AGENCY FOR INTERNATIONAL DEVELOPMENT

Fiscal Year 1975
Submission to the Congress

Middle East Peace and Security
Supporting Assistance Programs

MIDDLE EAST PEACE PROGRAM
SECURITY SUPPORTING ASSISTANCE

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MIDDLE EAST PEACE

SUMMARY

MIDDLE EAST PEACE PROGRAM
SECURITY SUPPORTING ASSISTANCE

Proposed Program - FY 1975
(millions of dollars)

Egypt	$250.0
Israel	50.0
Jordan	77.5
Malta	9.5
Spain	3.0
UN Forces in Cyprus	4.8
A.I.D. Support Costs	2.7
Total	$397.5
Special Requirements Fund	$100.0

The hope for a peaceful solution to the Arab-Israeli dispute is stronger today than at any time in the previous quarter century. American diplomatic initiatives and American willingness to assist friends in their hour of need have created the conditions necessary for an end to conflict and violence. The first difficult steps have been taken. This fragile beginning can be strengthened if the United States will follow through with the economic assistance necessary for stability and economic well-being in the area.

Egypt, under President Sadat, has shown vision and courage in undertaking to settle its dispute with Israel through peaceful means. It now faces the massive task of restoring the Suez Canal area and of a new beginning on economic improvement. We are requesting $250 million in FY 1975. Of this, $20 million is to help clear the Suez Canal and $80 million is to help Egypt finance essential imports from the United States. $150 million is to be the U.S. share in helping Egypt reconstruct the Suez area cities and to make a start on broader economic improvement. The total costs of reconstruction are major. We believe that the United States should participate, with other donors, in helping Egypt to meet them.

Israel's military and economic strength are the mainstays of its security. Our economic support is especially important at this time to help Israel cope with the consequences of the October 1973 War. We propose $50 million for Israel in FY 1975, as in the preceeding three years. These funds help Israel finance a variety of imports from the United States.

Jordan, with its moderate outlook, is an essential ingredient to a just and lasting resolution of the Arab-Israeli dispute. Jordan continues to need outside assistance to meet its budget requirements and to proceed with development essential to the well being of its populace. We are proposing $77.5 million in FY 1975; $67.5 million in budget support and $10 million for development projects in the Jordan River valley.

Malta's position in the Mediterranean is important to the defense of Europe and especially to the security of the Mediterranean. NATO members have agreed to help meet the annual payments required to maintain United Kingdom military Forces there. The United States' contribution of $9.5 million is made through NATO.

Spain. We are requesting $3.0 million for an educational and cultural exchange program with Spain. During the 1968-1969 negotiations for renewal of the U.S.-Spanish Defense Agreement, the Spanish Government expressed a strong preference that the new agreement provide for assistance of this kind. The program is administered through the Bureau of Education and Cultural Affairs of the Department of State and the National Science Foundation.

The UN Force in Cyprus was established in 1964 to help restore and maintain peace on that island. Seven other nations provide armed forces and help to meet the financial cost. The U.S. makes a financial contribution. We are requesting $4.8 million for FY 1975.

The final $2.7 million is the pro rata share of A.I.D. worldwide technical and administrative activities.

SECURITY SUPPORTING ASSISTANCE - SUMMARY BY AREA AND COUNTRY
(In thousands of dollars)

	FY 1973 Actual			FY 1974 Estimated			FY 1975 Proposed		
	TOTAL	Supporting Assistance	Other	TOTAL	Supporting Assistance	Other	TOTAL	Supporting Assistance	Other
SUMMARY - ALL PROGRAMS	634,482	622,351	12,131	139,005	138,200	805	498,175	397,500	100,675
MIDDLE EAST - TOTAL	110,976	100,000	10,976	113,805	113,000	805	478,175	377,500	675
Egypt	-	-	-	8,000	8,000	-	250,000	250,000	-
Israel	50,000	50,000	-	50,000	50,000	-	50,000	50,000	-
Jordan	60,976	50,000	10,976	55,805	55,000	805	78,175	77,500	675
Special Requirements Fund	-	-	-	-	-	-	100,000	-	100,000
EUROPE - TOTAL	17,383	17,383	-	12,500	12,500	-	12,500	12,500	-
Malta	14,383	14,383	-	9,500	9,500	-	9,500	9,500	-
Spain	3,000	3,000	-	3,000	3,000	-	3,000	3,000	-
INDOCHINA PROGRAMS c/ - TOTAL	426,547	425,392	1,155	-	-	-	-	-	-
Cambodia	67,287	67,287	-	-	-	-	-	-	-
Laos	45,000	45,000	-	-	-	-	-	-	-
Vietnam	312,294	311,139	1,155	-	-	-	-	-	-
E. Asia Regional Programs	1,966	1,966	-	-	-	-	-	-	-
OTHER ASIA PROGRAMS-TOTAL	59,900	59,900	-	8,100	8,100	-	-	-	-
Philippines	49,300 a/	49,300 a/	-	700 a/	700 a/	-	-	-	-
Thailand b/	10,600	10,600	-	7,400	7,400	-	-	-	- b/
NON-REGIONAL - TOTAL	19,676	19,676	-	4,600	4,600	-	7,500	7,500	-
UN Force in Cyprus	2,400	2,400	-	1,600	1,600	-	4,800	4,800	-
AID Support Costs	17,276	17,276	-	3,000	3,000	-	2,700	2,700	-

a/ Philippines disaster relief.
b/ Funds for Thailand being presented under Asia program.
c/ Funds for Indochina programs being presented separately under Indochina Postwar Reconstruction Program.

MIDDLE EAST and OTHER PROGRAMS:

SUMMARY OF PROGRAM BY COUNTRY AND APPROPRIATION
(in thousands of dollars)

COUNTRY	TOTAL			DEV. LOANS	TECH. ASST.	SUPPORTING ASSISTANCE			FOOD PRODUCTION AND NUTRITION		EDUCATION AND HUMAN RESOURCES DEVELOPMENT		SELECTED DEVELOP-MENT PROBLEMS	SPECIAL REQUIRE-MENTS FUND
	1973	1974	1975	1973	1973	1973	1974	1975	1974	1975	1974	1975	1974	1975
EGYPT	-	8,000	250,000	-	-	-	8,000	250,000	-	-	-	-	-	-
ISRAEL	50,000	50,000	50,000	-	-	50,000	50,000	50,000	-	-	-	-	-	-
JORDAN	60,976	55,805	78,175	10,000	976	50,000	55,000	77,500	255	380	300	295	250	-
MALTA	14,383	9,500	9,500	-	-	14,383	9,500	9,500	-	-	-	-	-	-
SPAIN	3,000	3,000	3,000	-	-	3,000	3,000	3,000	-	-	-	-	-	-
UNFICYP	2,400	1,600	4,800	-	-	2,400	1,600	4,800	-	-	-	-	-	-
MIDDLE EAST (unassigned)	-	-	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Total....	130,759	127,905	495,475	10,000	976	119,783	127,100	394,800	255	380	300	295	250	100,000

AVAILABILITY AND PROGRAM FY 1973, FY 1974 and FY 1975
(In thousands of dollars)

	FY 1975				
	Appro-priation	Transfers	Receipts & Reimb.	Recov-eries	FY 1975 Program
SECURITY SUPPORTING ASSIST.	385,500	-	-	12,000	397,500

	FY 1973							FY 1974						
	Balance Forward	Appro-priation	Transfers	Receipts & Reimb.	Recov-eries	Total Avail. for Oblig.	FY 1973 Program	Balance Forward	Appro-priation	Transfers	Receipts & Reimb.	Recov-eries	Total Avail. for Oblig.	FY 1974 Program
SECURITY SUPPORTING ASSISTANCE	4,618	600,000	-1,595	1,776	19,952	624,751	622,351	2,400	112,500	5,000	-	18,300	130,200	138,200

DISBURSEMENTS AND UNLIQUIDATED BALANCES

For Fiscal Years 1973, 1974, 1975

	FY 1975					
	Unliq. Bal. (Pipeline) 6/30/74	Appro-priation	Receipts, Transfers, & Reimb.	Total Available	Disburse-ments	Unliq. Bal. (Pipeline) 6/30/75
SECURITY SUPPORTING ASSIST.a/	84,014	385,500	-	469,514	278,540	190,974

