involves joint planning and participation, which is of mutual benefit to both communities, and the objectives of which are to contribute to the long-term economic development of Cyprus and to political reconciliation.

AFRICA

Several African countries have recently crafted working, yet still fragile, multi-party democracies, and others are embarking on the process, or considering moves towards political pluralism. Reforming countries continue to seek our technical and material support for these efforts.

With the end of superpower competition, U.S. policy and military interests in Africa have been redefined. Contacts with, and assistance to African militaries promote a positive military role in democratic societies, respect for human rights and conflict resolution. African military establishments are often relatively large and dominate scarce public spending; we need to assist them in rationalizing their force structures and provide technical assistance in support of demobilization. Yet, little has been done in this area until now. Additionally, assistance will help to support African militaries participating in international peacekeeping operations either bilaterally or under the auspices of regional organizations, such as the Organization of African Unity (OAU).

The United States has relatively few security interests in sub-Saharan Africa, but does benefit from military access, overflight and landing rights in a number of states. Moreover, we have an interest in fostering security, stability and continued movement toward political pluralism in the region. African militaries will play an important role in the transition to, and stability of, democratic governments. If the interests of African militaries are not addressed, they are likely to undercut prospects for successful transitions. A modest defense training program would expose selected officers to U.S. traditions of respect for human rights and civilian control of the military.

We are proposing a 1995 training program to provide professional military education, management courses, human rights training, role of military in a democracy and technical training to 31 African countries. The majority of these programs are justified under the Building Democracy title, as opposed to Promoting Peace. Nevertheless, they are designed to contribute to regional peace and stability.

We are also proposing assistance for 12 African governments in support of their military downsizing efforts. The downsizing effort is in direct support of efforts to enhance stability and democratization in Africa in two ways. Firstly, politicized militaries are often the greatest threat to democracy within African states, and the military will remain an important political actor in most African countries. Secondly, in many countries, the military establishment is oversized, far exceeding the legitimate security needs of the state and acting as a brake on the economy. The Administration believes that we should directly assist the downsizing efforts through the provision of materiel (primarily communications equipment and vehicles) to enhance operational capabilities while reducing personnel requirements.

Further, we are proposing peacekeeping support funding to assist the Organization of African Unity and those states with a demonstrated commitment to participate in international peacekeeping operations. This support will significantly assist the development of credible, well-trained units capable of effectively participating in regional conflict resolution and peacekeeping efforts.

LATIN AMERICA AND THE CARIBBEAN

The three pillars of the Clinton Administration's foreign policy -- ensuring national security, stimulating U.S. economic growth and promoting democracy -- are given concrete expression in our relations with Latin America and the Caribbean and supported by our assistance programs. Our long-term strategic goal is preserving elected civilian governments and promoting their evolution toward full and vibrant democratic societies. Most of our assistance programs in this region are proposed for funding under the categories of Promoting Sustainable Development and Building Democracy. Several military-related training programs fall under the Regional Peace and Security rubric, however.

The content of our assistance programs varies greatly throughout the region and is shaped by specific circumstances. Argentina is leading efforts to move toward a Southern Cone Confidence and Security Building Measures regime in order to reduce tensions and relieve pressures for increasing military budgets. U.S. assistance in the form of defense training and equipment, such as spare parts, contributes significantly to the ability of these nations to field peacekeeping forces and in meeting the legitimate needs of their militaries. U.S. assistance to Southern Cone countries also serves to help secure the cooperation of those governments and their militaries in non-proliferation regimes and peacekeeping operations.

Latin America has led the way in the global movement toward democracy; in one country after another authoritarian regimes have been replaced with elected civilian governments. The roots of democracy are not deep, however, and many challenges remain, ranging from populist demagogues who exploit discontent with social and economic conditions to narco-traffickers who use their drug money and terror to subvert democratic institutions. In nations such as Chile, civil-military relations remain fragile, as military officers view themselves apart from and above civil society and military leaders resist civilian control.

Our professional defense training programs help strengthen bilateral ties with the militaries of the region while instilling the principle of military subservience to civilian authority. At the same time, we seek to enhance the ability of civilian authorities to oversee effectively military establishments.

Elected government is not synonymous with good government, and in many nations ineffective and corrupt administration serves to undermine democratic institutions. The presidents of two major nations were both forced from office on corruption charges, and corruption remains rampant in many nations. Judicial systems are often antiquated, with many judges vulnerable to bribery or coercion. Our Regional Peace, Security and Defense Cooperation programs offer technical assistance, training and basic commodities to help build the public and private institutions without which democracy cannot thrive. Assistance is provided to electoral bodies, legislatures and justice systems, as well as civic organizations and projects in journalism and public financial management.

In view of decreasing levels of foreign assistance, we seek to increase economic cooperation with the countries of the hemisphere through trade agreements such as NAFTA which cement economic relationships and institutionalize the mutual benefits to be gained by the exchange of goods and services. Based on reciprocity and mutual benefit, the trade concessions embodied in trade agreements cannot be easily withdrawn, and thus enhance the security which is so necessary to the activities of the private sector. Transnational issues such as protection of the environment, nonproliferation, international peace-keeping, and counternarcotics, are high on our agenda for the Hemisphere. They are often interconnected with one another and with democratic governance and economic development and trade. For example, there has been growing awareness throughout the region of the extraordinary threat to democratic institutions posed by traffickers who often are better financed and better armed than host country security forces themselves. Our assistance programs helped Latin American and Caribbean nations to build law enforcement institutions trained and equipped to defeat the traffickers. At the same time, these efforts have improved the administration of justice and supported free market-led and environmentally sound sustainable development which provide an economic context of legitimate employment opportunities.

EAST ASIA AND THE PACIFIC

Looking ahead to the 21st century, no region may be more important to the United States than East Asia and the Pacific. The region contains some of the world's fastest growing and most dynamic economies. It is the world's largest consumer market and our largest export market. In 1992 over 2.3 million U.S. jobs were related to the $120 billion we exported to the region.

The U.S. forward-deployed military presence in East Asia and the Pacific has contributed significantly to the Asian economic miracle by providing the stability essential for economic development and continued U.S. market access. At the same time, over half of the heroin in the U.S. comes from East Asia, and the region is a major source of, and center for, alien smuggling.

As President Clinton stated in his speeches at Waseda University in Japan and before the Korea National Assembly last year, the United States intends to remain actively engaged in East Asia and the Pacific. The United States is, after all, a Pacific nation and the best way to deter regional aggression, perpetuate the region's robust economic growth, and secure our own maritime and other interests is to have an active presence.

Major uncertainties exist regarding the region's continued stability. Economic and political development is uneven. America has fought three wars in Asia during the past half century. In the aftermath of the Cold War, historical animosities and regional tensions could threaten U.S. economic and political influence and result in a stimulus for fresh arms races in Asia. For the first time since World War II, almost every country in the region is calling for a continued U.S. military presence in East Asia. Our friends and allies fear that a U.S. withdrawal would create a power vacuum which others might be tempted to fill.

Our bilateral alliances in East Asia and the Pacific and our forward-deployed forces are the cornerstone of our security engagement in the Asia-Pacific region. By 1995 Japan will provide 100 per cent of all non-salary burdensharing costs for U.S. forces stationed in Japan; South Korea will provide one-third. U.S. CINCPAC forces in Japan, Korea, and in the continental United States provide the U.S. with the capability to protect our economic, political, and security interests in the region and to respond to crises in the Middle East and the Persian Gulf.

Our strong partnership with Japan is especially important. Our bilateral security alliance and close political cooperation allow us to work with Japan towards common goals and to enhance regional stability. Conventional deterrence on the Korean peninsula and continued international pressure on North Korea over the nuclear issue are critical national security concerns.

As the PRC continues its transition toward a market economy and more open society, promoting China's integration into the Asian community serves U.S. interests and is vital to regional stability.

While we are not seeking new bases in East Asia and the Pacific, access to repair and logistic facilities in Southeast Asia is essential to our ability to respond to contingencies in the region and in the Middle East. We are also committed to support the emerging democracies in Cambodia and Mongolia and assist President Ramos in the Philippines as he moves toward national reconciliation, and economic liberalization. The President has also continually stressed our commitment to the fullest possible accounting for our POW/MIAs.

All of the programs recommended for FY 1995 to promote peace are specifically designed to support the President's four priorities in this most important region:

- First, continued American military commitment and engagement;
- Second, stronger efforts to combat the proliferation of weapons of mass destruction;
- Third, new regional dialogues on the full range of our common security challenges; and
- Fourth, respect for universal principles of freedom and human rights, coupled with support for democracy and more open societies throughout the region.

SOUTH ASIA

South Asia -- an area of 1.3 billion people, of whom half live in poverty -- is undergoing profound transformation. The Soviet collapse has allowed America to shift its focus in the region to key issues like non-proliferation, human rights, economic reform and democracy. Since 1990, democracy has been restored in Nepal and Bangladesh, and affirmed through elections in India and Pakistan. Following the assassination of Sri Lankan Prime Minister Premadasa in May 1993, there was a smooth democratic transition to a new government. The failure of socialism has prompted governments to initiate market-based economic reforms and liberalize foreign investment. The fall of communist rule in Afghanistan has brought political instability and major humanitarian needs.

The United States has no specific strategic military interests in South Asia, although access to appropriate facilities in support of military activities elsewhere remains important. We have no formal alliance with any state in the region. Rather, our primary security interest is to increase the level of regional stability and advance nonproliferation.

Our secondary interests are to preserve unhampered maritime and naval transit rights and facilitate the participation of regional forces in international peacekeeping efforts. India, Pakistan, Bangladesh, and Nepal in particular are strong contributors to UN peacekeeping. Military training programs will expose military officers and MOD officials to U.S. concepts of democracy and a professional, apolitical military, and emphasize American respect for human rights and the consequent need for restraint towards civilians while conducting military and security operations. In the long term, an additional benefit is increased access to senior officers.

The discrediting of the socialist development model has given new impetus to market-oriented reform in the subcontinent. Most South Asian countries have launched economic reform programs with IMF/IBRD and bilateral assistance, aimed at reducing government controls, expanding private sector activity, and liberalizing foreign trade and investment regimes. India and Pakistan are both negotiating medium term EFF/ESAF arrangements with the IMF aimed at furthering basic structural reform and putting their economies on sustainable growth paths. Reform programs have been accompanied in Nepal and Bangladesh by new experiments in parliamentary democracy.

Despite a shared legacy of British legal and institutional structures, the nations of South Asia have developed markedly contrasting approaches to governance over the past four decades. Democracy is well-entrenched in India and Sri Lanka. In Pakistan and Bangladesh, democracies are fragile and vulnerable. In Nepal, leaders are struggling with the task of creating democratic institutions where none existed before. The U.S. seeks to nurture the roots of democracy and observance of basic human rights in South Asia by encouraging leaders to strengthen and to reform the electoral process, ensure the development of effective parliamentary institutions and career bureaucracies, promote active civil societies and civil participation in national and local development, and foster broader observance of the fundamental human rights which underpin democratic institutions.

South Asia supplies 20 percent of the U.S. heroin market. Our primary narcotics concerns in the region are the operation of heroin labs in Pakistan, poppy cultivation in Afghanistan and Pakistan, the illicit diversion of opium produced in India, and the corrosive effects of the drug trade on democratic institutions.Expanded heroin production in the region has increased South Asia's role as a major drug trafficking center and fueled domestic drug abuse, particularly in Pakistan, where there are an estimated 1.7 million addicts.

Narcotics production in South Asia has worsened because of ineffective law enforcement and the inability of governments to control drug production and processing areas. Afghanistan is the world's second largest producer of opium, and cultivation has increased as more refugees return. Political uncertainty and the lack of economic alternatives in this war-devastated country complicate counternarcotics activities.

The U.S. has a strong regional security interest in preventing Afghanistan from becoming a base of operations for Tajik insurgents, narcotics traffickers and international terrorists. The U.S. also has important humanitarian interests in providing badly-needed assistance to the Afghan people, many of whom are refugees or are struggling to rebuild their shattered homes and mined villages after 14 years of devastating war against the Soviet Union.

SECTION II

SECTION II: PROGRAM DESCRIPTIONS & SUPPORTING INFORMATION

INTRODUCTION

For over forty years the specter of international communism weighed heavily on U.S. economic and military assistance priorities. In the wake of the collapse of this monolithic threat is the recognition that emerging threats to security necessary for the flourishing of democratic governments and free trade are many, diffuse, and sometimes insidious in nature.

The pathway to a more stable and democratic post-Cold War order remains to be charted and is fraught with uncertainty. The transition must be marked by flexible and multi-faceted responses. In some instances, the United States may choose to act alone. But in this ever-increasingly interdependent world, it may often be necessary to work in concert with others.

The United States must work collectively with other nations to solve conflicts and crises, promote peace, and combat proliferation of dangerous weapons and technologies. The end of the Cold War has unleashed long-suppressed ethnic, religious, and regional conflict in Central and Eastern Europe, the former Soviet Union and elsewhere. It has also opened up new possibilities for international cooperation which can contain and, far more importantly, prevent conflict.

Our friendships abroad, both old and new, give us the option of acting with other nations when we can. Our ability to enlist allies in pursuit of our goals testifies to -- and adds to -- our strength. And it lightens our burdens. Many of the most severe challenges we face are global in scope and can be tackled effectively in cooperation with others. We have entered an era in which many nations and institutions must take on new roles and broader responsibilities.

Therefore, economic, military and other forms of assistance will be vital to the success of United States foreign policy during this historic transition in world affairs, and a necessary complement to skillful diplomacy.

Our foreign policy objectives in this area are: to foster a climate in which all nations can live in security and stability; to address threats that arise to undermine or overthrow democratically elected governments and regional peace and stability; to promote nonproliferation of weapons of mass destruction and conventional weapons; and, to address global destabilization issues in the areas of narcotics, terrorism and crime.

PROMOTING PEACE: PEACEKEEPING AND RELATED PROGRAMS

In the wake of the Cold War, the United Nations and other multilateral bodies continue to face intractable issues, such as ethnic conflicts, aggression, genocide, famine, epidemics, refugees, population growth, and the survival of democracy in the face of tyranny.

Circumstances have arisen, and will arise in the future, in which it will be in our interest to proceed in partnership with others to preserve, maintain or restore the peace. The UN, and other international and regional organizations will be important instruments of such partnerships.

In presenting this proposed budget, it is our intention to promote world peace, and the security, and general welfare of the United States by fostering timely prevention, rather than costly cure, in U.S. foreign policy. Promoting peace abroad is an investment in America's future. The budget proposal is designed to proactively support multilateral peace operations and assist countries in creating an environment of security and stability essential to their more rapid social, economic, and political progress. In addition to these funding priorities, we shall continue to urge all other countries able to contribute, to join in a common undertaking to meet these objectives.

This budget proposal addresses our participation in international peace operations, and includes a request of $608 million for this function, of which $533 million is for UN assessed peacekeeping and $75 million is for voluntary peacekeeping activities.

Contributions for International Peacekeeping Operations

Multilateral peacekeeping is an essential element of our strategy for promoting peace abroad. It allows us to leverage our capabilities and resources, and to share security responsibilities and burdens with others. While it cannot substitute for unilateral or alliance action where necessary to protect U.S. interests, it will in many instances offer the best means of preventing, containing, or resolving conflicts that could otherwise be far more costly and deadly.

The President has made clear that multilateral peacekeeping must be employed only to advance clearly defined objectives, and that the United States will insist that any potential operation be subject to careful assessment and planning. We are working closely with the UN and other member nations to improve the efficiency and the utility of peacekeeping operations, and the organization's ability to manage them.

Included in the FY 1995 request are funding requirements for UN sponsored operations which have recently been established in Rwanda and in Rwanda/Uganda, in Lebanon, Angola, the Western Sahara, and Mozambique, and for operations in Georgia, Haiti, and Liberia. Also included are requirements for the peacekeeping force in Cyprus, the funding for which is changing from voluntary to assessed.

In keeping with the proposed "shared responsibility" approach to assessed peacekeeping operations, no funds are included in the request for FY 1995 operations in Somalia, Iraq-Kuwait, and the former Yugoslavia. This new approach is discussed in more detail in the Department of State Congressional Presentation Document.

The FY 1995 request also includes $23 million to complete arrears payments to the UN in accordance with the five-year arrears payment plan.

The Administration also requested a supplemental appropriation for FY 1994 as the first year's installment of a multi-year plan to pay approximately $1 billion in unfunded FY 1994 financial requirements for operations in Angola, Iraq-Kuwait, the former Yugoslavia, Somalia, Mozambique, Rwanda, Cyprus, Haiti, Georgia, and Liberia.

The detailed justification for this program is contained in the Department of State's Congressional Presentation Document.

Voluntary Peacekeeping

In addition to supporting long-term, non-assessed commitments such as the Multinational Force of Observers (MFO) in the Sinai, and the Conference on Security and Cooperation in Europe (CSCE) initiatives, this funding will be used to train peacekeeping forces and to promote regional involvement in the resolution of neighboring conflicts. Further, the funding request addresses operations and training in beleaguered Central Europe and the New Independent States of the Former Soviet Union. Finally, the funding would be used to support monitoring and enforcement of United Nations sanctions activities around the world.

The following tables, titled FY 1995 Contributions for International Peacekeeping Activities, and FY 1995 Voluntary Peacekeeping, depict our requests by country, organization and program. Related country, organization and program papers to support the voluntary peacekeeping request follow the table.

PROMOTING PEACE
CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING OPERATIONS
FY 1995
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

COUNTRY/INTERNATIONAL ORGANIZATION	PROPOSED FY 1995
UN ANGOLA VERIFICATION MISSION (UNAVEM II)	31,239
UN ASSISTANCE MISSION FOR RWANDA (UNAMIR)	24,613
UN DISENGAGEMENT OBSERVER FORCE (UNDOF)	12,197
UN FORCE IN CYPRUS (UNFICYP)	5,597
UN INTERIM FORCE IN LEBANON (UNIFIL)	49,006
UN MISSION IN HAITI (UNMIH)	25,433
UN MISSION IN WESTERN SAHARA (MINURSO)	13,401
UN OBSERVER MISSION IN GEORGIA (UNOMIG)	9,857
UN OBSERVER MISSION IN LIBERIA (UNOMIL)	17,941
UN OBSERVER MISSION IN MOZAMBIQUE (ONUMOZ)	19,144
UN TRANSITIONAL AUTHORITY IN CAMBODIA (UNTAC)	9,572
UN UGANDA/RWANDA OBSERVER MISSION (UNOMU)	4,212
OUTSTANDING REQUIREMENTS	288,000
ARREARAGE PAYMENTS	23,092
TOTAL BUDGET AUTHORITY	533,304

PROMOTING PEACE
VOLUNTARY PEACEKEEPING
FY 1995
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

COUNTRY/INTERNATIONAL ORGANIZATION a/	PROPOSED FY 1995
AFRICA REGIONAL PEACEKEEPING	10,050
CEE JOINT PEACEKEEPING	10,000
CONFERENCE ON SECURITY & COOPERATION IN EUROPE	7,000
HAITI	3,770
MULTILATERAL FORCE & OBSERVERS - SINAI	17,000
NEPAL	30
NIS PEACEKEEPING	5,150
ORGANIZATION OF AFRICAN UNITY	5,000
SANCTIONS ASSISTANCE MONITORS	17,000
TOTAL BUDGET AUTHORITY	75,000

a/ FY 1995 funding for Direct Training has been requested for Botswana ($350 thousand, 21 students) and for Senegal ($500 thousand, 24 students) to prepare foreign troops for participation in UN peacekeeping missions. See appendix.

MULTINATIONAL FORCE AND OBSERVERS - SINAI (MFO)

POLICY CONSIDERATIONS

The MFO is a critical component of the Israeli-Egyptian peace which serves as a model confidence building measure and security arrangement in the context of the ongoing talks between Israel and its other Arab neighbors. The U.S. has a political commitment to the governments of Israel and Egypt to finance one-third of the annual MFO costs. Failure to provide our full share would be seen as a weakening of our commitment to a successful Middle East confidence building measure and call into question the staying power of such measures. It could also create new tensions between Egypt and Israel.

PROGRAM DESCRIPTION

Objectives

The mission of the MFO, an independent international body, is to implement security arrangements envisioned for the United Nations in the 1979 Egyptian-Israeli Peace Treaty. The objective of U.S. support to the MFO is to ensure that the organization is able to carry out its mission and further the spirit of peace and cooperation between Israel and Egypt.

Status

The MFO was able to reduce its 1995 budget to $53 million due to its continuing successful efforts to cut costs. If contributions from the governments of Germany and Japan (which are not included in the $53 million budget total) continue, the MFO expects to be able to continue carrying out its present mandate, absorbing inflation and maintaining costs at the present level, for the next three years.

FY 1995 REQUEST

With the expectation that contributions from the governments of Germany and Japan will continue at present levels, the FY 1995 request would maintain the MFO at current strength.

AFRICA REGIONAL PEACEKEEPING

POLICY CONSIDERATIONS

A number of African countries have actively contributed military personnel and units for duty in international peacekeeping operations. Africans participated in peacekeeping in the Congo Crisis during the 1960s, and in Cyprus, Lebanon, Operation Desert Storm, ex-Yugoslavia, Cambodia, Somalia, Mozambique, and numerous other operations in subsequent years. Additional African states have also expressed the desire to participate in international peacekeeping, but have lacked appropriate equipment and specialized training.

United States policy seeks to assist selected African militaries to develop and maintain personnel and organizations that would be identified for use in peacekeeping operations under the auspices of the United Nations and/or the Organization of African Unity.

PROGRAM DESCRIPTION

The proposed FY 1995 program could provide requisite peacekeeping materiel and training assistance to the following countries to enhance their abilities to participate in international and regional peacekeeping operations: Botswana, Congo, Gambia, Ghana, Kenya, Malawi, Mali, Namibia, Niger, Senegal, Sierra Leone, Uganda, Zambia, and Zimbabwe.

ORGANIZATION OF AFRICAN UNITY

POLICY CONSIDERATIONS

The Organization of African Unity (OAU) is in a unique position to conduct early intervention in African conflicts, thereby reducing the magnitude of human suffering and the level of destruction. During 1992-1993, the OAU conducted peacekeeping in Rwanda, where it provided and supervised a force of military observers, while OAU and other African mediators brokered a negotiated settlement ending the Rwandan civil war. In December 1993, the OAU dispatched a small peacekeeping force to Burundi as a confidence building measure in that ethnically riven country.

In November 1993, the OAU formally established a conflict resolution and peacekeeping mechanism within the organization's secretariat. The United States seeks to support the OAU in its development of a credible regional peacekeeping and conflict resolution capability.

PROGRAM DESCRIPTION

The proposed FY 1995 program would provide assistance to the OAU in establishing and maintaining a credible standing peacekeeping capability, primarily through the acquisition of communications and protective equipment, vehicles, tentage, and field rations.

HAITI

POLICY CONSIDERATIONS

The U.S. is committed to restoring constitutional government and the return of President Aristide to his duly elected position. The U.S. has strongly supported the efforts of the United Nations and the Organization of American States to negotiate a settlement. We believe that the accord reached at Governor's Island remains the best blueprint for restoring democracy to Haiti.

Haiti historically has been highly dependent on foreign assistance due to extreme poverty and political instability over many decades. Severely reduced activity by the international donor community since the 1991 coup and the subsequent imposition of sanctions have worsened Haiti's economic situation. Significant external assistance will be necessary once constitutional government is fully restored.

The U.S. supports President Aristide's request to the UN and the OAS for assistance in monitoring human rights and strengthening Haitian institutions. We have identified priority areas for U.S. assistance accordingly.

FY 1995 REQUEST

The FY 1995 program will provide support to UN/OAS civilian observers in their mission of monitoring human rights practices. It will support the UN/OAS civilian observer mission which monitors human rights, so crucial to a fragile democracy. The mission is intended to help create a climate conductive to the restoration of democracy, and to provide an element of personal security, particularly in the Haitian countryside.

NEPAL

POLICY CONSIDERATIONS

Nepal began its transition to democracy in 1991, when a series of popular demonstrations ended thirty years of repressive monarchy. The country, now a constitutional democracy, still has much to accomplish to institutionalize democratic practices.

Peacekeeping training will support Nepal's active engagement in UN peacekeeping operations (including Lebanon, Bosnia, and Somalia) making it a reliable partner in global peacekeeping efforts. The Royal Nepalese Army (RNA) training establishment's leadership positions are held by IMET graduates. IMET graduates also command and staff no fewer than seven battalions and four brigades in UN peacekeeping contingents. Their skills have resulted in better coordination with, and understanding of UN headquarters' operational planning.

FY 1995 REQUEST

The proposed FY 1995 peacekeeping training program will continue to focus on improving the professionalism of the RNA's officer corps under its new democratic institutions. Additionally, the program will support medical observer training, civil disaster response training, advanced officer courses, and command and general staff courses.

CENTRAL AND EASTERN EUROPE PEACEKEEPING

POLICY CONSIDERATIONS

Over the past several years, the new democracies of Central and Eastern Europe (CEE), eager to integrate themselves ever more fully into the international community, have displayed increasing interest in international peacekeeping, with CEE states sending units to several UN peacekeeping operations, including Iraq-Kuwait, Somalia, and Cambodia.

The United States has a clear and compelling interest in supporting and reinforcing this trend, both as a means of promoting CEE integration with the West, and to improve the ability of the UN and regional organizations like the CSCE to address some of the new security threats of post-Cold War Europe. Such support is also consistent with and supportive of the U.S.-proposed "Partnership For Peace (PFP)" initiative endorsed by the January 1994 NATO Summit. In an invitation extended to prospective PFP partners, the Alliance pledged that it will "work in concrete ways towards ...creating an ability (among PFP partners) to operate with NATO forces in such fields as peacekeeping..."

The U.S. can play a key role in supporting CEE peacekeeping efforts. We can assist in organizing and training, and equipping where possible, CEE peacekeeping units to NATO standards. Such U.S. support would not only provide an incentive for CEE countries to maintain or create dedicated peacekeeping units, but would also encourage CEE militaries to enhance interoperability and practical political-military cooperation with NATO. It would help channel the CEE states' defense efforts toward maintaining forces adequate for their own security, consistent with their resources, and capable of operating with the forces of NATO member states and others in multinational peacekeeping missions.

In general, and as emphasized by President Clinton during his January 1994 visit to Prague, the U.S. supports voluntary, regional and sub-regional cooperation among the CEE states as a means of promoting regional security, enhancing inter-ethnic cooperation, and subduing cross-border tensions. In this direction, we would encourage efforts by CEE states to establish joint, multinational peacekeeping cooperation.

PROGRAM DESCRIPTION

We seek to assist in the development of CEE peacekeeping units, especially regional units, capable of deployment to U.N. or other multinational PKO missions, perhaps alongside U.S. or NATO units.

Our approach will be multifaceted - uniting a variety of elements used in the past as security assistance tools (such as training and transfers of non-lethal defense articles) with the opportunities and realities of cooperation in post-Cold War Europe. Our bilateral programs would not be part of the Partnership For Peace, but would support and reinforce PFP (and U.S.) objectives.

To advance the goals outlined above, we propose supporting in FY 1995 the development of the Baltic peacekeeping battalion announced by the three Baltic states of Estonia, Latvia, and Lithuania in November 1993. The "Baltic Battalion" constitutes the first example of voluntary regional peacekeeping cooperation in CEE. Such support would reward regional cooperation, encourage those states' efforts to improve NATO-interoperability, provide an incentive for other former communist states to cooperate in peacekeeping, and promote the success of the PFP. We expect that other states in the region might assist this project in tandem with our own efforts.

FY 1995 REQUEST

FY 1995 funding will assist, materially and through training, the joint Baltic Battalion headquarters to cooperate and communicate effectively with NATO. We would provide material and technical support -- including financing for the transfer of some communications, transportation, and other non-lethal PKO-related equipment -- to enable the Baltic Battalion to participate effectively in joint PKO field exercises with U.S. and NATO units. We would hope to hold a modest PKO field exercise in FY 1995. This program would be designed to complement, reinforce, and incorporate other ongoing USG security assistance programs, such as the DoD-administered Joint Contact Team Program and defense training, including, for example, English language classes. (The Balts have already decided that English will be the battalion's operational language.)

Elsewhere in CEE, we would consider reinforcing existing efforts, especially sub-regional cooperative efforts, in the field of peacekeeping. We would also consider supporting the peacekeeping efforts of individual CEE states, which have either viable peacekeeping units, experience in UN or CSCE peacekeeping operations, or demonstrated potential to establish credible PKO units deployable to multinational PKO operations.

CONFERENCE ON SECURITY & COOPERATION IN EUROPE

POLICY CONSIDERATIONS

Between 1992 and 1994 trans-Atlantic institutions took major steps forward to enhance their peacekeeping, conflict prevention and crisis management capabilities. These steps include the 1992 CSCE Helsinki Summit Decisions, which declared CSCE to be a "regional arrangement" in the sense of Chapter VIII of the UN Charter, and which provided CSCE for the first time with peacekeeping and conflict prevention modalities and authority, as well as the June, 1992 NATO Oslo Ministerial, which declared NATO's readiness to assist the CSCE in peacekeeping, and the January, 1994 NATO Summit, which established the Partnership for Peace. These steps were taken in recognition of the heightened threat of conflict within the CSCE area following the end of the Cold War.

The U.S. played a major role in initiating all of these steps. We believe that low-intensity conflict prevention and peacekeeping, activities developed significantly by the CSCE since 1992, provide the U.S. and Europe unique opportunities to control and resolve conflicts before they rage out of control, at low cost and in full consideration of underlying human rights issues. Undertaking such operations at very low cost to the U.S. can substantially reduce the risk at a later stage of the U.S. either having to commit vastly greater resources (including possibly military force) or accepting serious damage to national interests.

PROGRAM DESCRIPTION

Objectives

- Pay assessed CSCE costs for ongoing peacekeeping and preventive diplomacy missions
- Provide sufficient funds to enable the U.S. and CSCE to respond quickly to new, unanticipated crises and conflicts in Europe
- Underscore the importance of preventive diplomacy.

Status

The assessed cost to the U.S. for CSCE peacekeeping and preventive diplomacy operations is 9%, in comparison to over 30% for UN peacekeeping. The U.S. commitment to pay these assessments is political, rather than legal, as CSCE is not treaty-based.

CSCE operations are highly cost-effective, as expenditures are maintained at the lowest possible level, and national contributions of funds, equipment and personnel are actively sought and provided. These funds would also support such voluntary contributions, for example, of airlift.

FY 1995 REQUEST

The FY 1995 request provides for current CSCE operations in Tajikistan, Moldova, Georgia, Latvia, Estonia, and Macedonia, as well as partial support for the CSCE sanctions assistance missions in Macedonia, Croatia, Albania, Bulgaria, Hungary, Romania, and the Ukraine. FY 1995 funding would also support major operations proposed but not yet launched--a monitor force of 400-600 in Nagorno-Karabakh, and the return of the CSCE monitoring missions to Serbia (Kosovo, Vojvodina, and Sandzak), with a five-scale increase of up to 100 personnel to the former mission in Kosovo.

NIS PEACEKEEPING

POLICY CONSIDERATIONS

This funding request for NIS Peacekeeping herein must be considered within the overall framework of our assistance policy toward the New Independent States (NIS). That policy, reflected in the assistance package that emerged from the U.S.-Russian Vancouver Summit and the G-7 Tokyo Summit, is designed to advance democracy, free markets and regional stability in the countries that comprised the former Soviet Union. It seeks to make irreversible the reforms underway in Russia and the other NIS that will prevent a return to the political tension and military competition of the Cold War era. The President has made clear that support for reform in the NIS is a primary foreign policy priority of the Administration.

The evolution toward a region of stable, market-oriented democracies remains bumpy. Setbacks will continue to occur. However, reform in the NIS, and the assistance the U.S. provides to support it, should be seen as a long-term proposition that eventually will pay dividends for the U.S., its allies and the populations of the NIS.

The assistance the U.S. provides to the militaries of the NIS must be related to our overall goals. The militaries in the NIS will for the foreseeable future play a role as guarantors of internal stability and in the formulation of national policies. The conduct of the militaries in the NIS will serve as an example and guide for the peoples of the NIS involved in nation-building.

PROGRAM DESCRIPTION

We are asking for funding for the first time to support peacekeeping operations in the NIS financed by voluntary funding. Since the collapse of the Soviet Union, a fundamental objective of the United States has been to support the independence, sovereignty, and territorial integrity of all the NIS. Inter-ethnic conflicts and civil wars in several NIS undermine the viability of these states and threaten stability, democratization and reform in the entire region referred to by the Russians as the "near abroad." These conflicts also have tragic consequences for local populations. The United States will continue to lead and support international efforts to assist the parties in arriving at peaceful solutions.

Peacekeeping operations carried out in accordance with CSCE principles and the UN Charter, and supported by voluntary contributions, may contribute substantially to ending armed conflicts in the region and resolving them peacefully.

FY 1995 REQUEST

We are proposing an FY 1995 voluntary contribution in support of peacekeeping operations in the NIS that are not financed by UN assessed contributions. U.S. funding could provide training, technical or logistical assistance, or material assistance. In addition to helping bring an end to armed conflict and to restoring stability and a climate for successful reform efforts, U.S. contributions to peacekeeping operations in the NIS would give us some leverage over the conduct of the operation and would enhance our ability to persuade others to contribute.

SANCTIONS ASSISTANCE MONITORING

POLICY CONSIDERATIONS

Multilateral economic sanctions are increasingly a tool of choice in foreign policy. During 1993, the Department of State managed U.S. sanctions policies against Serbia-Montenegro, Iraq, Iran, Haiti, Cuba, South Africa, Sudan, North Korea and Libya. In the instance of Serbia-Montenegro this has required coordination and funding of a sizeable multilateral enforcement effort. Under EC/CSCE auspices, the United States has provided sanctions enforcement-related commodities and services. We anticipate a continuing need for sanctions enforcement funding.

In FY 1994 and 1995, the Department of State funded sanctions enforcement efforts against Serbia-Montenegro from reprogrammed Peacekeeping Operations Account funds. The Department of the Treasury funded an equal share. After FY 1994, however, the Department will not be able to count on Treasury as a source of funds.

Enforcement of economic sanctions will continue to be an important component of U.S. foreign policy. Establishing a separate source of funding for this purpose is essential, since excess funds will not be available from other sources.

OBJECTIVE

The U.S. objective is to assist front line states in monitoring and enforcing implementation.

FY 1995 REQUEST

FY 1995 funding is requested for the establishment, training and equipping of a cadre of Sanctions Assistance Monitors (SAMS). Funding will also be used for technical assistance to and training costs for host country governments.

PROMOTING PEACE: NONPROLIFERATION AND DISARMAMENT

Nonproliferation and Disarmament activities are composed of two parts: the Nonproliferation and Disarmament Fund (NDF), administered by the Department of State, and operating support for the U.S. Arms Control and Disarmament Agency (ACDA). For FY 1995, the NDF portion of the request amounts to $50 million, $40 million of which is the U.S. contribution to the International Atomic Energy Agency (IAEA). ACDA requests $61.278 million for administration and programs.

PROMOTING PEACE
NONPROLIFERATION AND DISARMAMENT
FY 1995
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

		PROPOSED FY 1995
NONPROLIFERATION AND DISARMAMENT FUND		50,000
EXPORT CONTROLS AND INTERDICTION	}	
REGIONAL NON-PROLIFERATION	}	
WMD CONVERSION/DESTRUCTION	}	(10,000)
SAFEGUARDS/VERIFICATION	}	
ADMINISTRATION	}	
INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)		(40,000)
U.S. ARMS CONTROL & DISARMAMENT AGENCY (ACDA) a/		61,278
TOTAL BUDGET AUTHORITY		111,278

a/ Further detailed justification of the FY 1995 request for ACDA is provided in the FY 1995 Congressional Presentation prepared by the U.S. Arms Control & Disarmament Agency.

NONPROLIFERATION AND DISARMAMENT FUND

The Administration is requesting $50 million for bilateral and multilateral assistance programs for FY 1995. This would continue the program initiated in FY 1994, for which $10 million was authorized pursuant to Section 504 of the FREEDOM Support Act, which listed specific categories of activity for which the Fund could be used. Authorization of the Fund for FY 1995 is included in the Administration's proposed Peace, Prosperity, and Democracy Act. We intend to build on our activities in these categories in the following manner:

State Program for Nonproliferation

Assistance programs to establish effective controls on destabilizing weapon systems and materials and to prevent smuggling will be offered to South Asia, the former Soviet Union, Eastern Europe, and elsewhere. More than 20 countries have been identified as possible candidates for such assistance, and we expect that this program will expand in FY 1995 and beyond.

We plan to offer assistance for dismantling and destroying existing weapons of mass destruction (WMD) systems. Such assistance might include a buy back program for South Africa's nuclear program, aid to implement destruction of missiles and chemical and biological weapons, and the conversion of production facilities to peaceful uses in countries such as South Africa, Argentina, India, Pakistan, and in Eastern Europe.

Fund resources would also support bilateral and multilateral efforts to create verifiable safeguards and nonproliferation regimes. These would be essential factors, for example, in achieving agreements with India and Pakistan to end fissile material production or on nondeployment of ballistic missiles.

Voluntary Contribution to the IAEA

The International Atomic Energy Agency (IAEA) was created in 1957 largely at U.S. initiative following the U.S. decision to alter its domestic legislation to permit international nuclear cooperation in 1954 on the heels of the Atoms for Peace initiative promulgated by President Eisenhower in 1953. Under Article II of its statute, the IAEA is entrusted with the dual responsibility to promote the peaceful uses of atomic energy and to "ensure, so far as it is able, that assistance provided by it or at its request or under its supervision or control is not used in such a way as to further any military purpose." The Agency carries out these tasks through the provision of international safeguards and technical assistance.

The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) is the principal international instrument of the nonproliferation regime. Since 1970, when the treaty came into force, the IAEA has been responsible for administering the safeguards required by it. Although safeguards are our principal concern with the IAEA, the are not our only consideration. Another fundamental premise of U.S. nuclear non-proliferation policy, which is embodied in Article IV of the NPT, is the commitment to "facilitate . . . the fullest possible exchange of equipment, materials and scientific and technological information for the peaceful uses of nuclear energy. The NPT and IAEA are inextricably linked as the cornerstones of international efforts to prevent the further spread of nuclear weapons. The U.S. voluntary contribution to the IAEA assists in this effort.

In implementing its responsibilities, the IAEA advances several U.S. objectives. It furthers U.S. national security through the application of safeguards to nuclear activities to deter their diversion to weapons programs; it assists U.S. nuclear commerce through the provision of the safeguards regime on which U.S. civil exports are predicated; it provides energy security through the promotion of a viable nuclear power option; it provides political security through the use of nuclear technology to solve problems of human welfare that in turn help secure political stability; and it promotes nuclear trade and technical exchange by providing opportunities for sales and access to scientific and technical information.

In addition to the United States, other major contributors to the Technical Assistance and Cooperation Fund include Japan, Germany, France, the United Kingdom and Canada.

FY 1995 Request

In FY 1995, the U.S. voluntary contribution of $40 million will be used to fund the following programs:

-- Technical Assistance and Cooperation Fund (TACF): U.S. assistance to the TACF is calculated at approximately 25% of the target agreed upon informally by the major donors.Contributions to the TACF support the IAEA's provision of in-country projects, equipment, and experts in developing states in scientific and technical areas involving the safe application of nuclear energy and radiation sources to promote human health, agriculture, power production, industrial development, and related research activities.

-- Program of Technical Assistance to Safeguards (POTAS): POTAS will continue to address a number of essential safeguards activities.

These include technologies needed to implement special inspections, new technology for facilities in states of particular regional security concern, and a number of projects, many in cooperation with allies (Japan, Germany, United Kingdom and France) to develop and implement advanced safeguards systems for large automated facilities producing and fabricating plutonium. This latter effort is important both to maintain effective international safeguards and to minimize the resource requirements needed to implement them at these new facilities.

-- Other Safeguards and Non-Proliferation Activities (OS&NP): The United States will continue to utilize a portion of these funds to study the non-proliferation impact and development of safeguards approaches for nuclear technologies. The United States routinely shares the results of such studies with the IAEA. Prospects for implementation of full-scope safeguards in South Africa, Argentina, and Brazil, all of which have substantial nuclear programs, create the need for the United States to provide technical support for consultations with those countries and the IAEA. The U.S. Government will use a portion of these monies to directly fund U.S. programs on safeguards that have not been requested specifically by the IAEA, as well as bilateral cooperation activities with selected countries, where such activities will further non-proliferation objectives shared with the IAEA. A small percentage will be reserved to address critical short-term non-proliferation issues that may arise.