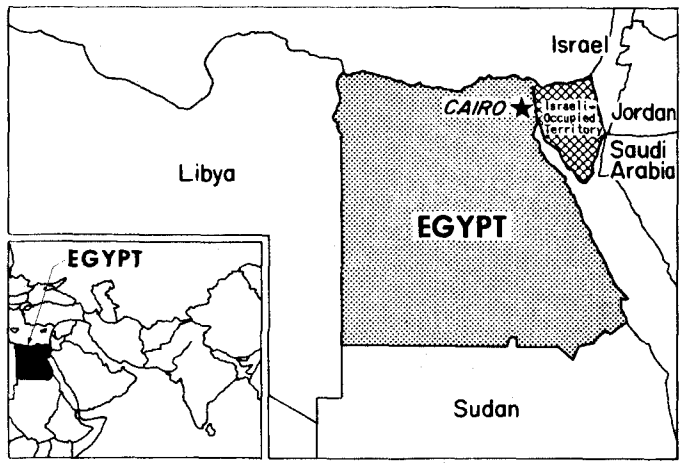
	FY 1973							FY 1974					
	Unliq. Bal. (Pipeline) 6/30/72	Appro-priation	Other b/ Funds Avail.	Total Available	Disburse-ments	Adjust-ments	Unliq. Bal. (Pipeline) 6/30/73	Unob. Bal. Brought Forward	Appro-priation	Receipts, Transfers, & Reimb.	Total Avail.	Disburse-ments	Unliq. Bal (Pipeline) 6/30/74
SECURITY SUPPORTING ASSISTANCE	525,542	600,000	4,799	1,130,341	645,251	24,331	81,114 c/	2,400	112,500	5,000	201,014	117,000	84,014

a/ Excludes funds previously obligated for programs in Vietnam, Laos and Cambodia. They are included with the Indochina Postwar Reconstruction program's pipeline.

b/ Receipts, Transfers, Reimbursements & Unobligated Balance Brought Forward from prior year.

c/ Excludes SA Pipeline of $425,907 for activities in those countries which beginning in FY 1974 are funded by the Indochina Postwar Reconstruction Appropriation. These funds are included in the IPR pipeline.

Egypt - GENERAL ECONOMIC DATA



BASIC DATA

Population (millions; mid-1973)	35.1
Annual Growth Rate (percent)	2.1
Area (1,000 square miles)	387
Population Density per sq. mile	90
Agricultural Land as % of Area	3
Percent of Labor Force in Agriculture	53
GNP per Capita - 1972 (dollars)	243
Life expectancy (years)	53
People per Doctor	1,990
Literacy Rate (percent)	26
Students as Percent of 5-19 Age Group (Primary & Secondary)	44

PRODUCTION

	1969	1970	1971	1972	1973 Est.
Agricultural Production Index (1961-65=100)	114	113	117	118	124
Index per capita (1961-65=100)	99	96	97	96	99
Cotton (1,000 MT)	541	509	510	528	535
Rice (1,000 MT)	2,556	2,605	2,681	2,507	2,700
Corn (1,000 MT)	2,366	2,393	2,342	2,417	2,600
Wheat (1,000 MT)	1,269	1,516	1,729	1,616	1,847

INTERNATIONAL TRADE ($ millions)[a]

Total Exports (f.o.b.)	745	762	789	825	1,119
Cotton (1,000 MT)	301	340	402	373	481
Total Imports (c.i.f.)	-638	-785	-919	-877	-905
Trade Balance	107	-23	-130	-52	214

GOLD & FOREIGN EXCHANGE ($ millions)[b]

Official Reserves	145	167	161	149	391
Commercial Bank Holdings	115	108	98	139	416
CONSUMER PRICE INDEX (1963=100)	140	146	150	154	159(8 mos)

a - Excludes military goods. b - Gross basis, end of year.

CENTRAL GOVERNMENT FINANCES*

	-Million Dollar Equivalents-		
Fiscal years ending	1971 June	1972 June	1973[a] Est. Dec.
Total Expenditures	3,213	3,535	4,155
(Defense Expenditures)	(1,083)	(1,265)	(1,349)
(As % of Total Expenditures)	(34%)	36%)	(32%)
(Capital Outlays)	(916)	(904)	(1,108)
Total Domestic Revenues	1,626	1,692	1,753
As % of GNP	n.a.	(20%)	n.a.
Deficit (-) or Surplus (+)	-1,587	-1,843	-2,402

* - Converted at $2.56 per E. pound. n.a. - Not available.
a - Original budget; does not reflect impact of October war with Israel.

EGYPT

PROGRAM SUMMARY (In millions of dollars)	FY 1973 Actual	FY 1974 Estimated	FY 1975 Proposed
Security Supporting Assistance	-	8.0	250.0
Suez Canal	-	8.0	20.0
Reconstruction/Development	-	-	150.0
Commodity Imports	-	-	80.0

OBJECTIVES OF U.S. ASSISTANCE

Egypt has a decisive role in Middle East affairs. Thus, the approach Egypt takes towards the resolution of the conflicts that have kept the area unsettled for many years is critical to the U.S. interest in achieving a just and permanent peace settlement between the Arab states and Israel. Egypt clearly wishes to refocus its attention on reconstruction, economic stability and growth. The objective of U.S. assistance is to support that effort in a way which will permit Egypt to meet the aspirations of her people through peaceful means.

POLITICAL AND ECONOMIC SETTING

The ultimate success of our efforts to achieve a just and lasting peace in the Middle East will depend to a great extent on the continuing development of a U.S.-Egyptian relationship which produces mutual confidence. President Sadat and the Egyptian Government have been highly responsive to our diplomatic efforts thus far. This responsiveness has been reflected in Egypt's acceptance of such major U.S.-backed initiatives as the October 22, 1973 ceasefire, the November 11, 1973 Six-Point Agreement between Egypt and Israel, the convening of the Geneva Middle East Peace Conference in December 1973, and the Egyptian-Israeli agreement of January 18, 1974 on disengagement and separation of forces along the Suez front. President Sadat was also a leading advocate in Arab circles on behalf of the lifting of the oil embargo by Arab oil producers. The Egyptian Government has continued to play a constructive role in support of progress toward disengagement between Syrian and Israeli forces. The United States and Egypt resumed diplomatic relations on February 28, 1974 following a six and one half year break.

President Sadat's position domestically within Egypt and his leadership role in the Arab world in general will be closely linked with the success or failure of his dual policy of Middle East accommodation and friendship with the United States. Any setbacks to this policy are likely to be seized upon by extremists in the Arab world opposed to peace and an increased U.S. role in the area.

In an effort to support U.S. diplomacy with respect to Egypt and a Middle East settlement in a concrete manner, the U.S. announced on March 18 that we had agreed to assist Egypt in sweeping mines from the Suez Canal and in providing training and technical advice to Egyptian personnel engaged in removal of other unexploded ordinance. We have also agreed to finance removal of sunken wrecks from the Canal. We view reopening of the Canal as a logical sequel to the Egyptian-Israeli military disengagement and separation of forces, which has now been implemented. It will contribute to development of normal civilian activities, including encouraging reconstruction of the cities along the Canal. Progress along these lines will augment the stake in peace.

ECONOMIC SETTING

Egypt's economic problems cover a broad front. Severe import restrictions and deflationary policies have had to be imposed, creating a serious constraint on economic production and growth. Due to shortages of raw materials and spare parts, Egypt's industrial plant has been operating at considerably less than full capacity. The lack of fertilizer imports has limited production in agriculture which employs about one-half of the labor force and produces about eighty percent of Egypt's exports including processed agricultural products.

Investment expenditures have been low and job opportunities have grown more slowly than the labor force, increas-

ing unemployment and underemployment. This has been intensified by the rapid population growth and a need to expand social services at the expense of investment in productive enterprises. The migration to cities and the relocation of the population from the cities in the Canal area have also increased the need for social and welfare services.

In summary, the needs for social and economic development are extensive and far beyond the capacity of any one foreign donor. Thus, Egypt must rely on broad external support. In this situation, it is in the U.S. interest to demonstrate our serious concern for Egypt's development as well as our conviction that such development is of major interest to others, hopefully leading in due course to the formation of a coordinated approach to Egypt's needs.