-- In-Kind Technical Cooperation: Funds designated for in-kind technical cooperation will be used to support 20-25 IAEA Footnote a/ projects (equipment, experts, and training), placement in the United States of 175-200 IAEA fellows, and 5-6 U.S.-hosted IAEA training courses, to benefit primarily NPT and Treaty of Tlatelolco parties.

-- Cost-Free Experts: These funds will be used to respond to requests from the IAEA for U.S. experts to work in a variety of technical and administrative capacities.

U.S. ARMS CONTROL AND DISARMAMENT AGENCY (ACDA)

As the primary advisor to the President and the Secretary of State on issues concerning arms control, disarmament, and nonproliferation policy, the Director of ACDA (or his or her designees) participates in the development and implementation of such policy.

In the post-Cold War era, the U.S. will be guided by the principle that arms control and defense are both vital elements of the same national purpose -- to support the national security of the United States. Arms control can reduce the risk of war by limiting and reducing destabilizing military forces, by preventing the spread of weapons of mass destruction or missiles, and by building confidence and trust through measures designed to enhance transparency. As they directly bolster our security, such measures also promote other strategic priorities of U.S. foreign policy such as reform in Russia and the other newly independent states, and our economic goals in Asia and the Pacific region. Arms control can also play an important stabilizing role in support of broader political efforts to resolve longstanding disputes in the Middle East and South Asia.

While seeking the control and prevention of the spread of nuclear weapons remains a primary element of U.S. post-Cold War responsibilities, this agenda has expanded considerably to include stemming the proliferation of all weapons of mass destruction and their means of delivery. Particularly important are the extension of the Nuclear Nonproliferation Treaty in 1995; negotiation of the Comprehensive Nuclear Test Ban Treaty; strengthening multilateral export controls; negotiation of a ban of fissile materials production for nuclear weapons; implementation of the Strategic Arms Reduction Treaties (START I and START II); and the Missile Technology Control Regime (MTCR), which has emerged as a principal arms control institution to address ballistic missile proliferation. We want to improve the MTCR and use it as a vehicle for joint action to combat missile proliferation. The United States will also seek increased transparency of activities relevant to the Biological Weapons Convention. And we must continue to probe for solutions in those regions where nonproliferation norms have not taken hold.

Use of chemical weapons in the Gulf War provided substantial impetus to completion of the Chemical Weapons Convention, with its ground-breaking verification regime. President Clinton in his address to the UN General Assembly, called on all nations, including the United States, to ratify this accord quickly. It was submitted to the Senate for advice and consent on November 23, 1993. Draft legislation to implement the CWC is under discussion with the Congress.

European security concerns have changed dramatically since the members of NATO and the former Warsaw Pact agreed to bring the conventional forces balance in the Atlantic to the Ural region into approximate numerical parity. Several useful conventional forces regimes have recently been implemented which have set lowered ceilings on force levels, substantially improved predictability, transparency, and stability, and paved the way for further arms control progress.

Export controls are another essential nonproliferation tool. Advances in global industrialization diminish the utility of such approaches, however, and forces us to work even more on the demand side, that is to influence the motivations of countries seeking to proliferate. ACDA will place more emphasis on regional arms control, whether in the Middle East, South Asia, or the Korean peninsula.

FY 1995 Request

The President has included in his Budget Request $61.278 million for ACDA. This request supports program operations and personal compensation ($44 million), external research ($1 million), Assessments to NPT ($2.278 million), and Assessments to CWC PrepCom ($14 million). Further details of this request are provided in the ACDA FY 1995 Congressional Presentation Document.

PROMOTING PEACE:
REGIONAL PEACE AND SECURITY

We will enjoy neither security nor prosperity at home unless there is security and prosperity abroad. Of the complex and diffuse challenges we continue to confront abroad, recent significant gains towards a Near East peace are proof of the value of prudent and dedicated investment in regional conflict resolution. The conflict has gone on too many years, and the toll in death and suffering has been great. Recent gains must be buttressed by continued United States support for the peace process in that area.

To this effect, the largest portion of this budget proposal, $5.225 billion is geared toward sustaining and accelerating the peace process. This figure includes traditional economic and military support for the Camp David countries, $75 million for the Israeli-Palestinian Agreement, and modest support, including defense direct training, for other regional players and for regional peace programs.

Regional security concerns survive, and to some extent, have been heightened by the demise of the Cold War. Regional and ethnic conflict in former Soviet and Soviet bloc countries are serious threats to security and stability in Europe. The United States must continue to exercise global leadership in this area, including modifying and developing cooperative mechanisms to address the more diffuse and varied threats which face us today.

Towards this end, our FY 1995 proposal calls for a continuing supportive relationship with long time allies Turkey and Greece. Totaling $871 million in loans, economic assistance and training programs, will assist these traditional allies in updating and training their defense organizations, financing the purchase of U.S. equipment, and promoting effective interaction with United States forces.

The United States also will continue to support regional peace and security through purchaser-financed foreign military sales (FMS). FMS enables friends and allies to obtain the U.S. defense articles and services they need to provide for their own defense, and to participate effectively in international peacekeeping and other collective security arrangements. FMS fosters interoperability between U.S. and foreign forces, strengthening coalition defense capabilities.

The following pages of this section provide a summary of our FY 1995 budget proposals for Regional Peace and Security (in table format), country and program-level justifications for these budget proposals, and a discussion of key purchaser-financed FMS programs.

PROMOTING PEACE
REGIONAL PEACE AND SECURITY
FY 1995
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	PROPOSED FY 1995					
	MILITARY FINANCING					
	CREDIT	GRANT	TOTAL	DIRECT TRAINING a/	ECONOMIC ASSISTANCE	GRAND TOTAL
AFRICA:						
BOTSWANA b/	0	0	0	350	0	350
NAMIBIA	0	0	0	150	0	150
SAO TOME & PRINCIPE	0	0	0	75	0	75
SENEGAL b/	0	0	0	500	0	500
ZIMBABWE	0	0	0	250	0	250
REGIONAL TOTAL	0	0	0	1,325	0	1,325
EAST ASIA & PACIFIC:						
KOREA	0	0	0	10	0	10
MALAYSIA	0	0	0	500	0	500
PHILIPPINES	0	0	0	1,195	0	1,195
SINGAPORE	0	0	0	20	0	20
SOLOMON ISLANDS	0	0	0	100	0	100
SOUTH PACIFIC TUNA TREATY	0	0	0	0	14,000	14,000
THAILAND	0	0	0	1,000	0	1,000
TONGA	0	0	0	50	0	50
VANUATU	0	0	0	50	0	50
WESTERN SAMOA	0	0	0	50	0	50
REGIONAL TOTAL	0	0	0	2,975	14,000	16,975
EUROPE:						
AUSTRIA	0	0	0	15	0	15
CYPRUS	0	0	0	0	15,000	15,000
FINLAND	0	0	0	15	0	15
GREECE (LOAN $317.0 MILLION) c/	24,536	0	24,536	50	0	24,586
IRELAND FUND	0	0	0	0	15,000	15,000
MALTA	0	0	0	65	0	65
PORTUGAL	0	0	0	500	0	500
SPAIN	0	0	0	50	0	50
TURKEY (LOAN $453.0 MILLION) c/	35,062	0	35,062	1,000	100,000	136,062
REGIONAL TOTAL	59,598	0	59,598	1,695	130,000	191,293
LATIN AMERICA & CARIBBEAN:						
ARGENTINA	0	0	0	100	0	100
BRAZIL	0	0	0	100	0	100
CHILE	0	0	0	100	0	100
COSTA RICA	0	0	0	50	0	50
DOMINICAN REPUBLIC	0	0	0	200	0	200
EASTERN CARIBBEAN	0	0	0	200	0	200
ECUADOR	0	0	0	300	0	300
JAMAICA	0	0	0	170	0	170
MEXICO	0	0	0	200	0	200
PACAMS (SCIATTS)	0	0	0	425	0	425
URUGUAY	0	0	0	100	0	100
VENEZUELA	0	0	0	250	0	250
REGIONAL TOTAL	0	0	0	2,195	0	2,195

PROMOTING PEACE
REGIONAL PEACE AND SECURITY
FY 1995
BUDGET AUTHORITY (CONTINUED)
(DOLLARS IN THOUSANDS)

	PROPOSED FY 1995					
	MILITARY FINANCING					
	CREDIT	GRANT	TOTAL	DIRECT TRAINING a/	ECONOMIC ASSISTANCE	GRAND TOTAL
NEAR EAST:						
ALGERIA	0	0	0	75	0	75
BAHRAIN	0	0	0	75	0	75
EGYPT	0	1,300,000	1,300,000	1,000	815,000	2,116,000
ISRAEL	0	1,800,000	1,800,000	0	1,200,000	3,000,000
JORDAN	0	7,300	7,300	1,000	7,200	15,500
LEBANON	0	0	0	400	4,000	4,400
MIDDLE EAST REGIONAL COOPERATION	0	0	0	0	7,000	7,000
MOROCCO	0	0	0	800	0	800
MULTILATERAL WORKING GROUP - MEPP	0	0	0	0	5,000	5,000
OMAN	0	0	0	110	0	110
TUNISIA	0	0	0	800	0	800
WEST BANK-GAZA	0	0	0	0	75,000	75,000
REGIONAL TOTAL	0	3,107,300	3,107,300	4,260	2,113,200	5,224,760
SOUTH ASIA:						
BANGLADESH	0	0	0	175	0	175
INDIA	0	0	0	200	0	200
REGIONAL TOTAL	0	0	0	375	0	375
NON-REGIONAL:						
DEFENSE ADMINISTRATIVE COSTS	0	23,558	23,558	380	0	23,938
NON-REGIONAL TOTAL	0	23,558	23,558	380	0	23,938
TOTAL BUDGET AUTHORITY	59,598 c/	3,130,858	3,190,456	13,205	2,257,200	5,460,861

a/ Numbers of students to be trained appears in the following table. For an overview of total defense direct training in FY 1995, see appendix.
b/ FY 1995 funding for Direct Training has been requested for Botswana ($350 thousand, 21 students) and Senegal ($500 thousand, 24 students) to prepare foreign troops for participation in UN peacekeeping missions.
c/ Total budget authority for credit financing represents subsidy element for direct loans to Greece ($317.0 million) and Turkey ($453.0 million).

PROMOTING PEACE
REGIONAL PEACE AND SECURITY
DIRECT TRAINING
SUMMARY OF STUDENTS TO BE TRAINED
FY 1995

	PROPOSED FY 1995
AFRICA:	
BOTSWANA a/	21
NAMIBIA	12
SAO TOME & PRINCIPE	2
SENEGAL a/	24
ZIMBABWE	19
REGIONAL TOTAL	78
EAST ASIA & PACIFIC:	
KOREA	2
MALAYSIA	40
PHILIPPINES	124
SINGAPORE	4
SOLOMON ISLANDS	20
THAILAND	77
TONGA	6
VANUATU	3
WESTERN SAMOA	2
REGIONAL TOTAL	278
EUROPE:	
AUSTRIA	2
FINLAND	2
GREECE	15
MALTA	8
PORTUGAL	22
RUSSIA	40
SPAIN	9
TURKEY	69
REGIONAL TOTAL	167
LATIN AMERICA & CARIBBEAN:	
ARGENTINA	16
BRAZIL	13
CHILE	56
COSTA RICA	11
DOMINICAN REPUBLIC	35
ECUADOR	34
JAMAICA	27
MEXICO	31
URUGUAY	9
VENEZUELA	36
REGIONAL TOTAL	268

	PROPOSED FY 1995
NEAR EAST:	
ALGERIA	6
BAHRAIN	16
EGYPT	87
JORDAN	100
LEBANON	27
MOROCCO	62
OMAN	17
TUNISIA	60
REGIONAL TOTAL	375
SOUTH ASIA:	
BANGLADESH	12
INDIA	12
REGIONAL TOTAL	24
WORLDWIDE TOTAL	1,190 b/

a/ FY 1995 funding for Direct Training has been requested for Botswana ($350 thousand, 21 students) and Senegal ($500 thousand, 24 students) to prepare foreign troops for participation in UN peacekeeping missions.
b/ For an overview of total defense direct training in FY 1995, see appendix.

DEFENSE ADMINISTRATIVE COSTS

These costs include the expenses of Military Department Headquarters, training activities, overseas security assistance offices (SAOs), Unified Commands, and DSAA. The costs are related to implementation of the Direct Training (former IMET program), grant Excess Defense Articles (EDA) transfers, directed drawdowns of DoD stocks, former Military Assistance Programs (MAP), SAO activities when functioning as the U.S. Defense Department Representative in-country, and general security assistance program administration which is characterized as "U.S. interest," e.g., Unified Command oversight of country military assistance programs.

In addition to the administration of current programs, the Department of Defense has a continuing responsibility to monitor the use and disposition of end items transferred over the years under the former MAP and other authorities previously enacted in Part II, FAA.

Military Training General Costs are primarily used for the development and sustainment of Expanded IMET initiatives. Limited funds are used for selected representation activities.

These U.S. Government administrative costs are exclusive of Foreign Military Sales (FMS) administrative costs incurred primarily for the benefit of, and paid by, FMS customers.

REGIONAL PEACE AND SECURITY
DEFENSE ADMINISTRATIVE COSTS

(Dollars in Thousands)

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Departmental and Headquarters Administrative Expenses a/	b/	b/	6,670
SAO Administrative Expenses a/	b/	b/	16,888
Military Training General Costs	c/	c/	380
Total Budget Authority	b/	b/	23,938

a/ Excludes those Defense Security Assistance Agency (DSAA) and overseas security assistance organizations (SAO) costs related to FMS which are financed from sales under sections 21, 22, and 29 of the Arms Export Control Act. See Overseas Military Program Management table for further details on SAO costs.

b/ For FY 1993 and 1994, funds to cover these costs are included in the Foreign Military Financing account. See the FMF Administrative Costs table on page 174.

c/ For FY 1993 and 1994, funds to cover these costs are included in the International Military Education and Training account under General Costs. See the International Military Education and Training table on page 175.

ALGERIA

POLICY CONSIDERATIONS

Algeria is undergoing its most critical period since independence; facing a political crisis fueled by economic dissatisfaction. Although rich in oil and natural gas, Algeria's centrally-planned economy has failed to meet the employment and housing needs of a burgeoning population. Exploiting widespread discontentment with a discredited system, an Islamic fundamentalist party swept the first round of legislative elections in late 1991. The army then took over, cancelled the second round of balloting, and cracked down on Islamic opponents. Since then, the government has been locked in a battle against mounting Islamic insurgent violence. Worsening turbulence in Algeria---one of the largest countries in the Middle East---could hurt stability throughout the region.

U.S. efforts since the cancellation of elections have focused on pressing the Algerian government to open a political dialogue with its opponents, to create democratic alternatives for the Algerian people, to take concrete steps to resume the electoral process in the not-too-distant future, and to curb human rights excesses, which only create public sympathy for the Islamic underground. The U.S. has also urged economic reforms which would move Algeria towards a free-market economy and away from the xenophobic, statist practices which have left the country deep in debt. Algerian Prime Minister Redha Malek, appointed in August 1993, has publicly addressed the need for political and economic change and announced Algeria's intentions to conclude an IMF agreement. There has been no progress, however, on the political front.

The Algerian military, however, will remain the ultimate arbiter of power and instigator of meaningful change. The modest training program which we are proposing would expose selected Algerian military officers to U.S. traditions of democracy and respect for human rights. It would also give us some measure of influence in our attempts to persuade the Algerian government to embark on a reformist course and to cooperate with us on international issues such as the Middle East peace process and relations with Libya.

FY 1995 REQUEST

In FY 1995, a modest military education and training program will train selected Algerian military officers in the areas of democracy, human rights, and technical issues.

BAHRAIN

POLICY CONSIDERATIONS

The U.S. and Bahrain have enjoyed close bilateral relations, based heavily on our shared perception of key regional security and stability issues, for nearly fifty years. Our mutually-shared objectives include maintaining access to critical oil and gas resources under free market conditions, ensuring freedom of navigation in the Gulf, and supporting the security and stability of friendly countries in the region.

Bahrain's readiness to host NAVCENT and its predecessor organizations since the end of World War II has been a valuable and substantial component of our security presence in the region. In addition, the signing of a U.S.-Bahrain defense cooperation agreement in 1991 allows U.S. access to Bahraini bases during periods of crisis and provides for the prepositioning of strategic material in Bahrain, as well as for consultation if Bahrain's security is threatened.

Efforts to achieve regional peace have also won Bahraini support. It has participated in all five multilateral working groups established as part of the Middle East Peace Process. Despite its own serious financial constraints, Bahrain has also contributed to Lebanon's reconstruction and has announced a willingness to participate in the fund to support the Middle East Peace Process.

Bahrain is a marginal, slowly declining oil producer, unlike other GCC states. It has used its limited resources to provide extensive social services to its citizens and to build a small but effective defense force. The government is headed by an Amir, who rules with the aid of an Advisory Council. Bahraini society, though conservative, is one of the most open in the Gulf to social and cultural diversity. Although reports persist of instances of arbitrary detention, unfair trials, and mistreatment of detainees, the human rights situation in the country has improved markedly in recent years.

FY 1995 REQUEST

For FY 1995, a modest military education and training program for Bahraini middle grade officers will assist in establishing rapport between the U.S. and Bahraini armed forces, enhance Bahraini understanding of U.S. security perspectives in the region, build a spirit of cooperation in the Bahraini military with the U.S. and strengthen their appreciation of important U.S. values by exposing the Bahraini military to U.S. practices and traditions, including civilian control of the military.

EGYPT

POLICY CONSIDERATIONS

Egypt will continue to be a linchpin of U.S. national strategy in the Middle East for the foreseeable future. A moderating influence in a historically volatile region, Egypt has been an irreplaceable regional partner for the United States since signing the Camp David Accords and establishing peace with Israel in 1979.

Following our joint success in the Gulf War, the United States and Egypt have again worked closely together in pursuit of common regional security goals, including an enduring peace between Israel and her Arab neighbors. Egypt has performed an invaluable role as mediator, go-between and coach for all parties to the current bilateral negotiations and has taken a leading role in the multilateral negotiations which are intended to address issues of broader concern to the entire region. As a member of the OAU, and as this year's chair, Egypt is also a key player on numerous sensitive African issues.

Egypt contributes troops to a number of UN peacekeeping forces including those in Somalia and the former Yugoslavia. Air and sea access through Egypt, including via the Suez Canal, remains vital for U.S. military operations in the Red Sea/Persian Gulf region. Regional joint military exercises contribute significantly to the operational readiness of U.S. forces assigned to CENTCOM.

However, Egypt faces major economic problems which threaten its long-term stability. Unemployment is about 20 percent, economic growth is slow, population growth is rapid, and the Egyptian people have seen their standard of living deteriorate over the past five years. Economic problems are a major factor in the recent increase in extremist terrorism, which has in turn exacerbated economic problems by striking against tourism and threatening foreign investors. With the support of the IMF, World Bank, the U.S. - through the large USAID program - and other bilateral donors, Egypt is now implementing extensive economic reforms. Egypt has ratified an investment treaty with the U.S. and has taken positive steps on protection of intellectual property.

Extremist violence is a cause for concern, but it does not directly threaten government stability. Terrorism has, however, reduced income from the tourist industry, and provoked tough government reactions on a number of occasions. We have raised our concerns with Egyptian officials over reports of human rights abuses.

PROGRAM DESCRIPTION

Objectives

- Promote peace in the Middle East and Red Sea/ Persian Gulf region by supporting Egypt's critical political and military role as a moderating influence in the region and a contributor to peacekeeping operations.
- Promote market-oriented economic development and policy reform.
- Assist continuing democratic reform and improve the protection of human rights.
- Support continued modernization of Egypt's armed forces.

Status

Our proposed economic assistance supports and advances Egypt's multifaceted economic reform program and improves the standard of living of the Egyptian people. Policy reforms promote macroeconomic stability and structural change in the agriculture, trade, and financial sectors. Private sector investment and trade within a market-oriented framework would be broadened. Efforts to increase agricultural production and incomes will stress liberalizing market controls.

Previous assistance has made such important contributions as increased electrical production, sewage treatment, and the provision of family planning services. Parts of that program aimed at reducing trade restrictions and promoting privatization should also provide significant opportunities for U.S. business in Egypt. Further, much of our spending is directly responsible for increased U.S. exports to Egypt. We also seek to enhance stability by providing technical assistance on governance to strengthen Egypt's legislature and judiciary. Our programs to strengthen the judiciary are also aimed at helping Egypt improve its protection for human rights.

The Egyptian military is well into a long-term modernization program, aimed at replacing antiquated Soviet equipment with more up-to-date U.S. equipment. We propose maintaining this program to allow the GOE to continue four major programs (armor modernization, F-16 and Apache purchases and acquisition of two Knox frigates) while upgrading its secondary systems and increasing its concentration on operability and sustainment. Training in the U.S. for Egyptian military officers introduces them to the traditions of democracy, human rights and civilian control of the military. Any change in the funding at this point would cause delays in the modernization program and could reduce Egyptian ability to maintain interoperability with U.S. forces.

FY 1995 REQUEST

The Administration proposes maintaining traditional levels of economic and military assistance for Egypt. USAID's detailed description of the Egypt program, including sustainable development goals, follows.

EGYPT - FY 1995 ECONOMIC PROGRAMS

The proposed U.S. economic assistance for Egypt will support and advance Egypt's multi-faceted economic reform program and improve the standard of living of the Egyptian people.

Promoting Broad-Based Economic Growth. Economic policy reform programs promote macro-economic stability and structural change in the agriculture, trade, fiscal, and the financial sectors which are essential to sustain broad-based growth, along with privatization to encourage investment. Institutional and price reforms in infrastructure and social sectors assist the Government of Egypt's cost recovery and sustainability efforts, reduce its budget deficit, and provide a base for increased production and growth. USAID efforts also will increase agriculture production and incomes, in part by liberalizing product and input markets. Sector policy reform will continue improving incentives for production and marketing. Cropping pattern restrictions will be eliminated. All remaining price and marketing controls will be removed. USAID will also contribute to the development and adoption of improved technologies in production, processing and marketing for agriculture products, and will increase the efficiency of irrigation water use.

Increased Private Investment and Trade. USAID has targeted specific policy reforms and projects which encourage and support increased private investment and trade within a market-oriented framework. USAID will contribute to diversifying the number of financial market instruments, deepening and broadening the stock exchange, increasing the number and types of financial intermediaries, and privatizing 23 commercial banks.

Stabilizing Population Growth and Improving Maternal and Child Health. Increased Level and Effective Use of Contraceptive Methods. USAID's strategy concentrates on increasing service volume and quality, and improving management. USAID also emphasizes improved access to higher quality preventive services for maternal and child health. USAID is placing special importance on improved pre-natal and peri-natal care as well as combatting acute respiratory infections and other infectious diseases. USAID is also trying to improve the sustainability of the health care system through its efforts on health financing.

Supporting Democratic Participation. USAID's governance and democracy strategy recognizes the central importance of strengthened democratic systems to sustainable development. The strategy emphasizes support to Egypt's legislature, judiciary, and professional and community organizations to enable these institutions to become more responsible participants in governance.

Protecting the Environment. The strategy focuses on the adoption of air and water pollution prevention practices directly through project assistance and indirectly through pricing reforms which reduce the demand for commodities or services injurious to the environment. Infrastructure projects increase access to potable water and sanitation services in urban areas and other projects address energy conservation and other measures that lead to clean air.

OTHER DONORS

In 1993, the United States, with about 42% of bilateral contributions, was the largest bilateral donor. Other leading donors are the World Bank, International Monetary Fund, Japan, Italy, Germany, France, and the Abu Dhabi Fund.

ISRAEL

POLICY CONSIDERATIONS

The United States reaffirms its commitment to Israel's security and well-being and our interest in securing a just and comprehensive peace between Israel and its Arab neighbors. Our commitment to Israel's security has been a cornerstone of our Middle East policy since the creation of the state of Israel in 1948. This long-standing commitment is based on historic and cultural ties, as well as U.S. interest in the success of the peace process. In addition, we share with Israel concerns related to the security of the eastern Mediterranean. We have repeatedly emphasized that the security and legitimacy of Israel must not be in doubt if the ongoing bilateral and multilateral peace talks, co-sponsored by the U.S., are to succeed.

The recently-concluded historic accord between Israel and the Palestinians represents a unique opportunity for progress toward regional peace and security. Israel has taken significant risks for peace which should be recognized and reinforced by the U.S. While the defeat of Iraq and recent dramatic progress toward peace have reduced the immediate short-term threat to Israel, a longer-term threat remains from countries such as Iran, which continue to pursue the development and acquisition of weapons of mass destruction and their delivery systems. The U.S. is committed to maintaining Israel's qualitative edge, giving it the capability to defend itself against any likely combination of aggressors.

While Israel's economy is currently strong (with a growth in GDP of about 5% per year), this strength is fragile. The arrival of 440,000 new immigrants since 1989 has exerted great pressure in the labor market, leading to an 11 percent level of unemployment at the end of 1992. Increased domestic demand associated with high immigration levels has contributed to a widening trade deficit and to double-digit inflation. Although the GOI recently moved forward with privatization plans, state owned industries continue to lose money.

PROGRAM DESCRIPTION

Objectives

- Assist Israel in maintaining its qualitative edge. The programs will also allow Israel to continue cash-flow funding and follow-on support for major multi-year procurement programs such as new fighter aircraft purchases, Apache helicopters, SAAR corvettes, and upgrades of F-4s.

o Encourage economic reform and renewed private sector growth.

Status

Israel has taken advantage of the reduced short-term military postwar threat by reformulating its defense thinking, strategy and doctrine and by moving forward on a number of long-term military initiatives, including the "Arrow" ATBM program and active missile defense, which is specifically aimed at countering a missile threat.

Economic support has helped the government divest some state enterprises. A new free trade agreement was recently signed with EFTA countries to complement the existing ones with the United States and the EC. However, efforts to reduce duties on imports from countries not subject to these agreements have run into problems, and a number of problem areas continue to exist in our bilateral trade, including Israeli non-tariff barriers on U.S. agricultural products, standards issues, and customs practices.

FY 1995 REQUEST

The President's FY 1995 budget will maintain current aid levels to Israel, including military aid to support regional security objectives and sustainable progress toward peace. The requested economic assistance will help Israel continue economic reforms. USAID's detailed description of the Israel program follows.

ISRAEL - FY 1995 ECONOMIC PROGRAMS

The proposed economic assistance supports Israel's economic policy reforms and environmental goals.

Promoting Broad-Based Economic Growth. USAID's strategy is to support policy reforms required for financial stability and structural adjustments needed for rapid sustainable growth. Through the ongoing dialogue of the senior policy-level Joint Economic Development Group, the U.S. Government encourages Israeli reforms to reduce government spending and deficits, increase privatization, reform labor markets and continue to liberalize its trade resources. The annual U.S. cash transfer is used by Israel for repayment of debt to the United States, including Foreign Military Sales debt, and purchases of goods and services from the United States.

Protecting the Environment. Desertification will be addressed by the Middle East Peace Program Working Group on the Environment; regional water issues will be taken up by the Middle East Program Working Group on Water Resources. The U.S. supports the efforts of these groups to achieve jointly solutions to such regional environmental problems.

OTHER DONORS

In 1992, the United States, with over 90% of official transfers, was the largest bilateral donor. Germany is the only other major donor.

JORDAN

POLICY CONSIDERATIONS

By promoting stability and prosperity in Jordan, U.S. assistance provides the Jordanian government flexibility to pursue policies of crucial importance to U.S. objectives in the Middle East and sends a meaningful signal to other potential donors who share our interests in the region. U.S. aid supports the Jordanian government as it explores new areas of cooperation with Israel, supports progress on other tracks of the peace process, and enforces sanctions against Iraq. It also strengthens the government's commitment to important democratization and economic programs which are exemplary in the Arab world and reinforces the regime's positive human rights record. U.S. military assistance also enhances Jordan's important role in ensuring generally the peace and security of the region.

Jordan began serious efforts to achieve long-term economic growth beginning with an IMF standby arrangement in February 1992. Economic growth in 1992 was impressive at over 11%; 1993 estimated growth is 5-6%. According to the IMF, Jordan has met or exceeded nearly all standby targets. Despite this serious economic reform, Jordan's economy is hamstrung by enormous debt overhang. In 1991, Jordan's external debt/GNP ratio of 208% was the highest in the region (compared to 50% for Lebanon and 54% for Israel.)

Largely as a result of dislocations of the Gulf war, unemployment hovers near 18% and almost 20% of Jordan's population lives below the poverty line. Standards of living have fallen steadily since 1988, and likely will not rise while Jordan is engaged in an IMF program. (Jordan's per capita GDP is approximately $1,000, lower than both Gaza and West Bank levels, and far below Israel's $12,500.) Left unaddressed, such problems could disrupt the government's efforts at structural reform, democratization, and its crucial commitment to the Middle East peace talks. External assistance can help minimize potentially destabilizing economic factors.

PROGRAM DESCRIPTION

Objectives

- Support economic development through projects to promote growth of industries which will help bring in foreign exchange; to improve water quality and conservation; and to provide better family planning/health care facilities.

- Support the military's ability to secure Jordan's borders, by providing appropriate equipment and training.

- Provide training for Jordan's armed forces to reinforce pro-Western concepts of the role of the military in a democratic society.

Status

Jordan cannot sustain long-term growth without changes in regional circumstances. With its largest trading partner under UN economic sanctions, relations with Gulf states strained, and Western donors financially strapped, Jordan must make its economy more attractive to private capital and investment. U.S.-funded feasibility surveys and technical services can also complement IMF-mandated economic reforms to improve Jordan's investment climate.

Jordan's armed forces (JAF) guarantee the Kingdom's domestic stability. The King's democratization program (which last November led to Jordan's first multiparty parliamentary elections in recent history); possible domestic opposition to economic or peace process initiatives (such as September 1993's historic agreement with Israel on a common agenda); and the JAF's role in training a new Palestinian military force reinforce the need for military training programs which can educate JAF personnel on the role of the armed forces in a democratic society.

Financial cutbacks over the past several years have affected the mission and morale of Jordan's military. This could undercut the JAF's ability to guarantee Jordan's borders with Israel and the new Palestinian entity in Jericho.

FY 1995 REQUEST

The 1995 program will provide economic assistance to increase foreign exchange earnings from light industry, agriculture, and tourism. It will increase contraceptive use, support water conservation and quality improvement, and contribute to more efficient and accountable governance. Financial assistance will also improve JAF capabilities to maintain adequate border security, internal stability, and participate in UN peacekeeping missions. USAID's detailed description of the Jordan program, including sustainable development goals, follows.

JORDAN - FY 1995 ECONOMIC PROGRAMS

Promoting Broad-Based Economic Growth. Jordan's chronic inability to meet its foreign exchange needs impedes economic growth and threatens further human development. USAID plans to increase foreign exchange earnings from light industry, and also plans to increase the dollar value of agricultural exports and tourism. USAID targets needed policy reforms, such as the elimination of import and export licensing. Trade associations will grow in membership due to the improved services they offer exporters. Firms will also make accelerated use of production, packaging and marketing technology, which will be measured in part by the annual percentage increase in the importation of capital goods such as factory machinery. The program is also supporting the diversification of financial instruments and procedures, such as the development of an Export Credit Guarantee Company. USAID funds also promote Jordan's participation in collaborative technical assistance and research projects between Israel and its Arab neighbors.

Stabilizing Population Growth. Jordan's persistently high population growth rate threatens to overwhelm the country's efforts to restructure its economy, promote sustainable development, and increase quality of life. USAID, by increasing the use of effective contraceptive methods, will contribute to a reduction in the total fertility rate from 5.6 percent in 1990 to 3.6 percent in 1998.

Protecting the Environment. Social progress and sustainable economic growth is critically linked to making good use of limited natural resources. USAID's environmental strategy emphasizes water quality improvement and conservation to help reverse degradation and depletion and improve the management of Jordan's limited water resources. Through the regional Project in Development and the Environment (PRIDE) project USAID, through the World Environment Center, has already provided environmental services to 12 Jordanian industries to address industrial pollution problems. The landmark Jordan National Water Strategy was developed with the support of USAID and is serving to marshal the resources of the donor community towards alleviating this key environmental concern.

Supporting Democratic Participation. Assistance to Jordan is provided under USAID's regional strategic objective to achieve more efficient and accountable governance. Building on the successful November 8, 1993 multiparty parliamentary elections, Jordan will be receiving USAID support to carry out democracy-related pilot activities.

OTHER DONORS

In 1992, the United States was the third largest donor with about 16% of total donor funding. Other leading donors are Japan, the World Bank and Germany.

LEBANON

POLICY CONSIDERATIONS

U.S. support for Lebanon continues a long tradition of assistance for one of the Arab world's leading free-market democratic societies. It now helps anchor Lebanon's steady recovery from 16 years of civil war. An economically viable Lebanon provides a foundation for the government's efforts to increase political stability (and regain effective control of all aspects of national policy making), to facilitate full implementation of the Taif Accords, and continue its commitment to bilateral peace talks with Israel. Economic assistance contributions complement the Lebanese government's 3-year, $2.5 billion reconstruction program by promoting economic stability and social progress. Both economic and military training assistance also provide an effective counterweight to several groups which oppose Lebanon's participation in the peace process, many of whom are also competing with the central government to provide services to a war-weary population.

By helping Lebanese civilians rebuild homes and livelihoods destroyed in the war, supplementing the government's program to resettle some of the 1/4 of Lebanese who were displaced in the civil war, promoting administrative reforms within the central government, and continuing modest support for the Lebanese armed forces in extending central government control, we hope to stimulate the national reconciliation which is essential to long-term stability in Lebanon and the region.

PROGRAM DESCRIPTION

Objectives

- Provide training and equipment to help restore effective management in several government institutions.
- Provide seed money and training to encourage establishment of private sector micro-enterprises likely to benefit as Lebanon's liberal economy revives.
- Provide training for Lebanese Armed Forces to reinforce pro-Western concepts of the role of the military in a democratic society.

FY 1995 REQUEST

The FY 1995 proposal will allow the U.S., in cooperation with other donors, to upgrade equipment and provide training for certain government agencies which are unable to carry out their mandates due to the deprivations and mass emigration brought on by the Gulf war.

The U.S. may also channel economic aid to PVO programs for the resettlement of Lebanese communities displaced from their traditional homes, or to provide start-up capital for small businesses. Both programs will reinforce confidence in the central government by stabilizing the base for economic growth; the resettlement efforts should also assuage some of the sectarian rivalries which still pose a threat to Lebanon's political and economic progress.

Our military training program will similarly help fill the gaps in military training and management skills which hamper the Lebanese Armed Forces, while at the same time providing a counterweight to the non-Lebanese military presence in the country. USAID's detailed description of the Lebanon program, including sustainable development goals, follows.

LEBANON - FY 1995 ECONOMIC PROGRAMS

Broad-Based Economic Growth. USAID is improving the delivery of nongovernmental, community-based services to encourage resettlement and raise the general well-being of the Lebanese people. For example, we support the repair of health centers, schools, water and sewage systems, roads, homes and electricity.

Supporting Democratic Participation. USAID's strategy concentrates on public administration because increased public sector efficiency provides needed services to the Lebanese people and attracts both Lebanese and foreign investment. Current efforts will increase the capacity of key government agencies (Civil Service Board, Government Accounting Office, Central Inspections Board and Central Disciplinary Board) and Parliament to more effectively manage their resources. Specific administrative reforms will subsequently be tackled through tailored training programs and technical assistance. USAID also supports U.S. educational institutions in Lebanon which promote democratic values.

Protecting the Environment. Based on its experience with nongovernmental organizations (NGOs), USAID is now developing a strategy to expand its assistance to rehabilitate water systems and solid and liquid waste disposal.

OTHER DONORS

In FY 1992, the United States, with about 15% of bilateral contributions, was the third largest bilateral donor. Other major donors are France, Italy, Germany and Kuwait.

MIDDLE EAST REGIONAL COOPERATION

POLICY CONSIDERATIONS

The Middle East Regional Cooperation (MERC) program promotes mutually beneficial cooperation between Israel and neighboring Arab states such as Egypt, Morocco, and Jordan. Exchanges aim to strengthen ties by demonstrating that peaceful cooperation can yield tangible benefits to all involved. The U.S. supports regional cooperation through scientific and technical exchanges through MERC, which complements the ongoing multilateral peace talks on regional issues such as water, the environment and regional economic development.

PROGRAM DESCRIPTION

Objective

- Encourage Israeli-Arab cooperation through scientific research and technical exchanges.

Status

Continuing regional cooperation projects between Israel and Egypt include training and technology exchanges in agriculture and other areas. In FY 92, a new project in agricultural cooperation was initiated between Israeli and Moroccan institutions. This was the first project involving an Arab country other than Egypt. In FY 94, scientists from six countries - Israel, Egypt, Jordan, Morocco, Tunisia, and Lebanon - will conduct parallel research on a tropical disease which afflicts the region. The project will be supervised by the U.S. National Institute of Health.

FY 1995 REQUEST

The proposed FY 1995 economic assistance will maintain current funding levels for MERC.

MOROCCO

POLICY CONSIDERATIONS

Morocco is a long-standing ally that has taken a consistently responsible position on key regional issues. The Moroccan Government has promoted the Middle East peace process, and supported UN sanctions on Libya and Iraq. The only Maghreb state to send troops to the Gulf in defense of Saudi Arabia, Morocco also contributed a 1,250-man force to UNOSOM. During its term on the UN Security Council, Morocco provided key support for U.S. initiatives and helped defuse potentially divisive issues.

Although Morocco has made some progress in the areas of democratization, human rights, and economic reform -- all important policy objectives of the U.S.-- much remains to be done. Political power remains vested with the King, and two-stage parliamentary elections in 1993 did not go far enough towards bringing opposition parties into the political process. Morocco's human rights record has been marred by credible reports of abuse; the government controls the rights of free speech and press in cases seen as affecting the security of the state. In the economic area, Morocco has promoted foreign investment and trade and pursued a structural adjustment program with the assistance of the World Bank and the IMF.

By helping the Moroccan Government to meet its security and economic development needs, the U.S. bolsters Morocco as a stable and moderate friend in an increasingly unstable North Africa.

FY 1995 REQUEST

The proposed FY 1995 training program would provide selected Moroccan military officers with professional military education, including management skills, technical expertise, and respect for democracy and human rights. Continuing this program is important in preserving our access to, and relationship with, the Moroccan defense community.

MULTILATERAL WORKING GROUPS (MEPP)

POLICY CONSIDERATIONS

MEPP will support the activities of the five multilateral working groups of the Middle East peace process: regional economic development, water, environment, refugees, and arms control and regional security. This program will allow the U.S. to advance the peace process and take advantage of new opportunities flowing from the historic Israeli-Palestinian Declaration of Principles and the Israeli-Jordanian Common Agenda. Making further progress in the peace process is one of our highest foreign policy priorities.

PROGRAM DESCRIPTION

Objective

- Provide a centralized source of support for U.S.-funded activities of the multilateral working groups of the Middle East peace process which will augment progress in the bilateral peace negotiations.

Status

In January 1992 in Moscow, multilateral working groups were established to address issues concerning arms control, environment, water, refugees, and economic development. The purpose of these groups was to promote discussion of regional issues among Arabs and Israelis and to bring to bear the resources and experience of non-regional parties to support their efforts. The U.S. and Russia assumed leading roles as co-sponsors of the peace process, and others were designated "co-organizers" including the EU, Japan, and Canada. Participation includes more than 40 parties, including 15 from the Middle East.

Each group has undertaken an active program of seminars, workshops and feasibility studies. At the last round of meetings, the groups also began to identify and implement concrete projects involving a number of regional parties. For example, the regional economic development group endorsed a wide range of cooperative activities in the fields of transportation, training, finance, trade and other areas. The refugee group has examined ways of improving social conditions of Palestinian refugees, especially those outside the occupied territories. The environment group endorsed planning and design of small community wastewater treatment facilities. The water group is seeking to develop a regional data bank and assist regional parties in upgrading their existing data capabilities.

The arms control and regional security group has taken steps to establish a communications network among regional parties. We expect the number of these activities to grow as the peace process moves forward.

FY 1995 REQUEST

The proposed FY 1995 economic assistance program will help fund activities such as these, agreed upon in the multilateral working groups.

OMAN

POLICY CONSIDERATIONS

Oman's strategic location on the Strait of Hormuz makes it critical to U.S. interests in the Gulf. The 1980 Access Agreement with Oman granted the U.S. limited peacetime and contingency wartime use of Omani military facilities. On December 1, 1990, the U.S. and Oman renewed the agreement for an additional ten years. This access was essential to the success of Operation Desert Shield/Desert Storm. In 1991, Sultan Qaboos took the lead in drafting a collective security proposal for the GCC states -- invigorating discussion of a key U.S. objective in the region.

Oman has stood up for peace in the region and a resolution of the Arab-Israeli conflict. Oman was among a handful of Arab states which did not break relations with Egypt after the signing of the Camp David Accords. More recently, it has participated in all five of the multilateral working groups which are part of the Middle East Peace Process. Oman has been particularly active in promoting economic development in the newly independent states of the former Soviet Union.

Sultan Qaboos has advocated political liberalization and has spoken out in asserting the compatibility of Islam and democratic practices. Although an absolute monarch, Qaboos formed a State Consultative Council in 1981 to advise him on economic and social issues. Still lacking in formal authority, the Council has recently won new rights to challenge government policies and question senior Omani officials.

Oman maintains a small but effective defense force which is undergoing a concentrated program of Omanization and an accompanying decline in influence of British and other expatriate elements.

FY 1995 REQUEST

The proposed FY 1995 program will provide basic and advanced training for mid-level Omani officers. The military education and training program is aimed at developing leadership skills and improving the capabilities of middle grade officers as well as providing needed training in the efficient operation and maintenance of U.S.-supplied equipment. Exposure to U.S. values and traditions will also strengthen understanding and appreciation of U.S. practices among Omani officers and will enhance U.S.-Omani security cooperation in support of important shared objectives.

TUNISIA

POLICY CONSIDERATIONS

Tunisia's traditionally close ties to the U.S. were reconfirmed in 1993 by its helpful, moderating role in support of the Middle East peace process, including the October 1993 hosting of the multilateral meeting of the Refugee Working Group. Wedged strategically between the erratic Libya and the unstable Algeria, Tunisia supports U.S. initiatives on Middle East arms control and sanctions against Libya and Iraq. Recent high-level bilateral consultations reflect a warming in relations, including a successful October 1993 meeting of the Joint Military Commission. Tunisia continues to allow the Sixth Fleet access to its naval facilities and has an active schedule of military exercises with U.S. forces.

Tunisia has made major progress in diversifying and modernizing its economy, adopting a model economic adjustment program. Progress toward democratization should be demonstrated in March 1994 elections. Tunisia's human rights record has been marred by credible claims of torture, notably those of the Islamic political opposition. Tunisia is actively seeking to address those human rights concerns.

FY 1995 REQUEST

The proposed FY 1995 program will provide professional military education to Tunisian military personnel. The program exposes Tunisians tc U.S. concepts of democracy, human rights, and civilian control of the military. This small program maintains a relationship with the Tunisian military, access to facilities, and allows us to continue to encourage democratic reforms.

WEST BANK AND GAZA

POLICY CONSIDERATIONS

The recently-concluded accord between Israel and the Palestinians represents a unique opportunity for progress toward regional peace and stability. In maintaining our economic aid to the West Bank and Gaza Strip at $75 million in FY 1995, we send a strong signal of U.S. support for implementation of the Declaration of Principles and the ongoing bilateral and multilateral peace process.

This economic assistance is intended to demonstrate U.S. concern for the economic and social well-being of the 1.7 million Palestinians in the West Bank and Gaza Strip. The program will help the Palestinians begin the process of recovery from a severely depressed economy resulting from the long-standing regional conflict.

PROGRAM DESCRIPTION

Objectives

- Promote self-sustaining economic growth, with an emphasis on training and infrastructure.
- Promote democratization through projects to strengthen institutions.
- Promote agricultural development, including support for cooperatives.

Status

Since 1975, the U.S. has provided over $200 million in assistance to the West Bank and Gaza through programs implemented primarily by private voluntary organizations. These programs have supported health, sanitation, agricultural development, water supply, and private sector development projects.

FY 1995 REQUEST

The proposed FY 1995 budget will fulfill the second year obligation of our multi-year pledge of assistance to the Palestinians, as announced by Vice President Gore at the Conference to Support Middle East Peace in Washington on October 1, 1993. A number of other countries and international organizations are also contibuting to this effort. USAID's detailed description of this program follows, including sustainable development goals, follows.

WEST BANK/GAZA - FY 1995 ECONOMIC PROGRAMS

The U.S. program will provide technical assistance, training and feasibility studies, emergency repairs to housing, schools, and clinics, infrastructure development, to include a Gaza master plan, wastewater system, and clinic rehabilitation, and agricultural development, to include support for cooperatives. In addition, a Democratic Initiatives project will provide training and technical assistance to the new Palestinian Authority.

Promoting Broad-Based Economic Growth. USAID's strategy is to improve physical infrastructure and to create private sector jobs because unemployment is at extremely high levels. Private sector capacity to manage, produce and market goods will be strengthened and the climate for local and foreign investment will be enhanced. Support for improved housing and infrastructure through new construction and rehabilitation of existing facilities will generate private sector employment, strengthen policy and planning capacities and support institutional development. By working with Palestinian authorities and nongovernment service providers to improve family health services (which will incorporate family planning efforts), USAID will assist in the transition to an autonomous health care delivery system. The capacity to plan, finance and implement coordinated and sustainable health care services will be strengthened. The West Bank and Gaza program will benefit from regionally funded economic, scientific and technical activities.

Stabilizing Population Growth. The West Bank and Gaza program has not yet developed a strategy in this area. Plans at this time are to use central resources to assist in efforts to incorporate family planning efforts in the delivery of family health services.

Supporting Democratic Participation. USAID is assisting the Palestinian people in the transition to self-government by supporting the establishment of democratic administrative and legal systems and strengthening civil society. USAID programs are implemented through local nongovernmental organizations (NGOs) and private sector groups in these efforts.

Protecting the Environment. USAID's strategy focuses on improvements to water, sewage and wastewater treatment systems which will safeguard the environment and reduce illness. Municipal management capabilities will be strengthened to promote the development of environmental services and environmentally sound techniques for future land use planning.

OTHER DONORS

In FY 1992, the United States remained the largest donor providing direct assistance, primarily through PVOs, and indirectly through the United Nations Relief Works Agency (UNRWA). Other leading donors were the European Community, France, Germany and Italy.

NAMIBIA

POLICY CONSIDERATIONS

Namibia experienced a successful transition to democracy in 1990. Its government has fostered regional conflict resolution and supported international peacekeeping. The U.S. supports the development of the small Namibian Defense Force into a professional and apolitical military, respectful of human rights and democratic values.

Namibia possesses a small military force, yet has expressed an active interest in participating in international peacekeeping activities, volunteering forces and equipment to the UN peacekeeping operation in Cambodia.

FY 1995 REQUEST

The proposed FY 1995 defense training program will enhance security and stability by providing training in the role of a military in a democracy, and professional military and technical training for Namibian military officers. The proposed peacekeeping support program would provide materiel assistance -- primarily communications equipment and vehicles -- and specialized training to enhance the effectiveness of Namibian participation in international peacekeeping operations.

SAO TOME AND PRINCIPE

POLICY CONSIDERATIONS

Sao Tome and Principe (STP) is a democratic, multi-party state that has recently experienced the replacement of one ruling party by an opposition party through a free and fair election process. STP President Trovoada has indicated his willingness to engage the negotiating parties working to conclude the Angolan civil war as host of the second round of talks. The U.S. and STP agreed in 1992 to the construction and operation over a 30-year period of a $60 million Voice of America relay station on STP.

FY 1995 REQUEST

The proposed FY 1995 program will train selected officers to enable Sao Tome to contribute personnel to international peacekeeping endeavors. The training program will also support STP's coastal security program and operation of their U.S. supplied patrol boat. Courses in defense resource management will expose mid-level military and civilian officials to democratic and human rights values, and the role of the military in an elected government.

ZIMBABWE

POLICY CONSIDERATIONS

Zimbabwe plays a key economic and political role in southern Africa. Its military is marked by professionalism and acceptance of civilian leadership, and has been a source of stability in the region. Zimbabwe is preparing for its fourth general election since independence in 1980. Civil and human rights are generally respected, and the judiciary has proven extremely independent. Zimbabwe has been an active participant in international peacekeeping. It contributed one battalion of troops for Somalia, has provided observers in Angola, Rwanda and Uganda, and has agreed to provide peacekeepers for the regional peacekeeping force in Liberia. Notwithstanding its competence and professionalism, the Zimbabwe military establishment is too large for national defense requirements and dominates scarce public spending.

FY 1995 REQUEST

The FY 1995 request will provide training in the role of a military in a democracy, and professional military and technical training for Zimbabwean military officers. The proposed demobilization support will assist the Government of Zimbabwe in reducing and rationalizing its force structure, and provide other technical assistance in support of demobilization, further strengthening the democratic government. The proposed peacekeeping support program would provide materiel assistance -- primarily communications equipment, vehicles and flak vests -- and specialized training to enhance the effectiveness of Zimbabwean participation in peacekeeping operations.

ARGENTINA

POLICY CONSIDERATIONS

Under the leadership of President Menem, Argentina has become a staunch supporter of U.S. foreign policy initiatives and now aligns itself closely with the West in multilateral fora. Argentina provided the only forces from Latin America in the multinational coalition in the Persian Gulf and is helping to enforce the UN embargo on Haiti. Argentina has stationed a battalion of UN peacekeeping forces in Croatia and participates in UN peacekeeping missions elsewhere.

President Menem has begun to restructure Argentina's armed forces to forge a smaller, more mobile and professional force which is well-suited for international peacekeeping missions and has a high degree of interoperability with U.S. forces. As part of this effort, the armed forces seek to reorient their equipment purchases to U.S. sources. A successful restructuring will reinforce civilian authority in Argentina, foster regional stability and support Argentina's regional nonproliferation initiatives.

Our training program will facilitate Argentina's shift to U.S. equipment by supporting technical and flight training for U.S.- provided aircraft.

FY 1995 REQUEST

The proposed FY 1995 defense training program emphasizes professional military education, defense management and technical training. Education and management training has played a small but vital role in Argentina's military restructuring. Argentina is seeking to reorient its aircraft purchases toward U.S. sources; aviation training supports that reorientation.

BRAZIL

POLICY CONSIDERATIONS

Brazilian democracy was tested in 1993 as Brazil struggled with its second major corruption scandal in two years. Throughout the lengthy Congressional investigation of kickback schemes linked to the budget-making process, all elements of Brazilian society, including the Armed Forces, have supported resolution of the scandal through strict adherence to constitutional, political means. Brazil made progress in 1993 toward ratifying its nuclear nonproliferation commitments. Notwithstanding continued human rights violations in the form of "death squad" activities and killings of Indians, Brazilian authorities are investigating these cases aggressively , which appear to involve rogue elements of local police, particularly in Brazil's larger cities, and miners in the Amazon region.

The proposed modest military training program will advance our objectives of "Promoting Peace and Regional Security" by influencing and strengthening bilateral ties with the Brazilian military, which remain influential since Brazil's return to democracy. It will also help counter anti-U.S. sentiment which has found expression in some military circles portraying the United States as a potential threat to Brazilian sovereignty in the Amazon. As the Brazilian armed forces redefine their role in a democratic Brazil and post-Cold War world, this training will help focus professionalization and modernization efforts of the Brazilian military, reinforce Brazilian democracy and respect for human rights, and enhance Brazil's ability to contribute to defense cooperation, regional security, and potentially, international peacekeeping operations.

FY 1995 REQUEST

The proposed FY 1995 training program will provide professional military education, and demonstrate the concept of civilian control of the armed forces. The training and cross-cultural exposure will help counter anti-U.S. sentiment which has found expression in some military circles and help promote U.S. views on nonproliferation, technology transfer, international peacekeeping operations, and roles for armed forces in counternarcotics efforts.

The program will also provide resource management and technical training. This program is designed to increase the operational readiness and ability of the Brazilian military to participate in regional or international peacekeeping operations.

CHILE

POLICY CONSIDERATIONS

U.S. relations with Chile strengthened considerably with Chile's return to democracy four years ago. President Aylwin's moderate center-left coalition government has provided stable leadership while pursuing economic liberalization. President-elect Eduardo Frei won the December 1993 election as the candidate of the governing coalition, promising continuity of the government's centrist, pragmatic policies.

U.S. defense cooperation with Chile improved significantly under Aylwin. Our assistance to the Chilean armed forces has emphasized education, exchange programs and modest sales of equipment for existing systems. Chile has contributed to peacekeeping forces in the Persian Gulf, Israel, India/Pakistan, Cambodia and El Salvador.

The Chilean government has expressed concern over the growing use of the country as a transit point for narcotrafficking. Our assistance also supports Chile's narcotics interdiction and education programs.

FY 1995 REQUEST

The proposed FY 1995 defense training program will emphasize professional military, management and technical training emphasizing the proper role of the military in a democracy. Defense training improves military-to-military ties and encourages the Chilean government's reorientation towards U.S. sources of military supplies.

COSTA RICA

POLICY CONSIDERATIONS

Costa Rica has long been one of the United States' staunchest allies in Central America, supporting U.S. interests in the region not least through its strong democratic example to other fledgling Central American democracies. A new Costa Rican government, to be installed in May 1994, will seek to continue Costa Rica's emphasis on democracy and dynamic economic growth. Costa Rica aims to regain its regional leadership position, which would be consistent with U.S. regional interests.

Without a military since 1948, Costa Rica has long relied on limited U.S. assistance for the professionalization of its small security forces, and has depended on specialized training which would otherwise be unavailable.

FY 1995 REQUEST

The proposed FY 1995 program, funded out of the Central America regional training account, will provide defense training in resource management and administration. The United States seeks to continue our assistance for the professionalization of Costa Rica's national civilian police forces within the Central America Regional Justice Program.

DOMINICAN REPUBLIC

POLICY CONSIDERATIONS

Democratic institutions have taken root in the Dominican Republic over the last two decades in an atmosphere of close bilateral cooperation with the United States. The Dominican economy has improved steadily following a series of reform measures in 1990. Agreements on repayment of both bilateral and commercial debt were reached in 1993.

More Dominican army resources have been required over the past year to monitor international sanctions along the border with Haiti. The principle of civilian control of the military was maintained in a hotly-contested 1990 election, and national attention is again focused on the democratic process in the run-up to the May presidential elections.

FY 1995 REQUEST

The proposed FY 1995 program will provide defense training to promote professionalism and respect for the democratic process among the officer corps.

EASTERN CARIBBEAN

POLICY CONSIDERATIONS

With their deep commitment to democratic values and human rights, the seven Eastern Caribbean nations (Antigua, Barbados, Dominica, Grenada, St. Kitts-Nevis, St. Lucia, and St. Vincent) have strong U.S. ties. Their small, narrowly-based economies are highly vulnerable to external economic forces, including economic downturn in the U.S. and changes in U.S. trade policy. Increasingly concerned that a post-Castro Cuba will divert attention and investment away from them, these states show growing interest in what they see as preemptive renewal of trade and investment links with Cuba. In the meantime, dislocations caused by efforts to diversify and liberalize their economies and declining terms of trade for key exports, such as bananas, have made these countries more vulnerable to narcotics trafficking.

The Regional Security System (RSS) has responded on a number of occasions to regional governments' requests for maintaining law and order, during local disturbances. In addition, existing police and military forces in the region cannot match resources available to traffickers. U.S. assistance is essential to the RSS, which plays a key role in disaster relief, counterinsurgency operations, and in fighting narcotics trafficking. The stable environment promoted by the RSS greatly assists the continued advancement of the Eastern Caribbean states as market-oriented democracies.

FY 1995 REQUEST

The proposed FY 1995 program will provide professional military education and management and technical training. The program will promote democratic values, including support for constitutional government, respect for human rights and market-oriented economic development. It will enhance Coast Guard patrols, disaster response, counter-insurgency capabilities, and anti-narcotics efforts.

ECUADOR

POLICY CONSIDERATIONS

President Sixto Duran Ballen has dramatically improved U.S.-Ecuadorian relations on a broad range of issues including trade, investment, human rights, and counternarcotics cooperation. Ecuador has been a staunch supporter of most U.S. foreign policy initiatives and has generally aligned itself closely with the U.S. position in multilateral fora. Ecuador has also contributed personnel for the UN peacekeeping force in Liberia, and Duran Ballen has worked actively to reduce tensions and promote cooperation among the Andean nations of South America.

The Ecuadorian armed forces have faced sharp budget cuts in the past year as the government attempts to reduce its large fiscal deficit and reach agreement with its international creditors. Nevertheless, the armed forces have continued to host a significant number of U.S. military exercises, and have permitted U.S. forces to use Ecuadorian facilities and bases. The military, which relinquished political power most recently in 1979, is also undertaking various initiatives to promote greater respect for civil authority and human rights.

PROGRAM DESCRIPTION

Objectives

- Support democracy by promoting greater military professionalization and respect for civil authority and human rights
- Improve military-to-military and civil-military relations through education and training

FY 1995 REQUEST

The proposed FY 1995 defense training program will emphasize professional military education, defense management, and the technical skills necessary for a modern military. Democracy and human rights components will be an integral part of the training program.

JAMAICA

POLICY CONSIDERATIONS

Jamaica is a key regional ally of the United States due to its influential role in the English-speaking Caribbean and the Caribbean Community (CARICOM); to its leadership in undertaking significant economic reforms; and to its location on heavily trafficked narcotics routes. Respect for human rights and democratic principles is well established, and the country has a thriving two-party system, although continued partisan-band political violence poses a threat to democratic institutions and highlights the need for electoral reform. Under the leadership of Prime Minister P.J. Patterson, the ruling People's National Party won a large majority in parliamentary elections in March 1993, and the Government has continued the economic reforms begun under the previous prime minister, Michael Manley. The Jamaica Defense Force is a highly respected and professional organization with a solid tradition of respect for human rights and avoidance of politics.

An early supporter of the North American Free Trade Agreement (NAFTA), Jamaica is committed to market-oriented policies and has one of the region's most successful records in economic liberalization in recent years. The U.S. is Jamaica's largest trading partner. The Government of Jamaica has sharply reduced its role in the economy through the removal of most subsidies and price controls, has liberalized trade and foreign exchange regimes, and has privatized most state-owned companies.

FY 1995 REQUEST

The proposed FY 1995 defense training program will emphasize professional military education, defense management, and the technical skills necessary for a modern military. Democracy and human rights components will be an integral part of the training program.

MEXICO

POLICY CONSIDERATIONS

The U.S. Government and the Mexican Government have revolutionized bilateral relations with the implementation of the North American Free Trade Agreement which came into effect on January 1, 1994. This effort to open up trade between Mexico, Canada and the U.S. will lead to significant integration of our economies and a substantial increase in cross-border traffic.

One of our major policy goals is further democratization in Mexico and encouraging greater respect for human rights. There are serious human rights concerns in Mexico, particularly affecting abuse of power by Mexican officials. Our defense training includes courses which address human rights, fighting corruption, military justice, and code of conduct.

FY 1995 REQUEST

The proposed FY 1995 defense training program will provide professional military, management and technical training.

PANAMA CANAL AREA MILITARY SCHOOL PROGRAM (PACAMS)

POLICY CONSIDERATIONS

The Panama Canal Area Military School Program (PACAMS) consists of the U.S. Navy Small Craft Instruction and Technical Training School (SCIATTS) at Rodman Naval Station on the Pacific Coast. The training provided to students from throughout the hemisphere enhances security and cooperation in the region, and strengthens inter-American military relationships. SCIATTS is a cost-effective alternative for the participating countries, which would either duplicate the same training facilities on a smaller, more costly scale, or do without much-needed training.

SCIATTS provides tactical and technical training, primarily in Spanish, tailored to the unique requirements of countries in the region, helping them improve their ability to protect their national interests. These interests include combating narcotics trafficking and smuggling; enforcing environmental controls on pollution and poaching by out-of-region fishing fleets; and conducting search and rescue (SAR) operations. The school enhances cooperation among the Latin American navies and coast guards, and between them and the U.S. Navy and Coast Guard. Such cooperation is key to reducing the ability of narcotics traffickers and other smugglers to evade interdiction efforts. It complements efforts by DEA and other agencies to help the host nation governments improve their customs, harbor control and anti-smuggling efforts.

PROGRAM DESCRIPTION

The program is designed to aid in the development of indigenous training capabilities and to improve the participating countries' ability to maintain U.S. origin equipment.

FY 1995 REQUEST

The proposed FY 1995 program will provide instruction for students from throughout the region in small craft operations, navigation, and maintenance skills. The training is essential for these countries to improve their coastal and riverine drug interdiction capabilities.

URUGUAY

POLICY CONSIDERATIONS

The key elements of our security assistance program are the professional development of Uruguay's armed forces and the maintenance and modernization of essential U.S.-origin equipment. Our support helps limit the impact of President Lacalle's austerity measures on the armed forces thereby assuring military backing for his economic reforms and strong pro-U.S. foreign policy. U.S. assistance has proved crucial to the success of counter-narcotics programs, humanitarian activities, and civic action efforts during a period of necessary yet extreme budget austerity in the Uruguayan government. The sustainment of even a modest security assistance program allows us to continue to reinforce Uruguay's consolidation of democracy.

President Lacalle remains staunchly pro-American and under his leadership Uruguay has aligned itself closely with the U.S. in multilateral fora such as the UN Human Rights Commission and the Organization of American States while pursuing a program of economic reform at home. Uruguayan forces have participated in UN peacekeeping efforts in Cambodia, the Pakistan-India border, the Iraq/Kuwait border, the Sinai and Mozambique.

FY 1995 REQUEST

The FY 1995 defense training program emphasizes professional military management and technical training. It also exposes Uruguayan officers to U.S. traditions of democracy, civilian leadership, respect for human rights and principles of defense resource management.

VENEZUELA

POLICY CONSIDERATIONS

The government of President Rafael Caldera took office on February 2, 1994. Despite the successful December 5 elections, Venezuelan democracy is still threatened by a domestic economic crisis, potential civil unrest, threatened military coups and powerful international narcotics organizations. We must continue to engage the Venezuelan military to support democracy during this difficult period. Failure of Venezuelan democracy would be a major blow to our broader interests in this hemisphere. Venezuela is an active supporter of U.S. efforts to promote peace and democracy in Latin America. After Mexico, Venezuela is the U.S.' second largest market in Latin America. Access to Venezuela's vast petroleum reserves remain vital to our national security. Venezuela is a key battleground in combatting the growing influence of international narcotics organizations in the hemisphere.

PROGRAM DESCRIPTION

Objectives

- Promote professional development, support for civilian control, and respect for human rights within Venezuela's armed forces through military education and training
- Support military modernization and logistics improvements
- Support Venezuelan efforts to improve its criminal justice system and bolster respect for human rights.

Status

In the past most of our military-to-military contact with Venezuela has been through cash and commercial sales--particularly to the Air Force; and through defense resources management training for Venezuelan military and key civilians. The requested Administration of Justice Program for Venezuela is a new effort.

FY 1995 REQUEST

The proposed FY 1995 defense training program will emphasize professional military management, and technical training. Training on the role of the military in a democracy and in defense resource management will be offered to senior military and defense officials. The Judicial Reform program will focus on training Venezuelan investigators. The Administration of Justice (AOJ) program will improve respect for human rights throughout the criminal justice system.

KOREA

POLICY CONSIDERATIONS

In late 1991, South and North Korea signed two accords with the potential to enhance stability and security in the Korean peninsula. Their full and rapid implementation, and that of North Korea's IAEA safeguards agreement, will be the key to a more peaceful Korea, especially in alleviating the threat of a North Korean nuclear program. However, North Korea's refusal to agree to IAEA special inspections and to engage in serious North-South discussions have significantly increased concerns about its nuclear capabilities and intentions.

Renewed hostilities on the peninsula remain the most likely threat to peace in Northeast Asia. North Korea's million-man army and quantitative advantage over the South in equipment make it well-positioned for an attack that still could come with little or no warning. The combined US/ROK forces defending the South use common doctrine and tactics. Selected ROK officers attend U.S. service and military management courses to maintain ROK military operational skills at a high level. As the U.S. moves from a leading to a supporting role in defense of the ROK, the ROK armed forces will require increased training in management of intelligence, efficient use of advanced technology, and operations of large units.

Direct defense training continues to promote an ROK preference for U.S. weapons systems. Procurement of U.S. weapons systems promotes interoperability and supportability, which are highly important to maintaining a credible deterrent posture on the peninsula.

South Korea's relative economic success has increased its ability to share the burden of security-related costs. At the same time, however, South Korea is modernizing its force structure and establishing a more modern command and control system.

IMET funding was used in past years to pay only a small portion of the overall military school costs. The ROK pays the bulk of its direct international defense training expenses, including all transportation and personnel support costs. ROK funding indicates that it recognizes the importance of the program in training its personnel to take on increasing responsibility for its own security.

PROGRAM DESCRIPTION

Objectives

- Assist Korea in acquiring modern conventional arms, including advanced land, air, and sea systems
- Encourage improvements in ROK defensive skills and professionalism of its armed forces, and enhance military support for democratization
- Encourage more balanced access in US-ROK trade in the defense sector

Status

The United States and Korea enjoy a close and mutually beneficial security relationship that consists of FMS cash and commercial sales of defense equipment, services, and training. These sales promote US-ROK defense cooperation in industry and armament, enhance technical data exchanges, and contribute to the US-ROK balance of trade. Korea increased its cost sharing funds for support of U.S. forces from $150 million to $180 million for FY 92, and by 1995, will increase its contribution to $260 million. The defense training program supports interoperability, increases familiarity with U.S. defense doctrine, and expands Korean understanding of U.S. civilian-military relationships.

FY 1995 REQUEST

The modest FY 1995 request supports only a small percentage of the anticipated defense training costs. This small investment, however, supports significant ROK purchases of U.S. defense equipment, enhances U.S. interoperability, and assists the ROK's efforts toward moving to assuming the leading role in their own defense.

MALAYSIA

POLICY CONSIDERATIONS

The United States and Malaysia have enjoyed friendly relations since the birth of the country in 1957. Although non-aligned, Malaysia explicitly supports the continued presence of the U.S. military in the region, and provides access to ship and aircraft maintenance and repair facilities on a commercial basis. U.S. Navy ships call at Malaysian ports, and U.S. and Malaysian forces from time to time participate in bilateral training exercises. Malaysia and the U.S. also share other important political objectives, such as a commitment to the solidarity of the Association of Southeast Asian Nations (ASEAN) and support for UN peacekeeping efforts. Malaysia has contributed military personnel to UNTAC (Cambodia), UNOSOM (Somalia), UNPROFOR (Bosnia) and UNIKOM (the UN Iraq-Kuwait Observation Mission). In 1993, Malaysia signed a letter of offer and acceptance for the purchase of eight F/A 18 aircraft amounting to more than $600 million.

Malaysia is strategically located along vital sea lanes. It has abundant natural resources, including oil and natural gas. A strong free-market economy and a rising standard of living make it an important and growing market for U.S. goods and services. Two-way trade topped $12.5 billion in calendar year 1992. U.S. investments are estimated to exceed $7 billion. Malaysia supports free trade, and played an active and constructive role in the conclusion of the Uruguay Round.

Malaysia is a democratic country with a parliamentary-style government. Regularly-scheduled elections are contested among the ruling National Front and several opposition parties. Detention without trial and restrictions on judicial independence remain the principal human rights concerns.

Between 1975 and 1989 Malaysia provided first asylum to more than 250,000 Vietnamese boat people. Over 7,500 asylum seekers, remain in camps supervised by Malaysia's Red Crescent Society and the UN High Commissioner for Refugees. There are indications that the Government of Malaysia no longer is redirecting boat people away from its shores, a practice it had instituted in 1989.

PROGRAM DESCRIPTION

Objectives

- Expose Malaysian military and civilian defense officials to U.S. military traditions of professionalism

- Encourage Malaysian support of U.S. presence in the region and understanding of U.S. defense doctrine
- Promote better understanding of U.S. policies, including those on human rights and refugees
- Ensure that Malaysia retains the capability to operate and maintain U.S.-origin equipment

Status

After a two-year suspension in response to restrictive GOM refugee policies, a modest defense training program was restored for Malaysia in 1993.

FY 1995 REQUEST

The proposed FY 1995 program will provide for a limited defense training program in Malaysia focused on professional military education, civil-military relations, and resource management training in support of the objectives outlined above.

PHILIPPINES

POLICY CONSIDERATIONS

Since taking office in 1992 in the first peaceful democratic transition in 30 years, President Ramos has placed major emphasis on, and has made solid progress toward, national reconciliation aimed at ending the challenge to democracy by military rebels, communists, and Muslim separatists. Privatization and economic liberalization have moved forward under his stewardship. Working with an assertive legislature in a fledgling democracy, the Philippine president is attempting to reorient the armed forces from counterinsurgency toward external defense, reestablish political stability, and achieve essential structural changes in the economy.

Having inherited a $30 billion external debt and an economy stifled by domestic protection, Ramos has begun the process of trade and investment liberalization and financial reform. Our economic aid has been the catalyst for a number of positive policy changes and non-governmental initiatives on the economy and environment.

In 1993 we succeeded in putting the post-bases defense relationship with this security treaty ally on a new and positive track. Through the Mutual Defense Board we have jointly arranged two U.S. military ship visits, a successful ground forces exercise, and aircraft transits. After decades of reliance on the U.S. military presence as a deterrent, the Philippines is the weakest ASEAN country in terms of external defense.

PROGRAM DESCRIPTION

Objectives

- Assist the Philippines in strengthening democracy and implementing economic reforms in the face of active communist and Muslim insurgencies.
- Aid the Philippine armed forces' transition from a focus on insurgency-fighting to national defense.
- Support continued improvement in Philippines armed forces professionalism, including respect for constitutional processes and human rights.

Status

For more than twenty years, the Armed Forces of the Philippines (AFP) has had to focus on its counterinsurgency capability, but has dedicated few resources to external defense. With the closing of the U.S. bases, the assistance that was associated with those bases dropped dramatically. Caught in a period of Philippine budget stringency, and still facing significant counter-insurgency commitments, the Philippine government has not yet been able to direct sufficient resources toward external defense modernization. Our requested assistance program provides critical support to the AFP in its efforts to develop a legitimate national defense capability directed toward regional peace, security, and defense cooperation. Joint exercises in the past year have underlined the need for targeted security assistance.

Defense training is the chief means of sustaining professional contact with the AFP at the junior officer to mid-levels. More specifically, it provides opportunities for exposure to U.S. operational methods, promoting discipline and respect for human rights as well as professional and technical military abilities.

FY 1995 REQUEST

The proposed FY 1995 assistance program is designed to assist the new Philippines government in its transition towards national reconciliation and help end the challenge to democracy posed by military rebels, communists, and Muslim separatists. Defense training for FY 1995 is designed to continue improvements in AFP professionalism, including respect for constitutional processes and human rights. Such training is also focused on assisting the military to maintain and operate existing military equipment, rather than providing for any additional acquisitions.

SINGAPORE

POLICY CONSIDERATIONS

Singapore is a staunch supporter of the continued presence of the United States in Asia and of our policies in the region. Singapore's location, at the crossroads of major shipping and air routes, makes it important to U.S. interests. In November 1990, the United States and Singapore signed a Memorandum of Understanding providing access to the country's airfields and port facilities by U.S. military aircraft and ships. In January 1992, an agreement was concluded to move a small U.S. Navy logistics unit from Subic Bay to Singapore. The United States made no reimbursement for improvements to the facilities we use in Singapore.

Singapore is a stable parliamentary democracy, although the government retains powers to restrict free speech and association. Prime Minister Goh received a popular mandate for his continued tenure in parliamentary elections in August 1991. Singapore, with a vibrant free-market economy, strongly supports free-trade policies and encourages U.S. investment and trade.

Singapore values highly the professional training obtained through the defense training program. By providing such training, the U.S. maintains continued close contact with Singapore's military officers and encourages continued utilization of U.S.-manufactured weapons systems.

PROGRAM DESCRIPTION

Objectives

- Maintain access to ship repair and other facilities.
- Support upgrades of major weapons systems and enhance the capability of Singapore's armed forces to deter external threats and protect vital sea lanes.

Status

FMS sales over the years have helped Singapore obtain U.S. high technology weapons. The U.S. has provided training to support these weapons, and exposes students to the principles of democracy and human rights. Singapore has initiated a lease/purchase program with the U.S. for F-16 aircraft. As part of this program, Singapore pilots receive F-16 training in the United States.

FY 1995 REQUEST

The FY 1995 proposed training program will continue to provide primarily professional military education to increase military professionalism, enhance interoperability, and sustain capabilities to better support U.S. equipment. Designated a high income country, most defense training is purchased by Singapore on a FMS cash basis and Singapore pays all travel and living allowances for its participants.

SOLOMON ISLANDS

POLICY CONSIDERATIONS

Solomon Islands, a parliamentary democracy, held free and fair elections in June 1993 that led to a peaceful transfer of power. The Solomon Islands economy is based on subsistence farming, forestry, fishing and small-scale trade. Solomon Islands hosted a U.S. delegation to the dedication of the U.S.-funded parliament building in November 1993 in conjunction with a U.S. naval ship visit that underscored its interest in friendly relations.

The Royal Solomon Islands Police (RSIP) is responsible for public order and national defense. Defense training and materials help convey the message to RSIP participants that they are part of an institution sworn to uphold civilian government. The new government improved strained relations with its largest neighbor, Papua New Guinea, in the latter half of 1993 after a series of border incidents. Solomon Islands, nonetheless, values a continued military relationship with the U.S. as a symbol of U.S. interest in regional security issues. Solomon Islands is eligible for FMS sales under a Presidential Determination signed in January 1993.

FY 1995 REQUEST

The proposed FY 1995 defense training program will support the provision of a modest amount of training and educational aids to the RSIP and the Ministry of Transport's Maritime Division, which handles the RSIP's maritime affairs.

SOUTH PACIFIC TUNA TREATY

POLICY CONSIDERATIONS

The U.S. and Pacific island countries extended the South Pacific regional fisheries treaty for an additional ten years, beginning in June 1993, guaranteeing continued access by the U.S. tuna fleet to large portions of the South Pacific. The treaty, which entered into force in 1988, removed a major source of conflict between the U.S. and South Pacific nations over U.S. fishing within the latter's Exclusive Economic Zones.

The regional fisheries treaty is regarded as a model agreement that encourages cooperation among treaty parties and better coordination of marine policies. The economic aid program, a treaty obligation, provides economic assistance to participating island nations, virtually all of which are democratic states.

PROGRAM DESCRIPTION

Objectives

- Retain access to tuna for the U.S. tuna fleet.
- Promote private sector-oriented economic development.
- Promote U.S. access and influence within the South Pacific.

Status

FY 1995 will be the eighth year of the treaty. The treaty has been hailed as a success by U.S. businesses and the Pacific island governments, and is a cornerstone of U.S. relations with the South Pacific.

FY 1995 REQUEST

Funding of our treaty obligation is a prerequisite for the issuance of licenses to U.S. tuna vessels under the treaty. Failure to provide the requested funds would not only affect access to fishing grounds, but would also jeopardize U.S. strategic interests by straining U.S. relations with the Pacific island nations.

THAILAND

POLICY CONSIDERATIONS

Thailand is one of our most important security partners in Southeast Asia. Thailand conducts the most robust joint exercise program in Asia, provides ready access to its facilities for our ships and planes, and provided extensive cooperation to the Allied forces during the Desert Shield/Storm deployments. Thailand is one of the world's ten fastest growing economies and procures much of its military equipment from the U.S.

There is widespread support in Thai society, including the military leadership, for the civilian democratic government elected in September 1992. The new Thai Prime Minister is an experienced and respected parliamentarian and his government receives high marks for its probity and social concern. Prime Minister Chuan and his government fully support close security cooperation with the U.S. and a healthy U.S. military education program. This type of training contributes to our ability to conduct joint operations with Thailand, Thai purchases of U.S. defense articles and services, professionalization of the Thai military, and, ultimately, to regional stability and economic development. Our training program is an important symbol of U.S. commitment to Thailand's security interests and the professional development of its military.

PROGRAM DESCRIPTION

Objectives

- Support the continued stability, independence and territorial integrity of Thailand
- Help to institutionalize Thai democracy
- Support the professionalization of the Thai military
- Maintain bilateral security cooperation, including our access to Thai facilities and enhanced interoperability between U.S. and Thai forces

Status

Over the years, a defense training program has been key to improving the professionalism of the military and maintaining cooperative relations with the Thai armed services. This allows the U.S. to carry out some 40 joint training exercises per year, contributing to the readiness of U.S. forces in the Pacific.

FY 1995 REQUEST

The proposed FY 1995 defense training program will provide professional military, management and technical training and will expose an increasing number of Thai military officers to civil control over the military and democratic values. An expanded program will provide Thai civilian and military officials skills in enhancing civilian control over the defense sector and improved military respect for such oversight.

TONGA

POLICY CONSIDERATIONS

The Kingdom of Tonga actively supports a United States presence in the South Pacific. Tonga has consistently supported U.S. regional and global security interests. In 1992, the U.S. and Tonga signed a Status of Forces Agreement to formalize arrangements for joint exercises. As the U.S. adjusts to new developments in the Pacific, further solidifying this expanded relationship to Tonga is in our interest.

A constitutional monarchy, with a developing free-market economy, Tonga is gradually expanding public involvement in the political process. The Constitution allows the monarch broad powers, many of which do not require the endorsement of the legislative assembly made up of 12 appointed cabinet ministers, 9 nobles elected by their peers and 9 people's representatives elected at large. The February 1993 elections were seen as a referendum for democratic change as a pro-democracy movement won 6 of the 9 people's representatives seats. Since 1991 there have been heightened calls, by both people inside and outside of the government establishment, for continued democratic progress.

Tonga is eligible for FMS sales under a Presidential Determination signed in November, 1987. Their purchases have been limited due to scarce defense resources.

FY 1995 REQUEST

The proposed FY 1995 defense training program will continue professional military and management training designed to enhance future combined operations with U.S. naval forces. The program will serve to strengthen democratic values and the trend in Tonga towards a more open society, as mid-level officers with leadership potential, return from their training with a better understanding of democratic practices and U.S. military procedures.

VANUATU

POLICY CONSIDERATIONS

Vanuatu, a recently-emerged democracy with a free-market economy, has demonstrated increasing interest in closer relations with Western nations during the past several years. Vanuatu has obtained military and other assistance and training from Australia, New Zealand and the United States. Our interest in bilateral security cooperation with Vanuatu lies in the exposure of security force members to democratic values and institutions, complementing similar benefits from programs run by, for example, Australia. Vanuatu is eligible for FMS sales under a Presidential Determination signed in January 1993.

FY 1995 REQUEST

The proposed FY 1995 defense training program will concentrate on professional military training for one member of the 250-man Vanuatu Mobile Force, tasked to patrol rural areas, conduct EOD operations, perform civic action functions and maintain security in riot and hostage situations.

WESTERN SAMOA

POLICY CONSIDERATIONS

Western Samoa has long been a steadfast friend of the United States, with a pro-democracy voting record in the UN closely aligned to our own. Western Samoa's friendship is based on its staunchly pro-Western stance, its close links with American Samoa, its support for the peaceful resolution of disputes in the South Pacific and other parts of the world, and its appreciation for modest but effective U.S. assistance.

Western Samoa is a parliamentary democracy with certain concessions to Samoan cultural practices. Since its independence in 1962, the country has had a unicameral legislature of family heads, elected by universal suffrage. As the country continues to develop along democratic lines, a struggling economy has held it back. Western Samoa has recently faced up to the need to develop and diversify the economy which is overly dependent on foreign assistance and remittances from Western Samoans living abroad. The country was devastated by cyclones in 1990 and again in late 1991.

Western Samoa signed a Status of Forces Agreement with the United States in 1991. It warmly welcomes U.S. ship visits, and U.S. Army reservists train there annually. The IMET program served to further build democracy in Western Samoa by exposing the Western Samoan police and other officials to democratic values and respect for its citizens. In January 1993, President Bush signed a Presidential Determination to make Western Samoa eligible for FMS purchases.

FY 1995 REQUEST

The proposed FY 1995 defense training program will continue to focus on search and rescue and disaster relief training for members of the 360-man police force (which is responsible for public order and security in the absence of any military) and development of technical skills for other government officials with public health or public works responsibilities.

BANGLADESH

POLICY CONSIDERATIONS

Since the restoration of multi-party democracy in 1991, the Government of Bangladesh has made steady progress in improving human rights, moving toward a free market economy, and expanding the private sector. The Bangladeshi military, which has repeatedly intervened in Bangladeshi politics in the past, has supported the return to democracy and is increasingly inclined to stay out of government.

Bangladesh has actively participated in UN peacekeeping operations, sending significant contingents to Cambodia, Mozambique, and Somalia, and is planning to send a battalion to Kuwait. Recent U.S.-Bangladeshi military cooperation has included joint exercises, training, and visits by U.S. forces.

PROGRAM DESCRIPTION

Objectives

- o Support democratization
- o Expose Bangladeshi officers to U.S. traditions of democracy, civilian authority, and respect for human rights

Status

The International Military Education and Training (IMET) program, focusing on our key objective of supporting democratization in Bangladesh, has been very successful and has produced concrete results.