PROPOSED FY 1975 PROGRAM

We are proposing $250 million in Supporting Assistance funds in FY 1975 for Egypt. We plan to utilize these funds as follows:

1. SUEZ CANAL CLEARANCE: $20 MILLION

Reopening of the Suez Canal is a priority objective of the Egyptian Government and one which we strongly support. Reopening of the Canal will not only demonstrate Egypt's intent to play a constructive role in world affairs, but will also contribute to maintaining peace in the Middle East. Moreover, it will produce extensive foreign exchange earnings for Egypt which can be used for reconstruction and development.

The United States has offered to assist Egypt in reopening the Canal. As a first step, the United States Navy working in cooperation with British and Egyptian forces, will sweep the Suez Canal of mines. The U.S. Navy and U.S. Army will jointly provide training and technical assistance to Egyptian personnel engaged in removing unexploded ordinance from the Canal and adjacent banks. Total cost to the United States of this project is estimated at $18 million, of which we expect to finance $8 million in FY 1974, leaving a balance of $10 million for FY 1975.

We have also offered to assist Egypt in raising the wrecks which now block the Canal. Egypt expects to carry out some of the removal operations, but does not have sufficient equipment and technical capability to handle approximately ten large wrecks which must be removed before the Canal can be reopened. The FY 1975 cost of this part of the Suez clearance operations is expected to be $10 million.

2. RECONSTRUCTION OF THE SUEZ AREA AND GENERAL DEVELOPMENT ACTIVITIES: $150 MILLION

The principal Suez cities of Port Said, Ismailia and Suex City have been almost totally demolished by the waves of fighting over the years and most of their combined prewar (1963) population of 734,000 have fled. Reconstruction of these cities is a priority task, not only to resettle the former inhabitants, but to service the reopened canal and related industries. Extensive damage has also been incurred in the agricultural areas bordering on the Canal, particularly to irrigation works, roads, processing facilities and farmer's homes.

Total costs of the overall reconstruction effort and other developmental activities throughout Egypt will be large and beyond the capacity of individual donors. The International Bank for Reconstruction and Development is undertaking a detailed assessment of immediate reconstruction needs and also is studying developmental possibilities and requirements in other areas. We anticipate that the Bank will become a focal point for coordination of bilateral assistance efforts by a broad group of donors.

We are requesting $150 million for FY 1975 as a fair share for U.S. involvement in reconstruction and development. It is important for the United States to participate if we are to find active support by others.

The actual mix of activities which we would undertake with the $150 million will depend upon agreed identification of priority requirements. At this time, the priorities appear to be reconstruction of water, power and sewage systems, as well as schools and hospitals in the three cities in the Suez area. These are, perforce, first steps necessary to a return of population to these cities. The estimated cost is in excess of $150 million but, as noted, we propose to proceed in concert with others.

Housing, city streets, roads, railway and communications also must be rebuilt, and the port facilities of the Suez cities, long in disuse will need repair and improvement. Fertilizer, paper, cement and lime plants, as well as an oil refinery, will need to be restored or replaced.

Egypt's needs for development are large and longer term. It will be important, however, to begin on these tasks during FY 1975. Among the projects which appear to warrant early attention are an expansion of phosphate mining and drainage systems for agricultural land reclaimation.

3. COMMODITY IMPORT PROGRAM: $80 MILLION

Egypt has been in chronic balance of payments deficit for the past two decades. With growing domestic demand for its export crops and the forced shift of its earnings away from convertible foreign exchange, Egypt has been required to set import limits that severely hamper not only economic development but the efficient use of existing agricultural and industrial capacity. Lack of import capacity for pesticides and fertilizer has delayed the spread of the Green Revolution there and much industrial plant lies idle or underutilized through lace of replacement machinery, spare parts and raw materials. In short, Egypt's ability to earn foreign exchange for needed imports in circumscribed by its financial inability to import the necessary inputs for export production.

Egypt has asked our help in financing a list of essential imports, including wood and wood products, newsprint and other paper, artificial leather and grain handling equipment, and possibly pesticides and herbicides. This list will be reviewed in detail to assure that we are providing those items which will make the maximum contribution to expanded production in the near term.

Egypt

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U. S. OVERSEAS LOANS AND GRANTS - OBLIGATIONS AND LOAN AUTHORIZATIONS															
	POST-WAR RELIEF PERIOD	MARSHALL PLAN PERIOD	MUTUAL SECURITY ACT PERIOD	FOREIGN ASSISTANCE ACT PERIOD										TOTAL LOANS AND GRANTS 1946-1973	REPAYMENTS AND INTEREST 1946-1973	TOTAL LESS REPAYMENTS AND INTEREST
	1946-1948	1949-1952	1953-1961	1962-1965	1966	1967	1968	1969	1970	1971	1972	1973	TOTAL FAA PERIOD 1962-1973			
I. ECONOMIC ASSISTANCE[a] – TOTAL	11.0	1.3	302.3	540.3	27.6	12.6	-	-	-	-	1.5	0.8	582.8	866.8	159.4	707.4
Loans	10.7	-	132.1	436.0	16.4	-	-	-	-	-	1.5	-	453.9	573.3	159.4	413.9
Grants	0.3	1.3	170.2	104.3	11.2	12.6	-	-	-	-	-	0.8	128.9	293.4	-	293.4
a. A.I.D. and Predecessor Agencies	-	0.4	87.7	94.5	1.5	0.8	-	-	-	-	1.5[b]	-	98.3	155.8	36.3	119.5
Loans	-	-	22.9	86.3	-	-	-	-	-	-	1.5	-	87.9	87.3	36.3	51.0
Grants	-	0.4	64.8	8.2	1.5	0.8	-	-	-	-	-	-	10.5	68.5	-	68.5
(Security Supporting Assistance)	(-)	(-)	(-)	(30.0)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(30.0)	(28.9)		
b. Food for Peace (PL 480)	-	0.8	214.6	445.8	26.1	11.8	-	-	-	-	-	0.8	484.5	699.9	112.4	587.5
Title I - Total	-	-	132.3	362.6	16.4	-	-	-	-	-	-	-	379.0	511.3	112.4	398.9
Repayable in U.S. Dollars - Loans	-	-	-	-	16.4	-	-	-	-	-	-	-	16.4	16.4	3.3	13.1
Payable in Foreign Currency - Planned for Country Use	-	-	132.3	362.6	-	-	-	-	-	-	-	-	362.6	494.9	109.1	385.8
(Total Sales Agreements, incl. U.S. Uses)	-	(-)	(209.5)	(548.5)	(40.7)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(589.2)	(798.7)	(-)	(798.7)
Title II - Total	-	0.8	82.3	83.2	9.7	11.8	-	-	-	-	-	0.8	105.5	188.6	-	188.6
Emergency Relief, Econ. Development, & World Food	-	-	-	25.4	-	3.6	-	-	-	-	-	-	29.0	29.0	-	29.0
Voluntary Relief Agencies	-	0.8	82.3	57.8	9.7	8.2	-	-	-	-	-	0.8	76.5	159.6	-	159.6
c. Other Economic Assistance	11.0	0.1	-	-	-	-	-	-	-	-	-	-	-	11.1	10.7	0.4
Peace Corps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	11.0	0.1	-	-	-	-	-	-	-	-	-	-	-	11.1[●]	10.7	0.4
II. MILITARY ASSISTANCE – TOTAL																
Credits or Loans																
Grants																
a. MAP Grants																
b. Credit Sales under FMS																
c. Military Assistance Service-funded (MASF) Grants																
d. Transfers from Excess Stocks																
e. Other Grants																
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE																
Loans																
Grants																
Other U.S. Government Loans and Grants	7.1	0.2	30.6	9.9	-	-	-	-	-	-	18.3	10.7	38.9	76.8	45.0	31.8
a. Export-Import Bank Loans	7.1	0.2	30.6	9.9	-	-	-	-	-	-	7.5	-	17.4	55.3	42.7	12.6
b. All Other	-	-	-	-	-	-	-	-	-	-	10.8[c]	10.7	21.5[c]	21.5	2.3	19.2

NO MILITARY PROGRAMS

*Less than $50,000.

[a]Official Development Assistance (ODA) - Official concessional aid for development purposes.
[b]Capitalized interest on prior year loans.
[c]Excludes refunding of $84.8 million in FY 1972.
[●]Principal fully repaid on loan portion.

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1972	FY 1973	FY 1946-73
TOTAL	34.5	55.6	223.9
IBRD - World Bank	-	-	56.5
Int'l. Dev. Association	30.0	51.2	107.2
UN Development Program	4.5	4.3	51.6
Other UN (CY)	*	0.1	8.6

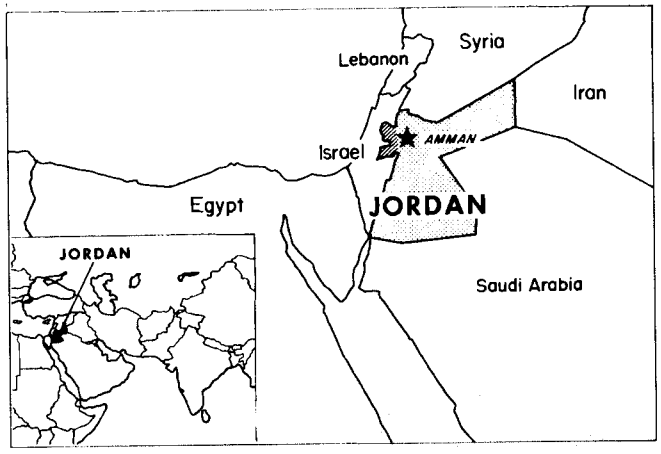
D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

DONOR	CY 1971	CY 1972	CY 1960-72
TOTAL	34.8	16.6	466.5
Italy	12.8	3.2	271.7
Germany	7.6	9.0	112.3
France	8.5	2.9	48.5
Other	5.9	1.5	34.0

ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

1972 (Calendar Year)	-
1973 (Calendar Year)	128
Cumulative thru 1973	2,103

Israel - GENERAL ECONOMIC DATA



BASIC DATA

Population (millions - mid-1973)	3.2
Annual Growth Rate (percent)	3.0
Area (1000 square miles)	8
Population Density per square mile	410
Agricultural Land as % of Total Area	60
Percent of Labor Force in Agriculture	8
Life Expectancy (years)	73
People per Doctor	390
Literacy Rate (percent)	84
Students as Percent of 5-19 Age Group (Primary & Secondary)	64

	Calendar Years				
GROWTH INDICATORS	1969	1970	1971	1972	1973 Est.
Total GNP (millions of 1972 dollars)*	5,320	5,726	6,278	6,895	7,170
Per Capita GNP (1972 dollars)	1,848	1,936	2,061	2,199	2,213
Investment - millions of 1972 $	1,499	1,693	2,094	2,234	2,316
- Percent of GNP[a]	27	29	32	32	32
Domestic Savings - millions of 1972 $	630	459	867	1,159	-209
- Percent of Investment[a]	14	9	24	33	(b)
Agricultural Production Index (1961-65=100)	135	139	156	172	173
Index per Capita	112	112	122	130	127
Citrus fruits (1,000 M.T.)	1,140	1,222	1,496	1,511	1,696
Industrial Production Index (1963=100)	184	203	228	255	260
INTERNATIONAL TRADE ($ millions)					
Total Exports (f.o.b.)	729	779	958	1,148	1,360
Polished diamonds	254	245	304	427	560
Total Imports (c.i.f.)	-1,331	-1,451	-1,808	-1,897	-2,990
Trade Balance	-602	-672	-850	-749	-1,630
GOLD & FOREIGN EXCHANGE ($ millions)[c]					
Official Reserves	412	449	737	1,222	1,516(Sept)
Commercial Bank Holdings	319	514	796	871(Aug)	
CONSUMER PRICE INDEX (1963=100)	130	138	155	174	210

	- Million Dollar Equivalents -		
CENTRAL GOVERNMENT FINANCES*	1971	1972	1973 Est.
Total Expenditures	3,138	3,628	7,046
(Defense Expenditures)	(1,321)	(1,491)	(3,953)
(as % of Total Expenditures)	(42%)	(41%)	(56%)
(Capital Outlays)	(542)	(559)	(570)
Total Domestic Revenues	2,040	2,660	3,953
As percent of GNP[a]	37%	39%	45%
Deficit (-) or Surplus (+)	-1,098	-968	-3,093

* - Converted at 4.2 Israeli pounds per U.S. dollar.
a - Based on data in current prices. b - Dissavings. c - Gross basis, end of year.

ISRAEL

PROGRAM SUMMARY (In millions of dollars)			
	FY 1973 Actual	FY 1974 Estimated	FY 1975 Proposed
Security Supporting Assistance	50	50	50

OBJECTIVES OF U.S. ASSISTANCE

U.S. policy in the Middle East is aimed at the establishment of a just and durable peace. This requires that we take the steps necessary for maintaining a balance of military capabilities and achieving stability in the area. The diplomatic efforts we are now engaged in to help bring peace to the Middle East rest critically on the parties' confidence in us. To Israel, long reliant on our support, we bear a special responsibility in this regard.

Israel's military and economic strength are the mainstays of its security. Our military and economic support for Israel are especially important now for this young country, shaken by the consequences of the October 1973 War. There is no doubt that continued evidence of U.S. support is also important to build the confidence essential for moving toward the peace settlement we all desire.

POLITICAL, MILITARY AND ECONOMIC

Israel's economy remains strong, the only serious problem being an inflation rate that may reach as high as 40 percent this year. Its foreign exchange reserve position is good. There is full employment, and production is returning to normal as the military reserves are demobilized. However, the drain on Israeli reserves caused by the war, and the high levels of military imports contemplated in the coming years, will place strain on foreign exchange reserves in FY 1975, accentuating an already heavy foreign debt load (the world's highest per capita) and putting a heavy burden on the Israeli people already bearing onerous taxes.

In 1974 Israeli defense expenditures are estimated to be $3.5 billion or forty-two percent of the entire budget and will constitute thirty percent of Israel's gross national product. The Government's foreign debt in 1972 was about $3.5 billion, up $1.4 billion from 1970. This is a per capita foreign debt of over $1,000 - among the highest in the world. In addition, the inflow of immigrants continued in 1973 at the rate of 55,000 per year coming from the USSR and other countries, which places a significant economic burden upon the country.

Security Supporting Assistance funds were provided in FY 1972, FY 1973 and FY 1974, in the amount of $50 million each year, to make dollar financing available to purchase imports of a variety of industrial and miscellaneous commodities from the United States. Those goods are sold in Israel and the proceeds in Israeli pounds are applied to general support of Israel's national budget.

PROPOSED FY 1975 PROGRAM

$50 million of Security Supporting Assistance funds are proposed for FY 1975. The funds will be used to continue the present commodity import program and assist the Israel Government to meet its financial burdens.

Israel

(U.S. Fiscal Years - Millions of Dollars)