The main threat to democracy in Bangladesh has been military intervention, which has occurred repeatedly since independence in 1971, with tragic consequences for human rights and economic development. Our IMET program has been our best tool against that threat, exposing Bangladeshi officers to the concepts of democracy, civilian authority, and respect for human rights. Bangladeshi officers trained under IMET now are occupying increasingly senior positions. The IMET training received by these officers has enabled us to develop close contacts with the Bangladeshi military, emphasize the concept of a professional, apolitical military, and reinforce the Bangladeshi military's growing tendency to stay out of politics.

FY 1995 REQUEST

The proposed defense training program will provide professional military and management training with emphasis on senior professional military courses.

INDIA

POLICY CONSIDERATIONS

India is the world's largest multi-party democracy with a free press, competitive elections, a civilian-controlled military, and an independent judiciary. It has the third largest military in the world and is the leading military power in South Asia. U.S. professional military training has traditionally been a modest, but nevertheless a highly-valued program for the GOI. India has a strong tradition of international peacekeeping support and is presently contributing one of the largest contingents (almost 5,000) to UNOSOM.

Since the Soviet collapse disrupted India's long-term defense equipment supply relationship with the former USSR, India has shown strong interest in an enhanced defense relationship with the United States, including military exchanges, ship visits, and U.S. military technology transfers and sales. Continued progress in Indo-U.S. defense relations will assist our efforts to promote regional stability in such critical areas of concern to the U.S. as nuclear and missile proliferation, trade barriers, intellectual property protection, Indo-Pakistani tensions, and human rights.

FY 1995 REQUEST

Our proposed FY 1995 defense training program in India will continue to focus on professional military education since India has traditionally sent its "best and brightest" to the United States for training. This training will in turn permit new and exciting opportunities for Indo-U.S. joint exercising, as well as greater coordination in international peacekeeping operations.

AUSTRIA

POLICY CONSIDERATIONS

Austria is a democracy with a mixed economy occupying an important position in Central Europe. It welcomes U.S. investment and plays a useful role in facilitating trade, cultural, and other contacts between eastern and western Europe. This role will remain important as democratization and the shift to market economies in Eastern Europe and the former Soviet Union continue. Traditionally neutral, Austria has a moderate foreign policy, and usually supports U.S. positions in European and international fora. Vienna hosts the International Atomic Energy Agency, a number of United Nations agencies, important elements of the CSCE, and ongoing European security discussions.

The regional military assistance program helps Austria to maintain a credible conventional deterrent. The conflict in nearby former Yugoslavia has caused the Government of Austria to look for ways to bolster its defensive capabilities.

PROGRAM DESCRIPTION

Objectives

o Upgrade armor, air defense, anti-tank and artillery capabilities

Status

In recent years the program focused on helping Austria to modernize its defensive capabilities and improve sustainability. This included upgrading tank, anti-tank, and howitzer capabilities as well as maintenance equipment. IMET has exposed Austrians to U.S. defense doctrine and forged personal bonds between the U.S. military and many highly successful Austrian officers.

FY 1995 REQUEST

The proposed FY 1995 program of FMS cash and commercial sales will support tank and air defense modernization and improve command and control communications. Sales may include ammunition, various support equipment and spare parts. A modest defense training program will focus on professional military education.

CYPRUS

POLICY CONSIDERATIONS

The United States does not accept the status quo on Cyprus. Accordingly, we firmly support the UN Secretary General's good offices mission to facilitate a settlement of the Cyprus dispute, and actively encourage all parties involved to do the same. Our assistance is designed to encourage joint economic and social development between the two communities through the expenditure of ESF for bicommunal activities.

PROGRAM DESCRIPTION

Objectives

- Promote cooperation between the two communities.
- Provide opportunities for Greek and Turkish Cypriots to develop mutual confidence through joint economic planning and development activities.
- Promote acceptance of the Secretary General's Confidence-building measures.

Status

In the past, neither side has welcomed cooperation between the two communities. They have interpreted "bicommunal" as aid to both communities. Therefore, the U.S. Government has required that ESF be used for projects which are bicommunal and will allow members of both communities to work together in planning and implementation. This goal is designed to bolster the UN Secretary General's confidence-building measures and our desire for an overall solution.

FY 1995 REQUEST

The proposed FY 1995 economic assistance program will support bicommunal projects and a scholarship program. USAID's detailed description of the Cyprus program follows.

CYPRUS - FY 1995 ECONOMIC PROGRAMS

From FY 1975 through end of 1993, USAID provided about $286,000,000 in grant assistance to Cyprus. Approximately two-thirds of the aid was used for development projects, and one-third went to the Cyprus American Scholarship Program. United Nations High Commission for Refugees (UNHCR) Bicommunal Project: Assistance has progressively shifted from relief and rehabilitation to promoting bicommunal projects aimed at establishing relationships between the Greek and Turkish Cypriot communities to foster equitable economic development. Since 1991, the United States has financed a single list of activities that benefit both communities. Bicommunal activities have been undertaken in the fields of health, environment, forestry, education, historic preservation and urban renewal.

The Cyprus-American Scholarship Program: A total of 1,062 people have been trained, including 584 undergraduates, 164 graduate students, and 314 short-term trainees from the combined Greek and Turkish Cypriot communities.

a. Management Training: Short-term training in business management and marketing will result in shared economic development practices in both communities.

b. Historic Preservation: Training of Greek and Turkish Cypriots in the kinds of economic and community development incentives used in the United States will promote lower cost integration of historic preservation and economic development and provide a basis for shared future responsibility for the renewal of Nicosia.

OTHER DONORS

No donors other than the United States contribute to UNHCR or to the Cyprus-American Scholarship Program.

FINLAND

POLICY CONSIDERATIONS

Post-Cold War Finland has strengthened its ties to the West while maintaining a strong independent defense capability and good relations with Russia and other former Soviet states. Finland has replaced its sovereignty-limiting Fenno-Soviet treaty of 1949 with a more traditional Friendship Treaty and is engaged in EC accession negotiations. Although it does not belong to any military alliances, Finland is moving gradually towards closer association with security-oriented organizations such as the North Atlantic Cooperation Council (NACC), where it has been granted observer status.

Finland continues to serve as an economic and cultural bridge to the Baltic States, especially Estonia. Finland is active in the UN, contributing about 1,000 Finns to UN peacekeeping operations in Lebanon and the former Yugoslavia. The United States supports Finland's independence, western orientation, and efforts to assist democratic reform in the former Soviet Union, Baltics, and Eastern Europe. In turn, the U.S. seeks Finland's support for a new and stable European system.

PROGRAM DESCRIPTION

Objectives

- Encourage Finland's western democratic orientation and support continued evolution of Finnish policy toward active engagement in the new European system.

- Help Finland maintain a credible defense capability that preserves national independence, including following through on the Finnish purchase of F/A-18 fighter aircraft.

Status

In June 1992, the Finnish government signed an agreement with the U.S. Navy for the purchase of 64 F/A-18 Hornet fighter aircraft to replace its aging fighter aircraft fleet. The $2.5 billion purchase is the most expensive equipment acquisition in Finland's history. During the past decade, Finland acquired U.S. general purpose infantry equipment and TOW II anti-tank systems, as well as advanced electronic equipment. The U.S. resumed IMET for Finland in FY 93 on a nominal basis.

FY 1995 REQUEST

Potential FMS and commercial sales include air-to-air missiles, communications equipment, and electronics.

GREECE

POLICY CONSIDERATIONS

Greece occupies a vital strategic location for command of eastern Mediterranean sea lanes, and transit of aircraft from central Europe to the Middle East. During the Gulf War, Greece facilitated the movement of large quantities of U.S. troops and materiel from Germany to Saudi Arabia. With the end of the Cold War and the reduction of forces in Europe's central region, our assistance programs for Greece help the U.S. and NATO respond to threats to security in the more volatile areas of Southeastern Europe and the Middle East.

The new Greek government of Prime Minister Andreas Papandreou, in a reversal from the policy of his previous government of 1981-89, has stated that Greece's membership in the European Community and NATO is not at issue. He also wants to build on existing good relations with the U.S. Our Mutual Defense Cooperation Agreement ensures U.S. access to essential facilities on Greek territory. By mid-1994, however, the U.S. will have only one major military facility, Souda Bay Naval Air Station, in Greece. Papandreou intends to continue economic reform programs aimed at rehabilitating Greece's economy.

Greece has embarked on an ambitious five-year defense modernization program to improve its military capability, as well as its ability to operate more effectively with the military forces of NATO allies. Greece is one of the poorer members of the European Community but, as a proportion of gross domestic product, Greece's defense expenditures are among the highest in the Alliance.

Greece cooperates with the U.S. in the struggle against international terrorism and drug trafficking. The new government has promised to continue this cooperation. Resolution of the Cyprus matter and increasing the Greek role in the Balkans are key foreign policy goals.

PROGRAM DESCRIPTION

Objectives

- Support a strong bilateral defense relationship and continued access to bases on Greek territory
- Encourage Greece's continued active participation in NATO, enhance its ability to carry out NATO responsibilities, and improve Greek interoperability with other NATO forces.

- o Meet our treaty commitment to assist with the completion of Greece five-year defense modernization program

Status

The United States provides financing to Greece to support the modernization of all three Greek armed forces. This financing supports the acquisition of U.S.-origin helicopter and fixed-wing aircraft; refurbishment of recently acquired excess U.S. aircraft and naval vessels; refurbishment of newer model tanks received through the CFE cascade; upgrading of older helicopters; and acquisition of new weapon systems, such as HARM missiles. A large portion of FY 1995 financing will be used to purchase U.S.-produced weapons to replace Greece's aging inventory.

Training support continues to provide Greek military personnel with the training needed to improve interoperability with U.S. and NATO forces. It also enhances Greek military officers' understanding of U.S. foreign policy and defense concerns.

FY 1995 REQUEST

The proposed FY 1995 request will provide financing to allow Greece to continue with the modernization of its armed forces. The program will provide sustainment funding for the U.S.-origin weapons systems already in the Greek inventory and allow for the planned purchase of additional equipment, including the AMRAAM missile, and the lease of four P-3 aircraft.

The requested FY 1995 defense training program will focus on professional military, management and technical training. Designated a high income country, the Greek government will provide travel and lodging expenses. U.S. funding will cover tuition and related course costs.

IRELAND

POLICY CONSIDERATIONS

The United States supports the International Fund for Ireland as a tangible expression of our desire to promote peace and reconciliation in Northern Ireland through economic progress. Established in 1986 to demonstrate U.S. support for the Anglo-Irish Agreement, the Fund is strongly supported by the British and Irish governments and is believed responsible for creating over 18,000 jobs to date. The Fund is highly regarded by moderates from both the Catholic and the Protestant communities, but has not been well accepted by those who oppose the Anglo-Irish Agreement.

In recent years, however, even some Protestant opponents of the Agreement have come to see the Fund as a source of monies that could benefit their communities. The Fund operates primarily in Northern Ireland and the six border counties of the Republic, although it has increasingly focussed on disadvantaged areas, such as West Belfast and remote towns along the border.

IFI operates on the principle that its disbursements are distributed in accordance with the basis of equality of opportunity and nondiscrimination in employment, and addresses the needs of both communities in Northern Ireland.

FY 1995 REQUEST

The International Fund for Ireland will finance community regeneration projects (rehabilitation of derelict facilities), employment generation, training, and the encouragement of community-based private enterprise in Northern Ireland and six border counties of the Republic. USAID's detailed description of the Ireland program follows.

IRELAND - FY 1995 ECONOMIC PROGRAMS

BROAD-BASED ECONOMIC GROWTH. Approximately 29,257 permanent and temporary jobs have been created with IFI investment. Of the 17,963 permanent jobs created, 2,157 are in areas of highest unemployment. Of the 8,294 temporary jobs created, 1,389 are in disadvantaged areas. To date, $21,000,000 has been disbursed for vocational training of youth.

New Investments: The $284,000,000 in IFI resources have leveraged additional matching funds including another $297,000,000 in United Kingdom and Irish government funds and $186,000,000 in private investments. Every dollar the Fund has committed has leveraged an additional $1.70.

Economic Reconstruction: The Fund has approved over 2,800 projects in the areas of tourism, urban development, agriculture and rural development, technology, business and community development. Between 70%-80% of IFI's funding is used in the most disadvantaged areas of Northern Ireland.

OTHER DONORS

In 1993, the United States was the largest donor to the Fund, providing 67% of total donor funding. Other donors are Canada, New Zealand and the European Community.

MALTA

POLICY CONSIDERATIONS

Occupying a strategic location in the Mediterranean, Malta has developed closer ties to the West since 1987, when the Nationalist Party came to power after sixteen years of rule by the Malta Labor Party. Malta's new pro-Western stance passed its first electoral test in February 1992 with the reelection of the Nationalist Government. A key issue in the election was the Government's ability to attract Western investment and assistance in various forms, including military. A symbol of Malta's new orientation was the Government's decision in 1992 to approve the resumption of U.S. Navy port calls after a 22-year hiatus.

U.S. defense training for the Armed Forces of Malta has had a positive impact on our good relations with the Government of Malta and its military establishment. The training program encourages stability in Malta through the development of a professional officer corps with a non-partisan respect for human rights in this politically divided parliamentary democracy. Partly because of the program's contribution to Malta's overall security posture, the Government is seeking closer ties with U.S. Government agencies on subjects of mutual concern such as counternarcotics, counterterrorism, and interdiction of embargoed goods to restricted countries.

FY 1995 REQUEST

The proposed FY 1995 defense training program for Malta will focus on professional military and management training. Emphasis will be placed on mid-level officer courses and specific training to support the Armed Forces of Malta's expected reorganization.

PORTUGAL

POLICY CONSIDERATIONS

Portugal continues to pursue close military cooperation with the U.S. through encouraging broad access to Portuguese military facilities at Lajes Air Base in the Azores. Such access contributed significantly to U.S. efforts during the Gulf crisis and the Somalia initiative. Negotiations between the U.S. and Portugal are progressing toward a finalization of a new Lajes base agreement. Portugal is a strong ally and an active partner in NATO.

The transition from grants to loans, then from concessional to market rates and now elimination of the military assistance program is a difficult one for the Portuguese, coming at a time of economic recession. Reduced funding has concerned the Portuguese, who consider the defense training program to be both successful and a valuable part of its military development activities.

PROGRAM DESCRIPTION

Objectives

- Develop civilian bureaucratic and legislative capabilities in the areas of international defense management and defense resource management.
- Increase the professional military skills of the Portuguese armed forces through defense training programs.

Status

The FY 1994 FMF budget will fulfill the U.S. funding commitment to Portugal's acquisition of 20 F-16 aircraft. We anticipate that delivery of the F-16 squadron will begin during FY 1994.

The training program continues to be highly valued by the Government of Portugal, both as a means to provide training which would be prohibitively expensive to duplicate and as a crucible in which enduring and solid relations are forged from military to military.

FY 1995 REQUEST

There is no request for military loans, as the acquisition of the F-16 squadron will have been completed during FY 1994. The defense training program will continue to emphasize professional military education and defense resource management.

SPAIN

POLICY CONSIDERATIONS

Spain's strategic location, its NATO membership and its special relationship with Latin America and North Africa justify substantial U.S. efforts to maintain and expand our current excellent relations. Close cooperation between Spanish and U.S. armed forces continues, despite a decreased U.S. military presence in Spain. Our 1989 Defense cooperation Agreement with Spain provides a firm basis for cooperative defense relations and the framework for the well-planned drawdown of U.S. forces.

The past year saw Spain take on a major role in providing humanitarian assistance to the former Yugoslavia. Spanish forces have also actively participated in enforcement of sanctions against Serbia. Ready access to Spanish bases which proved invaluable during the Gulf Crisis was again available for refueling and supply of U.S. forces sent to Somalia.

PROGRAM DESCRIPTION

Objectives

- Strengthen the bilateral defense relationship
- Encourage Spain's military modernization program in support of NATO
- Continue supporting U.S.-origin weapon systems
- Improve NATO southern flank defenses

Status

Spain's defense policy continues to focus on the country's rapid adjustment to its evolving role in Europe, including weapon systems modernization and organizational restructuring which will continue into the mid-1990's. FMS and commercial purchases in support of Spain's modernization program, including participation in a trilateral development and production program for the AV-8B/Plus aircraft are expected to continue.

In addition to an aggressive modernization program, the Spanish armed forces have stepped up their involvement in exercises in both bilateral and NATO arenas. Their equipment, particularly in the air force and navy, is largely of U.S.origin.

U.S. security assistance training has supported and encouraged the Spanish to adopt U.S. military doctrine and to acquire, operate and maintain U.S. - produced equipment, which contributes to NATO standardization and interoperability.

As the U.S. presence in Spain diminishes, Spanish military participation in U.S. defense training and education programs is extensive, much of it on an FMS cash basis. Such training has helped maintain vital U.S.-Spanish, military-to-military contacts, which foster cooperation.

FY 1995 REQUEST

The proposed FY 1995 defense training program will focus on professional military and management training. Mid-level and senior military and civilian personnel will be offered international defense management courses.

TURKEY

POLICY CONSIDERATIONS

Turkey's importance for U.S. strategic interests in southwestern Asia and southeastern Europe has increased. The new enhanced partnership between the U.S. and Turkey strengthens prospects for peace, stability, and prosperity in an area threatened with political and economic turmoil. Our continued humanitarian mission to the people of northern Iraq and our effort to maintain pressure on Saddam would not be possible without Turkey's assistance. Turkey's cooperation in the Caucasus and Balkans enables us to manage those crises more effectively.

Among the poorest of the countries that support our strategic goals, Turkey must maintain one of the largest armies. Turkey faces hostile states on all its borders (with the exception of Bulgaria and Georgia), several of which support the increasing efforts of insurgents and terrorist groups within the country. Turkey's interests and influence have expanded into the turbulent Caucasus, Central Asia, further into the Middle East, and into the Balkans. Within this destabilized area, Turkey has accepted its responsibilities for helping maintain peace and order despite the greatly increased risks this task imposes. Turkey has made a particularly noteworthy effort to develop close strategic cooperation with Israel as the new Israeli-PLO peace process unfolds. Turkey's strength remains crucial to its ability to support U.S. goals. The centerpiece of this effort is the F-16 coproduction project. Turkey also needs force modernization to meet the challenge posed by neighbors armed with late-model Soviet equipment, and must update its naval force in response to instability among the states in the Black Sea littoral.

The current Defense and Economic Cooperation Agreement (DECA) with Turkey provides the U.S. access to airfields and intelligence and communications facilities vital to regional security. Under the terms of the current DECA, whose renewal is currently under negotiation, the United States has pledged to exert a major and determined effort to obtain defense support for Turkey. We also pledged significant grant aid for the Turkish Defense Fund at the time of the Gulf War. Our assistance levels have, however, fallen far short of the amounts needed to assist Turkey with critical modernization requirements.

Turkey also supports the coalition exercise Provide Comfort by allowing access to Turkish bases and contributing men and resources of its own. This exercise to provide humanitarian support for the people of northern Iraq would be much more expensive and unwieldy--perhaps prohibitively so--without active Turkish backing.

In the 1990s, Turkey is continuing the policy begun a decade ago of liberalizing its economy by implementing free-market, export-oriented policies that have sustained very high rates of growth. Inflation, unemployment, and public-sector debt remain serious problems. These were aggravated by Turkey's resolve in supporting the coalition in the Gulf War, and its continued resolve to enforce the sanctions against Iraq in the post-war period at great economic cost. The shut-down of the Iraq pipeline and the loss of Iraq as one of its principle trading partners has considerably reduced Turkey's foreign revenues.

With its stated commitment to strengthening both parliamentary democracy and individual human rights, Turkey stands as an important counterweight to dictatorship and fundamentalism in the region. However, credible reports of human rights abuses continue, and are the subject of a continuing dialogue with the Turkish government.

PROGRAM DESCRIPTION

Objectives

- Maintain F-16 coproduction and continue other modernization programs of the Turkish armed forces
- Improve maintenance and communications facilities
- Continue to promote professional and technical military skills with emphasis on civilian control and human rights
- Support private sector-oriented economic reforms

Status

The military assistance program provides equipment, training, and support to Turkish forces, including those committed to alliance and coalition purposes. The highest priority is the F-16 Peace Onyx coproduction now well underway, with completion of the U.S. funding committment scheduled for 1996. Economic assistance provides budget support for private sector economic reforms. Through U.S. military training, Turkish officers have been able to upgrade their technical and management skills and gain exposure to U.S. concepts of civil-military relations and human rights.

FY 1995 REQUEST

The proposed FY 1995 military financing program will support the ongoing F-16 Peace Onyx program and sustainment of other U.S.-origin equipment. Economic assistance will provide budget support and assist Turkey in maintaining economic reforms despite continuing losses from the Gulf War and maintenance of sanctions. The defense training program will include command and general staff college courses, basic and advanced officer training, management courses and technical training, language instructor training, medical logistics management and air traffic controller training. The program will offer courses in defense resource management and international defense management, as well as expose students to U.S. concepts of human rights. USAID's detailed description of the Turkey program, including sustainable development goals, follows.

TURKEY - FY 1995 ECONOMIC PROGRAMS

BROAD-BASED ECONOMIC GROWTH. The cash transfer provides balance-of-payments support as the Government of Turkey continues to implement a private-sector-oriented economic stabilization and reform program. The funds are used for the service of nonmilitary debt owed to the U.S. Government or multilateral institutions. A small grant has been provided to the International Executive Service Corps to assist Turkish small businesses to establish joint ventures with U.S. businesses.

STABILIZING POPULATION GROWTH: Family planning assistance is provided to increase availability and effective use of modern methods of contraception, especially through access to more effective, long-lasting methods.

OTHER DONORS

In 1992, the top five major bilateral donors (Saudia Arabia, Germany, France, Italy, and Japan) provided a total of $391,000,000.

FOREIGN MILITARY SALES (FMS) RELATIONSHIPS

COUNTRY PAPERS

Foreign Military Sales (FMS) relationships will remain a vital instrument of policy to shape emerging international relations. As the great changes underway evolve further, supporting the regional security objectives of our friends and allies will remain in our national interest.

The following country papers relate to Foreign Military Sales (FMS) relationships only. Where this budget request includes any type of funded program for a country which participates in the FMS program, its country paper has been included under the appropriate account, and not in this section.

AUSTRALIA

POLICY CONSIDERATIONS

The United States and Australia enjoy a long tradition of political-military consultation and cooperation. Both countries were allies, in practice, even before the 1951 ANZUS Treaty. We regularly conduct joint military exercises, exchange personnel, and pursue interoperability of equipment and weapons systems. Australia also hosts joint defense facilities which perform important communications, intelligence, arms control verification, and early warning functions. Australia has been part of the Multinational Interception Force operating in the Middle East. The decision to replace the frigate it has had participating in naval interdiction activities is under review.

Australia's defense policy emphasizes continental defense and force modernization within the framework of the ANZUS alliance. While continuing to develop its domestic defense industry, Australia remains a major cash purchaser of U.S. defense equipment, contributing to a bilateral U.S. trade surplus. Australia shares key U.S. foreign policy goals, is a major contributor to international nonproliferation efforts and supports U.S. positions in international fora.

PROGRAM DESCRIPTION

Objectives

- Promote regional peace and stability by helping Australia strengthen its defense capabilities under the ANZUS alliance
- Support the acquisition of technically advanced U.S. weapons systems to ensure U.S.-Australia interoperability
- Contribute to a favorable balance of trade with Australia

Status

The alliance remains vigorous. Australia welcomes U.S. ship visits and facilitates defense overflights. Australia also provides access to aircraft training ranges which help replace former ranges in the region. Australia relies on the U.S. for intelligence support, training and sophisticated military equipment such as aircraft, shipboard systems, Blackhawk helicopters, and air defense missiles.

BELGIUM

POLICY CONSIDERATIONS

Belgium, a densely populated democracy in the middle of one of Europe's foremost industrial regions, strongly supports NATO as the cornerstone of European security in post-Cold War Europe. It cooperates closely with the United States in NATO's integrated military structure. Belgium is home to NATO Headquarters in Brussels and to the Supreme Headquarters Allied Powers Europe (SHAPE) in Mons. Belgium's contribution to NATO includes defense of its strategically located territory and maintenance of Belgian forces stationed in Germany. Based on an evolving NATO strategy, most of these forces are being returned to Belgium.

Belgium is participating actively in international peacekeeping, with 1,000 troops in UNPROFOR. From December 1992 through December 1993 Belgium had 1000 peacekeepers in Somalia, and now has redeployed 450 of those troops to Rwanda. Belgian Air Force C-130s support UN humanitarian efforts in those countries as well.

PROGRAM DESCRIPTION

Objectives

- Ensure that budget constraints do not adversely affect the quality and capability of Belgium's armed forces
- Maintain interoperability and standardization throughout the range of Belgian military activities

Status

Dealing with severe budget restrictions, Belgium is downsizing its military from 85,000 to 45,000 and shifting to an all-volunteer force. While Belgium acknowledges the need to modernize its forces, several programs have been delayed and any sizable new investment in major weapons systems is unlikely in the near future. Enhanced efforts to improve interoperability have been made, however, as seen most notably in the GOB decision to participate in the mid-life upgrade for a portion of its F-16 force.

FY 1995 REQUEST

While constrained by budget realities, in FY 1995 Belgium will maintain its practice of making purchases to strengthen its defense capabilities and support international commitments.

Possible FMS or commercial sales from the U.S. include aircraft sub-systems, transport aircraft usable for humanitarian missions, smaller naval vessel systems, and items such as kevlar helmets. Substantial purchases of spare parts to support U.S.-origin end items will continue.

CANADA

POLICY CONSIDERATIONS

Canada is a neighbor, close friend, ally, and partner in numerous defense programs. Effective cooperation with Canada is essential to the successful defense of North American air space and maritime boundaries. The Canadian defense industrial base is an important supplement to our own; many major American defense producers maintain facilities in Canada, and Canadian subsidiaries in the United States produce key components for many American defense systems.

Although Canada completed its withdrawal of combat units from Europe, it remains a key NATO ally with whom we collaborate closely in Alliance decision-making. Canada is also an active contributor and participant in almost all international peacekeeping forces. Canadian forces were early participants in UN peacekeeping efforts in Bosnia and Somalia. During the summer of 1993, Canada was the first foreign country to offer disaster assistance in the wake of widespread flooding in the Midwest. Similarly, Canada was the first nation to offer and provide disaster assistance in the aftermath of Hurricane Andrew in 1992. The Canadian government is committed to a public review of defense policy in early 1994.

U.S. policy seeks to continue and strengthen the close defense cooperation we have traditionally enjoyed with Canada. We want to encourage Canada to continue its active peacekeeping role while maintaining a military force capable of contributing effectively to NATO and our mutual defense requirements.

PROGRAM DESCRIPTION

Objectives

- Strengthen North American continental defense by supporting modernization of Canadian air defense systems, fighter aircraft, helicopters, and frigates.
- Promote interoperability and standardization of Canadian and U.S. forces.
- Continue joint defense-industrial cooperation.
- Support Canada's continued participation in international peacekeeping efforts.

Status

Canada is continuing its acquisition of 12 frigates and 100 utility helicopters. The new Canadian government cancelled the long-range anti-submarine/search and rescue helicopter program in December, 1993. U.S. defense suppliers have participated significantly in both of these programs.

FY 1995 REQUEST

Although we anticipate further cutbacks in Canadian defense spending in FY 1995, the U.S. will continue to offer to Canada sales of U.S. munitions and spares for weapons systems in the Canadian inventory. The proposed FY 1995 program of FMS cash and commercial sales will strengthen Canada's capabilities to contribute to mutual objectives and to ensure the continued maintenance and readiness of the Canadian forces' large inventory of U.S.-origin defense equipment.

DENMARK

POLICY CONSIDERATIONS

Denmark contributes militarily to the defense of North America under the 1951 Agreement for the Defense of Greenland. Constraints on public spending in recent years have resulted in a modest decline in real defense spending. In 1990, the U.S. negotiated a withdrawal agreement, while maintaining access rights, from Sondrestrom Air Base in southern Greenland, which was turned over to the Greenland Home Rule Government on September 30, 1992. U.S. facilities at Thule Air Base in northern Greenland make an important contribution to strategic stability.

Denmark supports UN peacekeeping missions in many parts of the world. The Danish Government has contributed over 1,300 personnel to humanitarian and peacekeeping missions in the former Yugoslavia. During the Gulf War, Denmark activated and staffed at its expense, a contingency hospital to assist with projected casualties. Following the Gulf War, Denmark provided forces to patrol the Iraq-Kuwait border and stationed a guard force in northern Iraq to protect the Kurds. Denmark has twice deployed a corvette in support of UN embargoes, once against Iraq and again against Serbia. These activities complement longstanding Danish detachments in Kashmir and the Middle East. Denmark also supports European peacekeeping goals and the development of democratically controlled military forces in the Baltic states, principally through training opportunities.

PROGRAM DESCRIPTION

Objectives

- Continue participation in the F-16 coproduction program and logistic and technical support for U.S.-origin equipment.
- Improve defense sustainability, prepositioned equipment and ammunition stockpiles.
- Upgrade and expand air defense capabilities, and support naval modernization.

Status

The military assistance program consists of FMS cash and commercial sales of defense equipment, services, and training. Denmark has purchased

U.S. origin anti-tank, anti-ship, and air-to-air missiles, electronic equipment, spare parts, ammunition and training, and is in the process of receiving Stinger missiles for the protection of its ground and naval forces. Recently the vertically launched Sea Sparrow missile system was selected for the new Standard Flex 300 multi-purpose ship being introduced into the Royal Danish Navy. Denmark is a participant in the F-16 coproduction program and a full participant in the mid-life update of its four F-16 squadrons.

FY 1995 REQUEST

The proposed FY 1995 program will assist Denmark to continue upgrading its anti-armor capability and air defense systems. Sales may include ammunition, training, spare parts, communications equipment and possibly a follow-on purchase of used F-16 attrition aircraft, TOW-IIB anti-armor missiles and I-HAWK batteries, which Denmark currently leases.

FRANCE

POLICY CONSIDERATIONS

Although France is an active member of the North Atlantic Alliance, it has not participated in the integrated military command since 1966, when President De Gaulle withdrew French forces. France engages in planning for use of its troops with NATO and in joint operations with other NATO forces.

France cooperates with the United States and other allies in operations to protect its vital interests, both within Europe and in other parts of the world. French world-wide power projection often complements U.S. foreign policy goals. For example, France was a leader in Europe in supporting the U.S.-led effort to eject Iraq from Kuwait in Operation Desert Shied/Desert Storm and provided additional troops and aircraft in Operation Provide Comfort and South Watch.

French forces in Africa contribute significantly to deterring Libyan adventurism and to maintaing regional stabilty. France landed troops in Zaire in 1991, with U.S. assistance, to secure our mutual objective of safeguarding our citizens and restoring order. French efforts to promote democracy and stability in former colonies on other continents often lead to close cooperation with the United States, for example in the signing of the Cambodia peace agreement in 1991. The French have contributed forces to several UN operations, including in Iraq, the former Yugoslavia, Cambodia, Somalia and Lebanon.

The U.S. and France sell defense equipment and weapons systems to one another on the basis of relative efficiency of production, thus enhancing the conventional capabilities of both countries' armed forces. FMS cash and commercial sales of defense articles, service and training enhance security, both in the Alliance and worldwide.

PROGRAM DESCRIPTION

Objectives

- Support modernization and interoperability of French armed forces with NATO standard air defense and other equipment.
- Encourage improvements in inter-service and intra-Alliance command and control
- Promote defense cooperation and mutual support in regional operations

Status

Bilateral military programs focus on cooperative efforts of mutual benefit. France has purchased a U.S. Airborne Early Warning (AEW) system directly from Boeing Aerospace. Subsequent support is provided through a combination of FMS and direct arrangements with U.S. commercial sources. In connection with the AEW sales, France and the U.S. have signed an MOU which has facilitated the exchange of information on in-service experience with the system, including performance and recommendations for improvement. French purchase of the system provided further depth of NATO defenses and strengthens interoperability.

The French have procured six C-130H aircraft and are involved in an FMS program entitled PEACE COGNAC to support the use of electronic warfare (EW) simulators at the Polygon Range in France. The cooperative use of the range by the French and other allies furthers NATO objectives and enhances Alliance capabilites. France has also purchased missile protection systems for French C-130's involved in airlift operations in the former Yugoslavia.

FY 1995 REQUEST

Because of fiscal constraints and changing requirements, many of the items proposed for FY 1994 will become part of an FY 95 program. These include several E-2C Hawkeye early warning aircraft for the French Navy as well as a variety of upgrades, spare parts, training and services. Other potential purchases include five KC-135 air refueling aircraf(to be upgraded on the Boeing line in Wichita), additional equipment for the French frigate program, missile fire control upgrades and naval training aircraft. France participates in the Multiple Launch Rocket System (MLRS) European production program and is considering joining the Air Force cooperative program for successor aircraft to the C-130 transport.

GERMANY

POLICY CONSIDERATIONS

The Federal Republic of Germany remains a strong and important ally in NATO, with the biggest economy and largest, most modern conventional military force in Europe. A positive security relationship with Germany, anchored by strong US-German defense and armaments cooperation, is essential to our national security.

Germany plays a central role in Alliance efforts to maintain stability throughout Europe, foster democratic change, and promote a deeper security dialogue with the countries of Eastern Europe and the former Soviet Union. It has also contributed to Alliance strength by providing financial and material aid to other NATO members, primarily Greece, Turkey, and Portugal. U.S. cooperation with Germany's highly developed defense industry directly enhances U.S. military capabilities.

Beyond NATO, Germany provides vital political and financial support for U.S. policies to combat global problems such as terrorism, narcotics trafficking, and weapons proliferation; to apply peaceful methods to conflict resolution; to address urgent humanitarian needs in Europe and elsewhere; to improve human rights; and to expand market-oriented economies open to foreign investment and trade.

PROGRAM DESCRIPTION

Objectives

- Strengthen German military capabilities, as a means of promoting stability throughout Europe, and assist Germany in its continuing military restructuring.
- Promote NATO standardization and equipment interoperability.
- Continue supporting U.S.-origin weapons systems and promote bilateral U.S.-German cooperative armaments development.
- Encourage continued German support for NATO infrastructure programs.

Status

The United States and Germany continue to have a strong and cooperative security relationship. Germany either produces or purchases from the United States and other NATO Allies the majority of its new weapons systems.

Several advanced weapons systems, including the Stinger and Patriot missiles, are products of U.S.-German coproduction arrangements.

U.S. military assistance to Germany is confined to Foreign Military Sales (FMS) cash and direct commercial sales. In addition to supporting Alliance objectives and European stability, German FMS and commercial purchases help reduce the U.S. trade deficit with Germany.

FY 1995 REQUEST

In FY 1995, German commercial and FMS purchases will include material and training to support several U.S.-origin weapons systems. Additional purchase items may include air-to-air missiles, precision guided munitions, and air traffic control services.

ICELAND

POLICY CONSIDERATIONS

Iceland occupies a critical location in the North Atlantic. The present coalition government supports membership in NATO and retention of the U.S.-manned NATO base at Keflavik. Nevertheless, public support for the base cannot be taken for granted, especially if forces deployed there were not perceived as contributing to the defense of Iceland, which has no military.

In addition to membership in NATO, U.S.-Icelandic security relations are governed by a Bilateral Defense Agreement concluded in 1951. Under the terms of this agreement, the U.S. will provide for the defense of Iceland, which will in return make available land for bases. The changing security environment has led to drawdowns in U.S. forces at Keflavik, a process which is continuing. However, the U.S. recently agreed to leave four F-15 aircraft in Iceland until January 1, 1996, at which time redeployment will be reviewed. The associated Search-and-Rescue squadron (SAR), which provides considerable assistance to Icelandic civilians, will also remain for that period. However, the agreement stipulated that the GOI would "explore opportunities for Iceland to assume enhanced responsibilities" in this area. In view of this and to avoid future contention should the U.S. decide to withdraw its SAR unit after CY 1995, we foresee providing advice and assistance with equipment purchases as the Icelanders develop a SAR unit, either within their Coast Guard or by means of a private enterprise with which the GOI contracts for services.

PROGRAM DESCRIPTION

Objective

- Assist the Icelanders to develop an indigenous search and rescue (SAR) capability.

Status

We plan to consult actively with the GOI to work on training and technical assistance so that substantial progress toward the development of a SAR capability can be made within the next two years. The most important equipment acquisition issue will be helicopters for this unit.

INDONESIA

POLICY CONSIDERATIONS

The United States and Indonesia have a cooperative military relationship which includes joint exercises, exchanges of senior officials, and an agreement permitting the repair of U.S. navy ships at Indonesian commercial shipyards. Indonesian leaders have welcomed the continued presence of U.S. forces in the region.

Indonesia sits astride all vital sea lanes between the Indian and Pacific Oceans. While it remains a poor country with a per capita income of about $650 per year, it has great economic potential. The archipelago contains vast reserves of oil, natural gas, and strategic raw materials.

As the world's fourth most populous nation, with the world's largest Muslim population, Indonesia plays a constructive role in regional and global affairs. In addition to its current chairmanships of the Non-Aligned Movement and APEC, Indonesia played a leading role in the Cambodia settlement, contributes to peacekeeping forces and has chaired meetings to help resolve overlapping claims in the South China Sea. The U.S. and Indonesia have a broad range of shared interests, particularly in the economic/commercial realm where Indonesia and the U.S. seek enhanced trade, investment, and technological cooperation.

The human and worker rights picture in Indonesia is mixed. The U.S. encourages Indonesia to strengthen its democratic processes and to respect internationally recognized human rights and worker rights standards.

PROGRAM DESCRIPTION

Objectives

- Strengthen trends toward democracy and respect for human rights.
- Expose the Indonesian military and civilian defense officials to U.S. military traditions of professionalism, military justice, and civilian control.
- Promote increased support for U.S. military presence in the region, including unimpeded access to sea lanes.

Status

In response to human rights abuses in East Timor, Congress voted to prohibit U.S. funded international military education and training (IMET) programs for Indonesia in FY 1993 and renewed that prohibition for FY 1994.

FY 1995 REQUEST

Although the Administration is not requesting direct training funds for Indonesia in FY 1995, Indonesia will continue to purchase professional military education, logistics and resource management courses on an FMS cash basis.

ITALY

POLICY CONSIDERATIONS

Italy occupies a pivotal Mediterranean location between Western and Central Europe, the Balkans, and the Middle East. U.S. interests are served by a close security relationship that centers on Italy's role in NATO. Italy provides important military bases and facilities for use by U.S. forces and continues to support the deployment of U.S. tactical fighter aircraft to the southern region.

This close relationship helps promote Italian cooperation with regard to contingencies beyond NATO's traditional region of concern. Italy's defense forces help to deter Libyan adventurism, and have contributed to NATO/WEU monitoring in the Adriatic of UN sanctions on Serbia. Italy has also provided bases for the enforcement of the no-fly zone over the former Yugoslavia and provides invaluable assistance to NATO operations in support of UN missions in Bosnia.

PROGRAM DESCRIPTION

Objectives

- Promote standardization and interoperability of equipment by supporting continued modernization of Italian forces
- Enhance Italian interservice and NATO command and control
- Support attainment of NATO forces goals and improvement in southern region defenses
- Encourage Italian engagement in security issues and peacekeeping beyond NATO's traditional geographic area

Status

The security assistance program consists of FMS cash and direct commercial purchases. In 1991, Italy signed an agreement to purchase Patriot missile systems as part of its air defense modernization program but budget constraints jeopardize this program. A congressionally mandated termination will take effect in May, 1995, unless Italy funds the project. Other recent sales agreements have emphasized missiles and munitions, spare parts, and technical data required to maintain Italy's inventory of U.S.-made equipment.

Italy has been very active in defense cooperation efforts to increase standardization and interoperability, and to reduce costs. Italy participates fully in several NATO R&D programs to improve conventional defense under the Nunn Amendment, in the Strategic Defense Initiative and a variety of other programs. Italian participation in these programs helps to sustain the momentum for armaments cooperation.

FY 1995 REQUEST

The FY 1995 program would include FMS cash and commercial sales of HARM missiles, shipboard missile systems, multipurpose missile and radar systems, and spares and support items for U.S.-origin equipment.

JAPAN

POLICY CONSIDERATIONS

Our bilateral security relationship with Japan is the cornerstone of U.S. security policy in the Asia/Pacific region. Our security relationship not only enhances U.S. ability to meet key foreign policy objectives in the region, but is also an intragal component of our overall bilateral relationship with Japan. Japan's cooperation has been essential as we pursue the resolution of the North Korean nuclear issue and the continuation of our forward-deployed military presence and commitment to East Asia and the Pacific.