PROGRAM	U. S. OVERSEAS LOANS AND GRANTS - OBLIGATIONS AND LOAN AUTHORIZATIONS															
	POST-WAR RELIEF PERIOD	MARSHALL PLAN PERIOD	MUTUAL SECURITY ACT PERIOD	FOREIGN ASSISTANCE ACT PERIOD											TOTAL LOANS AND GRANTS 1946-1973	REPAYMENTS AND INTEREST 1946-1973	TOTAL LESS REPAYMENTS AND INTEREST
	1946-1948	1949-1952	1953-1961	1962-1965	1966	1967	1968	1969	1970	1971	1972	1973	TOTAL FAA PERIOD 1962-1973			
I. ECONOMIC ASSISTANCE[a] – TOTAL	-	86.5	507.2	219.9	36.8	6.1	51.8	36.7	41.1	55.8	104.2	110.3	662.7	1,247.6	347.8	899.8
Loans	-	-	248.3	197.0	35.8	5.5	51.3	36.1	40.7	55.5	53.8	-	475.7	776.2	347.8	428.4
Grants	-	86.5	258.9	22.9	0.9	0.6	0.5	0.6	0.4	0.3	50.4	110.3	186.9	471.3	-	471.3
a. A.I.D. and Predecessor Agencies	-	63.7	311.5	130.4	10.0	5.5	-	-	-	-	50.0	50.0	245.9	612.3	148.7	463.6
Loans	-	-	96.0	130.0	10.0	5.5	-	-	-	-	-	-	145.5	234.3	148.7	85.6
Grants	-	63.7	215.5	0.4	-	-	-	-	-	-	50.0	50.0	100.4	378.0	-	378.0
(Security Supporting Assistance)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(50.0)	(50.0)	(100.0)	(100.0)		
b. Food for Peace (PL 480)	-	22.7	195.7	89.5	26.8	0.6	51.8	36.7	41.1	55.8	54.2	60.3	416.8	635.2	199.1	436.1
Title I - Total	-	-	165.2	85.5	25.9	-	51.3	36.1	40.7	55.5	53.8	59.4	408.2	573.4	199.1	374.3
Repayable in U.S. Dollars - Loans	-	-	-	-	8.3	-	40.9	36.1	40.7	55.5	53.8	59.4	294.7	294.7	26.3	268.4
Payable in Foreign Currency - Planned for Country Use	-	-	165.2	85.5	17.6	-	10.4	-	-	-	-	-	113.5	278.7	172.8	105.9
(Total Sales Agreements, incl. U.S. Uses)	(-)	(-)	(187.6)	(109.3)	(23.5)	(-)	(13.8)	(-)	(-)	(-)	(-)	(-)	(146.6)	(334.2)	(-)	(334.2)
Title II - Total	-	22.7	30.5	4.0	0.9	0.6	0.5	0.6	0.4	0.3	0.4	0.9	8.6	61.8	-	61.8
Emergency Relief, Econ. Development, & World Food	-	-	-	0.8	-	-	-	-	-	-	-	-	0.8	0.8	-	0.8
Voluntary Relief Agencies	-	22.7	30.5	3.2	0.9	0.6	0.5	0.6	0.4	0.3	0.4	0.9	7.8	61.0	-	61.0
c. Other Economic Assistance	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1
Peace Corps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	0.1	-	-	-	-	-	-	-	-	-	-	-	0.1	-	0.1
II. MILITARY ASSISTANCE – TOTAL	-	-	0.9	39.4	90.0	7.0	25.0	85.0	30.0	545.0	300.0	307.5	1,428.9	1,429.8	258.7	1,171.1
Credits or Loans	-	-	0.9	39.4	90.0	7.0	25.0	85.0	30.0	545.0	300.0	307.5	1,428.9	1,429.8	258.7	1,171.1
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
a. MAP Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b. Credit Sales under FMS	-	-	0.9	39.4	90.0	7.0	25.0	85.0	30.0	545.0	300.0	307.5	1,428.9	1,429.8	285.7	1,171.1
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e. Other Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	-	86.5	508.1	259.3	126.8	13.1	76.8	121.7	71.1	600.8	404.2	417.8	2,091.6	2,677.4	606.5	2,070.9
Loans	-	-	249.2	236.4	125.8	12.5	76.3	121.1	70.7	600.5	353.8	307.5	1,904.6	2,206.0	606.5	1,599.5
Grants	-	86.5	258.9	22.9	0.9	0.6	0.5	0.6	0.4	0.3	50.4	110.3	186.9	471.3	-	471.3
Other U.S. Government Loans and Grants	-	135.0	57.5	24.1	-	9.6	23.7	38.6	10.0	31.0	21.1	21.1	179.2	371.1	349.8	21.3
a. Export-Import Bank Loans	-	135.0	57.5	24.1	-	9.6	23.7	38.6	10.0	31.0	21.1	21.1	179.2	371.1	349.8	21.3
b. All Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*Less than $50,000.

[a]Official Development Assistance (ODA) - Official concessional aid for development purposes.

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1972	FY 1973	FY 1946-73
TOTAL	31.1	31.0	229.4
IBRD - World Bank	30.0	30.0	214.4
UN Development Program	1.1	1.0	13.8
Other UN (CY)	-	-	1.2

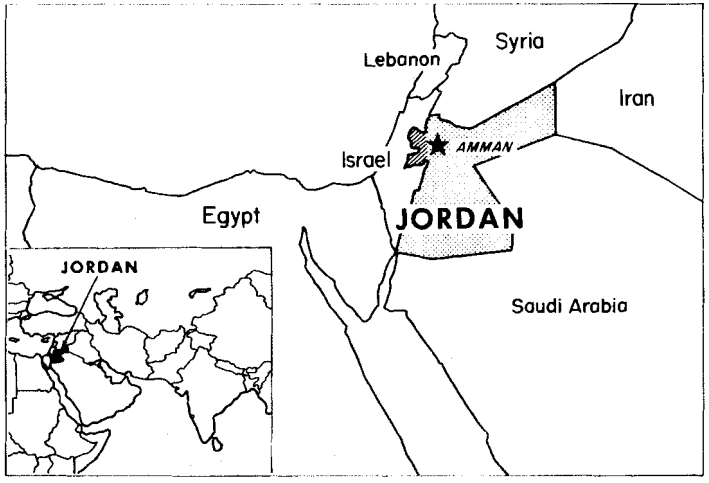
D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

DONOR	CY 1971	CY 1972	CY 1960-72
TOTAL	49.1	50.2	722.5
Germany	42.2	42.5	692.0
Canada	4.8	6.7	16.2
Italy	*	0.2	6.5
Other	2.1	0.8	7.8

ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

1972 (Calendar Year)	-
1973 (Calendar Year)	-
Cumulative thru 1973	-

Jordan - GENERAL ECONOMIC DATA



BASIC DATA

Population (millions; Mid-1973)	2.5	GNP Per Capita (1967; dollars) ...	286
Annual Growth Rate (percent)	3.0		
		Life Expectancy (years)	55 Est.
Area (1,000 square miles)	38	People per Doctor	3,760
Population Density per sq. mi.	70		
		Literacy Rate (percent)	32
Agricultural Land as % of Area	14	Students as Percent of	
Percent of Labor Force in Agriculture	35	5-19 Age Group ..... (Primary & Secondary)	57[a]

PRODUCTION

	1969	1970	1971	1972	1973 Est.
Agricultural Production Index (1961-65=100)	110	69	107	137	62
Index per Capita	90	55	82	102	45
Wheat (1,000 M.T.)	193	77	206	263	60
Tomatoes (1,000 M.T.)	215	219	216	171	160

INTERNATIONAL TRADE ($ millions)

Total Exports (f.o.b.)	41	34	32	48	46
Phosphates	10	6	6	10	11
Tomatoes	6	4	3	3	4
Total Imports (c.i.f.)	-190	-184	-215	-274	-320
Trade Balance	-149	-150	-183	-226	-274

GOLD & FOREIGN EXCHANGE ($ millions)[b]

Official Reserves	263	256	253	271	312
Commercial Bank Holdings	14	17	9	10	20
CONSUMER PRICE INDEX (1967=100) ..... (Amman)	108	115	120	129	143

a - Excludes West bank. b - Gross basis, end of year.

CENTRAL GOVERNMENT FINANCES*

	- Million Dollar Equivalents -		
	1971	1972	1973 Est.
Total Expenditures	262	303	325
(Defense Expenditures)	(123)	(137)	(139)
(As % of Total Expenditures)	(47%)	(45%)	(43%)
(Capital Outlays)	(40)	(61)	(78)
Total Domestic Revenues	111	118	143
As % of GNP	n.a.	n.a.	n.a.
Deficit (-) or Surplus (+)	-151	-185	-182

* - Converted at $3.11 per Jordanian dinar.

JORDAN PROGRAMS

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JORDAN

PROGRAM SUMMARY (In millions of dollars)	FY 1973 Actual	FY 1974 Estimated	FY 1975 Proposed
Security Supporting Assistance	50.000	55.000	77.500
Budgetary Support	50.000	55.000	67.500
Loans	-	-	10.000
Food Production and Nutrition	(-)	(.255)	(.380)
Education and Human Resources Development	(-)	(.300)	(.295)
Selected Development Problems	(-)	(.250)	(-)
Technical Assistance	(.976)	(-)	(-)
Development Loan Funds	(10.000)	(-)	(-)
	(60.976)	(55.805)	(78.175)

OBJECTIVES OF U.S. ASSISTANCE

A stable Jordanian Government with a moderate outlook is an essential ingredient in U.S. efforts to establish a just and lasting resolution of the Arab-Israel confrontation. With the achievement of disengagement between Israel and Egypt, Jordan will play an increasingly important part in the negotiations because of its key role in the settlement of issues concerning the West Bank and Jerusalem. If the present Jordanian Government were to fall, or to become seriously weakened economically, the likely result would be to undermine painstaking U.S. efforts to reestablish peace in the region and would heighten the possibility of further Arab-Israeli confrontation.

POLITICAL AND ECONOMIC SETTING

Prior to the 1967 War, Jordan had achieved an annual economic growth rate of about 10 percent with the help of developmental assistance provided by the U.S. and others. With that war, much of Jordan's most productive territory was occupied by Israel, and most of Jordan's traditional sources of foreign exchange earnings, such as tourism, were lost. In addition, a new influx of refugees and displaced persons occurred, raising their numbers to the point where they constitute a substantial proportion of Jordan's East Bank population.