Tokyo's financial support for the presence of U.S. forces in Japan will exceed $18 billion in 1992-1996 period. The United States and Japan share a strong commitment to the maintenance of a close and cooperative security relationship under the 1960 Treaty of Mutual Cooperation and Security. This treaty not only incorporates U.S.-Japan military cooperation, but also our partnership in addressing broader issues relating to our security, including promotion of the international rule of law, coordination of our foreign assistance efforts, and cooperation in global burdensharing activities. Both the U.S. and Japan consider continued close cooperation on defense and foreign affairs as essential. Both sides also need to sustain their efforts to address market access issues in order to help reduce the trade imbalance.

Japan has begun to play an active and positive role internationally. During the 1990-1991 Gulf crisis, Japan contributed over $13 billion to the multinational forces and front-line states such as Egypt. Japan also supported U.S. and ASEAN efforts to bring peace to Indochina by dispatching a 600 person peacekeeping contingent to Cambodia. We have cooperated closely with the Government of Japan in trying to stem the threat posed by possible North Korean nuclear and missile proliferation.

As the world's second largest aid donor after the U.S., Japan promotes the development of peace and prosperity throughout the world. The year 1993 witnessed a continued regional diversification of Tokyo's traditional assistance focus, featuring strong Japanese efforts in Eastern Europe, Central Asia, and Central America. Japan has also worked closely with the U.S. and other donor countries in providing technical and humanitarian assistance to the former Soviet Union.

PROGRAM DESCRIPTION

Objectives

- o Upgrade air defense capability, including AEW
- o Improve ground force mobility and firepower
- o Complete co-development of Japan's next generation fighter support aircraft (FSX) and prepare for production
- o Improve communications, command and control, and intelligence capabilities
- o Improve sustainability and interoperability between U.S. and Japanese forces
- o Promote more balanced, free and fair U.S.-Japan trade
- o Increase the flow of Japanese defense-applicable and dual-use technologies to the U.S.

Status

Japan uses a combination of licensed production, co-development, direct purchases of U.S. and foreign equipment and training and, increasingly, indigenous development to strengthen its ability to defend its territory, airspace and sea lines of communication. In 1992, the latest year for which statistics are available, Japan purchased USD 1.5 billion of defense equipment from the U.S. In addition to strengthening Japan's defense capabilities and increasing interoperability, these purchases bolster the U.S. defense-industrial base and create jobs at home.

FY 1995 REQUEST

In FY 1995 Japan may acquire the Multiple Launch Rocket System (MLRS) and AWACS aircraft directly from the U.S. and will continue to co-develop the FSX fighter aircraft. In the soon-to-be-concluded 1991-1995 Mid-Term Defense Plan, Japan may also acquire additional front-line systems which it manufactures under license, such as the P-3C ASW aircraft, the F-15 fighter, SH-60 and UH-60 helicopters, and the Patriot missile.

KUWAIT

POLICY CONSIDERATIONS

A stable Kuwait capable of contributing to its own defense is important to U.S. interests in the Gulf. The vulnerable nation with huge oil reserves has already proven to be a tempting target for aggressive neighbors. By leading the effort to liberate Kuwait from Iraqi occupation, we have built a unique security relationship and are Kuwait's primary choice as the source of defense systems, training and technology, although we face increasingly stiff European competition for many systems. All programs are fully funded by Kuwait.

A new National Assembly was elected and convened in October 1992. The election was conducted freely and fairly, albeit with a very limited franchise. Both the Amir and Crown Prince have gone on record as favoring an expansion of the franchise but efforts by the Assembly to do so have bogged down. The Assembly exercises real and increasing power in Kuwaiti political life, including approval of defense budgets. In the first months following liberation, there were significant human rights abuses directed at foreign residents in Kuwait and the Government continues to pursue a policy of "Kuwaitization" designed to decrease the expatriate population and exclude nationals of groups which opposed Kuwait during the Gulf War (e.g. Iraqis and Palestinians). The Kuwaiti Government has consistently expressed a commitment to the observance of international human rights standards.

Kuwait is an important U.S. trading partner. U.S. exports to Kuwait from January 1990 to December 1992 totalled over $3.3 billion, $1.7 billion in 1992 alone. U.S. companies played a major role in reconstruction. Over $5 billion in reconstruction contracts, constituting over 50% of all contracts awarded, went to U.S. firms.

Kuwait exported its first post-invasion oil July 27, 1991. Oil production has returned to prewar levels, and Kuwait is currently producing within its 2 million barrel per day OPEC quota. Historically an important source of development assistance to third world countries, the demand for funds for domestic reconstruction restricts Kuwait's ability to resume its former role as a major aid donor as well as the speed with which it can strengthen its defense capabilities. Nevertheless it has made substantial postwar aid commitments including $1 billion over five years to the Turkish Defense Fund.

PROGRAM DESCRIPTION

Objectives

- Support reconstitution and re-equipment of the defense forces.
- Encourage improved regional defense cooperation.
- Facilitate future U.S. and allied reinforcement of Kuwait in case of crisis or war.

Status

Kuwait's small pre-war forces were all but destroyed during the war against Iraq. Between January and March 1992, the U.S. and Kuwaiti armed forces conducted a joint defense review leading to the development of comprehensive recommendations for enhancing Kuwait's security. This enhancement would be based on a three-tier approach consisting of 1) strengthening Kuwait's own military capabilities, 2) improving military cooperation with Kuwait's allies within the Middle East, and 3) facilitating reinforcement of Kuwait by friendly outside powers including the U.S. The report, which has been accepted by the Government of Kuwait, sets forth proposed changes in organization, procedures, and doctrine, an objective force structure, and a multi-year acquisition plan to equip the objective force. Kuwait's anticipated equipment purchases from the U.S. and its other Western security partners are being programmed on the basis of these recommendations. For example, the 20 A-4KU fighters that fought under Saudi operational control in Desert Storm have been replaced by U.S.-supplied F/A-18s and the Government of Kuwait is buying through FMS 218 M1A2 tanks.

FY 1995 REQUEST

The proposed FY 1995 program consists solely of FMS and commercial sales. Kuwait plans to replace and upgrade equipment lost during the Iraqi occupation.

LUXEMBOURG

POLICY CONSIDERATIONS

Luxembourg maintains strong pro-NATO policies and firmly supports continued U.S. military presence in Europe in the post-Cold War era. The country has no organized mobilization structure and no air force or navy. Its small army has a statutory cap of under a thousand personnel. Luxembourg's strategic location, however, gives it a critical role in European defense planning. Despite its small size, Luxembourg plays an active role in security fora and has displayed an activist approach to out-of-area crises as well. Luxembourg hosts the NATO Maintenance and Supply Agency. The U.S. military presence in Luxembourg is primarily in the management of storage sites within the country.

PROGRAM DESCRIPTION

Objectives

- Encourage expanded training opportunities for army personnel at all levels
- Continue to encourage Luxembourg's participation in UN-supported peacekeeping efforts

Status

The U.S. and Luxembourg enjoy a cooperative military relationship. There is little prospect of significant change in Luxembourg's force level in the foreseeable future. Past security assistance programs have consisted of FMS, IMET and commercial cash sales of defense articles and services. Recent purchases include support vehicles and telephone encryption equipment. Luxembourg also obtains clothing, repair parts and other items for field training from the U.S.

FY 1995 REQUEST

Contemplated FMS purchases in this fiscal year include Global Positioning Systems Sets (GPSS), clothing and individual equipment, tents, camouflage nets, and supporting documentation for use in peacekeeping missions. Use of national funds to participate in U.S. professional defense education programs will also be considered.

NETHERLANDS

POLICY CONSIDERATIONS:

The U.S. continues to enjoy a close bilateral relationship with the Kingdom of the Netherlands. The Dutch participate extensively in NATO activities and have both conventional and nuclear missions. Through the port of Rotterdam, the Netherlands serves as a vital link in the support of U.S. forces in Europe. The Dutch have been at the forefront of UN and NATO efforts to bring about a resolution to the war in the Balkans, and currently have over 2000 troops deployed in the region. They were also among the first countries to join in Operations Desert Shield/Storm and Provide Comfort. Our mutually cooperative relationship extends beyond security issues to considerations of transition in Central and Eastern Europe, UN peacekeeping, trade, and investment.

As with all other NATO governments, the Netherlands' defense budget is being reexamined in the wake of the profound changes in Central and Eastern Europe. The Ministry of Defense remains committed to the development of smaller but more flexible armed forces, better able to operate in NATO's new environment.

PROGRAM DESCRIPTION

Objectives

- Promote a balanced and effective restructuring of the Dutch defense forces
- Continue to support interoperability of equipment and procedures and Dutch participation in cooperative armaments programs
- Encourage continuing Dutch participation in NATO forces' logistical support
- Encourage continuing Dutch support for out-of-area operations

Status

The Dutch continue to pursue well thought-out modernization programs that take into account the politico-military situation in Eastern Europe and the former Soviet Union. While the Netherlands' national defense capability continues to emphasize the NATO mission, there is increased attention to out-of-area operations in support of the UN or regional organizations.

Grant aid to the Netherlands was terminated in 1967. The country has continued to purchase defense goods and services from the U.S., and in 1993 parliament approved approximately $1.7 billion of defense purchases from U.S. manufacturers including a mid-life update for their F-16 fleet, two C-130 transport planes, and a fleet of airlift helicopters.

FY 1995 REQUEST

The proposed FY 1995 program of FMS and commercial sales will continue to assist the Netherlands armed forces to achieve modernization objectives through procurement of new training systems, equipment upgrade and modification kits, and other new equipment. The Netherlands will continue its F-16 aircraft coproduction program and participation in the F-16 mid-life update. Purchases are expected to include armed helicopters and artillery munitions.

NORWAY

POLICY CONSIDERATIONS

Norway is the only NATO ally to share a land border with Russia. In addition to the political and security uncertainty of bordering a superpower in the midst of a revolutionary transition, Norway also faces, on the Kola peninsula, the largest concentration of military force anywhere in the world, a concentration that includes the bulk of Russia's strategic forces. Because of its strategic location, Norway makes a unique contribution to achieving NATO's objectives in peacetime and in the event of a crisis.

Norway plays a leading role in UN and other multilateral peacekeeping efforts. In addition to existing commitments in Lebanon, elsewhere in the Middle East, Africa, South Asia, and the former Yugoslavia, Norway increased its peacekeeping deployments in 1993 by 50%. It increased its deployment in Bosnia, and sent a 140-man headquarters unit to support UNOSOM II. Norway has supported efforts to develop a NATO peacekeeping capability and has warmly welcomed the Partnership for Peace.

Norway is engaged in a process of defense restructuring and modernization, based on a 1992 report by a Defense Commission composed of members of different political parties. The process will lead to a smaller, but more modern and more capable force able to fulfill both home defense and international security obligations.

PROGRAM DESCRIPTION

Objectives

- Support Norway's overall defense modernization through sales of new and upgraded defense systems,
- Continue supporting operation and maintenance of U.S.-origin equipment
- Support continued participation in the F-16 mid-life update program

Status

The security assistance program consists of FMS cash and commercial sales of defense equipment, services and training. Norway is a participant in the F-16 coproduction program.

Norway continues to operate a significant inventory of older U.S. equipment provided through the Military Assistance Program in the 1950's and the 1960's. This equipment is currently being modernized or replaced as it approaches the end of its useful life.

The Royal Norwegian Air Force, the major recipient of U.S. support, obtains over 70 percent of its logistical support and over 80 percent of its training from the U.S.

FY 1995 REQUEST

The proposed FY 1995 program of FMS and commercial sales will assist Norway to acquire modern missile systems, participate in the development and production of F-16 mid-life update modification kits, and possibly acquire U.S.-origin infantry fighting vehicles. Norway will continue to purchase training and logistics support for U.S. systems.

QATAR

POLICY CONSIDERATIONS

Qatar is an important oil and gas producer with strong ties to the U.S. It was one of the first Gulf Cooperation Council (GCC) states to welcome U.S. forces for Operation Desert Shield/Desert Storm, and later accepted other friendly forces and sent its own troops. Qatar signed a Defense Cooperation Agreement with the U.S. in June 1992.

Qatar plays an increasingly constructive role in support of the Middle East peace process. It is a participant in all of the multilateral sessions of the peace talks and has recently offered to host a plenary session of the Arms Control and Regional Security talks (ACRS). The Government of Qatar has also confirmed that its Foreign Minister has met on several occasions with senior Israeli officials including for preliminary discussions on potential trade relations. In late 1993, the Government of Qatar announced that it would permit direct telephone service to portions of the Occupied Territories -- the first such service permitted by a Gulf government.

Qatar has a traditional government headed by an Amir. He usually consults with a council of notables before major decisions, and citizens may petition for redress of grievances. It is a highly conservative society where Islamic law prevails and some human rights are restricted.

PROGRAM DESCRIPTION

Objectives

- Support Qatar's efforts to maintain peace and stability in the Gulf region by modernization and enhancement of its military capabilities.
- Influence Qatar towards moderation in solving its boundary disputes with Bahrain and Saudi Arabia.
- Support increased U.S.-Qatari military cooperation through implementation of the Defense Cooperation Agreement.

Status

Border disputes with Bahrain and Saudi Arabia continue to complicate Qatar's full cooperation with GCC joint security efforts and provide openings for renewed Iraqi and Iranian interference in GCC affairs.

But tensions have subsided since the brief flare-up on the Saudi border in late 1992. Qatar's forces are equipped with a mixture of mostly-older European equipment, which has not been upgraded in recent years.

FY 1995 REQUEST

In FY 1995 and beyond, Qatar and the U.S. will continue working on implementing the Defense Cooperation Agreement. The Qatari interest in force modernization has focussed on the need to upgrade their air defense system and acquire advanced fighter aircraft for their air force. They have been particularly interested in Patriot missiles.

SAUDI ARABIA

POLICY CONSIDERATIONS

Saudi Arabia, as the largest, wealthiest state on the Arabian Peninsula, was at the center of Operation Desert Shield/Desert Storm and the international response to Iraq's aggression. Saudi Arabia is the cornerstone of the collective security arrangements we are working to establish in the Persian Gulf.

U.S.-Saudi military relations, dating to the 1940's, have been a pillar of the U.S. policy to promote peace and stability in the Gulf region. The Saudis have made clear their intention to continue to modernize and strengthen their armed forces to increase deterrent capability. They prefer to do this in concert with the U.S., but if this is not possible, they will seek other partners.

Operation Desert Shield/Desert Storm demonstrated the important mutual advantages of our defense relationship. During Desert Shield/Storm, U.S. and Saudi forces jointly operated from Saudi bases, often employing identical U.S.-built military equipment. The ability to operate together patently enhanced the success of the operation and partially stemmed from the facts that substantial portions of the Saudi military infrastructure is U.S.-built and Saudi forces have received extensive U.S. training. Of all their defense forces, the Royal Saudi Air Force (RSAF) and the Saudi Arabian National Guard (SANG) have had the closest affiliation with the U.S. and proved to be the most combat ready and reliable during the recent crisis.

Saudi Arabia has long promoted stability and political moderation in the Middle East. The Saudis played a crucial role in the settlement of the civil war in Lebanon and helped force Soviet withdrawal from Afghanistan. They have supported the convening of a Middle East peace conference and engaging with other area states in direct discussions on regional issues with Israel. For many years, Saudi Arabia has given large amounts of development and disaster aid primarily to Asian and African Islamic countries.

Saudi Arabia maintains the monarchy established in 1932. In 1993 King Fahd kept his promise to enact reforms to the Saudi government by establishing the Consultative and Provincial Councils. These reforms (by Royal Decree) were important steps in broadening popular participation in government.

The King appoints all senior officials, and the royal family retains traditional prerogatives and responsibilities including holding open audiences and accepting petitions for redress of grievances. Islamic law prevails in this very conservative society.

The Saudi government and the U.S. are engaged in meetings to restructure the FMS program to meet the current financial difficulties of the Saudi Government. Saudi revenues are linked to the price of oil which are at their lowest level in years. We are looking at ways to adjust the FMS program to align it with the levels of oil-generated revenues.

PROGRAM DESCRIPTION

Objectives

- Strengthen and modernize all branches of the Saudi forces to improve deterrence and interoperability with U.S. forces.
- Improve U.S. military access to the Royal Saudi Air Defense Forces (RSADF), Royal Saudi Land Forces (RSLF), and the Royal Saudi Naval Forces (RSNF).
- Encourage improved regional defense cooperation to deter aggression in the post-Desert Shield/Storm period.

Status

In June-July 1990, the Saudis purchased a package of 315 M1-A2 tanks, and the Congress was notified of proposed sales of 1,117 Light Armored Vehicles (LAVs) for the SANG and enhancement packages for the RSAF's fixed-wing and tanker aircraft.

After Iraq's invasion of Kuwait, the U.S. quickly sold Saudi Arabia an arms package including F-15 aircraft, M60 tanks, depleted uranium tank ammunition, and Stinger missiles. A follow-on arms package was notified to Congress in late October 1990, consisting of M1-A2 tanks and other armored vehicles, Apache helicopters, TOW II and Patriot missiles and launchers, Multiple Launch Rocket Systems (MLRS), UH-60 Med Evac helicopters, and about 1,000 trucks.

Following the Gulf war, a Joint Security Review (JSR) was conducted by U.S. and Saudi officials to determine the pace and direction of further modernization of the Saudi armed forces. In September 1992, a follow-on sale of 72 F-15 aircraft was notified to Congress.

FY 1995 REQUEST

The proposed FY 1995 military assistance program consists entirely of FMS cash sales. Saudi purchases, even for new systems, build on past programs.

SWEDEN

POLICY CONSIDERATIONS

Sweden maintains a strong independent defense, and traditionally has not participated in military alliances. Nevertheless, Sweden has applied for full membership in the European Community and has not ruled out eventual participation in European defense cooperation efforts. Sweden publicly recognizes the key stabilizing role played by NATO and the U.S. military presence in Europe.

Sweden's defense goals and force structure are being reviewed in light of the evolving European security situation. Sweden has actively encouraged democratic, free market reforms in Eastern Europe and the former Soviet Union and has played a major role in encouraging Russian troop withdrawals from the Baltics. The United States and Sweden have benefitted from increasing cooperation in pursuit of common foreign policy objectives in Europe, Africa, Asia, and the Middle East. Sweden served as Chairman of the Conference for Security and Cooperation in Europe in 1992-93, and remains active in UN operations, including peacekeeping, sanctions monitoring, and humanitarian assistance.

PROGRAM DESCRIPTION

Objectives

- Promote an independent, militarily strong Sweden which can contribute to stability on NATO's northern flank while remaining outside the Alliance structure
- Encourage Swedish participating in the Partnership for Peace
- Maintain contact with Swedish military leaders and develop close rapport with a broad cross-section of Swedish military personnel
- Facilitate purchases of U.S.-origin equipment and training to maintain and improve Sweden's military credibility

Status

Past U.S.-Swedish security assistance relationship has consisted of FMS cash and commercial acquisitions of missiles, anti-tank weapons, coastal defense weapons, support items, spares and aircraft technology.

FY 1995 REQUEST

Possible acquisitions during the next few years include further technical assistance for the JAS-39 Gripen aircraft and technical data on other weapons systems. The Swedish Air Force is considering the purchase of the advanced air-to-air missile (AMRAAM). Additionally, the U.S. and Sweden are cooperating on development of new minesweeping technology.

SWITZERLAND

POLICY CONSIDERATIONS

Switzerland is a highly industrialized, militarily neutral western democracy with a strong, credible defense force. United States policy is to enhance Swiss defense capabilities, thereby promoting stability in Central Europe. Switzerland uses it economic strength to exert a constructive influence in international affairs.

In 1992 the Swiss government redefined its policy of neutrality to exclude only participation in external armed conflicts and to require maintenance of a capable, defensive force. This new definition allows Switzerland more flexibility in responding to international threats, e.g., by allowing peacekeeping transit of troops and munitions to support UN-sanctioned peacekeeping/peacemaking, and by allowing participation in the creation of a new European security structure. In 1993 the Swiss parliament passed legislation for the creation of a 600 person peacekeeping brigade for use in international peacekeeping operations. A referendum will be held on this issue in 1994.

The U.S. and Switzerland enjoy a long-standing, cooperative military assistance relationship. U.S. sales of modern defense articles and services enhance the effectiveness and sustainability of Switzerland's armed forces. In recent years, the Swiss intensified collaboration with the U.S., especially in technical areas. On June 6, 1993 the Swiss people approved by referendum the government's decision to purchase 34 F/A-18 aircraft.

PROGRAM DESCRIPTION

Objectives

- Support F/A-18 fighter and air-to-air missile projects
- Support upgrades for artillery and new anti-armor weapons
- Facilitate acquisition of a modern air defense system

Status

Switzerland participated in the engine management program to support its F-5 aircraft and coproduced TOW II and Dragon missiles. It is modernizing its U.S.-designed howitzer and coproducing Stinger missiles. The F/A-18 deal represents an expenditure of $2.4 billion over the seven year life of the contract.

FY 1995 REQUEST

The proposed FY 1995 FMS program provides support to modernize air defense, artillery and anti-armor equipment. Future Swiss purchases are expected to include anti-tank weapons, air defense missiles, other munitions, and spare parts.

TAIWAN

POLICY CONSIDERATIONS

United States policy seeks to maintain Taiwan's self-defense capability, thereby contributing to stability in the region. The U.S. does not have diplomatic relations with Taiwan. The American Institute in Taiwan (AIT), a private instrumentality, handles security assistance programs. All military sales to Taiwan are made on a cash basis.

PROGRAM DESCRIPTION

Objectives

- Enable Taiwan's defense forces to operate and maintain U.S.-supplied military equipment
- Enable Taiwan to obtain logistics support for on-hand equipment

Status

Taiwan has purchased a variety of defensive U.S. military hardware, with past security assistance programs consisting primarily of acquisitions of equipment, spare parts, and consumables required to maintain its ground, naval and air force defense capabilities.

FY 1995 REQUEST

In FY 1995 Taiwan may acquire a variety of equipment, spare parts and consumables on a cash basis in order to maintain its air, ground, and naval defense capabilities. Taiwan may also seek technical training for personnel responsible for the operation and maintenance of U.S.-supplied military hardware.

UNITED ARAB EMIRATES

POLICY CONSIDERATIONS

The United Arab Emirates (UAE) is a small, wealthy and vulnerable state in a dangerous region. It supported the international coalition to liberate Kuwait and is an important component in our efforts to forge a collective defense strategy in the Gulf. It is a federation of seven emirates of diverse wealth with a small population and is a major oil-producing country. The United States has enjoyed friendly relations and close economic ties with the UAE since its independence in 1971. The UAE's most pressing security concern is defense of its long coastline. Iraq's August 1990 invasion of Kuwait heightened the UAE's previous interest in a long-term mutually beneficial security relationship with the U.S. Iran's 1992 aggression on Abu Musa further reinforced UAE commitment to a security relationship.

Throughout Operation Desert Shield/Desert Storm, the UAE actively cooperated with the U.S., committing its own forces to the common cause, increasing oil production to hold prices down, and providing financial and in-kind support to the U.S. and coalition partners. Since then, close cooperation has continued. The UAE is a major port of call for U.S. Navy ships patrolling in the region. It also contributed generously to countries affected by the Gulf crisis, including a pledge to the Turkish Defense Fund, and provides important support to UNOSOM in Somalia.

With about ten percent of the world's proven oil reserves, and large financial resources, the UAE plays an active role in OPEC and the Gulf Cooperation Council (GCC). Its generous foreign aid and efforts to mediate in regional conflicts give it considerable influence in Gulf and Arab League councils. Abu Dhabi's recent settlement of outstanding BCCI issues, through an agreement with the Justice Department, the Federal Reserve, and the New York District Attorney's office, marks an important step forward in bringing this chapter to a close.

The UAE's 1971 constitution governs federal defense, foreign and economic affairs. The seven Emirate governments have extensive control of local affairs. The Amirs are accessible in varying degrees to citizens who express concerns in frequent private assemblies and can petition for redress of grievances. Civil liberties, are, however, restricted. The Emirates are a mixture of conservative and progressive societies. The UAE's resources provide extensive social services to its citizens. The federal government attempts to share the wealth of the richer emirates with those enjoying few oil or natural gas resources.

PROGRAM DESCRIPTION

Objectives

- Improve bilateral military relations and access to UAE facilities.
- Support military modernization programs to enhance the UAE's defense capabilities.
- Encourage improved regional defense cooperation.

Status

The small UAE Defense Force participates in the GCC Peninsula Shield Force headquartered at King Khalid Military City in Saudi Arabia. UAE forces are armed largely with older French and British equipment. The UAE wants to upgrade and expand its army and air force into a more credible deterrent force. There is an ongoing U.S. program for Hawk surface-to-air batteries for which the UAE has purchased the PIP III upgrade. The UAE has taken delivery of AH-64 Apache helicopters and Hellfire missiles. The UAE has expressed interest in being briefed on advanced U.S. fighter aircraft, including the F-15 and F-16.

FY 1995 REQUEST

We expect that the UAE will continue to be interested in enhancing its defense capabilities, particularly in the air, through both FMS and direct commercial sales.

UNITED KINGDOM

POLICY CONSIDERATIONS

The United Kingdom makes an extensive, wide-ranging contribution to western security. Its political stability, support for NATO, diverse industrial base, and geographic position make it a key Alliance member. Britain shares our commitment to a flexible, relevant NATO as the cornerstone of its defense and to a continuing U.S. military presence in Europe. The British continue to regard NATO as the essential forum for consultation on policies bearing on the security and defense commitments of the Allies and are working to ensure that the development of a European security and defense identity complements and strengthens NATO. The UK maintains an independent nuclear deterrent, which the United States supports. The UK heads the new NATO Rapid Reaction Corps with its remaining armored division in Germany and one other mechanized division based in the UK, along with an air mobile brigade earmarked for NATO.

Britain also cooperates closely with the U.S. on security matters outside the NATO area, including through the Regional Security System (RSS) which enhances stability and counternarcotics operations in the Eastern Caribbean. The UK made the most substantial European contribution to Operation Desert Storm. Several British warships continue to patrol the Gulf, and British aircraft participate in the multinational effort to deny flight over parts of Iraq, as well as over Bosnia. A British West Indies Guard Ship also took part in the multinational embargo enforcement effort against Haiti.

The United Kingdom, like the U.S., is adapting to new realities in Europe and coping with domestic budgetary pressures. Britain is assessing its defense posture and making significant cuts in equipment and forces. Following on the heels of the 1991 Options for Change defense studies, which called for the most significant changes in British armed forces in 30 years, the July 1993 defense white paper called for an additional $1.5 billion in cuts. By 1995, overall military personnel strength will be about 20 percent below 1990 levels. As Britain's defense spending falls, we expect competing demands for the reduction in fiscal resources to delay modernization programs.

We want to continue our close defense cooperation with the UK to promote NATO rationalization, standardization and interoperability. We intend to continue our close, productive and cost-effective defense production and R&D programs with Britain for ground, air, and naval weapons systems and supporting equipment.

PROGRAM DESCRIPTION

Objectives

- Support the UK military's adaptation to new circumstances in Europe and outside the NATO area
- Provide advanced defense weapons systems such as an attack helicopter, air-to-air missiles, air-to-ground bombs and missiles, and airborne missile warning systems
- Continue to support UK acquisition of the Trident submarine system
- Continue coordination and cooperation on ballistic missile defense programs
- Continue to support modernization of UK anti-armor capability with anti-tank missiles
- Continue to support modernization of UK strategic lift capability with fuel replenishment ships and transport aircraft.

Status

The U.S. and UK have long enjoyed a strong cooperative military assistance relationship. The UK has purchased a variety of defense articles, services and spares through FMS cash and commercial acquisitions. These sales include E-3 (AWACS) aircraft and parts, TOW anti-tank missiles, secure communications systems, Trident D5 missile systems, Harpoon, Sidewinder, and AMRAAM missiles, and support equipment. Britain participates in several bilateral and NATO coproduction programs. Our defense sales ensure that the UK has a reliable source of modern weapons for NATO and out-of-area contingencies. The sales are an important means of promoting greater Alliance standardization and inter-operability, and facilitate access to British weapons and technology, such as the AV-8 Harrier and Hawk jets and Rapier SHORAD, which are serving in the U.S. armed services.

FY 1995 REQUEST

The proposed FY 94 program continues support for the UK modernization program. Purchases of an attack helicopter system, missile systems, strategic lift systems, ammunition, spare parts, and support equipment will improve British defensive capabilities.

INTERNATIONAL NARCOTICS TRAFFICKING, TERRORISM, AND CRIME PREVENTION

Among the challenges which have flourished in the post-Cold War environment are international criminal activities, including international illicit narcotics and terrorism. This challenge tears at the very fabric of society and slows economic recovery.

Abroad, illicit drug trafficking and consumption dampen the hopes of evolving democracies. In the United States, illicit narcotics erode the creativity and productivity of our youth, and promote a related violence that often results in the death of our children. Narcoterrorism attacks the structure of the American family and robs us of significant assets towards effective competition in the global economy.

The proposed FY 1995 funding seeks to get key drug countries to shoulder more of the drug control burden and resist the destructive forces of narco-corruption and intimidation. It is directed at strengthening the rule of law, economic and social development, and anti-drug institutions in countries that are committed to narcotics control. We expect our material, training, and other assistance to lead to more professional and competent judicial and enforcement agencies, greater drug crop eradication and reduced production, and more vigorous law enforcement operations against the cartel. Our work with multilateral organizations, such as the UN and various international financial institutions, as well as enhanced coordination with U.S. bilateral economic assistance agencies, will increase because they can complement our efforts and operate where our access is limited.

With the enactment of required legislation, beginning with FY 1995 the Department of State intends to complete the reorganization to form the Bureau of Narcotics, Terrorism, and Crime (NTC). NTC responsibilities include: developing, implementing and monitoring U.S. international counternarcotics strategies and programs in support of the President's National Drug Control Strategy; strengthening the capabilities of cooperating countries to combat terrorism; building greater cooperation among nations to enhance law enforcement institutions in newly emerging democracies; and improving international efforts to combat organized crime. NTC functions also include foreign policy formulation and coordination, and diplomatic initiatives.

International Narcotics Trafficking

On November 3, 1993, the President signed a directive that identified international narcotics control as a major U.S. foreign policy objective.

Internationally, drug production and trafficking activities endanger democracy, economic development, and the global environment. The directive instructs the Department of State and other agencies to respond with a new strategy focusing on source countries where the drug trade and trafficking organizations are more confined and vulnerable.

The FY 1995 program is designed to stress greater multilateral efforts to strengthen democratic institutions, making them more effective in fighting international trafficking syndicates. This program reflects our most extensive effort yet to integrate police and military law enforcement activities, training, and sustainable economic growth into comprehensive regional and country counternarcotics programs.

The international narcotics control program represents a long-term commitment to reduce the level of illicit drug production, trafficking, and abuse on a global basis. By addressing all elements of the international grower-to-user chain, the program seeks not only to reduce the supply of narcotics entering the United States, but also to provide critical assistance and technical expertise to other nations committed to controlling their own drug problems. This program complements the efforts of individual countries.

Anti-Terrorism

The Anti-Terrorism Assistance (ATA) program enables the Department of State to assist other nations to combat the threat posed by international terrorism. The ATA program promotes the cooperation of participating countries and enhances their capacity to address the primary responsibility of fighting international terrorism within their own borders. A key benefit of the training and equipment provided through this program is that participating countries contribute to strengthening world pressure against terrorism. Additionally, countries that participate in the ATA program become less appealing targets for terrorist attacks.

International Criminal Justice

The Crime program addresses the growing threat to our national security interests posed by international criminal activity, by building greater cooperation among nations to eliminate organized criminal groups, strengthening national law enforcement institutions in newly emerging democracies, and creating organizations which will aid in combatting organized crime. Key benefits of the Crime program will include deterring alien smuggling at its source, increasing international cooperation to combat money laundering, supporting the United National program to reestablish the Somali national police and judicial system, and improving coordination of U.S. positions and programs in the field.

For program details, please see the separate Narcotics, Terrorism and Crime Prevention CPD.

INTERNATIONAL NARCOTICS TRAFFICKING, TERRORISM & CRIME PREVENTION
FY 1995
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

ACTIVITY	PROPOSED FY 1995
INTERNATIONAL NARCOTICS CONTROL:	
ASIA/AFRICA/EUROPE	7,150
LATIN AMERICA	165,894
INTERNATIONAL ORGANIZATIONS	11,500
INTER-REGIONAL AVIATION	30,000
INTER-REGIONAL PROGRAMS	11,156
PROGRAM DEVELOPMENT/SUPPORT	6,300
SUBTOTAL	232,000
ANTI-TERRORISM ASSISTANCE	15,244
INTERNATIONAL CRIMINAL JUSTICE	4,756
TOTAL BUDGET AUTHORITY a/	252,000

a/ Further detailed justification of the FY 1995 request is provided in the Congressional Presentation for International Narcotics, Terrorism & Crime Prevention, FY 1995, prepared by the Department of State.

SECTION III

SECTION III: HISTORICAL PROGRAMS

Through FY 1994, security assistance programs were carried out under the authority of the Foreign Assistance Act of 1961, as amended, and Section 23 of the Arms Export Control Act. Major appropriated programs were Foreign Military Financing, the Economic Support Fund, International Military Education and Training, Peacekeeping Operations and Nonproliferation and Disarmament.

- **Foreign Military Financing (FMF)** enabled selected friends and allies to improve their defense capabilities by financing the acquisition of U.S. defense articles and services. As a grant and loan program, FMF is distinguished from **Foreign Military Sales (FMS)**, the system through which government-to-government sales of military equipment occur. In general, FMF provided financing for FMS sales. Select countries, however, have been eligible to use FMF credits for procurement through direct commercial contracts with U.S. firms outside of FMS channels.

- **International Military Education and Training (IMET)** provided professional military education, and management and technical training on a grant basis to students from allied and friendly nations. IMET promoted military-to-military relations and exposed foreign military and civilian officials to U.S. values and democratic processes.

- The **Economic Support Fund (ESF)** provided economic assistance to allies and strategically important developing countries. Grants were available to aid the balance of payments, to finance infrastructure and capital projects, to carry out developmental projects benefitting the local population, and in some instances to support counter-narcotics activities.

- **Peacekeeping Operations (PKO)** by friendly countries and international organizations in furtherance of U.S. national security interests also received funding. The security assistance budget covered non-assessed, (i.e., voluntary) contributions to peacekeeping whether bilateral or multilateral in nature. (A separate and much larger account covered assessed UN peacekeeping activities, but was not classified as a security assistance program.)

- The **Nonproliferation and Disarmament Fund** was a new element in the security assistance budget of FY 1994. It helped to address what Secretary Christopher, in his confirmation hearings, identified as one of the foremost security challenges facing the United States.

The following tables depict security assistance programs for FY 1993 and FY 1994.

FOREIGN MILITARY FINANCING
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993		
	TREASURY RATE	GRANT	TOTAL
AFRICA:			
BENIN	0	250	250
BOTSWANA	0	1,800	1,800
CHAD	0	200	200
CONGO	0	200	200
GAMBIA, THE	0	1,300	1,300
GHANA	0	600	600
GUINEA	0	100	100
GUINEA-BISSAU	0	1,700	1,700
MADAGASCAR	0	1,500	1,500
MALI	0	750	750
NAMIBIA	0	600	600
NIGER	0	600	600
RWANDA	0	525	525
SAO TOME & PRINCIPE	0	190	190
SENEGAL	0	2,700	2,700
SEYCHELLES	0	110	110
TANZANIA	0	100	100
UGANDA	0	425	425
ZAMBIA	0	300	300
ZIMBABWE	0	1,050	1,050
REGIONAL TOTAL	0	15,000	15,000
AMERICAN REPUBLICS:			
ANTIGUA-BARBUDA*	0	80	80
BARBADOS*	0	80	80
BELIZE	0	500	500
BOLIVIA	0	18,595	18,595
COLOMBIA	0	27,000	27,000
DOMINICA*	0	110	110
DOMINICAN REPUBLIC	0	500	500
ECUADOR	0	1,150	1,150
EL SALVADOR	0	11,000	11,000
GRENADA*	0	200	200
HONDURAS	0	1,500	1,500
JAMAICA	0	450	450
ORG. OF AMERICAN STATES	0	500	500
ST. KITTS & NEVIS*	0	190	190
ST. LUCIA*	0	610	610
ST. VINCENT & GRENADINES*	0	80	80
TRINIDAD & TOBAGO	0	550	550
REGIONAL TOTAL	0	63,095	63,095
EAST ASIA & PACIFIC:			
PHILIPPINES	0	15,000	15,000
REGIONAL TOTAL	0	15,000	15,000
EUROPE:			
GREECE	315,000	0	315,000
HUNGARY	0	250	250
PORTUGAL	90,000	0	90,000
TURKEY	450,000	0	450,000
REGIONAL TOTAL	855,000	250	855,250

	ESTIMATED FY 1994		
	TREASURY RATE	GRANT	TOTAL
MIDDLE EAST PEACE:			
EGYPT	0	1,300,000	1,300,000
ISRAEL	0	1,800,000	1,800,000
JORDAN	0	9,000	9,000
TOTAL	0	3,109,000	3,109,000
REGIONAL SECURITY & DEFENSE COOPERATION:			
GREECE	283,500	0	283,500
PORTUGAL	81,000	0	81,000
TURKEY	405,000	0	405,000
TOTAL	769,500	0	769,500
COUNTERNARCOTICS:			
ANDEAN NARCOTICS INITIATIVE:	0	12,421	12,421
BOLIVIA	0	(4,721)	(4,721)
COLOMBIA	0	(7,700)	(7,700)
POTENTIAL SOURCE & TRANSIT:	0	800	800
BELIZE	0	(160)	(160)
DOMINICAN REPUBLIC	0	(110)	(110)
EASTERN CARIBBEAN	0	(130)	(130)
ECUADOR	0	(130)	(130)
GUYANA	0	(60)	(60)
JAMAICA	0	(110)	(110)
TRINIDAD & TOBAGO	0	(100)	(100)
TOTAL	0	13,221	13,221
MISCELLANEOUS:			
ADMINISTRATIVE COSTS	0	23,558	23,558
DEMINING & TRAINING	0	2,500	2,500
RESERVED	0	1,000	1,000
TOTAL	0	27,058	27,058
TOTAL PROGRAM	769,500	3,149,279	3,918,779
FINANCING FOR NON-SUBSIDY ELEMENT OF CONCESSIONAL LOANS	(730,675)	0	(730,675)
REOBLIGATIONS	0	500	500
UNOBLIGATED BALANCE LAPSING	7,705	0	7,705
APPROPRIATION RESCINDED	0	(65,562)	(65,562)
TOTAL BUDGET AUTHORITY	46,530	3,084,217	3,130,747

FOREIGN MILITARY FINANCING
BUDGET AUTHORITY (CONTINUED)
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993 (CONTINUED)		
	TREASURY RATE	GRANT	TOTAL
NEAR EAST & SOUTH ASIA:			
BAHRAIN	0	500	500
EGYPT	0	1,300,000	1,300,000
ISRAEL	0	1,800,000	1,800,000
JORDAN	0	9,000	9,000
MOROCCO	0	40,000	40,000
OMAN	0	1,000	1,000
TUNISIA	0	2,000	2,000
REGIONAL TOTAL	0	3,152,500	3,152,500
TOTAL COUNTRY PROGRAMS	855,000	3,245,845	4,100,845
NON-REGIONAL:			
ADMINISTRATIVE COSTS	200	25,956	26,156
UNOCHA	0	500	500
NON-REGIONAL TOTAL	200	26,456	26,656
TOTAL PROGRAM	855,200	3,272,301	4,127,501
ADJUSTMENT FOR NON-SUBSIDY ELEMENT OF CONCESSIONAL LOANS	(718,254)	0	(718,254)
RECOVERY OF PRIOR YEAR OBLIGATIONS	0	(25,586)	(25,586)
UNOBLIGATED BALANCE EXPIRING	0	389	389
TRANSFERS TO OTHER ACCOUNTS	12,254	0	12,254
TOTAL BUDGET AUTHORITY a/b/	149,200	3,247,104	3,396,304

* These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative in Section II for a discussion of specific country programs.

a/ Foreign Military Financing (11-1082), a grant account, and Foreign Military Financing Program Account (11-1085), a loan subsidy account, are both reflected in this table.

b/ Includes transfer of $5,000 thousand of FY 1993 FMF grants to Peacekeeping Operations pursuant to P.D. 93-20. Does not include funds made available to Demobilization and Transition to Peace Fund in FY 1993 ($29,000 thousand pursuant to P.L. 102-391.