Loss of revenue and other economic disruptions were offset to a large extent by budget support payments from Jordan's Arab neighbors under an agreement reached in Khartoum in which Kuwait, Libya and Saudi Arabia agreed to provide subsidies amounting to about $105 million annually. Thus, despite military, political and economic upheavals, the Jordanian Government was able to maintain its position as a moderate Arab state. Nonetheless, the favorable economic growth trend in the period prior to 1967 was reversed, in part due to the emergence of Palestinian guerrilla activity in Jordan which led to sharp reductions in developmental aid.

The growing military strength of the guerrillas led them to challenge the government, and in September 1970, after an initial series of inconclusive clashes with the Jordanian Army, the guerrillas were defeated and internal political stability was restored. However, both the governments of Kuwait and Libya expressed their displeasure by discontinuing their Khartoum subsidies. Only Saudi Arabia continued its $40 million annual payments. The loss of $64 million annually was more than could be offset by either budgetary economies or increased mobilization of domestic resources. In order to reduce Jordan's CY 1971 budget deficit to manageable proportions, the United States provided $50 million in budgetary support. We have continued these annual payments, providing $50 million in calendar year 1972 and $55 million in calendar year 1973. For the latter payment, we used $10 million from FY 1973 and $45 million from FY 1974 Supporting Assistance funds.

The events of October 1973 placed Jordan under enormous political and economic pressure from its Arab neighbors to join with them in the war against Israel. While the Jordanians sent a contingent of troops to Syria, the long border between Jordan and Israel remained quiet during the entire period of the war. Although the troops were withdrawn early in 1974, Kuwait resumed its budgetary support and various Arab states helped Jordan replace military equipment lost or damaged.

JORDAN

A sharp rise in prices occurred in the latter part of 1973, resulting from higher world prices for imports, wage increases, and budgetary constraints which made it necessary to reduce government subsidies on a number of basic commodities. This inflation, if unchecked, could lead to severe dislocations in the economy and could have serious political consequences.

PROPOSED FY 1975 PROGRAM

A. Supporting Assistance: It is proposed to provide Jordan with $77.5 million in Supporting Assistance in FY 1974, as follows:

(1) Budget Support - $67.5 million: Jordan's narrow economic base is not capable of yielding adequate revenues to cover essential non-defense spending. Thus, continued budgetary support from abroad is necessary to maintain the essential level of domestic outlays. Without it, economic and political stability would be undermined. The political and social tensions thus provoked might well force Jordan to abandon its moderate foreign policy stance, and to seek assistance from radical states likely to pressure Jordan into additional confrontations with Israel as a price for their support. Further, an extensive drought in Jordan in 1973 put additional severe strains on Jordan's continuing efforts to raise domestic revenues and limit its expenditures. Even with the partially restored Arab financial assistance, Jordan will require $67.5 million in Supporting Assistance cash grants from the U.S. in FY 1975.

(2) Capital Assistance Loans - $10 million: With the suppression of the Palestine guerrillas in 1970, the Government of Jordan turned its attention again to the country's developmental problems. It requested the United States and other donors to resume their development aid, which had come to a virtual standstill after 1967. At the urging of potential donors, the Jordanians prepared a comprehensive plan for development in 1972. A review by the U.S. and other donors indicated that the Three-Year Economic Development Plan provided a sound and reasonable basis for development in Jordan. The U.S. then extended a $10 million Development Loan in FY 1973 to finance irrigation facilities in the Jordan Valley in support of the Plan and agreed to review additional requests for assistance within the Plan's framework.

We propose to provide $10 million in Supporting Assistance funds to finance two loans of $5 million each in FY 1975. The first would finance resettlement in the Jordan Valley; and the second would support agricultural development of the Jordan Valley.

B. Development Assistance Project Program: We propose to provide $675,000 in FY 1975 Development Assistance funds to finance a technical assistance program with emphasis in two areas: (1) Food Production and Nutrition; and (2) Education and Human Resources Development.

Exports of tomatoes provide Jordan with its second largest source of foreign exchange earnings. Yet, Jordan is far from being self-sufficient in agriculture production. It must depend on imports to meet its basic requirements of foodstuffs, particularly of wheat. FY 1975 projects in this area are designed to assist Jordan in developing increased agriculture production by assisting in resettlement of the Jordan Valley, agriculturally the most productive area of the country; by providing training for the Agriculture Faculty of the University of Jordan; and by assisting the Ministry of Agriculture to improve its capability to collect and analyze data necessary to sound agriculture policies.

The second area of concentration is on training of Government of Jordan officials in development project design and implementation, and in coordination of Jordanian resources with those potentially available from various assistance donors.

The U.S. also plans a PL-480 program of approximately 45,000 tons of wheat and 35,000 tons of corn.

SUMMARY OF PROGRAM BY FUNCTION
(Dollar Amounts in Thousands)

COUNTRY: JORDAN

TABLE II

Category	Actual FY 1973			Estimate FY 1974			Proposed FY 1975		
	Total	Dev. Assist.	Supp. Assist.	Total	Dev. Assist.	Supp. Assist.	Total	Dev. Assist.	Supp. Assist.
Loan Program	10,000	10,000	-	-	-	-	10,000	-	10,000
Programs Other than Loans									
Project Assistance									
U.S. Technicians	154	154	-	32	32	-	132	132	-
Participants	370	370	-	360	360	-	460	460	-
Commodities	7	7	-	-	-	-	75	75	-
Other Costs	445	445	-	413	413	-	8	8	-
Total Project Assistance	976	976*	-	805	805	-	675	675	-
Method of Financing									
Project Assistance									
Direct A.I.D.	626	626	-	375	375	-	365	365	-
Other Agency	35	35	-	35	35	-	35	35	-
Contract	315	315	-	395	395	-	275	275	-
Program Assistance	50,000	-	50,000	55,000	-	55,000	67,500	-	67,500
Total Other than Loans	50,976	976*	50,000	55,805	805	55,000	68,175	675	67,500
Total Assistance	60,976	10,976*	50,000	55,805	805	55,000	78,175	675	77,500

* Includes $125,000 in program-funded operating expenses

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1973	Estimate FY 1974	Proposed FY 1975
A.I.D. employed	1	1	-
Participating agency	-	1	-
Contractor technicians	-	-	3
Total	1	2	3

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1973	Estimate FY 1974	Proposed FY 1975
Non-contract	54	61	52
Contract	-	-	12
Total	54	61	64

Country: JORDAN

GRANT ACTIVITY DATA

TABLE III

TITLE	FUNDS	PROPOSED OBLIGATION ($000)	
East Ghor Development	Food Production and Nutrition	40	
NUMBER 278-12-120-174	PRIOR REFERENCE P. 35, FY 1974 Security SA PDB	INITIAL OBLIGATION FY: 1973	SCHEDULED FINAL OBLIGATION FY: 1976

Project Target and Course of Action. This project provides selected technical assistance to the Government of Jordan to assist in executing the Three-Year Economic Development Plan (1973-1975) as it applies to the East Ghor area of the Jordan Valley. The Plan provides for the rehabilitation, resettlement and economic development of the East Bank of the Jordan Valley known as the East Ghor where Jordan has its greatest potential for all-season agriculture.

Progress to Date. In an earlier project, A.I.D. financed the major part of a $22 million irrigation project completed in 1965 through a $14.6 million contribution. Yarmouk River water was diverted into a main canal built parallel to and east of the Jordan River. Lateral canals were then constructed and now water is provided to about 35,000 acres of farm land, which had been redistributed to peasant farmers. The basic irrigation and drainage system for the Upper Ghor was completed in 1966.

The 1967 War and continued security problems caused damage to the canal and disrupted production, marketing and social patterns in the area. The security situation has stabilized since September 1970 and rehabilitation in the old project area is now underway. Valley rehabilitation and further development is the most important part of Jordan's Three-Year Plan.

In February 1973, a $10 million development loan was authorized to provide funds for extension of irrigation facilities to serve 12,500 acres in the South Ghor area. This project began in FY 1973 providing technical assistance and financing a pilot activity to develop designs, construction techniques, and implementation of procedures for a low-cost housing program for the Valley. An U.S. consulting firm financed by the United States analyzed preliminary plans by the Government of Jordan, and developed a comprehensive valley-wide resettlement program, including detailed plans for three of the 30 village development sites, and prepared a low-cost housing program. The contract was extended in FY 1974 to develop detailed plans for the remaining 27 sites and to advise the Jordanians in the early stages of implementation of those plans.

FY 1975 Program. For FY 1975, a total of $40,000 is requested for training of 2 long-term and 5 short-term participants in fields related to local government administration, community development, water management and operation of irrigation systems.

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/73	228	68	160
Estimated FY 74	160	140	
Estimated through 6 30 74	388	208	180
		Future Year Obligations	Estimated Total Cost
Proposed FY 75	40	422	850

Cost Components	OBLIGATIONS: Estimated FY 1974 Direct AID	Estimated FY 1974 Contract ~~XXXX~~	Estimated FY 1974 Total	Proposed FY 75 Direct AID	Proposed FY 75 Contract ~~XXXX~~	Proposed FY 75 Total
U.S. Technicians	-	-	-	-	-	-
Participants	15	-	15	40	-	40
Commodities	-	-	-	-	-	-
Other Costs	-	145	145	-	-	-
Total Obligations	15	145	160	40	-	40

PRINCIPAL CONTRACTORS/AGENCIES

Planning and Development Collaborative International, (PADCO)

Country: JORDAN

GRANT ACTIVITY DATA

TABLE III

TITLE	FUNDS	PROPOSED OBLIGATION ($000)	
Faculty of Agriculture, Research and Development	Food Production and Nutrition	275	
NUMBER 278-11-110-178	PRIOR REFERENCE -	INITIAL OBLIGATION FY: 1975	SCHEDULED FINAL OBLIGATION FY: 1979

Project Target and Course of Action. The purpose of this project is to enhance the agricultural research capability of the Agriculture Faculty of Jordan University.

Progress to Date. Jordan is a net importer of basic foodstuffs. While agriculture is limited in most of the country by the lack of water resources, the Jordan Valley region has a significant potential for increased agricultural production. Development of available water supplies and the semi-tropical climate give it a considerable advantage over neighboring countries in the production of off-season fruits and vegetables. However, to maximize agricultural production is essential to develop and introduce new, high-value crops and the technology needed to produce them in quantity.

Currently, the Ministry of Agriculture is conducting a modest broad-scale research program at several locations in the country aimed at country-wide production problems. However, its inability to retain an adequate research staff is hampering efforts to obtain useful results.

This project will focus on developing the research capability of the faculty of Agriculture of the University of Jordan through (a) up-grading and expansion of the faculty staff, (b) the construction of research facilities, laboratories, and experimental plots, (c) the design and implementation of specific research programs, and (d) ability to prepare and disseminate information on the results of the research.

Emphasis will be placed on applied research in problem areas as agreed upon with the Ministry of Agriculture in order to avoid duplication and to bring the greatest benefit to the agricultural community of Jordan.

It is anticipated that the project will take five years to complete.

FY 1975 Program. Total funding of $275,000 is proposed for FY 1975. These funds will finance the services of three contract technicians ($100,000); training in the United States for 12 long-term participants ($95,000); commodities including laboratory equipment, teaching materials and machinery ($75,000); and local support costs ($5,000).

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/73	-	-	-
Estimated FY 74	-	-	
Estimated through 6/30/74	-	-	-
		Future Year Obligations	Estimated Total Cost
Proposed FY 75	275	1,090	1,365

Cost Components	OBLIGATIONS: Estimated FY 1974 Direct AID	Estimated FY 1974 Contract Other Agency	Estimated FY 1974 Total	Proposed FY 75 Direct AID	Proposed FY 75 Contract ~~Other Agency~~	Proposed FY 75 Total
U.S. Technicians	-	-	-	-	100	100
Participants	-	-	-	-	95	95
Commodities	-	-	-	-	75	75
Other Costs	-	-	-	-	5	5
Total Obligations	-	-	-	-	275	275

PRINCIPAL CONTRACTORS/AGENCIES

Country: JORDAN

GRANT ACTIVITY DATA

TABLE III

TITLE	FUNDS	PROPOSED OBLIGATION ($000)	
Agricultural Economics & Planning	Food Production and Nutrition	65	
NUMBER 278-11-140-134	PRIOR REFERENCE P.37, FY 1974 Security SA PDB	INITIAL OBLIGATION FY: 1970	SCHEDULED FINAL OBLIGATION FY: 1975

Project Target And Course Of Action. This project is designed to help improve the capability of the Ministry of Agriculture's Directorate of Economics to collect and analyze data upon which to base sound agricultural policies and decisions.

Progress To Date. The Ministry of Agriculture has provided the necessary personnel to staff the Directorate of Agricultural Economics and began studies of production costs of several crops in Jordan. The United States provided an advisor to help initiate the project, but he was withdrawn at the time of the September 1970 civil conflict.

A.I.D. provided the services of two U.S. Department of Agriculture economists in FY 1973, and again in FY 1974 to initiate a program of collection and analysis of agriculture production data in the East Ghor region of the Jordan Valley. The program includes training Directorate personnel in appropriate data selection, collection techniques; construction of a linear programming model obtained for use in developing alternatives on which agricultural policy recommendations can be made.

To date, data compiled include information on cropping and harvesting dates, labor requirements and costs of production of major crops grown in the Valley. In addition, the consultants have constructed and tested a preliminary linear programming model which has produced comparative production cost figures on several crops.

In FY 1975, the consultants will return to Jordan to refine and expand the linear programming model to include data on Jordan as a whole. They will run additional analysis on cost Directorate personnel in interpreting results obtained and demonstrating their use in recommendating crop production alternatives throughout the country.

FY 1975 Program. For FY 1975, a total of $65,000 is being requested. Of this amount, $32,000 will finance the services of three U.S. Department of Agriculture consultants to assist the Ministry of Agriculture to complete this project; $30,000 will provide training for 5 participants in the United States; and $3,000 in other costs will cover related indigenous survey materials and supplies for analysis plus necessary in-country travel.

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/73	108	70	38
Estimated FY 74	65	52	
Estimated through 6/30/74	173	122	51
		Future Year Obligations	Estimated Total Cost
Proposed FY 75	65	-	238

Cost Components	OBLIGATIONS					
	Estimated FY 1974			Proposed FY 75		
	Direct AID	Other Agency	Total	Direct AID	Other Agency	Total
U.S. Technicians	-	32	32	-	32	32
Participants	30	-	30	30	-	30
Commodities	-	-	-	-	-	-
Other Costs	-	3	3	-	3	3
Total Obligations	30	35	65	30	35	65

PRINCIPAL CONTRACTORS/AGENCIES

U. S. Department of Agriculture

Country: JORDAN

GRANT ACTIVITY DATA

TABLE III

TITLE	FUNDS	PROPOSED OBLIGATION ($000)	
Development Administration Training	Education & Human Resources Development	295	
NUMBER 278-11-790-146	PRIOR REFERENCE P. 39, FY 1974 Security SA PDB	INITIAL OBLIGATION FY: 1970	SCHEDULED FINAL OBLIGATION FY: 1979

Project Target and Course of Action: This project is designed to improve the Jordanian Government's competence to plan and manage development programs. It includes provision of training for personnel in project conception, development, implementation and evaluation.

Management skills in the Government of Jordan have not kept pace with improvements achieved in technical and professional levels. The result has been that the Government has been more successful in obtaining financing for its current three-year economic development plan than it has in developing and executing development projects. Unless this condition is corrected, the current development plan will lag. Government performance will, of course, be a major consideration by other donors when contemplating future assistance in Jordan.

Progress to Date: Since this project was initiated, A.I.D. has funded 165 participants for training in the U.S. and in third countries. Training has been in such fields as public administration, auditing and accounting. Project emphasis has now been shifted to more pragmatic training for Government of Jordan officials in fields most suited to ensure maximum government professional contribution to development projects, such as revenue collection, industrial marketing, computer programming, engineering and farm management.

FY 1975 Program: A total of $295,000 is requested to finance training programs for 40 participants.