FMF ADMINISTRATIVE COSTS

(Dollars in Thousands)

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Departmental and Headquarters Administrative Expenses a/	7,182	6,670	b/
SAO Administrative Expenses a/	18,774	16,888	b/
Total Budget Authority	25,956	23,558	b/

a/ Excludes those Defense Security Assistance Agency (DSAA) and overseas security assistance organizations (SAO) costs related to FMS which are financed from sales under sections 21, 22, and 29 of the Arms Export Control Act. See Overseas Military Program Management table for further details on SAO costs.

b/ For FY 1995, funds requested for defense administrative costs, formerly financed in the FMF account, are included in funds requested for the Regional Peace and Security account. See the Regional Peace and Security, Defense Administrative Costs table on page 50.

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993
AFRICA:	
BENIN	112
BOTSWANA	469
BURUNDI	340
CAMEROON	329
CAPE VERDE	173
CENTRAL AFRICAN REPUBLIC	219
CHAD	371
COMOROS	137
CONGO	146
COTE D'IVOIRE	215
DJIBOUTI	213
ETHIOPIA	167
GABON	115
GAMBIA	107
GHANA	305
GUINEA	191
GUINEA-BISSAU	202
KENYA	650
LESOTHO	131
MADAGASCAR	258
MALAWI	112
MALI	199
MAURITIUS	65
MOZAMBIQUE	205
NAMIBIA	297
NIGER	351
NIGERIA	139
RWANDA	150
SAO TOME & PRINCIPE	175
SENEGAL	750
SEYCHELLES	125
SIERRA LEONE	296
SWAZILAND	148
TANZANIA	176
UGANDA	199
ZAMBIA	152
ZIMBABWE	403
TOTAL	8,792
AMERICAN REPUBLICS:	
ANTIGUA-BARBUDA*	16
ARGENTINA	300
BAHAMAS	75
BARBADOS*	37
BELIZE	140
BOLIVIA	1,075
BRAZIL	250
CHILE	288
COLOMBIA	2,126
COSTA RICA	228
DOMINICA*	42
DOMINICAN REPUBLIC	754
ECUADOR	800
EL SALVADOR	300

	ESTIMATED FY 1994
MIDDLE EAST PEACE:	
EGYPT	800
JORDAN	800
LEBANON	300
TOTAL	1,900
PROMOTION OF DEMOCRACY & HUMAN RIGHTS:	
ALBANIA	140
BELARUS	75
BULGARIA	240
CAMBODIA	90
CZECH REPUBLIC	400
EL SALVADOR	400
ERITREA	75
ESTONIA	110
ETHIOPIA	100
GEORGIA	50
GUATEMALA	125
HUNGARY	550
KAZAKHSTAN	100
KYRGYZSTAN	50
LATVIA	110
LITHUANIA	110
MACEDONIA	75
MOLDOVA	50
MONGOLIA	50
POLAND	550
ROMANIA	240
RUSSIA	750
SLOVAKIA	200
SLOVENIA	100
TURKMENISTAN	50
UKRAINE	500
TOTAL	5,290
COUNTERNARCOTICS:	
BOLIVIA	400
COLOMBIA	900
ECUADOR	375
TOTAL	1,675
REGIONAL STABILITY & DEFENSE COOPERATION:	
ALGERIA	50
ANTIGUA-BARBUDA*	20
AUSTRIA	10
BAHRAIN	50
BARBADOS*	25
BELIZE	50
BOTSWANA	350
CAMEROON	100
CHAD	225

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM (CONTINUED) BUDGET AUTHORITY

(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993
AMERICAN REPUBLICS (CONTD):	
GRENADA*	49
GUATEMALA	190
GUYANA	99
HONDURAS	1,357
JAMAICA	450
MEXICO	722
PACAMS/SCIATTS	798
PARAGUAY	349
ST. KITTS & NEVIS*	59
ST. LUCIA*	49
ST. VINCENT & GRENADINES*	76
TRINIDAD & TOBAGO	49
URUGUAY	339
VENEZUELA	226
REGIONAL TOTAL	11,243
EAST ASIA & PACIFIC:	
KOREA	273
MONGOLIA	108
PAPUA NEW GUINEA	100
PHILIPPINES	2,548
SINGAPORE	20
SOLOMON ISLANDS	20
THAILAND	2,349
TONGA	62
VANUATU	31
WESTERN SAMOA	48
REGIONAL TOTAL	5,559
EUROPE:	
ALBANIA	180
BELARUS	97
BULGARIA	279
CZECH REPUBLIC	466
CZECHOSLOVAKIA	58
ESTONIA	88
GREECE	256
HUNGARY	697
KAZAKHSTAN	163
LATVIA	111
LITHUANIA	148
MALTA	53
POLAND	689
PORTUGAL	1,000
ROMANIA	310
RUSSIA	471
SLOVAKIA	127
SLOVENIA	95
SPAIN	240
TURKEY	3,100
UKRAINE	413
REGIONAL TOTAL	9,041

	ESTIMATED FY 1994
REGIONAL STABILITY & DEFENSE COOPERATION (CONTD):	
COSTA RICA	100
DJIBOUTI	100
DOMINICA*	40
DOMINICAN REPUBLIC	300
FINLAND	10
GREECE	100
GRENADA*	40
GUINEA	125
HONDURAS	500
JAMAICA	200
KENYA	280
KOREA	10
MALAWI	125
MALAYSIA	300
MOROCCO	500
NAMIBIA	200
NIGER	200
OMAN	50
PHILIPPINES	875
PORTUGAL	500
SENEGAL	450
SINGAPORE	10
SPAIN	50
ST. KITTS & NEVIS*	40
ST. LUCIA*	50
ST. VINCENT & GRENADINES*	50
THAILAND	875
TUNISIA	500
TURKEY	1,000
ZIMBABWE	250
TOTAL	8,710
PROMOTE PROFESSIONAL MILITARY RELATIONSHIPS:	
ARGENTINA	100
BANGLADESH	175
BENIN	100
BRAZIL	100
CHILE	100
CONGO	100
COTE D'IVOIRE	150
GAMBIA	100
GHANA	200
GUINEA-BISSAU	100
INDIA	150
MALI	130
MEXICO	200
NEPAL	100
PACAMS/SCIATTS	425
PAPUA NEW GUINEA	50
PARAGUAY	75
RWANDA	75
SOLOMON ISLANDS	10
SRI LANKA	100

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM (CONTINUED) BUDGET AUTHORITY

(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993
NEAR EAST & SOUTH ASIA:	
ALGERIA	137
BAHRAIN	103
BANGLADESH	460
EGYPT	1,754
INDIA	362
JORDAN	500
LEBANON	576
MALDIVES	104
MOROCCO	1,140
NEPAL	154
OMAN	100
SRI LANKA	387
TUNISIA	1,216
REGIONAL TOTAL	6,993
NON-REGIONAL:	
GENERAL COSTS	872
NON-REGIONAL TOTAL	872
TOTAL BUDGET AUTHORITY a/	42,500

	ESTIMATED FY 1994
PROMOTE PROFESSIONAL MILITARY RELATIONSHIPS (CONTD):	
TANZANIA	120
TONGA	15
TRINIDAD & TOBAGO	40
UGANDA	120
URUGUAY	150
VANUATU	15
VENEZUELA	200
WESTERN SAMOA	15
ZAMBIA	75
TOTAL	3,290
GENERAL COSTS	385
TOTAL BUDGET AUTHORITY a/	21,250

* These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative in Section II for a discussion of specific country programs.

a/ In FY 1995, Defense training programs support Building Democracy ($13.1 million) and Promoting Peace ($13.2 million).

SUMMARY OF STUDENTS TRAINED UNDER IMET

	ACTUAL FY 1993
AFRICA:	
BENIN	8
BOTSWANA	38
BURUNDI	17
CAMEROON	16
CAPE VERDE	6
CENTRAL AFRICAN REPUBLIC	10
CHAD	23
COMOROS	6
CONGO	9
COTE D'IVOIRE	12
DJIBOUTI	11
ETHIOPIA	8
GABON	3
GAMBIA, THE	9
GHANA	21
GUINEA	10
GUINEA-BISSAU	9
KENYA	47
LESOTHO	13
MADAGASCAR	14
MALAWI	8
MALI	10
MAURITIUS	4
MOZAMBIQUE	6
NAMIBIA	24
NIGER	16
NIGERIA	10
RWANDA	9
SAO TOME & PRINCIPE	5
SENEGAL	33
SEYCHELLES	5
SIERRA LEONE	26
SWAZILAND	14
TANZANIA	15
UGANDA	19
ZAMBIA	16
ZIMBABWE	29
TOTAL	539
AMERICAN REPUBLICS:	
ANTIGUA-BARBUDA*	3
ARGENTINA	48
BAHAMAS, THE	23
BARBADOS*	4
BELIZE	20
BOLIVIA	131
BRAZIL	20
CHILE	159
COLOMBIA	881
COSTA RICA	52
DOMINICA*	7
DOMINICAN REPUBLIC	133
ECUADOR	93
EL SALVADOR	45

	ESTIMATED FY 1994
MIDDLE EAST PEACE:	
EGYPT	70
JORDAN	80
LEBANON	21
TOTAL	171
PROMOTION OF DEMOCRACY & HUMAN RIGHTS:	
ALBANIA	8
BELARUS	4
BULGARIA	11
CAMBODIA	2
CZECH REPUBLIC	20
EL SALVADOR	57
ERITREA	3
ESTONIA	16
ETHIOPIA	5
GEORGIA	2
GUATEMALA	13
HUNGARY	24
KAZAKHSTAN	5
KYRGYZSTAN	3
LATVIA	9
LITHUANIA	5
MACEDONIA	4
MOLDOVA	3
MONGOLIA	2
POLAND	29
ROMANIA	9
RUSSIA	45
SLOVAKIA	11
SLOVENIA	2
TURKMENISTAN	3
UKRAINE	22
TOTAL	317
COUNTERNARCOTICS:	
BOLIVIA	50
COLOMBIA	375
ECUADOR	44
TOTAL	469
REGIONAL STABILITY & DEFENSE COOPERATION:	
ALGERIA	4
ANTIGUA-BARBUDA*	3
AUSTRIA	1
BAHRAIN	11
BARBADOS*	3
BELIZE	7
BOTSWANA	28
CAMEROON	5
CHAD	14

SUMMARY OF STUDENTS TRAINED UNDER IMET (CONTINUED)

	ACTUAL FY 1993
AMERICAN REPUBLICS (CONTD):	
GRENADA*	10
GUATEMALA	19
GUYANA	12
HONDURAS	216
JAMAICA	74
MEXICO	111
PARAGUAY	31
ST. KITTS & NEVIS*	10
ST. LUCIA*	8
ST. VINCENT & GRENADINES*	15
TRINIDAD & TOBAGO	3
URUGUAY	33
VENEZUELA	33
REGIONAL TOTAL	2,194
EAST ASIA & PACIFIC:	
KOREA	69
MONGOLIA	4
PAPUA NEW GUINEA	7
PHILIPPINES	265
SINGAPORE	4
SOLOMON ISLANDS	2
THAILAND	183
TONGA	5
VANUATU	2
WESTERN SAMOA	1
REGIONAL TOTAL	542
EUROPE & CANADA:	
ALBANIA	12
BELARUS	3
BULGARIA	13
CZECH REPUBLIC	23
CZECHOSLOVAKIA	5
ESTONIA	12
GREECE	78
HUNGARY	30
KAZAKHSTAN	8
LATVIA	9
LITHUANIA	7
MALTA	7
POLAND	36
PORTUGAL	44
ROMANIA	15
RUSSIA	28
SLOVAKIA	7
SLOVENIA	2
SPAIN	42
TURKEY	213
UKRAINE	18
REGIONAL TOTAL	612

	ESTIMATED FY 1994
REGIONAL STABILITY & DEFENSE COOPERATION (CONTD):	
COSTA RICA	23
DJIBOUTI	5
DOMINICA*	6
DOMINICAN REPUBLIC	50
FINLAND	1
GREECE	30
GRENADA*	8
GUINEA	7
HONDURAS	79
JAMAICA	33
KENYA	20
KOREA	2
MALAWI	9
MALAYSIA	35
MOROCCO	39
NAMIBIA	16
NIGER	9
OMAN	8
PHILIPPINES	91
PORTUGAL	22
SENEGAL	20
SINGAPORE	2
SPAIN	9
ST. KITTS & NEVIS*	7
ST. LUCIA*	8
ST. VINCENT & GRENADINES*	10
THAILAND	68
TUNISIA	38
TURKEY	69
ZIMBABWE	18
TOTAL	818
PROMOTE PROFESSIONAL MILITARY RELATIONSHIPS:	
ARGENTINA	16
BANGLADESH	13
BENIN	7
BRAZIL	13
CHILE	56
CONGO	6
COTE D'IVOIRE	8
GAMBIA, THE	8
GHANA	14
GUINEA-BISSAU	4
INDIA	9
MALI	7
MEXICO	31
NEPAL	7
PAPUA NEW GUINEA	3
PARAGUAY	7
RWANDA	5
SOLOMON ISLANDS	1
SRI LANKA	4

SUMMARY OF STUDENTS TRAINED UNDER IMET (CONTINUED)

	ACTUAL FY 1993
NEAR EAST & SOUTH ASIA:	
ALGERIA	12
BAHRAIN	23
BANGLADESH	33
EGYPT	153
INDIA	21
JORDAN	50
LEBANON	40
MALDIVES	6
MOROCCO	89
NEPAL	11
OMAN	16
SRI LANKA	15
TUNISIA	92
REGIONAL TOTAL	561
WORLDWIDE TOTAL	4,448

	ESTIMATED FY 1994
PROMOTE PROFESSIONAL MILITARY RELATIONSHIPS (CONTD):	
TANZANIA	10
TONGA	1
TRINIDAD & TOBAGO	2
UGANDA	11
URUGUAY	15
VANUATU	1
VENEZUELA	29
WESTERN SAMOA	1
ZAMBIA	8
TOTAL	297
WORLDWIDE TOTAL	2,072

* These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative in Section II for a discussion of specific country programs.

ECONOMIC SUPPORT FUND
OBLIGATION AUTHORITY/OBLIGATIONS
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993	
	OBLIGATION AUTHORITY	OBLIGATIONS (GRANT)
AFRICA:		
AFRICA DEMOCRACY SUPPORT PROGRAM	3,000	3,000
AFRICA REGIONAL	500	500
BURUNDI	1,000	1,000
LIBERIA	500	0
MOZAMBIQUE	2,000	2,000
NIGERIA	0	0
REGIONAL TOTAL	7,000	6,500
AMERICAN REPUBLICS:		
ANDEAN NARCOTICS INITIATIVE:	149,692 a/	70,797 a/
BOLIVIA	(41,500)a/	(41,500)a/
COLOMBIA	(11,161)a/	(11,161)a/
PERU	(97,031)a/	(18,136)a/
EL SALVADOR	104,500	95,700
GUATEMALA	1,500	1,500
GUYANA	2,000	2,000
HAITI	5,000	5,000
HONDURAS	4,300	4,300
JAMAICA	2,000	2,000
LATIN AMERICA & CARIBBEAN REGIONAL	6,412	6,412
NICARAGUA	55,000	55,000
PANAMA	6,000	2,342
REGIONAL TOTAL	336,404	245,051
EAST ASIA & PACIFIC:		
BURMESE STUDENTS	1,000	0
CAMBODIA ECONOMIC DEVL	10,000	9,000
MONGOLIA	8,000	8,000
PHILIPPINES	25,000	5,000
SOUTH PACIFIC TUNA TREATY	14,000	14,000
SOUTHEAST ASIA REGIONAL	25,000	24,000
REGIONAL TOTAL	83,000	60,000
EUROPE:		
CYPRUS	15,000	10,000
TURKEY	125,000	125,000
REGIONAL TOTAL	140,000	135,000
NEAR EAST & SOUTH ASIA:		
AFGHAN HUMANITARIAN	10,000	10,000
EGYPT	815,000	747,000
ISRAEL	1,200,000	1,200,000
JORDAN	15,000	15,000
LEBANON	2,800	2,800
MIDDLE EAST REGIONAL COOPERATION	7,000	7,000
MOROCCO	20,000	17,000
OMAN	5,000	0
TUNISIA	3,000	0
WEST BANK/GAZA	25,000	25,000
REGIONAL TOTAL	2,102,800	2,023,800
NON-REGIONAL:		
FHA/OFDA	1,200	200
NON-REGIONAL TOTAL	1,200	200
TOTAL OBLIGATION AUTHORITY/ OBLIGATIONS	2,670,404 b/	2,470,551

	ESTIMATED FY 1994	
	OBLIGATION AUTHORITY	OBLIGATIONS (GRANT)
MIDDLE EAST PEACE:		
EGYPT	815,000	815,000
ISRAEL	1,200,000	1,200,000
JORDAN	9,000	9,000
LEBANON	4,000	4,000
MIDDLE EAST REGIONAL COOPERATION	7,000	7,000
MOROCCO	3,000	3,000
MULTILATERAL PEACE PROCESS	1,000	1,000
TUNISIA	1,000	1,000
WEST BANK/GAZA	25,000	25,000
TOTAL	2,065,000	2,065,000
REGIONAL SECURITY AND DEFENSE COOPERATION:		
TURKEY	120,000	120,000
TOTAL	120,000	120,000
ECONOMIC DEVELOPMENT:		
AFGHAN HUMANITARIAN	2,000	2,000
CAMBODIA ECONOMIC DEVL	8,000	8,000
EASTERN CARIBBEAN	1,000	1,000
EL SALVADOR	45,000	45,000
MACEDONIA	5,000	5,000
NICARAGUA	10,000	10,000
TOTAL	71,000	71,000
COUNTERNARCOTICS:		
ANDEAN NARCOTICS INITIATIVE:	35,000 a/	35,000 a/
BOLIVIA	(25,000)a/	(25,000)a/
COLOMBIA	(1,000)a/	(1,000)a/
PERU	(9,000)a/	(9,000)a/
TOTAL	35,000	35,000
DEMOCRATIC DEVELOPMENT:		
AFRICA DEMOCRACY SUPPORT PROGRAM	15,000	15,000
HAITI	12,000	12,000
LATIN AMERICA & CARIBBEAN REGIONAL	6,562	6,562
PANAMA	4,000	4,000
SOUTHEAST ASIA REGIONAL	7,000	7,000
TOTAL	44,562	44,562
MISCELLANEOUS:		
CYPRUS	15,000	15,000
SOUTH PACIFIC TUNA TREATY	14,000	14,000
TOTAL	29,000	29,000
TOTAL OBLIGATION AUTHORITY/ OBLIGATIONS	2,364,562	2,364,562

a/ Preliminary allocation of Andean Narcotics Initiative funds.
b/ Does not include $19,704 thousand for Ireland.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING OPERATIONS
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993	ESTIMATED FY 1994
PEACEKEEPING ACTIVITIES	460,315	401,607

VOLUNTARY PEACEKEEPING OPERATIONS
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993	ESTIMATED FY 1994
CSCE	0	7,000
ECOWAS	0	11,000
HAITI (OAS)	0	13,000
MFO	17,216	18,000
OAU	0	2,000
UNFICYP	9,000	9,000
LIBERIA (UN)	6,830 a/	0
SERBIA(SANCTIONS)	5,950 b/	3,623
SOMALIA (ICITAP)	0	12,000
TOTAL BUDGET AUTHORITY	38,996	75,623

NOTE: Description of organizational abbreviations follow:

CSCE - Conference on Security and Cooperation in Europe
ECOWAS - Economic Community of West African States
MFO - Multinational Force and Observers - Sinai
OAS - Organization of American States
OAU - Organization of African Unity
UNFICYP - UN Force in Cyprus

a/ FAA Section 610 transfer from FMF loan subsidies.
b/ Reprogrammed $950 thousand from PKO and FAA Section 610 transfer of $5,000 thousand from FMF loan subsidies.

ESTIMATING FOREIGN MILITARY SALES

Foreign Military Sales (FMS) policies derive from U.S. statutes, Presidential directives, and policies of the Departments of State and Defense. The U.S. offers to sell defense articles and services (including training) under FMS procedures only in response to specific requests from authorized representatives of foreign governments or eligible international organizations.

The following table is in two parts. The first part shows the total dollar value by country of government-to-government Foreign Military Sales Letters of Offer and Acceptance (LOA's) signed in FY 1993, regardless of when the articles and services were or will be delivered.

The second part shows the estimated dollar values projected for FY 1994 and FY 1995. These estimates are derived through an analysis of each country under conditions of extreme uncertainty. Projections are based on: analysis of expectations of interests by potential purchasers which may not result in official requests; judgments of which requests may be approved and which may result in actual sales offers after completion of a thorough, and often lengthy, U.S. government review process; and a judgment not only of how essential the military equipment or defense service is to the country's defense needs, but also of whether the purchase will be approved during the purchasing country's budget process. Projections include an estimate of potential requests for major increases in scope (amendments) to prior-year cases. These amendments are reflected as a sale in the current fiscal year. In some instances, training, publications, maps, medical supplies, technical assistance, and some spare parts are not included in these figures. (Further information is provided in the classified annex to this document.)

Each phase of the request/offer/acceptance process has many variables which make it difficult to determine exactly when -- or even if -- a particular sale may occur. Variance of one day in a purchasing country's acceptance of a single significant sales agreement could shift the recording of the transaction from one fiscal year to the next. In addition, U.S. agreements cannot always be segregated on a cash or financing basis when Letters of Acceptances are concluded by purchasing countries. Also, for countries eligible for U.S. financing, it is not always possible to determine until full payment has been made how much of that payment was U.S. financed.

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993			ESTIMATED FY 1994	ESTIMATED FY 1995
	TOTAL SALES	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL SALES	TOTAL SALES
AFRICA:					
BENIN	0	0	0	200	0
BOTSWANA	2,334	2,334	0	1,800	0
BURUNDI	250	7	243	0	0
CAMEROON	800	23	777	300	0
CAPE VERDE	0	0	0	200	0
CHAD	2,250	2,250	0	1,200	3,700
COMOROS	85	85	0	0	0
CONGO	0	0	0	200	0
COTE D'IVOIRE	739	739	0	600	0
DJIBOUTI	651	651	0	200	100
GABON	147	147	0	100	0
GAMBIA, THE	0	0	0	1,600	0
GHANA	632	195	437	1,100	0
GUINEA	817	817	0	500	0
GUINEA-BISSAU	412	412	0	1,200	500
MADAGASCAR	295	295	0	1,500	0
MALAWI	603	603	0	500	2,000
MALI	97	97	0	1,000	0
MAURITIUS	0	0	0	600	0
NAMIBIA	2,418	2,418	0	500	500
NIGER	2,508	1,974	534	1,600	500
NIGERIA	461	461	0	0	0
ORGANIZATION OF AFRICAN UNITY	55	55	0	0	0
RWANDA	0	0	0	1,200	0
SAO TOME & PRINCIPE	0	0	0	400	0
SENEGAL	6,986	6,986	0	3,900	2,300
SEYCHELLES	275	275	0	200	0
SIERRA LEONE	727	669	58	200	200
TANZANIA	0	0	0	600	0
TOGO	206	206	0	0	0
UGANDA	0	0	0	900	0
ZAMBIA	0	0	0	400	200
ZIMBABWE	1,105	1,105	0	2,300	900
REGIONAL TOTAL	24,853	22,804	2,049	25,000	10,900
AMERICAN REPUBLICS:					
ANTIGUA-BARBUDA*	754	754	0	700	600
ARGENTINA	18,000	18,000	0	110,000	15,000
BARBADOS*	753	510	243	700	700
BELIZE	271	271	0	500	600
BOLIVIA	0	0	0	5,000	5,000
BOLIVIA - INTL. NARC.	18,790	12,968	5,822	0	0
BRAZIL	26,195	26,195	0	20,000	20,000
CHILE	15,581	15,581	0	15,000	1,200
COLOMBIA	17,192	14,279	2,913	70,000	25,000
COLOMBIA - INTL. NARC.	30,588	30,136	452	0	0
COSTA RICA	147	147	0	900	600
DOMINICA*	312	312	0	500	500
DOMINICAN REPUBLIC	1,841	1,841	0	700	900
ECUADOR	1,869	1,869	0	5,000	5,000
ECUADOR - INTL. NARC.	315	315	0	0	0
EL SALVADOR	14,755	13,784	971	4,000	2,700
GRENADA*	436	436	0	500	500
HAITI	0	0	0	1,400	1,500
HONDURAS	13,010	8,587	4,423	4,300	1,500
JAMAICA	3,115	3,115	0	1,100	1,200
MEXICO	6,369	6,369	0	15,000	15,000
PANAMA	73	73	0	0	0
PARAGUAY	9	9	0	0	0
PERU - INTL. NARC.	799	799	0	0	0
ST. KITTS AND NEVIS*	336	336	0	500	500

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS (CONTINUED)
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993			ESTIMATED FY 1994	ESTIMATED FY 1995
	TOTAL SALES	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL SALES	TOTAL SALES
AMERICAN REPUBLICS (CONT):					
ST. LUCIA*	562	562	0	500	500
ST. VINCENT & GRENADINES*	530	530	0	500	500
SURINAME	0	0	0	200	300
TRINIDAD & TOBAGO	52	52	0	500	600
URUGUAY	353	353	0	2,000	1,700
VENEZUELA	19,049	19,049	0	20,000	20,000
REGIONAL TOTAL	192,056	177,232	14,824	279,500	121,800
EAST ASIA & PACIFIC:					
AUSTRALIA	299,159	299,159	0	20,000	15,000
FIJI	0	0	0	0	500
INDONESIA	30,613	30,613	0	4,000	4,000
JAPAN	1,407,223	1,407,223	0	650,000	140,000
KOREA	244,097	244,097	0	350,000	200,000
MALAYSIA	822	822	0	700,000	1,200
NEW ZEALAND	9,339	9,339	0	2,500	2,500
PHILIPPINES	87,924	87,924	0	15,000	10,000
SINGAPORE	405,405	405,405	0	700,000	25,000
TAIWAN	6,275,524	6,275,524	0	429,000	323,000
THAILAND	388,627	388,627	0	200,000	350,000
REGIONAL TOTAL	9,148,733	9,148,733	0	3,070,500	1,071,200
EUROPE & CANADA:					
AUSTRIA	9,619	9,619	0	10,000	10,000
BELGIUM	328,686	328,686	0	40,000	20,000
CANADA	162,672	162,672	0	120,000	120,000
DENMARK	336,134	336,134	0	20,000	40,000
ESTONIA	17	17	0	0	0
FINLAND	63	63	0	221,000	200,000
FRANCE	51,414	51,414	0	100,000	700,000
GERMANY	203,298	203,298	0	120,000	120,000
GREECE	1,682,276	1,682,276	0	350,000	297,000
HUNGARY	12,971	12,971	0	2,000	2,000
IRELAND	48	48	0	0	0
ITALY	108,016	108,016	0	40,000	40,000
LUXEMBOURG	435	435	0	200	200
MALTA	82	82	0	0	0
NETHERLANDS	782,461	782,461	0	80,000	30,000
NORWAY	443,817	443,817	0	35,000	40,000
PORTUGAL	15,340	15,340	0	16,000	5,000
SPAIN	118,796	118,796	0	60,000	25,000
SWEDEN	6,777	6,777	0	15,000	20,000
SWITZERLAND	1,699,810	1,699,810	0	50,000	300,000
TURKEY	742,332	742,332	0	1,800,000	1,300,000
UNITED KINGDOM	134,906	134,906	0	150,000	180,000
REGIONAL TOTAL	6,839,970	6,839,970	0	3,229,200	3,449,200
NEAR EAST & SOUTH ASIA:					
ALGERIA	0	0	0	1,300	1,900
BAHRAIN	106,032	106,032	0	20,000	150,000
BANGLADESH	0	0	0	500	0
EGYPT	468,336	454,297	14,039	550,000	450,000
INDIA	1	1	0	0	0
ISRAEL	162,326	162,326	0	2,100,000	1,000,000
JORDAN	15,503	15,503	0	90,000	90,000
KUWAIT	2,872,963	2,866,475	6,488	400,000	300,000
LEBANON	2,361	2,361	0	50,000	80,000
MOROCCO	11,170	11,170	0	50,000	30,000
OMAN	6,328	6,328	0	21,000	15,000

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS (CONTINUED)
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993			ESTIMATED FY 1994	ESTIMATED FY 1995
	TOTAL SALES	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL SALES	TOTAL SALES
NEAR EAST & SOUTH ASIA (CONT):					
QATAR	307	307	0	3,000	0
SAUDI ARABIA	12,532,202	11,752,250	779,952	1,000,000	2,600,000
TUNISIA	20,616	20,616	0	30,000	30,000
UNITED ARAB EMIRATES	76,324	76,324	0	10,000	30,000
REGIONAL TOTAL	16,274,469	15,473,990	800,479	4,325,800	4,776,900
NON-REGIONAL:					
CLASSIFIED TOTALS a/	574,909	574,909	0	500,000	500,000
INTERNATIONAL ORG.	161,006	161,006	0	70,000	70,000
NON-REGIONAL TOTAL	735,915	735,915	0	570,000	570,000
WORLDWIDE TOTAL	33,215,993	32,398,642	817,351	11,500,000	10,000,000

NOTE: Totals may not add due to rounding.
* These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative in Section II for a discussion of specific country programs.
** Less than $500.
a/ For further information, please see the Classified Annex to this document.

FOREIGN MILITARY SALES ADMINISTRATIVE COSTS

The Foreign Military Sales (FMS) program is implemented, for the most part, by the same Department of Defense personnel who work in the military departments and defense agency procurement, logistic support and administrative organizations established to carry out DoD's requirements for procurement and support of weapons, equipment, supplies and services needed by our Army, Navy, Air Force and Marines. A small number of fully dedicated security assistance organizations and personnel are also employed by the military departments and defense agencies in accomplishing the FMS mission. This integration of FMS provides organizational efficiencies and procurement cost economies to both the U.S. and the FMS customer countries.

The Arms Export Control Act (AECA) requires that the costs of implementing FMS be paid by FMS customer countries. To satisfy this requirement, an "administrative surcharge" of 3 percent is applied to most FMS cases. A 5 percent rate is applied to non-standard articles and services and supply support arrangements. In addition, a "logistics support charge" of 3.1 percent is also applied on certain deliveries of spare parts, equipment modifications, secondary support equipment and supplies. These administrative funds, collected from the FMS customer, are made available to the military departments and defense agencies to pay for their FMS administrative costs related to such functions as FMS case preparation (including preparation of price and availability estimates/information), sales negotiations, case implementation, procurement, program control, ADP operations, accounting, budgeting and other financial and program management. A majority of the operating costs of overseas Security Assistance Organizations (SAOs) are also financed from FMS administrative funds. DSAA administers an annual budget process to develop estimated funding requirements and establish approved administrative funding levels.

The Foreign Operations, Export Financing and Related Programs Appropriations Act of 1994, P.L. 103-87, included, for FY 1994 only, a ceiling of $290 million on obligations of FMS administrative funds. However, DSAA has already notified the Congressional Appropriations Committees, as required by the legislation, that the $290 million ceiling would have to be exceeded in order to administer the FMS program in accordance with the provisions of the Arms Export Control Act. This was necessary because more administrative effort must be applied in FY 1994 by the Military Departments and Defense Agencies to execute the FMS program as a result of the very high sales levels for the past several years.

The ceiling level was not compatible with the required increased efforts and costs necessary as a result of the rising workload as well as the cost impact of pay raises, inflation and other budget dynamics such as accounting and ADP cost increases resulting from operations under the Defense Business Operations Fund. All FMS administrative budget obligations and expenditures are from FMS customers' funds which have been collected into the U.S. Treasury in the Foreign Military Sales Trust Fund Account. There is no net outlay impact on the U.S. budget from the operations of the FMS administrative budget.

The table which follows shows FMS administrative budget amounts for FY's 1993 - 1995.

FMS ADMINISTRATIVE COSTS/WORKYEARS
(Dollars in Millions)

	Actual FY 1993		Estimated FY 1994		Proposed FY 1995	
	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears
Military Departments	223.6	4,201	242.0	4,192	246.1	4,188
Other Defense Activities	54.5	792	67.0	834	68.1	835
SAO's (Net)	21.3	458	23.1	497	21.7	474
Total	299.4	5,451	332.1	5,523	335.9	5,497

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER AECA

The Center for Defense Trade, Bureau of Politico-Military Affairs, Department of State, administers the United States Government's program to control commercial exports of defense articles and services. The Office of Defense Trade Controls (DTC) implements the international Traffic in Arms Regulations (ITAR), which include the U.S. Munitions List (USML). DTC reviews all license requests for the export of defense articles and services, establishes licensing policies and procedures, and ensures compliance with the ITAR. The Office of Defense Trade Policy (DTP) sets policy guidelines for commercial defense trade, provides guidance to U.S. embassies, and represents the United in COCOM discussions of the International Munitions List.

The data in this chart on commercial arms sales are compiled by DTC based on information as of September 1993. The chart illustrating commercial exports is in two parts. The first column, entitled "Actual Deliveries (Preliminary)", shows the preliminary dollar value totals by destination of exports made during fiscal year 1993. Generally, these export totals are compiled from expired or completed licenses returned to DTC by the U.S. Customs Service, unless a more comprehensive method is available. In some instances, training, publications, maps, medical supplies, technical assistance, and some spare parts are not included in these figures. The totals are preliminary because the licenses by which exports were made in fiscal year 1992 may extend beyond that fiscal year, and therefore are not returned by the U.S. Customs Service until the license is completed or expires. For further information, see also Annex I to this document (classified).

The second and third columns show the estimated dollar value totals by destinations of deliveries in fiscal years 1994 and 1995. These estimates are calculated by determining the dollar value of licenses approved for each destination during the prior two fiscal years and extrapolating likely exports under those approved licenses. Factors considered by DTC which cannot be quantitatively assessed include the availability of the licenses export for shipping and how quickly the license will be returned to DTC. Furthermore, DTC licenses are approved for four calendar years, thereby allowing shipments to span five fiscal years. Not all licenses approved result in signed contracts and actual exports.

In some instances, training, publication, maps, medical supplies, technical assistance and some spare parts are not included in these figures. (See also Annex I, Classified). Overall, DTC estimates future exports to be between 40 and 60 percent of the actual dollar value of licenses approved in the two previous fiscal years. When DTC receives the export documentation, these estimates are replaced with actual data.

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA
(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1993	ESTIMATED DELIVERIES FY 1994	FY 1995
AFRICA:			
ANGOLA	0	34	17
BENIN	34	5	3
BOTSWANA	0	1,003	501
CAMEROON	0	1	**
CHAD	0	523	262
CONGO	0	9	4
COTE D'IVOIRE	3	12	6
DJIBOUTI	**	2	1
ERITREA	0	3	1
ETHIOPIA	0	61	30
GABON	9	113	56
GAMBIA, THE	0	**	**
GHANA	35	10	5
KENYA	3	2,304	1,152
LESOTHO	0	50	25
MADAGASCAR	0	**	**
MALI	1	6	3
MAURITANIA	0	**	**
MAURITIUS	0	79	39
MOZAMBIQUE	**	8	4
NAMIBIA	145	530	265
NIGER	**	20	10
NIGERIA	658	2,271	1,136
REUNION	0	1	**
SENEGAL	0	66	33
SIERRA LEONE	0	**	**
SOUTH AFRICA REPUBLIC	0	8	4
SUDAN	0	4	2
SWAZILAND	0	1	1
TANZANIA	1	61	31
TOGO	20	2	1
UGANDA	20	6	3
ZAMBIA	21	100	50
ZIMBABWE	7	44	22
REGIONAL TOTAL	957	7,337	3,667
AMERICAN REPUBLICS:			
ANGUILLA	6	1	**
ANTIGUA-BARBUDA*	1	**	**
ARGENTINA	1,097	9,378	4,689
BAHAMAS, THE	2	900	450
BARBADOS*	15	32	16
BELIZE	16	11	6
BERMUDA	13	20	10
BOLIVIA	86	672	336
BRAZIL	6,815	14,683	7,341
BRITISH VIRGIN ISLANDS	0	**	**
CANAL ZONE	0	3	1
CAYMAN ISLANDS	15	3,002	1,501
CHILE	2,876	6,277	3,139
COLOMBIA	9,247	2,553	1,276
COSTA RICA	264	1,567	783
DOMINICA*	1	9	4
DOMINICAN REPUBLIC	617	497	249
ECUADOR	1,603	1,381	690
EL SALVADOR	101	238	119
FRENCH GUIANA	2	58,207	29,104
GRENADA*	12	3	1
GUADELOUPE	0	**	**
GUATEMALA	7	940	470
GUYANA	5	10	5

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA (CONTINUED)
(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1993	ESTIMATED DELIVERIES FY 1994	FY 1995
AMERICAN REPUBLICS (CONT):			
HONDURAS	128	942	471
JAMAICA	136	520	260
MARTINIQUE	0	2	1
MEXICO	9,206	95,229	47,615
MONTSERRAT	0	**	**
NETHERLANDS ANTILLES	65	77	38
NICARAGUA	15	51	26
PANAMA	345	4,119	2,059
PARAGUAY	133	1,284	642
PERU	512	1,015	508
ST. KITTS AND NEVIS*	12	1	1
ST. LUCIA*	0	4	2
ST. VINCENT & GRENADINES*	0	16	8
SURINAME	1	8	4
TRINIDAD & TOBAGO	40	45	22
TURKS & CAICOS ISLANDS	0	**	**
URUGUAY	792	1,739	870
VENEZUELA	1,019	47,568	23,784
REGIONAL TOTAL	35,205	253,004	126,501
EAST ASIA & PACIFIC:			
AUSTRALIA	9,089	104,455	52,228
BRUNEI	191	1,696	848
CHINA	0	1,410	705
FIJI	**	**	**
FRENCH POLYNESIA	5	3	2
HONG KONG	1,086	31,610	15,805
INDONESIA	3,363	57,218	28,609
JAPAN	156,482	588,695	294,348
KOREA	24,762	357,773	178,886
MACAU	77	102	51
MALAYSIA	4,200	37,043	18,522
NAURU	0	**	**
NEW CALEDONIA	41	27	13
NEW ZEALAND	474	14,614	7,307
PAPUA NEW GUINEA	223	394	197
PHILIPPINES	532	13,606	6,803
SINGAPORE	15,129	59,330	29,665
SOLOMON ISLANDS	0	1	1
TAIWAN	346,026	200,000	300,000
THAILAND	12,314	58,106	29,053
TONGA	3	1	1
WESTERN SAMOA	0	1	**
REGIONAL TOTAL	573,997	1,526,085	963,044
EUROPE & CANADA:			
ANDORRA	2	37	18
AUSTRIA	848	4,378	2,189
BELGIUM	2,727	57,154	28,577
BULGARIA	3	**	**
CANADA	3,047	8,472	4,236
CYPRUS	243	58	29
CZECH REPUBLIC	38	602	301
CZECHOSLOVAKIA	108	24	0
DENMARK	11,842	18,536	9,268
ESTONIA	0	1	**
FINLAND	4,232	6,378	3,189
FRANCE	12,761	67,737	33,869
GERMANY	47,225	246,933	123,467
GREECE	2,676	108,323	54,161

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA (CONTINUED)
(DOLLARS IN THOUSANDS)

	ACTUAL DELIVERIES (PRELIMINARY) FY 1993	ESTIMATED DELIVERIES FY 1994	FY 1995
EUROPE & CANADA (CONT):			
HUNGARY	609	178	89
ICELAND	4	10	5
IRELAND	46	559	279
ITALY	14,853	87,572	43,786
KAZAKHSTAN	0	1	**
LATVIA	0	**	**
LIECHTENSTEIN	2	2	1
LITHUANIA	0	237	118
LUXEMBOURG	2,622	1,330	665
MALTA	57	7	4
MONACO	47	12	6
NETHERLANDS	5,739	111,882	55,941
NORWAY	3,722	39,709	19,854
POLAND	88	1,966	983
PORTUGAL	2,299	12,662	6,331
ROMANIA	0	**	**
RUSSIA	75	676	338
SAN MARINO	0	5	3
SLOVAKIA	22	9	4
SLOVENIA	0	6	3
SPAIN	4,594	52,003	26,001
SVALBARD & JAN MAYEN	0	60	30
SWEDEN	4,886	85,161	42,581
SWITZERLAND	1,591	46,530	23,265
TURKEY	86,376	272,342	136,171
UKRAINE	0	**	**
UNITED KINGDOM	68,942	263,986	131,993
YUGOSLAVIA	0	1,310	655
REGIONAL TOTAL	282,326	1,496,848	748,410
NEAR EAST & SOUTH ASIA:			
ALGERIA	81	802	401
BAHRAIN	85	5,996	2,998
BANGLADESH	164	158	79
BHUTAN	0	11	6
EGYPT	4,776	220,322	110,161
INDIA	8,954	10,933	5,467
ISRAEL	20,875	185,978	92,989
JORDAN	922	5,860	2,930
KUWAIT	1,418	58,385	29,193
LEBANON	954	418	209
MALDIVES, REPUBLIC OF	36	49	25
MOROCCO	166	5,881	2,940
NEPAL	0	11	6
OMAN	1,694	3,467	1,734
PAKISTAN	2,286	21,566	10,783
QATAR	284	2,579	1,290
SAUDI ARABIA	2,061	130,725	65,363
SRI LANKA	65	1,708	854
TUNISIA	391	743	371
UNITED ARAB EMIRATES	5,018	39,811	19,905
YEMEN	12	554	277
REGIONAL TOTAL	50,242	695,957	347,981
NON-REGIONAL:			
CLASSIFIED TOTALS a/	2,217,149	1,040,000	1,100,000
INTERNATIONAL ORG.	8,145	125,057	62,528
NON-REGIONAL TOTAL	2,225,294	1,165,057	1,162,528
WORLDWIDE TOTAL	3,168,021	5,144,288	3,352,131

COMMERCIAL EXPORTS LICENSED OR APPROVED UNDER THE AECA (CONTINUED)
(DOLLARS IN THOUSANDS)

* These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative in Section II for a discussion of specific country programs.
** Less than $500.
a/ For further information, please see the Classified Annex to this document.

OVERSEAS MILITARY PROGRAM MANAGEMENT

U.S. military personnel are assigned to Security Assistance Organizations (SAOs) overseas to ensure effective planning and management of host country security assistance programs. These individuals serve under the direction and supervision of the Chiefs of U.S. Diplomatic Missions. The SAO provides liaison among the Mission, the Department of Defense, and the host country defense establishment in security assistance matters.

SAO personnel work closely with members of the host country defense establishment to develop and execute training programs and to accomplish realistic and effective procurement actions. These efforts are key to the development of a defense infrastructure capable of integrating weapons and support systems into the existing force structure. Professional exchanges and cooperative planning contribute to effective and efficient country security assistance programs.

The Department of Defense reviews staffing authorizations in coordination with the Department of State, the Chiefs of U.S. Diplomatic Missions, and the regional area military Commanders-in-Chief to ensure that SAOs are properly staffed to conduct their missions efficiently. These reviews have resulted in a reduction of U.S. military personnel authorizations from the 463 justified in last year's Congressional presentation materials to 450 for FY 1994.

In FY 1994, separate SAOs will be assigned to fifty-four countries. In twenty-two additional countries, programs will be administered by augmentation personnel assigned to carry out security assistance management functions under the supervision of the Defense Attache. In other countries with which the U.S. maintains a security assistance relationship, Defense Attaches and other Mission personnel manage the programs without augmentation personnel.

The following tables identify the security assistance authorized staffing levels and associated costs at the conclusion of FY 1993 and the estimated levels for FY 1994 and FY 1995. Actual assigned strengths for FY 1994 and FY 1995 may be less than the authorized levels shown. Staffing requirements may change as individual country programs develop.

OVERSEAS MILITARY PROGRAM MANAGEMENT
(DOLLARS IN THOUSANDS)

	ORGANI-ZATION	ACTUAL FY 1993 FMF COSTS	ACTUAL FY 1993 FMS COSTS	ACTUAL FY 1993 TOTAL	ESTIMATED FY 1994 FMF COSTS	ESTIMATED FY 1994 FMS COSTS	ESTIMATED FY 1994 TOTAL	PROPOSED FY 1995 RP&S* COSTS	PROPOSED FY 1995 FMS COSTS	PROPOSED FY 1995 TOTAL
AFRICA:										
BOTSWANA	OMC	201	22	223	187	21	208	191	21	212
CAMEROON	DAO a/	108	46	154	110	37	147	89	30	119
CHAD	DAO a/	45	178	223	42	164	206	39	153	192
CONGO	DAO	5	1	6	5	1	6	5	1	6
COTE D'IVOIRE	DAO	10	2	12	9	2	11	10	2	12
DJIBOUTI	USLO	95	95	190	94	95	189	109	73	182
GABON	EMBASSY	6	1	7	6	1	7	6	1	7
GHANA	EMBASSY	15	4	19	13	4	17	14	4	18
GUINEA	EMBASSY	5	1	6	5	1	6	5	1	6
KENYA	KUSLO	248	146	394	158	237	395	136	203	339
MADAGASCAR	DAO a/	57	31	88	51	27	78	37	20	57
MALAWI	DAO	14	4	18	14	3	17	14	3	17
MOZAMBIQUE	DAO	4	1	5	4	1	5	4	1	5
NAMIBIA	DAO	10	2	12	9	2	11	10	2	12
NIGER	OMC	135	89	224	126	84	210	128	86	214
NIGERIA	DAO a/	106	12	118	102	11	113	0	0	0
RWANDA	EMBASSY	4	1	5	4	1	5	4	1	5
SENEGAL	DAO a/	188	47	235	179	45	224	182	46	228
SIERRA LEONE	EMBASSY	5	1	6	5	1	6	5	1	6
ZIMBABWE	DAO	9	2	11	9	2	11	9	2	11
REGIONAL TOTAL		1,270	686	1,956	1,132	740	1,872	997	651	1,648
AMERICAN REPUBLICS:										
ARGENTINA	USMILGP	301	100	401	299	161	460	305	164	469
BAHAMAS, THE	EMBASSY	16	0	16	13	0	13	14	0	14
BARBADOS	USMLO b/	105	57	162	111	60	171	105	56	161
BELIZE	USMLO	138	59	197	127	55	182	118	51	169
BOLIVIA	USMILGP	296	551	847	364	500	864	372	510	882
BRAZIL	USMLO	295	133	428	279	131	410	284	134	418
CHILE	USMILGP	162	69	231	153	65	218	155	67	222
COLOMBIA	USMILGP	746	498	1,244	719	479	1,198	733	489	1,222
COSTA RICA	ODR	278	31	309	273	30	303	236	26	262
DOMINICAN REPUBLIC	DAO a/	254	63	317	240	59	299	203	56	259
ECUADOR	USMILGP	239	102	341	221	95	316	226	97	323
EL SALVADOR	USMILGP	367	1,104	1,471	341	1,025	1,366	307	920	1,227
GUATEMALA	USMILGP	220	24	244	204	23	227	143	16	159
GUYANA	EMBASSY	0	0	0	6	0	6	6	0	6
HAITI	USMLO	153	0	153	137	0	137	132	7	139
HONDURAS	USMILGP	298	444	742	307	460	767	311	470	781
JAMAICA	USMLO	223	75	298	204	68	272	256	42	298
MEXICO	DAO a/	101	82	183	94	78	172	97	79	176
PANAMA	DAO a/	47	87	134	45	82	127	26	47	73
PARAGUAY	ODC	216	24	240	205	21	226	117	13	130
PERU	MAAG	208	339	547	240	260	500	214	232	446
TRINIDAD & TOBAGO	USMLO	47	46	93	40	40	80	31	20	51
URUGUAY	ODC	275	31	306	263	27	290	238	26	264
VENEZUELA	USMILGP	259	388	647	244	367	611	229	341	570
REGIONAL TOTAL		5,244	4,307	9,551	5,129	4,086	9,215	4,858	3,863	8,721
EAST ASIA & PACIFIC:										
AUSTRALIA	DAO a/	27	81	108	11	92	103	11	94	105
CHINA	DAO	25	3	28	25	0	25	25	0	25
FIJI	DAO	9	1	10	9	0	9	9	0	9
INDONESIA	OMADP	227	531	758	104	586	690	115	459	574
JAPAN	MDAO	180	541	721	65	583	648	66	595	661
KOREA	JUSMAG	1,056	1,874	2,930	942	1,665	2,607	904	1,608	2,512
MALAYSIA	DAO a/	127	55	182	82	82	164	84	84	168
MYANMAR	DAO a/	7	0	7	6	0	6	0	0	0
NEW ZEALAND	DAO	1	10	11	1	9	10	1	9	10
PAPUA NEW GUINEA	DAO	15	0	15	13	0	13	14	0	14
PHILIPPINES	JUSMAG	1,132	1,694	2,826	1,297	1,717	3,014	1,533	1,181	2,714
SINGAPORE	SAO	18	102	120	11	97	108	11	99	110

OVERSEAS MILITARY PROGRAM MANAGEMENT (CONTINUED)
(DOLLARS IN THOUSANDS)

	ORGANI-ZATION	ACTUAL FY 1993 FMF COSTS	ACTUAL FY 1993 FMS COSTS	ACTUAL FY 1993 TOTAL	ESTIMATED FY 1994 FMF COSTS	ESTIMATED FY 1994 FMS COSTS	ESTIMATED FY 1994 TOTAL	PROPOSED FY 1995 RP&S* COSTS	PROPOSED FY 1995 FMS COSTS	PROPOSED FY 1995 TOTAL
EAST ASIA & PACIFIC (CONT):										
THAILAND	JUSMAG	745	635	1,380	717	610	1,327	664	565	1,229
REGIONAL TOTAL		3,569	5,527	9,096	3,283	5,441	8,724	3,437	4,694	8,131
EUROPE & CANADA:										
ALBANIA	EMBASSY	4	1	5	5	1	6	5	1	6
AUSTRIA	DAO a/	39	58	97	36	55	91	37	56	93
BELGIUM	ODC	152	357	509	47	421	468	48	429	477
BULGARIA	DAO	6	1	7	6	1	7	6	1	7
CANADA	DAO a/	3	45	48	3	48	51	3	50	53
CZECH REPUBLIC	DAO a/	121	0	121	107	6	113	110	6	116
DENMARK	ODC	59	238	297	27	244	271	28	249	277
FINLAND	DAO	0	8	8	0	8	8	0	8	8
FRANCE	ODC	103	588	691	32	623	655	30	583	613
GERMANY	ODC	89	798	887	41	787	828	42	803	845
GREECE	ODC	615	924	1,539	638	779	1,417	612	749	1,361
HUNGARY	DAO a/	74	19	93	67	17	84	131	33	164
ITALY	ODC	149	447	596	85	480	565	86	490	576
LITHUANIA	DAO a/	0	0	0	0	0	0	25	0	25
NETHERLANDS	ODC	114	265	379	35	313	348	35	320	355
NORWAY	ODC	49	146	195	27	152	179	28	155	183
POLAND	DAO	8	0	8	8	0	8	8	0	8
PORTUGAL	MAAG	349	285	634	175	409	584	150	350	500
ROMANIA	DAO	5	1	6	5	1	6	5	1	6
RUSSIA	DAO	10	0	10	9	0	9	10	0	10
SLOVAKIA	DAO	0	0	0	0	0	0	80	0	80
SPAIN	ODC	255	256	511	132	333	465	135	340	475
SWEDEN	DAO	0	10	10	1	9	10	1	9	10
SWITZERLAND	DAO	0	10	10	1	9	10	1	9	10
TURKEY	JUSMMAT	3,108	1,425	4,533	2,192	2,538	4,730	2,243	2,150	4,393
UKRAINE	DAO	5	0	5	155	0	155	245	0	245
UNITED KINGDOM	ODC	39	75	114	15	92	107	15	94	109
REGIONAL TOTAL		5,356	5,957	11,313	3,849	7,326	11,175	4,119	6,886	11,005
NEAR EAST & SOUTH ASIA:										
ALGERIA	DAO a/	28	18	46	29	13	42	10	4	14
BAHRAIN	OMC	99	297	396	119	278	397	121	284	405
BANGLADESH	DAO a/	25	3	28	22	3	25	23	3	26
EGYPT	OMC	838	1,954	2,792	862	2,011	2,873	879	2,051	2,930
INDIA	DSA	180	20	200	165	18	183	165	18	183
ISRAEL	DAO a/	0	0	0	0	4	4	0	4	4
JORDAN	MAP	519	348	867	526	350	876	477	316	793
KUWAIT	OMC-K	74	49	123	181	182	363	185	185	370
LEBANON	DAO a/	52	34	86	47	31	78	124	82	206
MOROCCO	MUSLO	131	527	658	91	513	604	115	461	576
NEPAL	DAO	12	1	13	11	1	12	11	1	12
OMAN	OMC	228	151	379	228	152	380	220	146	366
PAKISTAN	ODRP	578	192	770	639	213	852	513	171	684
QATAR	USLO	73	77	150	73	77	150	75	78	153
SAUDI ARABIA	USMTM	20	380	400	51	964	1,015	125	1,131	1,256
SRI LANKA	DAO a/	33	2	35	30	2	32	31	2	33
TUNISIA	USLOT	236	354	590	213	320	533	191	286	477
UNITED ARAB EMIRATES	USLO	209	387	596	208	387	595	212	395	607
REGIONAL TOTAL		3,335	4,794	8,129	3,495	5,519	9,014	3,477	5,618	9,095
WORLDWIDE TOTAL		18,774	21,271	40,045	16,888	23,112	40,000	16,888	21,712	38,600

* Regional Peace & Security.
a/ Personnel authorized to assist the DAO with security assistance management functions.
b/ Manages programs for Eastern Caribbean countries.

OVERSEAS MILITARY PROGRAM MANAGEMENT - PERSONNEL STRENGTHS

	ORGANI-ZATION	ACTUAL FY 1993				ESTIMATED FY 1994				PROPOSED FY 1995			
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
AFRICA:													
BOTSWANA	OMC	2	1	0	3	2	1	0	3	2	1	0	3
CAMEROON	DAO a/	1	1	0	2	1	1	0	2	1	1	0	2
CHAD	DAO a/	2	0	1	3	2	0	1	3	1	0	1	2
DJIBOUTI	USLO	2	0	1	3	2	0	1	3	1	0	1	2
KENYA	KUSLO	6	2	2	10	5	2	2	9	4	2	1	7
LIBERIA	LIBMISH c/	3	1	0	4	1	0	0	1	0	0	0	0
MADAGASCAR	DAO a/	1	0	1	2	2	0	1	3	0	0	0	0
NIGER	OMC	2	0	1	3	2	0	1	3	2	0	1	3
NIGERIA	DAO a/	1	1	1	3	1	0	0	1	0	0	0	0
SENEGAL	DAO a/	1	0	3	4	1	1	2	4	1	1	2	4
SOMALIA	OMC c/	0	0	2	2	0	0	2	2	0	0	0	0
ZAIRE	DAO a/c/	1	0	2	3	0	0	2	2	0	0	0	0
REGIONAL TOTAL		22	6	14	42	19	5	12	36	12	5	6	23
AMERICAN REPUBLICS:													
ARGENTINA	USMILGP	3	1	2	6	3	1	2	6	3	1	2	6
BELIZE	USMLO	2	1	1	4	2	1	1	4	2	1	1	4
BOLIVIA	USMILGP	6	5	3	14	6	5	3	14	6	5	3	14
BRAZIL	USMLO	3	2	3	8	3	2	3	8	3	2	3	8
CHILE	USMILGP	2	0	1	3	2	0	2	4	2	0	2	4
COLOMBIA	USMILGP	9	3	10	22	9	5	12	26	9	5	12	26
COSTA RICA	ODR	2	2	3	7	3	2	3	8	3	2	3	8
DOMINICAN REPUBLIC	DAO a/	3	0	3	6	3	0	1	4	3	0	2	5
EASTERN CARIBBEAN	USMLO b/	5	0	0	5	4	0	0	4	4	0	0	4
ECUADOR	USMILGP	5	1	5	11	5	1	6	12	5	1	6	12
EL SALVADOR	USMILGP	13	2	13	28	13	2	13	28	8	2	11	21
GUATEMALA	USMILGP	3	1	3	7	3	1	3	7	3	1	3	7
GUYANA	EMBASSY	0	0	0	0	0	0	1	1	0	0	1	1
HAITI	USMLO	1	0	1	2	1	0	1	2	1	0	1	2
HONDURAS	USMILGP	10	3	10	23	10	3	10	23	8	3	9	20
JAMAICA	USMLO	3	1	0	4	3	1	0	4	3	1	0	4
MEXICO	DAO a/	3	0	3	6	3	0	3	6	3	0	3	6
PANAMA	DAO a/	1	0	3	4	1	0	3	4	1	0	3	4
PARAGUAY	ODC	2	0	3	5	2	0	3	5	2	0	3	5
PERU	MAAG	5	1	5	11	5	2	5	12	2	2	5	9
TRINIDAD & TOBAGO	USMLO	2	0	0	2	2	0	0	2	2	0	0	2
URUGUAY	ODC	1	0	4	5	1	1	8	10	1	1	8	10
VENEZUELA	USMILGP	7	4	5	16	7	4	6	17	7	4	6	17
REGIONAL TOTAL		91	27	81	199	91	31	89	211	81	31	87	199
EAST ASIA & PACIFIC:													
AUSTRALIA	DAO a/	3	0	0	3	3	1	0	4	3	1	0	4
INDONESIA	OMADP	10	1	15	26	10	1	15	26	10	1	13	24
JAPAN	MDAO	5	4	5	14	5	4	5	14	5	4	5	14
KOREA	JUSMAG	34	11	25	70	30	11	25	66	31	11	24	66
MALAYSIA	DAO a/	3	1	2	6	3	1	2	6	3	1	2	6
MYANMAR	DAO a/	0	0	1	1	0	0	0	0	0	0	0	0
PHILIPPINES	JUSMAG	21	5	13	39	20	1	13	34	14	2	12	28
SINGAPORE	SAO	3	1	0	4	4	1	0	5	4	1	0	5
THAILAND	JUSMAG	26	1	17	44	22	1	15	38	22	1	15	38
REGIONAL TOTAL		105	24	78	207	97	21	75	193	92	22	71	185
EUROPE & CANADA:													
AUSTRIA	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
BELGIUM	ODC	2	1	4	7	2	1	3	6	2	1	4	7
BULGARIA	DAO	0	0	0	0	0	0	0	0	0	0	1	1
CANADA	DAO a/	1	0	1	2	1	0	1	2	1	0	1	2
CZECH REPUBLIC	DAO a/	2	0	0	2	0	0	2	2	0	0	2	2
DENMARK	ODC	1	1	2	4	1	1	2	4	1	1	2	4
FRANCE	ODC	1	1	5	7	1	1	5	7	1	1	4	6
GERMANY	ODC	5	3	5	13	5	3	5	13	5	3	4	12

OVERSEAS MILITARY PROGRAM MANAGEMENT - PERSONNEL STRENGTHS (CONTINUED)

	ORGANI-ZATION	ACTUAL FY 1993				ESTIMATED FY 1994				PROPOSED FY 1995			
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
EUROPE & CANADA (CONT):													
GREECE	ODC	11	4	11	26	11	4	11	26	10	4	11	25
HUNGARY	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
ITALY	ODC	3	0	4	7	3	0	4	7	3	0	4	7
LITHUANIA	DAO a/	0	0	0	0	0	0	0	0	1	0	1	2
NETHERLANDS	ODC	3	1	2	6	3	1	2	6	3	1	2	6
NORWAY	ODC	2	0	2	4	2	0	2	4	2	0	2	4
POLAND	DAO	0	0	0	0	2	0	0	2	2	0	0	2
PORTUGAL	MAAG	9	2	5	16	8	2	5	15	8	2	4	14
RUSSIA	DAO	0	0	0	0	1	1	0	2	2	1	0	3
SLOVAKIA	DAO	0	0	0	0	0	0	0	0	2	0	0	2
SPAIN	ODC	4	2	1	7	4	2	1	7	4	2	1	7
TURKEY	JUSMMAT	30	6	15	51	30	6	15	51	29	4	13	46
UKRAINE	DAO	1	1	0	2	1	1	0	2	1	1	0	2
UNITED KINGDOM	ODC	2	1	0	3	2	1	0	3	2	1	0	3
REGIONAL TOTAL		81	23	57	161	81	24	58	163	83	22	56	161
NEAR EAST & SOUTH ASIA:													
ALGERIA	DAO a/	1	0	1	2	1	0	1	2	0	0	1	1
BAHRAIN	OMC	6	1	0	7	6	1	0	7	6	1	0	7
BANGLADESH	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
EGYPT	OMC	27	9	18	54	29	10	19	58	29	10	19	58
INDIA	DSA	2	1	3	6	2	1	3	6	2	1	3	6
JORDAN	MAP	11	2	5	18	11	2	5	18	8	2	4	14
KUWAIT	OMC-K	11	2	1	14	11	2	1	14	11	2	1	14
LEBANON	DAO a/	1	0	4	5	1	0	2	3	1	0	4	5
MOROCCO	MUSLO	7	2	5	14	6	2	5	13	6	2	5	13
NEPAL	DAO	0	0	0	0	0	0	1	1	0	0	1	1
OMAN	OMC	5	1	1	7	5	1	1	7	5	1	1	7
PAKISTAN	ODRP	8	1	11	20	5	1	9	15	6	1	6	13
QATAR	USLO	2	1	0	3	2	1	0	3	2	1	0	3
SAUDI ARABIA	USMTM	69	4	9	82	69	4	9	82	69	4	9	82
SRI LANKA	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
TUNISIA	USLOT	7	3	2	12	8	3	2	13	7	2	2	11
UNITED ARAB EMIRATES	USLO	6	1	2	9	6	1	2	9	6	1	2	9
YEMEN	OMC c/	0	0	1	1	0	0	1	1	0	0	0	0
REGIONAL TOTAL		163	28	65	256	162	29	63	254	158	28	60	246
WORLDWIDE TOTAL		462	108	295	865	450	110	297	857	426	108	280	814

a/ Personnel authorized to assist the DAO with security assistance management functions.
b/ Manages programs for Eastern Caribbean countries.
c/ Although personnel authorizations exist for these positions, they are currently not staffed.

EXCESS DEFENSE ARTICLES

Grants and Sales

Defense articles no longer needed by the U.S. armed forces are referred to collectively as Excess Defense Articles (EDA), and may be either sold to eligible countries under the Foreign Military Sales (FMS) program, or transferred under the FMS program, or transferred under the provisions of Sections 516, 517, 518 or 519 of the Foreign Assistance Act of 1961 (FAA), as amended. EDA does not apply to articles provided previously under Military Assistance Program (MAP) grants or those articles sold from stock to foreign governments through normal FMS procedures.

In determining which defense articles are excess, the definition from Section 644(g) of the FAA applies:

> "Excess defense articles' means the quantity of defense articles (other than construction equipment, including tractors, scrapers, loaders, graders, bulldozers, dump trucks, generators and compressors) owned by the United States Government, and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order, which is in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock of all Department of Defense Components at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations under this Act."

Items transferred under Sections 516, 517, 518 and 519 of the FAA as grants are not priced per se. Except for specific exceptions authorized by Sections 518 and 519 of the FAA, charges are levied for related services such as packing, crating, handling and transportation. However, current value of the material and the original acquisition value are provided to Congress as part of the notification procedure. EDA articles sold through FMS procedures are priced on the basis of condition as described in DoD 7000.14-R, and range from a high of 50 percent of original acquisition value for new equipment to a low of 5 percent for equipment in need of repair. Because the U.S. Government does not intend to replace these articles, they are exempt from Section 21(a)(2) of the Arms Export Control Act (AECA), which requires that the purchaser pay the replacement cost of defense articles purchased.

Section 31(d) of the AECA limits the annual acquisition value of EDA that may be provided to foreign governments by sales (except those reported as AECA Section 36(b) sales) and grants under Sections 517 and 518 of the FAA. The limit applicable to FY 1994 is $250 million of acquisition value. The transfer, in accordance with law, of ships, their on-board stores and supplies, are also excluded from the ceiling.

EXCESS DEFENSE ARTICLES SOLD UNDER FOREIGN MILITARY SALES FY 1993

(DOLLARS IN THOUSANDS)

	ACQUISITION VALUE	FY 1993 SALES VALUE
AMERICAN REPUBLICS:		
ARGENTINA	9B	40
BRAZIL	19	8
MEXICO	4,973	250
PANAMA	1,110	70
REGIONAL TOTAL	6,200	368
EAST ASIA & PACIFIC:		
AUSTRALIA	370	58
KOREA	46	18
REGIONAL TOTAL	416	76
EUROPE & CANADA:		
CANADA	1	*
DENMARK	3	*
GERMANY	449	191
TURKEY	1	1
REGIONAL TOTAL	454	192
NEAR EAST & SOUTH ASIA:		
ISRAEL	51	23
LEBANON	6,361	512
TUNISIA	111	50
REGIONAL TOTAL	6,523	585
NON-REGIONAL:		
INTERNATIONAL ORG.	1,201	601
NON-REGIONAL TOTAL	1,201	601
WORLDWIDE TOTAL	14,794	1,823

NOTE: Totals may not add due to rounding.
* Less than $500.

EXCESS DEFENSE ARTICLES GRANT TRANSFERRED UNDER THE PROVISIONS OF THE FOREIGN ASSISTANCE ACT DELIVERIES IN FY 1993

(DOLLARS IN THOUSANDS)

	ACQUISITION VALUE	FY 1993 CURRENT VALUE
AFRICA:		
CHAD	2,133	162
DJIBOUTI	2,073	155
SENEGAL	18,553	3,711
REGIONAL TOTAL	22,759	4,028
AMERICAN REPUBLICS:		
ARGENTINA	15,117	1,520
COLOMBIA	1,051	80
COSTA RICA	259	13
DOMINICAN REPUBLIC	3,458	226
ECUADOR	9,132	3,194
HONDURAS	162	8
JAMAICA	88	9
URUGUAY	1,053	73
REGIONAL TOTAL	30,320	5,123
EUROPE & CANADA:		
ESTONIA	1,262	464
GREECE	118,047	21,763
PORTUGAL	4,807	961
TURKEY	125,177	35,355
REGIONAL TOTAL	249,293	58,543
NEAR EAST & SOUTH ASIA:		
EGYPT	14,382	1,246
ISRAEL	41,109	13,855
MOROCCO	131,023	23,323
OMAN	13,432	4,030
TUNISIA	13,540	3,419
REGIONAL TOTAL	213,486	45,873
WORLDWIDE TOTAL	515,858	113,567

LEASED DEFENSE ARTICLES

The United States Government normally makes defense articles available to foreign governments through Foreign Military Sales (FMS) under the Arms Export Control Act (AECA). However, there may be exceptional instances in which a lease agreement would be the most appropriate method whereby U.S. defense articles can be made available to eligible foreign countries or international organizations. Such arrangements are authorized under the AECA, Chapter 6, when it is determined that there are compelling foreign policy and national security reasons for providing such articles on a lease rather than a sales basis and the articles are not for the time needed for public use.

Leases are concluded for a fixed duration of time not to exceed five years and provide that, at any time during the lease, the U.S. may terminate the lease and require the immediate return of the defense articles.

Lease terms make provision for payment for the loss or destruction of leased articles during the lease period. Lease terms also require the lessee to pay the cost of restoration or replacement less any depreciation during the term of the lease if the articles are damaged, lost, or destroyed while leases.

The lessee country or international organization must pay in U.S. dollars all costs incurred by the U.S. Government in leasing the articles, including a rental payment which is equal to the depreciation of the articles while leased.

Chapter 6, AECA, provides for the waiver of both replacement charges and rental payments for leases entered into for purposed of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three quarters of its normal service life. Such waivers are made before the implementation of the lease agreement.

LEASES UNDER THE ARMS EXPORT CONTROL ACT IMPLEMENTED FY 1993

(DOLLARS IN THOUSANDS)

	REPLACEMENT VALUE	TOTAL RENTAL VALUE
AMERICAN REPUBLICS:		
BRAZIL	5,253	0
EL SALVADOR	680	3
REGIONAL TOTAL	5,933	3
EAST ASIA & PACIFIC:		
AUSTRALIA	35,580	19
KOREA	2,229	0
SINGAPORE	70,145	10,610
TAIWAN	55,971	10,245
REGIONAL TOTAL	163,925	20,874
EUROPE & CANADA:		
CANADA	445	37
FRANCE	187,562	8,440
GERMANY	4,426	71
GREECE	20,798	3,183
ITALY	2,938	0
NETHERLANDS	20	1
NORWAY	829	101
SPAIN	21,275	4,822
SWEDEN	253	19
TURKEY	153	0
UNITED KINGDOM	73	2
REGIONAL TOTAL	238,772	16,676
NEAR EAST & SOUTH ASIA:		
MOROCCO	108	2
REGIONAL TOTAL	108	2
NON-REGIONAL:		
INTERNATIONAL ORGANIZATIONS	1,088	0
NON-REGIONAL TOTAL	1,088	0
WORLDWIDE TOTAL	409,826	37,555

NONPROLIFERATION AND DISARMAMENT FUND
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1993	ESTIMATED FY 1994
NONPROLIFERATION AND DISARMAMENT FUND a/		
STATE PROGRAM	0	10,000
U.S. ARMS CONTROL & DISARMAMENT AGENCY (ACDA)	46,500	53,500
TOTAL BUDGET AUTHORITY	46,500	63,500

a/ In FY 1993 and 1994, the International Atomic Energy Agency (IAEA) was funded through the International Organizations and Program account of the Department of State.

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

Section 514(b) of the Foreign Assistance Act of 1961 (FAA), as amended, establishes annual ceilings on the value of additions of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as war reserve stocks by allies (WRSA) or other foreign countries (other than NATO). For FY 1995, the administration proposes a ceiling of $50 million. Most defense articles added to stockpiles under this ceiling will come from existing stocks.

As the term "war reserves" implies, these stocks are intended for use only in emergencies. For FY 1995, $40 million of the proposed ceiling on the value of additions to worldwide stockpiles would be set aside for the Republic of Korea and $10 million would be set aside for Thailand. In all cases, title to and control of the additions remain with the U.S. government. Pursuant to Section 514(a) of the FAA, any transfer to an allied or friendly country must be in accordance with the provisions of the security assistance legislation prevailing at the time.

Some additions in FY 1995 may consist of overseas U.S. defense stocks currently identified as war reserves for U.S. armed forces. These reserves would be identified in FY 1995 as war reserves to be held for emergency use under the terms of Section 514 of the FAA. While some of these additions may not be wholly relocated within the territory of the intended recipient in FY 1995, their value will not be counted a second time, when eventually relocated against the limitation in Section 514(b) of the FAA.

VALUE OF ANNUAL CEILINGS FOR STOCKPILING
(DOLLARS IN THOUSANDS)

FISCAL YEAR	VALUE	FISCAL YEAR	VALUE
1976 & 197T	96,750	1986	360,000
1977	125,000	1987	125,000
1978	270,000	1988	116,000
1979	90,000	1989	77,000
1980	95,000	1990	165,000
1981	85,000	1991	378,000
1982	130,000	1992	300,000
1983	125,000	1993	389,000
1984	125,000	1994	292,000
1985	248,000	1995 (PROPOSED)	50,000

COUNTRIES AND INTERNATIONAL ORGANIZATIONS ELIGIBLE FOR PURCHASING DEFENSE ARTICLES AND SERVICES

Pursuant to Section 25(a)(8) of the Arms Export Control Act (AECA), the following is a listing of the countries and international organizations that the President has determined to be eligible under Section 3(a)(1) of the AECA to purchase defense articles and services. That a determination of record under Section 3(a)(1) exists does not signify in itself that sales will be made.

COUNTRY	DATE OF DETERMINATION
Africa	
Benin	January 2, 1973
Botswana	February 6, 1979
Burkina Faso	January 2, 1973
Burundi	August 28, 1991
Cameroon	January 2, 1973
Cape Verde	June 10, 1985
Central African Republic	February 2, 1987
Chad	September 1, 1977
Comoros	May 26, 1992
Congo	August 28, 1991
Djibouti	May 17, 1983
Equatorial Guinea	November 28, 1983
Ethiopia	January 2, 1973
Eritrea	February 18, 1994
Gabon	January 2, 1973
Gambia	February 2, 1987
Ghana	January 2, 1973
Guinea	January 2, 1973
Guinea-Bissau	June 10, 1985
Ivory Coast	January 2, 1973
Kenya	January 2, 1973
Lesotho	October 25, 1990
Liberia	January 2, 1973
Madagascar	October 29, 1974
Malawi	January 2, 1973
Mali	January 2, 1973
Mauritania	June 10, 1985
Mauritius	October 29, 1974

COUNTRY	DATE OF DETERMINATION
Mozambique	April 10, 1985
Namibia	October 25, 1990
Niger	January 2, 1973
Nigeria	January 2, 1973
Rwanda	February 27, 1981
Sao Tome & Principe	May 27, 1988
Senegal	January 2, 1973
Seychelles	July 20, 1989
Sierra Leone	February 5, 1985
Somalia	November 5, 1976
Sudan	November 5, 1976
Tanzania	July 20, 1989
Togo	February 11, 1985
Uganda	July 20, 1989
Zaire	January 2, 1973
Zambia	August 11, 1992
Zimbabwe	October 26, 1982
Latin America & the Caribbean	
Antigua & Barbuda	April 8, 1982
Argentina	January 2, 1973
Bahamas	December 13, 1973
Barbados	June 21, 1979
Belize	November 23, 1981
Bolivia	January 2, 1973
Brazil	January 2, 1973
Chile	January 2, 1973
Colombia	January 2, 1973
Costa Rica	January 2, 1973
Dominica	March 13, 1980
Dominican Republic	January 2, 1973
Ecuador	January 2, 1973
El Salvador	January 2, 1973
Grenada	April 3, 1984
Guatemala	January 2, 1973
Guyana	August 30, 1993
Haiti	January 2, 1973
Honduras	January 2, 1973
Jamaica	January 2, 1973
Mexico	January 2, 1973
Nicaragua	January 2, 1973
Panama	January 2, 1973

COUNTRY	DATE OF DETERMINATION
Paraguay	January 2, 1973
Peru	January 2, 1973
St. Kitts-Nevis	March 13, 1980
St. Lucia	January 2, 1973
St. Vincent and the Grenadines	March 13, 1980
Suriname	April 14, 1976
Trinidad and Tobago	January 2, 1973
Uruguay	April 14, 1976
Venezuela	January 2, 1973
East Asia & the Pacific	
Australia	January 2, 1973
Brunei	January 2, 1973
Cambodia	January 2, 1973
China	June 12, 1984
Cook Islands	January 6, 1993
Fiji	August 5, 1975
Indonesia	January 2, 1973
Japan	January 2, 1973
Korea	January 2, 1973
Laos	January 2, 1973
Malaysia	January 2, 1973
Marshall Islands	January 2, 1973
Micronesia	January 6, 1993
Burma	January 2, 1973
New Zealand	January 2, 1973
Papua New Guinea	December 16, 1980
Philippines	January 2, 1973
Singapore	January 2, 1973
Solomon Islands	January 6, 1993
Taiwan	January 2, 1973
Thailand	January 2, 1973
Tonga	November 5, 1987
Vanuatu	January 6, 1993
Vietnam	January 2, 1973
Western Samoa	January 6, 1993
Europe & Canada	
Austria	January 2, 1973
Belgium	January 2, 1973

COUNTRY	DATE OF DETERMINATION
Canada	January 2, 1973
Czech Republic	December 27, 1993
Denmark	January 2, 1973
Estonia	October 24, 1992 /b
Finland	January 2, 1973
France	January 2, 1973
Germany	January 2, 1973
Greece	January 2, 1973
Hungary	December 6, 1991
Iceland	January 2, 1973
Ireland	January 2, 1973
Italy	January 2, 1973
Latvia	October 24, 1992 /b
Luxembourg	January 2, 1973
Lithuania	October 24, 1992 /b
Malta	January 2, 1973
Netherlands	January 2, 1973
Norway	January 2, 1973
Poland	December 6, 1991
Portugal	January 2, 1973
Slovakia	December 27, 1993
Spain	January 2, 1973
Sweden	January 2, 1973
Switzerland	January 2, 1973
Turkey	January 2, 1973
United Kingdom	January 2, 1973
Yugoslavia	January 2, 1973
Near East	
Algeria	April 8, 1983/ April 10, 1985
Bahrain	August 5, 1975
Egypt	March 25, 1976
Iran	January 2, 1973
Israel	January 2, 1973
Jordan	January 2, 1973
Kuwait	January 2, 1973
Lebanon	January 2, 1973
Libya	January 2, 1973
Morocco	January 2, 1973
Oman	January 2, 1973
Qatar	January 2, 1973

COUNTRY	DATE OF DETERMINATION
Saudi Arabia	January 2, 1973
Tunisia	January 2, 1973
United Arab Emirates	January 2, 1973
Yemen Arab Republic	January 2, 1973 /a
South Asia	
Afghanistan	January 2, 1973
Bangladesh	January 15, 1981
India	January 2, 1973
Nepal	January 2, 1973
Pakistan	January 2, 1973
Sri Lanka	January 2, 1973
International Organization	
NATO and its Agencies	January 2, 1973
United Nations and its Agencies	January 2, 1973
Organization of African Unity	August 25, 1992
Organization of American States	January 2, 1973

a/ - Determination effective only for FMS cases accepted prior to May 1, 1990

b/- Section 906 of the Freedom Support Act (P.L. 102-511, dated October 24, 1992) made Estonia, Latvia and Lithuania eligible to acquire non-lethal defense articles from the U.S. Government. There was no Presidential Determination.

INTERNATIONAL NARCOTICS TRAFFICKING, TERRORISM & CRIME PREVENTION BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

ACTIVITY	ACTUAL FY 1993	ESTIMATED FY 1994
INTERNATIONAL NARCOTICS CONTROL:		
ASIA/AFRICA/EUROPE	11,924	8,300
LATIN AMERICA	293,376	110,735
INTERNATIONAL ORGANIZATIONS	6,781	5,000
INTER-REGIONAL AVIATION	40,200	19,000
INTER-REGIONAL PROGRAMS	7,500	8,000
PROGRAM DEVELOPMENT/SUPPORT	6,000	6,000
SUBTOTAL	365,781	157,035
ANTI-TERRORISM ASSISTANCE	15,555	15,244
TOTAL BUDGET AUTHORITY a/	381,336	172,279

a/ For additional fiscal detail, see the Congressional Presentation on International Narcotics, Terrorism & Crime Prevention, FY 1995, prepared by the Department of State.

FUNDING
(Dollars in Thousands)

REGIONAL PEACE AND SECURITY (11-1019)

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Military Grant for Israel	-	-	1,800,000
Military Grant for Egypt	-	-	1,300,000
Military Grants - All Others	-	-	7,300
Military Training Grants	-	-	11,975
Economic Grant for Israel	-	-	1,200,000
Economic Grants - All Others	-	-	1,057,200
Military Administrative Costs	-	-	23,938
Budget Authority	-	-	5,400,413
Total Obligations	-	-	5,400,413
Net Outlays	-	-	3,644,779

FOREIGN MILITARY FINANCING GRANTS (11-1082)

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Grant for Israel	1,800,000	1,800,000	-
Grant for Egypt	1,300,000	1,300,000	-
Grant - All Others	145,000	25,721	-
Adminstrative Costs	25,956	23,558	-
Unobligated Appropriation Lapsing	44	-	-
Amounts Transferred to Other Accounts	29,000	-	-
Total Appropriation	3,300,000	3,149,279	
Reobligations	-	500	-
Reimbursements	1,690	-	-
Transfers to Other Accounts	(29,000)	-	-
Appropriation Rescinded	(25,586)	(65,562)	-
Total Budget Authority	3,247,104	3,084,217	
Unobligated Balance Expiring	(389)	-	-
Recovery of Prior Year Obligations	25,586	65,562	-
Total Obligations	3,272,301	3,149,779	-
Net Outlays	4,580,217	4,051,840	1,128,541

FUNDING (Continued)
(Dollars in Thousands)

FOREIGN MILITARY FINANCING PROGRAM ACCOUNT (11-1085)

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Direct Loan Subsidy	136,746	38,825	59,598
Administrative Costs	200	-	-
Transfers to Other Accounts	12,254	-	-
Unobligated Balance Lapsing	-	7,705	-
Budget Authority	149,200	46,530	59,598
Total Obligations	136,946	38,825	59,598
Net Outlays	200	79,470	25,248

FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT (11-4121)

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Obligations:			
Guarantee Claims	86,525	76,847	59,868
Total Obligations	86,525	76,847	59,868
Financing:			
Collections of Guarantee Claims	30,214	36,450	69,170
Change in Fund Balance:			
Fund Balance - Start of Year	1,324,359	901,387	480,995
Fund Balance - End of Year	901,387	480,995	16,135
Adjustment in Expired Accounts	12,505	-	-
Offsetting Collections From:			
Federal Funds	-	3,810	-
Repayment of Guarantee Claims	30,214	36,450	69,170
Repayment of Direct Loans	260,910	271,458	276,402
Total Offsetting Collections	291,124	311,718	345,572
Net Outlays	205,868	185,521	179,156

FUNDING (Continued)
(Dollars in Thousands)

FOREIGN MILITARY FINANCING DIRECT LOAN FINANCING ACCOUNT (11-4122)

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Direct Loans	855,000	769,500	770,000
Interest on Treasury Borrowing	-	11,540	35,793
Total Obligations/Financing Authority	855,000	781,040	805,793
Financing Disbursements	136,746	455,793	549,814
Less Offsetting Collections:			
Payments from FMF Program Account	(136,746)	(50,946)	(108,049)
Net Outlays	-	404,847	441,765

MILITARY DEBT REDUCTION FINANCING ACCOUNT (11-4174)

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Payment to Liquidating Account	-	3,810	-
Interest on Debt to Treasury	-	77	158
Total Obligations	-	3,887	158
Outlays (Gross)	-	3,887	158
Less Offsetting Collections From:			
Federal Funds	-	(1,184)	-
Non-Federal Sources:			
Interest on Loans	-	-	(25)
Net Outlays	-	2,703	133

NOTE: The Military Debt Reduction Financing account shows the financial transactions involved in providing debt relief for military loans owed by the poorest countries in the context of Paris Club debt rescheduling. We expect to obtain agreement in the Paris Club for reduction of non-concessional debt by two thirds, with a larger reduction for democracies or countries making significant progress toward democracy. In FY 1994 this is expected to include military debt of about $4.5 million in Niger, with a budget cost of $67 thousand, and $8.6 million in Senegal, with a budget cost of $979 thousand.

FUNDING (Continued)
(Dollars in Thousands)

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
IMET Program	42,500	21,250	-
Unobligated Programs	(245)	-	-
Total Obligations	42,255	21,250	-
Unobligated Balance Lapsing	245	-	-
Budget Authority	42,500	21,250	-
Net Outlays	35,838	25,625	18,075

ECONOMIC SUPPORT FUND

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Country and Regional Programs	2,857,275	2,687,263	-
Total Program (Obligations)	2,857,275	2,687,263	-
Recovery of Prior Year Obligations	(74,033)	(104,000)	-
Unobligated Balance Available, Start of Year	(534,206)	(421,701)	-
Unobligated Balance Available, End of Year	421,701	-	-
Unobligated Balance Lapsing	5,096	-	-
Budget Authority	2,675,833	2,161,562	-
Appropriation:	2,670,000	2,364,562	-
Rescission	(37,500)	(203,000)	-
Transfers	424	-	-
Appropriation (Adjusted)	2,632,924	2,161,562	-
Reappropriation	23,172	-	-
Net Outlays	3,230,847	2,868,569	1,228,574

FUNDING (Continued)
(Dollars in Thousands)

MILITARY ASSISTANCE PROGRAM

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Unobligated Balances Rescinded	20,164	438	-
Net Outlays a/	411	24,052	-

a/ Net outlays represent the spendout of FY 1989 and prior year funding.

STATUS OF SECTION 506(a) DRAWDOWN AUTHORITY

	Used		Reimbursed	
	Fiscal Year	Amount	Fiscal Year	Amount
Thailand	1980	1,100 a/	1982	1,100
El Salvador	1981	25,000 a/	1982	5,000
Liberia	1981	1,000 a/	1982	1,000
El Salvador	1982	55,000 a/	1988	b/
Chad	1983	25,000 a/		
Chad	1986	10,000 a/		
Honduras	1986	20,000 a/		
Philippines	1986	10,000 a/		
Chad	1987	21,000 a/		
Colombia	1989	65,000 a/		
Jamaica	1989	10,000 a/		
Anti-Narcotics Asst c/	1990	53,300 d/		
Israel	1990	74,000 e/		
Philippine Disaster Relief	1990	10,000 d/		
Bangladesh	1991	20,000 d/		
Israel	1991	43,000 e/		
Turkey	1991	32,000 e/		
Turkey (Kurdish Relief) f/	1991	75,000 d/f/		
Colombia	1992	7,000 d/		
Mexico	1992	26,000 d/		
Pakistan	1992	5,000 d/		
Ecuador	1993	2,000 d/		

a/ Equals drawdowns authorized based on Presidential Determinations, except for Chad (1987) where $25,000 thousand was authorized.
b/ The FY 1988 final continuing resolution (P.L. 100-202) appropriated $10,000 thousand to be used either for reimbursement for defense articles, services and training provided to the Philippines pursuant to the President's Section 506(a) Determination of September 16, 1986, or for MAP general costs. On February 29, 1988, the Secretary of Defense directed that the appropriation be used for MAP general costs.
c/ Includes Belize, Bolivia, Colombia, Ecuador, Jamaica, and Mexico.
d/ Section 506(a)(2) of the Foreign Assistance Act (FAA) authorized for non-military assistance purposes.
e/ Section 506(a)(1), FAA authorized for military assistance purposes.
f/ Kurdish Relief authorization exempted from $75,000 thousand cap on Section 506(a).

FUNDING (Continued)
(Dollars in Thousands)

PEACEKEEPING OPERATIONS

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Peacekeeping Operations Program (Obligations)	38,996	75,623	75,000
Transfer From Other Accounts	(11,830)	-	-
Budget Authority (Appropriation)	27,166	75,623	75,000
Net Outlays	32,808	62,356	61,921

DEMOBILIZATION AND TRANSITION FUND

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Program by Activities:			
Total Obligations	34,750	9,000	-
Financing:			
Unobligated balance available, start of year	(14,750)	(9,000)	-
Unobligated balance available, end of year	9,000	-	-
Budget Authority	29,000	-	-
Budget Authority:			
Transferred from other accounts	29,000	-	-
Outlays	17,179	30,700	20,600

This fund was created pursuant to Section 531 of P.L. 101-513 which authorized its creation and funding through the transfer of funds from the Foreign Military Financing Grant account. The funds are to be used to support the costs of demobilization, retraining, relocation and reemployment in civilian pursuits of former combatants in the conflict in El Salvador.

FUNDING (Continued)
(Dollars in Thousands)

SPECIAL DEFENSE ACQUISITION FUND

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Purchases of Equipment (Obligations)	222,686	166,636	66,855
Financing:			
Recovery of Prior Year Obligations	(10,860)	(7,580)	(3,423)
Change in Unobligated Balances	(211,826)	(159,056)	(63,432)
Spending Authority	0	0	0
Disbursements	257,130	188,000	136,000
Offsetting Collections	(193,093)	(266,000)	(282,000)
Outlays	64,037	(78,000)	(146,000)
Return of Unobligated Balances Due to Program Cancellation a/	-	(266,000)	(282,000)

a/ This represents the planned transfer of all collections "in excess of obligation authority provided in prior appropriations Acts" pursuant to P.L. 103-87, September 30, 1993, which means that all FY 1994 and later collections are first deposited into the SDAF appropriation, and later transferred to the Treasury Miscellaneous Receipts Account, 3041. The return of capitalization does not affect the calculation of the net outlay.

AIR BASE CONSTRUCTION IN ISRAEL

	Actual FY 1993	Estimated FY 1994	Proposed FY 1995
Beginning Balance:			
Appropriation	318	253	-
Contract Authority	4,419	4,419	-
Ending Balance:			
Appropriation	253	-	-
Contract Authority	4,419	-	-
Withdrawal of Contract Authority	-	(3,519)	-
Deduction for Offsetting Collections	-	(900)	-
Net Outlays	65	253	-

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS
(Dollars in Thousands)

FOREIGN MILITARY FINANCING PROGRAM

Fiscal Year	Executive Branch Request		Authorized		Appropriated	
	Budget Authority	Program	Budget Authority	Program	Budget Authority	Program
1970	275,000	350,000	250,000	340,000	70,000	-
1971	772,500	885,000	750,000 a/	840,000 a/	700,000 a/	-
1972	510,000	582,000	400,000	550,000	400,000	-
1973	527,000	629,000	400,000 b/	550,000	400,000 b/	-
1974	2,725,000	2,960,000	2,525,000 c/	2,930,000 c/	2,525,000 c/	-
1975	555,000	872,000	405,000	872,500	300,000	-
1976 d/	2,430,200	2,430,200	1,298,750	2,968,375	1,205,000	-
1977	2,179,600	2,179,600	740,000	2,022,100	740,000	-
1978	707,750	2,217,500	682,000	2,152,350	675,850	-
1979 e/	1,042,500	5,767,500	1,044,300	6,155,500	1,024,500	-
1980	658,880 f/	2,188,000 f/	673,500	2,235,000	645,000 b/	-
1981	734,000	2,840,000 g/	500,000	3,116,000	500,000 b/	3,046,187 b/
1982	1,481,800	4,054,400	800,000	4,069,525	800,000	3,883,500
1983	950,000 h/	5,273,300 h/	800,000	4,169,525	1,175,000 b/	5,106,500 b/
1984	1,000,000	5,656,000	1,315,000	5,761,500	1,315,000 b/	5,716,250 b/
1985	5,100,000	5,100,000	i/	i/	4,939,500 b/	4,939,500 b/
1986	5,655,000	5,655,000	5,371,000	5,371,000	5,190,000	5,190,000 j/
1987	5,861,000 k/	5,661,000	i/	i/	4,053,441 l/	4,053,441 l/
1988	4,421,150	4,421,150	m/	m/	4,017,000 n/	4,049,000
1989	4,460,000	4,460,000	o/	o/	4,272,750	4,272,750
1990	5,027,000	5,027,000	p/	p/	4,827,642	4,827,642 q/
1991	5,016,900	5,016,900	r/	r/	4,663,421 s/	4,663,421 s/
1992	4,610,000	4,610,000	t/	t/	3,928,548 u/	3,928,548 u/
1993	4,099,225	4,099,225	v/	v/	3,245,414 w/	3,245,414 w/
1994	3,231,657 x/	3,232,157 x/	y/	y/	3,149,279	3,149,279 y/

NOTE: Military Assistance Program included Foreign Military Sales Financing program prior to FY 1969.

a/ Includes $500,000 thousand for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665.

b/ CRA limitation.

c/ Includes $2,200,000 thousand for Emergency Security Assistance requested, authorized and appropriated for Israel.

d/ Includes transitional quarter (FY 197T).

e/ Includes $2,200,000 thousand supplemental program for Israel and a $1,500,000 supplemental program for Egypt.

f/ Includes a $10,000 thousand amendment for Sudan and $15,000 thousand for Oman.

g/ Includes $200,000 thousand proposed budget amendment for Egypt.

h/ Reflects the amended budget request but not the supplemental budget request for program increase of $525,000 thousand for guarantee loans.

i/ Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).

j/ Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), $223,170 thousand not available for obligation.

k/ Includes a supplemental request of $200,000 thousand.

l/ Includes $4,040,441 thousand authorized by P.L. 99-500 CRA limitation and $13,000 thousand authorized by P.L. 100-71.

m/ Authorization waived in Continuing Resolution (P.L. 100-202).

n/ P.L. 100-202 appropriated $4,049,000 thousand for FY 1988. Also included in the law was a $32,000 thousand rescission applicable to the FY 1985 and FY 1986 appropriation resulting in an adjusted appropriation of $4,017,000 thousand, as shown in the FY 1989 President's Budget.

o/ Authorization waived in P.L. 100-461.

p/ Authorization waived in P.L. 101-167.

FOREIGN MILITARY FINANCING PROGRAM (Continued)

q/ Congress appropriated $4,828,403 thousand which was reduced by .43% for use in the control of illicit drugs. In addition, $20,000 thousand was transferred into the FMF account from the DOD budget (P.L. 101-165) resulting in $4,827,641 thousand available to the FMF program.
r/ Authorization waived in P.L. 101-513.
s/ P.L. 101-513 appropriated $5,066,921 thousand for FY 1991. Section 401(a) of P.L. 102-27 subsequently reduced that amount to $4,663,421 thousand.
t/ Authorization waived in P.L. 102-109, P.L. 102-145, and P.L. 102-266.
u/ P.L. 102-266 appropriated $4,100,000 thousand for FY 1992, reduced the amount appropriated by $60,602 thousand and provided for the transfer of $63,750 thousand of funds appropriated to the Demobilization and Transition Fund. P.L. 102-298 rescinded an additional $47,100 thousand of the FY 1992 appropriation for a net appropriation of $3,928,548 thousand.
v/ Authorization waived in P.L. 102-391.
w/ P.L. 102-391 appropriated $3,300,000 thousand for FY 1993, rescinded $25,586 thousand of prior year balance, and provided for the transfer of $29,000 thousand to the Demobilization and Transition Fund for a net budget authority of $3,245,414 thousand.
x/ In FY 1994, $65,562 thousand of FY 1993 and prior year programs/appropriations has been proposed for rescission.
y/ P.L. 103-87 appropriated $3,149,279 thousand, including deobligation/reobligation authority. The Authorization was waived.

FOREIGN MILITARY FINANCING
DIRECT LOAN FINANCING ACCOUNT
TOTAL PROGRAM

Fiscal Year	Executive Branch Request	Financing Authority
1992	313,961	345,000 a/
1993	360,000	855,000 b/
1994	855,000	769,500 c/
1995	770,000	

a/ Continuing Resolution Authority (P.L. 102-109 and P.L. 102-145).
b/ P.L. 102-391 provides financing authority for direct loans of $855,000 thousand for FY 1993.
c/ P.L. 103-87 provides financing authority for direct loans of $769,500 thousand for FY 1994.

FOREIGN MILITARY FINANCING
DIRECT LOAN SUBSIDY ELEMENT

Fiscal Year	Executive Branch Request	Authorized	Appropriated
1992	57,490	a/	50,148 b/
1993	63,332	c/	149,200 d/
1994	120,457	e/	46,530 e/
1995	59,598		

a/ Authorization waived under P.L. 102-109 and P.L. 102-145.
b/ P.L. 102-266 appropriated $50,900 thousand for FY 1992 and reduced the appropriation by by $752 thousand for a net availability of $50,148 thousand.
c/ Authorization waived in P.L. 102-391.
d/ P.L. 102-391 appropriated $149,200 thousand for FY 1993.
e/ P.L. 103-87 appropriated $46,530 thousand for FY 1994. The Authorization was waived.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Thousands)

ECONOMIC SUPPORT FUND

Fiscal Year	Executive Branch Request	Authorized	Appropriated
1964	435,000	380,000	330,000
1965	405,000	405,000	401,000
1966	764,000	684,000	684,000
1967	750,000	715,000	690,000
1968	720,000	660,000	600,000
1969	595,000	410,000	365,000
1970	515,000	414,600	395,000
1971	600,000	414,600	414,600
1972	800,000	618,000	550,000
1973	848,800	a/	600,000 a/
1974	732,000	629,000	611,500
1975	1,425,300	1,377,000	1,200,000
1976	1,923,300	1,856,200	1,739,900
197T	50,200	464,100 b/	279,700 b/
1977	1,893,500	1,895,000	1,757,700
1978	2,232,200	2,235,000 c/	2,219,300 c/
1979 d/	2,204,400 e/	2,202,000	2,282,000
1980	2,115,100 e/f/	1,935,000	1,946,000 g/
1981	2,030,500	2,065,300	2,104,500 g/
1982	2,931,500	2,973,500	2,926,000
1983	2,886,000 h/	2,873,500	2,962,250 g/
1984	2,949,000 i/	3,074,000	3,254,250 g/j/
1985	3,438,100	k/	6,084,000 l/
1986	4,024,000	3,800,000	3,800,000 m/n/
1987	4,390,800 o/	p/	3,600,000 q/
1988	3,600,000 r/	3,200,820 r/	3,200,820 r/
1989	3,281,000 r/	3,258,500	3,258,500
1990	3,849,100 s/	3,916,510 t/	3,916,510 t/
1991	3,358,000 u/	3,175,000 v/	3,175,000 v/
1992	3,240,000 w/	3,216,624 g/	3,216,624 g/
1993	3,123,000 x/	2,670,000	2,670,000
1994	2,582,000	2,364,562	2,364,562

a/ CRA level - $618,000 thousand. There was no authorization level in FY 1973.
b/ Section 506 of the International Security Assistance and Arms Control Act of 1976, P.L. 94-329, quarter not to exceed one-fourth of the total amount authorized in that Act for FY 1976.
c/ Includes $300,000 thousand for Portugal; also $20,000 thousand for Lebanon, authorized as Disaster Assistance, but appropriated in the Security Support Assistance (SSA) account.
d/ Includes a $300,000 thousand supplemental for Egypt and $100,000 thousand for Turkey.
e/ Executive Branch request included ESF and PKO in one account--Security Supporting Assistance (SSA).
f/ Includes an $80,000 thousand supplemental for Central America.
g/ CRA limitation.
h/ Reflects initial budget request. Does not include the $294,500 thousand supplemental budget request.
i/ Reflects initial budget request. Does not include the $340,500 thousand supplemental appropriation for Central America or the $10,000 thousand for Poland.
j/ Includes supplemental appropriation (P.L. 98-332).
k/ Authorization waived in Continuing Resolution Authority (P.L. 98-473 for FY 1985, and P.L. 99-500 for FY 1987).
l/ Includes FY 1985 Supplemental of $2,258,000 thousand.
m/ Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), $159,358 thousand not available for obligation.
n/ Includes $100,000 thousand supplemental for the Republic of the Philippines.
o/ Includes a supplemental request of $297,000 thousand.
p/ The International Development and Security Act of 1985 (P.L. 99-83) authorized $3,800,000 thousand for both FY 1986 and FY 1987.
q/ Includes $50,000 thousand deobligation/reobligation reappropriation.
r/ Includes $12,500 thousand deobligation/reobligation reappropriation estimate.
s/ Includes $18,000 thousand deobligation/reobligation reappropriation estimate and a $500,000 thousand supplemental for Panama.

ECONOMIC SUPPORT FUND (Continued)

t/ Includes $20,000 thousand for Ireland (less $145 thousand sequestration pursuant to P.L. 99-177), minus $50,000 thousand pursuant to P.L. 101-167 and $755,000 thousand supplemental (P.L. 101-302) for Panama, Nicaragua, Namibia and South Africa.
u/ Includes $14,000 thousand reappropriation estimate.
v/ Includes $14,000 thousand reappropriation estimate and $30,200 thousand transferred to other accounts. Includes $20,000 thousand for Ireland.
w/ Includes $12,000 thousand reappropriation estimate.
proposed for rescission.
x/ Includes $11,000 thousand reappropriation estimate.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Thousands)

MILITARY ASSISTANCE PROGRAM

Fiscal Year	Executive Branch Request	Authorized	Appropriated
1950	1,400,000	1,314,000	1,314,000
1951	5,222,500	5,222,500	5,222,500
1952	6,303,000	5,997,600	5,744,000
1953	5,425,000	4,598,400	4,219,800
1954	4,274,500	3,681,500	3,230,000
1955	1,778,300	1,591,000	1,192,700
1956	1,959,200	1,450,200	1,022,200
1957	2,925,000	2,225,000	2,017,500
1958	1,900,000	1,600,000	1,340,000
1959	1,800,000	1,605,000	1,515,000
1960	1,600,000	1,400,000	1,300,000
1961	2,000,000	a/	1,800,000
1962	1,885,000	1,700,000	1,600,000
1963	b/	1,700,000	1,325,000
1964	1,405,000	1,000,000	1,000,000
1965 c/	1,055,000	1,055,000	1,055,000
1966 c/	1,170,000	1,170,000	1,170,000
1967	917,000	875,000	792,000
1968	620,100	510,000	500,000
1969	420,000	375,000	375,000
1970	425,000	350,000	350,000
1971	690,000	690,000	690,000
1972	705,000	500,000	500,000
1973	780,000	553,100 d/	553,100 d/
1974 e/	685,000	512,500	450,000 f/
1975 g/	985,000	600,000	475,000
1976 h/i/	790,000	245,875	252,200
1977	279,000	235,800	264,550
1978	230,000	228,900	220,000 j/
1979	133,500	133,500	83,375
1980 c/	160,200 k/	111,900 l/	110,000 d/
1981 c/	104,400	106,100	110,200 d/
1982 c/m/	131,400	231,400	171,412
1983 c/	557,000 n/	238,500 o/	383,325 d/
1984	747,000 p/	639,700	711,750 d/q/
1985	924,500	r/	805,100 d/
1986 c/	949,350	805,100	798,374 s/t/
1987 c/	1,257,450 u/	805,100	950,000
1988	1,329,800	v/	700,750
1989	467,000	w/	467,000 x/
1990	40,432	y/	z/
1991	-	-	-
1992	-	-	(6,750) D/
1993	-	-	(20,164) E/
1994	(438)F/	-	-

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Thousands)

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM

Fiscal Year	Executive Branch Request	Authorized	Appropriated
1976 a/	37,000	33,750	28,750
1977	32,200	30,200	25,000
1978	35,000	31,000	30,000
1979	32,100	31,800	27,900
1980	32,900	31,800	25,000 d/
1981	32,500	34,000	28,400 d/
1982	42,000	42,000	42,000
1983	53,700 o/	43,000	46,000
1984	56,532	56,452	51,532 d/
1985	60,910	r/	56,221 d/
1986	65,650	56,221	54,490 s/
1987	68,830	56,000	56,000
1988	56,000	v/	47,400
1989	52,500	w/	47,400
1990	54,500	y/	47,196 A/
1991	50,500	B/	47,196
1992	52,500	C/	47,196 G/
1993	47,500	H/	42,500 I/
1994	42,500	J/	21,250 J/

NOTE: (1) The Military Assistance Program included International Military Education and Training Program prior to FY 1976.
(2) The Administration has not proposed Military Assistance Programs subsequent to FY 1990.

a/ The Mutual Security Act of 1959, P.L. 86-108, approved July 24, 1959, states "There is hereby authorized to be appropriated to the President for the fiscal year 1961 and 1962 such sums as may be necessary from time to time to carry out the purpose of this chapter, which sums shall remain available until expended."
b/ Foreign Assistance Act of 1961 authorized $1,700,000 thousand; no executive branch request for authorization was required.
c/ Does not include MAP drawdowns of $75,000 thousand in FY 1965 and $300,000 thousand in FY 1966, or Section 506(a) drawdowns of $1,000 thousand in FY 1980; $26,000 thousand in FY 1981; $55,000 thousand in FY 1982; $25,000 thousand in FY 1983; $40,000 thousand in FY 1986; and $25,000 thousand in FY 1987.
d/ CRA limitation.
e/ Includes funds requested separately for proposed International Military Education and Training Program finally authorized and appropriated as part of the Military Assistance Program. Does not include $2,500,000 thousand for Section 506 drawdown authority.
f/ Includes $5,000 thousand transferred to AID.
g/ Does not include $75,000 thousand for Section 506 drawdown authority.
h/ Includes transitional quarter (FY 197T).
i/ Does not include $275,000 thousand for Section 506 drawdown authority.
j/ Includes $40,200 thousand subsequently rescinded.
k/ Includes a $50,000 thousand supplemental for Turkey.
l/ Includes a $1,700 thousand Senate supplemental for Sudan.
m/ Does not include $7,100 thousand reimbursement for Section 506 drawdown authority.
n/ Reflects the amended budget request but not the $187,000 thousand supplemental budget request.
o/ Reflects initial budget request; excludes $1,000 thousand supplemental request.
p/ Reflects initial budget request; excludes $259,050 thousand supplemental request for Central America.
q/ Includes supplemental appropriation of $201,750 thousand for Central America.
r/ Authorization waived in Continuing Resolution (P.L. 98-473).
s/ Reflects amounts appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings) $33,626 thousand of MAP and $2,343 thousand of IMET are not available for obligation.
t/ Includes supplemental appropriation of $50,000 thousand for the Republic of the Philippines.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Thousands)

MILITARY ASSISTANCE PROGRAM AND INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM (Continued)

u/ Includes a supplemental request of $261,000 thousand.
v/ Authorization waived in Continuing Resolution (P.L. 100-202).
w/ Authorization waived in P.L. 100-461.
x/ P.L. 101-45 transferred $2,000 thousand to contributions for international peacekeeping activities (Budget Account 19-9-1124).
y/ Authorization waived in P.L. 101-167.
z/ Administrative costs formerly designated as MAP General Costs (1080 account) are included in the Foreign Military Financing Appropriation (1082 account) effective 1 October 1989.
A/ Congress appropriated $47,400 thousand which was reduced by .43% for use in the control of illicit drugs, resulting in $47,196 thousand available to the IMET program.
B/ Authorization waived in P.L. 101-513.
C/ Authorization waived in P.L. 102-109 and P.L. 102-145.
D/ P.L. 102-298 rescinded $6,750 thousand of prior year balances and $5,760 thousand of previously disbursed amounts.
E/ P.L. 102-298 rescinded $20,164 thousand of prior year balances.
F/ Amount proposed for rescission against FY 1993 and prior year programs/appropriations.
G/ P.L. 102-266 appropriated $47,196 thousand for FY 1992. P.L. 102-298 rescinded $1,925 thousand and P.L. 102-381 reduced it an additional $698 thousand for a net availability of $44,573 thousand.
H/ Authorization waived in P.L. 102-391.
I/ P.L. 102-391 appropriated $42,500 thousand for FY 1993.
J/ P.L. 103-87 appropriated $21,250 thousand for FY 1994. The Authorization was waived.

LEGISLATIVE HISTORY OF AUTHORIZATIONS & APPROPRIATIONS (Continued)
(Dollars in Thousands)

PEACEKEEPING OPERATIONS

Fiscal Year	Executive Branch Request	Authorized	Appropriated	
1979	a/	30,900	27,400	
1980	a/	21,100	22,000	b/
1981	25,000	25,000	25,000	c/
1982	19,000	19,000	14,000	d/
1983	43,474	19,000	31,100	c/
1984	46,200	46,200	46,200	c/
1985	49,000	e/	44,000	c/
1986	37,000	37,000	34,000	f/
1987	39,000	37,000	31,689	
1988	46,311	31,689	31,689	
1989	41,689 g/	41,689	41,689	
1990	33,377	32,773	32,773	
1991	32,800	32,800	32,800	
1992	378,000 h/	28,000	28,000	c/
1993	27,166	27,166	27,166	
1994	77,166	75,623	75,623	
1995	75,000			

FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT
(Formerly Guaranty Reserve Fund)

Fiscal Year	Executive Branch Request	Appropriated	Borrowing/Spending Authority		
			Actual	Estimated	
1985	274,000	109,000	-	-	
1988	-	532,000	-	-	
1989	-	-	452,065	-	i/
1990	-	-	731,510	-	i/
1991	-	-	127,014	-	i/
1992	-	-	-	-	
1993	-	-	62,678 i/	-	
1994	-	-		49,608	i/
1995	-	-		2,899	i/

AIR BASE CONSTRUCTION IN ISRAEL

Fiscal Year	Executive Branch Request	Authorized	Appropriated
1979	800,000	800,000	800,000

PEACEKEEPING OPERATIONS, FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT AND AIR BASE CONSTRUCTION IN ISRAEL (Continued)

a/ Executive Branch request included ESF and PKO in one account--Security Supporting Assistance (SSA).
b/ CRA limitation (P.L. 96-123).
c/ CRA limitation.
d/ In addition, $125,000 thousand appropriated under CRA (P.L. 97-51) and authorized by P.L. 97-132 for the Multinational Force and Observers.
e/ Authorization waived in Continuing Resolution (P.L. 98-473).
f/ Reflects amount appropriated under P.L. 99-190 (final CRA). Pursuant to P.L. 99-177 (Gramm-Rudman-Hollings), $1.462 million of this amount is not available for obligation.
g/ Includes $10 million transfer from DOD allocated to Department of State pursuant to P.L. 101-45 used for UN mineclearing operations in Afghanistan.
h/ Reflects an amendment to the FY 1992 budget to provide the United States' share to initiate UN peacekeeping activities in Cambodia and El Salvador, and for other peacekeeping requirements.
i/ Use of borrowing from U.S. Treasury under authority of P.L. 100-202 in FY 1989, P.L. 101-167 in FY 1990, P.L. 101-513 in FY 1991 and use of permanent indefinite appropriation authority in FY 1993, and estimated use of the permanent indefinite appropriation authority in FY 1994 and FY 1995.

FUTURE ASSISTANCE PROJECTIONS

In accordance with Section 581 of the Foreign Operations, Export Financing, and Related Programs Appropriation Act, 1991 (P.L. 101-513) the following table contains assistance funding projections for each of the three fiscal years following FY 1995. These estimates are subject to considerable uncertainty given the rapid pace of change in the world. Should events so warrant, the Administration may adjust substantially its actual budget requests for these functions.

FUTURE ASSISTANCE PROJECTIONS
FY 1996 - 1998
BUDGET AUTHORITY
(DOLLARS IN MILLIONS)

	FY 1996	F/ 1997	FY 1998
MILITARY FINANCING	3,200	3,200	3,200
MILITARY LOAN SUBSIDY	60	60	60
ECO.OMIC AID	2,400	2,400	2,400
DIRECT TRAINING	30	30	30
NON-ASSESSED PEACEKEEPING	75	75	75
NONPROLIFERATION & DISARMAMENT	111	111	111
TOTAL BUDGET AUTHORITY	5,876	5,876	5,876

APPENDIX

FUNDING FOR DIRECT TRAINING
FY 1995
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	PROPOSED FY 1995			
		PROMOTING PEACE		
	BUILDING DEMOCRACY a/	PEACE-KEEPING	REGIONAL PEACE & SECURITY	TOTAL
AFRICA:				
BENIN	100	0	0	100
BOTSWANA	100	350	0	450
BURUNDI	100	0	0	100
CAPE VERDE	75	0	0	75
CENTRAL AFRICAN REPUBLIC	100	0	0	100
CHAD	175	0	0	175
CONGO	150	0	0	150
COTE D'IVOIRE	150	0	0	150
DJIBOUTI	150	0	0	150
ERITREA	200	0	0	200
ETHIOPIA	250	0	0	250
GAMBIA, THE	100	0	0	100
GHANA	200	0	0	200
GUINEA	150	0	0	150
GUINEA-BISSAU	75	0	0	75
KENYA	200	0	0	200
LESOTHO	50	0	0	50
MALAWI	125	0	0	125
MALI	130	0	0	130
MOZAMBIQUE	125	0	0	125
NAMIBIA	0	0	150	150
NIGER	200	0	0	200
RWANDA	150	0	0	150
SAO TOME & PRINCIPE	0	0	75	75
SENEGAL	100	500	0	600
SOUTH AFRICA	250	0	0	250
SWAZILAND	50	0	0	50
TANZANIA	100	0	0	100
UGANDA	150	0	0	150
ZAMBIA	100	0	0	100
ZIMBABWE	0	0	250	250
REGIONAL TOTAL	3,805	850	475	5,130
EAST ASIA & PACIFIC:				
CAMBODIA	200	0	0	200
KOREA	0	0	10	10
MALAYSIA	0	0	500	500
MONGOLIA	100	0	0	100
PAPUA NEW GUINEA	125	0	0	125
PHILIPPINES	0	0	1,195	1,195
SINGAPORE	0	0	20	20
SOLOMON ISLANDS	0	0	100	100
THAILAND	0	0	1,000	1,000
TONGA	0	0	50	50
VANUATU	0	0	50	50
WESTERN SAMOA	0	0	50	50
REGIONAL TOTAL	425	0	2,975	3,400

FUNDING FOR DIRECT TRAINING
FY 1995
BUDGET AUTHORITY (CONTINUED)
(DOLLARS IN THOUSANDS)

	PROPOSED FY 1995			
		PROMOTING PEACE		
	BUILDING DEMOCRACY a/	PEACE-KEEPING	REGIONAL PEACE & SECURITY	TOTAL
EUROPE:				
ALBANIA	200	0	0	200
AUSTRIA	0	0	15	15
BELARUS	100	0	0	100
BULGARIA	500	0	0	500
CZECH REPUBLIC	500	0	0	500
ESTONIA	200	0	0	200
FINLAND	0	0	15	15
GEORGIA	75	0	0	75
GREECE	0	0	50	50
HUNGARY	700	0	0	700
KAZAKHSTAN	100	0	0	100
KYRGYZSTAN	50	0	0	50
LATVIA	200	0	0	200
LITHUANIA	200	0	0	200
MACEDONIA	125	0	0	125
MALTA	0	0	65	65
MOLDOVA	50	0	0	50
POLAND	700	0	0	700
PORTUGAL	0	0	500	500
ROMANIA	500	0	0	500
RUSSIA	700	0	0	700
SLOVAKIA	350	0	0	350
SLOVENIA	125	0	0	125
SPAIN	0	0	50	50
TURKEY	0	0	1,000	1,000
TURKMENISTAN	50	0	0	50
UKRAINE	600	0	0	600
UZBEKISTAN	50	0	0	50
REGIONAL TOTAL	6,075	0	1,695	7,770
LATIN AMERICA & CARIBBEAN:				
ARGENTINA	0	0	100	100
BELIZE	40	0	0	40
BOLIVIA	350	0	0	350
BRAZIL	0	0	100	100
CHILE	0	0	100	100
COLOMBIA	600	0	0	600
COSTA RICA	0	0	50	50
DOMINICAN REPUBLIC	0	0	200	200
EASTERN CARIBBEAN	0	0	200	200
ECUADOR	0	0	300	300
EL SALVADOR	400	0	0	400
GUATEMALA	200	0	0	200
GUYANA	75	0	0	75
HONDURAS	325	0	0	325
JAMAICA	0	0	170	170
MEXICO	0	0	200	200
NICARAGUA	100	0	0	100

FUNDING FOR DIRECT TRAINING
FY 1995
BUDGET AUTHORITY (CONTINUED)
(DOLLARS IN THOUSANDS)

	PROPOSED FY 1995			
		PROMOTING PEACE		
	BUILDING DEMOCRACY a/	PEACE-KEEPING	REGIONAL PEACE & SECURITY	TOTAL
LATIN AMERICA & CARIBBEAN (CONT):				
PACAMS (SCIATTS)	0	0	425	425
PARAGUAY	125	0	0	125
PERU	325	0	0	325
SURINAME	50	0	0	50
URUGUAY	0	0	100	100
VENEZUELA	0	0	250	250
REGIONAL TOTAL	2,590	0	2,195	4,785
NEAR EAST:				
ALGERIA	0	0	75	75
BAHRAIN	0	0	75	75
EGYPT	0	0	1,000	1,000
JORDAN	0	0	1,000	1,000
LEBANON	0	0	400	400
MALDIVES, REPUBLIC OF	50	0	0	50
MOROCCO	0	0	800	800
OMAN	0	0	110	110
TUNISIA	0	0	800	800
REGIONAL TOTAL	50	0	4,260	4,310
SOUTH ASIA:				
BANGLADESH	0	0	175	175
INDIA	0	0	200	200
NEPAL	100	0	0	100
SRI LANKA	100	0	0	100
REGIONAL TOTAL	200	0	375	575
NON-REGIONAL:				
DEFENSE ADMINISTRATIVE COSTS	0	0	380	380
NON-REGIONAL TOTAL	0	0	380	380
TOTAL BUDGET AUTHORITY	13,145	850	12,355	26,350

a/ Funding for Direct Training is requested in support of Promoting Peace ($13.205 million) and Building Democracy ($13.145 million). For further details on training requested under Building Democracy, see the Congressional Presentation for Building Democracy, FY 1995, prepared by the Department of State.

SUMMARY OF STUDENTS TO BE TRAINED
DIRECT TRAINING
FY 1995

	PROPOSED FY 1995			
		PROMOTING PEACE		
	BUILDING DEMOCRACY a/	PEACE-KEEPING	REGIONAL PEACE & SECURITY	TOTAL
AFRICA:				
BENIN	7	0	0	7
BOTSWANA	7	21	0	28
BURUNDI	5	0	0	5
CAPE VERDE	3	0	0	3
CENTRAL AFRICAN REPUBLIC	5	0	0	5
CHAD	10	0	0	10
CONGO	9	0	0	9
COTE D'IVOIRE	8	0	0	8
DJIBOUTI	7	0	0	7
ERITREA	7	0	0	7
ETHIOPIA	11	0	0	11
GAMBIA, THE	8	0	0	8
GHANA	14	0	0	14
GUINEA	7	0	0	7
GUINEA-BISSAU	3	0	0	3
KENYA	14	0	0	14
LESOTHO	5	0	0	5
MALAWI	9	0	0	9
MALI	6	0	0	6
MOZAMBIQUE	3	0	0	3
NAMIBIA	0	0	12	12
NIGER	9	0	0	9
RWANDA	9	0	0	9
SAO TOME & PRINCIPE	0	0	2	2
SENEGAL	2	24	0	26
SOUTH AFRICA	10	0	0	10
SWAZILAND	4	0	0	4
TANZANIA	8	0	0	8
UGANDA	14	0	0	14
ZIMBABWE	0	0	19	19
REGIONAL TOTAL	204	45	33	282
EAST ASIA & PACIFIC:				
CAMBODIA	5	0	0	5
KOREA	0	0	2	2
MALAYSIA	0	0	40	40
MONGOLIA	3	0	0	3
PAPUA NEW GUINEA	8	0	0	8
PHILIPPINES	0	0	124	124
SINGAPORE	0	0	4	4
SOLOMON ISLANDS	0	0	20	20
THAILAND	0	0	77	77
TONGA	0	0	6	6
VANUATU	0	0	3	3
WESTERN SAMOA	0	0	2	2
REGIONAL TOTAL	16	0	278	294

SUMMARY OF STUDENTS TO BE TRAINED
DIRECT TRAINING (CONTINUED)
FY 1995

	PROPOSED FY 1995			
		PROMOTING PEACE		
	BUILDING DEMOCRACY a/	PEACE-KEEPING	REGIONAL PEACE & SECURITY	TOTAL
EUROPE:				
ALBANIA	13	0	0	13
AUSTRIA	0	0	2	2
BELARUS	5	0	0	5
BULGARIA	23	0	0	23
CZECH REPUBLIC	24	0	0	24
ESTONIA	20	0	0	20
FINLAND	0	0	2	2
GEORGIA	4	0	0	4
GREECE	0	0	15	15
HUNGARY	30	0	0	30
KAZAKHSTAN	5	0	0	5
KYRGYZSTAN	3	0	0	3
LATVIA	16	0	0	16
LITHUANIA	9	0	0	9
MACEDONIA	7	0	0	7
MALTA	0	0	8	8
MOLDOVA	3	0	0	3
POLAND	38	0	0	38
PORTUGAL	0	0	22	22
ROMANIA	40	0	0	40
RUSSIA	0	0	40	40
SLOVAKIA	19	0	0	19
SLOVENIA	3	0	0	3
SPAIN	0	0	9	9
TURKEY	0	0	69	69
TURKMENISTAN	3	0	0	3
UKRAINE	25	0	0	25
UZBEKISTAN	2	0	0	2
REGIONAL TOTAL	292	0	167	459
LATIN AMERICA & CARIBBEAN:				
ARGENTINA	0	0	16	16
BELIZE	5	0	0	5
BOLIVIA	42	0	0	42
BRAZIL	0	0	13	13
CHILE	0	0	56	56
COLOMBIA	280	0	0	280
COSTA RICA	0	0	11	11
DOMINICAN REPUBLIC	0	0	35	35
ECUADOR	0	0	34	34
EL SALVADOR	60	0	0	60
GUATEMALA	20	0	0	20
GUYANA	9	0	0	9
HONDURAS	51	0	0	51
JAMAICA	0	0	27	27
MEXICO	0	0	31	31
NICARAGUA	4	0	0	4

SUMMARY OF STUDENTS TO BE TRAINED
DIRECT TRAINING (CONTINUED)
FY 1995

	PROPOSED FY 1995			
		PROMOTING PEACE		
	BUILDING DEMOCRACY a/	PEACE-KEEPING	REGIONAL PEACE & SECURITY	TOTAL
LATIN AMERICA & CARIBBEAN (CONT):				
PARAGUAY	19	0	0	19
PERU	13	0	0	13
SURINAME	2	0	0	2
URUGUAY	0	0	9	9
VENEZUELA	0	0	36	36
REGIONAL TOTAL	505	0	268	773
NEAR EAST:				
ALGERIA	0	0	6	6
BAHRAIN	0	0	16	16
EGYPT	0	0	87	87
JORDAN	0	0	100	100
LEBANON	0	0	27	27
MALDIVES, REPUBLIC OF	3	0	0	3
MOROCCO	0	0	62	62
OMAN	0	0	17	17
TUNISIA	0	0	60	60
REGIONAL TOTAL	3	0	375	378
SOUTH ASIA:				
BANGLADESH	0	0	12	12
INDIA	0	0	12	12
NEPAL	7	0	0	7
SRI LANKA	4	0	0	4
REGIONAL TOTAL	11	0	24	35
WORLDWIDE TOTAL	1,031	45	1,145	2,221

a/ Funding for Direct Training is requested in support of Promoting Peace ($13.205 million) and Building Democracy ($13.145 million). For further details on training requested under Building Democracy, see the Congressional Presentation for Building Democracy, FY 1995, prepared by the Department of State.

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