U.S. DOLLAR COST (In Thousands)

	Obligations	Expenditures	Unliquidated
Through 6/30/73	1,196	850	346
Estimated FY 74	300	275	
Estimated through 6/30/74	1,496	1,125	371
		Future Year Obligations	Estimated Total Cost
Proposed FY 75	295	1,009	2,800

Cost Components	OBLIGATIONS					
	Estimated FY 1974			Proposed FY 75		
	Direct AID	Contract/ Other Agency	Total	Direct AID	Contract Other Agency	Total
U.S. Technicians	-	-	-	-	-	-
Participants	300	-	300	295	-	295
Commodities	-	-	-	-	-	-
Other Costs	-	-	-	-	-	-
Total Obligations	300	-	300	295	-	295

PRINCIPAL CONTRACTORS/AGENCIES

Country: JORDAN

LOAN ACTIVITY DATA

TABLE IV

TITLE	FUNDS	PROPOSED OBLIGATION ($000)
Agricultural Sector Loan	Supporting Assistance	5,000
	KIND OF LOAN Sector	INITIAL OBLIGATION FY: 1975

Purpose. The purpose of this loan is to provide employment opportunities and more equitable distribution of income for the indigenous population as well as for people being resettled in the East Ghor region of the Jordan Valley who are engaged in agriculture and related agri-business enterprises. Funds will be used to assist the Government of Jordan to carry out its program of agriculture development as proposed in its Three-Year Development Plan for the Jordan Valley. The Plan calls for providing farmers with all the modern techniques and equipment needed for intensive farming. Included in the Plan are requirements for institutional improvements and projects dealing with agriculture research and extension, livestock and veterinary services, agriculture marketing, credit, cooperatives, forestry, irrigation and farm to market access.

Description of Proposed Loan. This proposed loan would provide financing to: (1) increase the availability of agricultural credit to farmers and to farmer organizations; (2) provide increased availability of crop and livestock production inputs, such as fertilizers, pesticides, farm implements and feed concentrates; (3) upgrade the quality of agriculture research and farmer training and information programs; (4) develop improved production and marketing facilities; and (5) provide additional farm and farm related infrastructure requirements such as: farm to market access roads, small irrigation structures, watershed protection works, and other capital improvements.

It is proposed that the loan be administered by the Jordan Valley Commission, which will coordinate the efforts of ministries and institutions having responsibilities for carrying out projects listed in the Three-Year Plan for the Valley.

The terms of the loan would be for 40 years, with a grace period of 10 years. Interest would be charged at the rate of 2% during the grace period and at 3% during the loan's amortization period. The currency of repayment would be in U.S. dollars. This loan can be authorized and signed early in calendar year 1975.

Country: JORDAN

LOAN ACTIVITY DATA

TABLE IV

TITLE	FUNDS	PROPOSED OBLIGATION ($000)
Village Development	Supporting Assistance	$5,000
	KIND OF LOAN: Project	INITIAL OBLIGATION FY: 1975

Purpose. The purpose of this proposed loan is to provide: (a) financing for the construction and/or rehabilitation of 30 village sites in the East Ghor region of the Jordan Valley; and (b) credit for construction of individually owned low-cost houses for the Valley population.

Description of Loan. Funds, estimated at $2.5 million, are proposed to finance preparation of 30 village sites to include land clearing, plot preparation for houses, installation of central water points, construction of streets, market places, schools and clinics and preparation of designs for utility networks for electricity and telecommunications.

Village sites insofar as possible, will be away from potentially cultivable tracts so as to maximize the use of arable land.

Approximately $2.5 million is proposed to finance the cost of construction of houses. Designs have been developed for low-cost houses that would be priced approximately $1,000 each, with credit on reasonable terms and a 20-year repayment period. Such houses are well within the reach of the majority of the small farmers and laboring families in the Jordan Valley. U.S. funds will be used to capitalize a Government of Jordan financial institution to enable it to make cash loans.

The terms of the loan would be for 40 years with a grace of 10 years. Interest would be charged at the rate of 2 percent during the grace period and at 3 percent during the loan amortization period. The currency of repayment would be in U.S. dollars. It is expected that this loan can be authorized and signed early in the first quarter of FY 1975.

COUNTRY: JORDAN

GRANT ACTIVITY SUMMARY

(Dollar Amounts in Thousands)

TABLE V

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1973			Estimated FY 1974			Proposed Program FY 1975	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligation 6/30/73	Obligations	Expenditures	Unliquidated Obligation 6/30/74			
Wheat Research and Production	278-11-130-139	1968	1974	584	338	246	30	80	196	-	-	614
Feasibility Studies	278-12-995-127	1966	1974	3,201	3,059	142	250	150	242	-	-	3,451
					Total		280	230	438	-	-	4,065

*Detailed project narrative—See Table III.

STATUS OF ACTIVE DEVELOPMENT LOANS SUMMARY

Authorized as of 12/31/73

COUNTRY: JORDAN

(In Thousands of Dollars)

TABLE VI

Loan No.		Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Repayment	Amount Authorized	As of 12/31/73		
		Authorized	Loan Agreement			Grace Period	Amortization			Amount Disbursed	Principal Repayments	Interest Collected
278-11-006	Telecommunications Systems Improvement	5/25/66	7/14/66	10	40	1	2 1/2	US $	6,300	6,178	-	59
278-11-009	East Ghor Canal Extension	2/9/73	2/22/73	10	40	2	3	US $	10,000	-	-	-

Jordan

(U.S. Fiscal Years - Millions of Dollars

PROGRAM	U. S. OVERSEAS LOANS AND GRANTS - OBLIGATIONS AND LOAN AUTHORIZATIONS															
	POST-WAR RELIEF PERIOD	MARSHALL PLAN PERIOD	MUTUAL SECURITY ACT PERIOD	FOREIGN ASSISTANCE ACT PERIOD											TOTAL LOANS AND GRANTS 1946-1973	REPAYMENTS AND INTEREST 1946-1973	TOTAL LESS REPAYMENTS AND INTEREST
	1946-1948	1949-1952	1953-1961	1962-1965	1966	1967	1968	1969	1970	1971	1972	1973	TOTAL FAA PERIOD 1962-1973			
I. ECONOMIC ASSISTANCE[a] – TOTAL	-	5.2	275.4	194.6	45.6	45.5	19.0	11.6	3.9	16.8	59.4	70.6	467.0	736.1	5.5	730.6
Loans	-	-	4.7	1.6	8.5	6.6	1.8	1.3	-	1.2	1.7	15.9	38.6	39.6	5.5	34.1
Grants	-	5.2	270.7	193.0	37.1	38.9	17.2	10.3	3.9	15.6	57.7	54.7	428.4	696.5	-	696.5
a. A.I.D. and Predecessor Agencies	-	4.7	227.5	167.8	43.5	37.7	12.2	1.5	1.5	6.0	55.6	61.0	386.8	607.5	3.2	604.3
Loans	-	-	4.7	1.6	7.9	1.8	-	-	-	-	-	10.0	21.3	22.3	3.2	19.1
Grants	-	4.7	222.8	166.2	35.6	35.9	12.2	1.5	1.5	6.0	55.6	51.0	365.5	585.2	-	585.2
(Security Supporting Assistance)	(-)	(-)	(-)	(140.0)	(32.0)	(32.0)	(10.2)	(-)	(-)	(5.0)	(55.0)	(50.0)	(324.2)	(304.6)		
b. Food for Peace (PL 480)	-	0.4	46.7	26.8	2.1	7.8	6.8	10.1	2.4	10.8	3.8	9.6	80.2	127.3	2.3	125.0
Title I - Total	-	-	-	-	0.6	4.8	1.8	1.3	-	1.2	1.7	5.9	17.3	17.3	2.3	15.0
Repayable in U.S. Dollars - Loans	-	-	-	-	-	1.7	1.8	1.3	-	1.2	1.7	5.9	13.6	13.6	1.6	12.0
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	0.6	3.1	-	-	-	-	-	-	3.7	3.7	0.7	3.0
(Total Sales Agreements, incl. U.S. Uses)	(-)	(-)	(-)	(-)	(2.4)	(5.7)	(-)	(-)	(-)	(-)	(-)	(-)	(8.1)	(8.1)	(-)	(8.1)
Title II - Total	-	0.4	46.7	26.8	1.5	3.0	5.0	8.8	2.4	9.6	2.1	3.7	62.9	110.0	-	110.0
Emergency Relief, Econ. Development, & World Food	-	-	34.8	21.7	*	2.1	3.2	6.6	0.6	6.7	0.4	3.2	44.5	79.3	-	79.3
Voluntary Relief Agencies	-	0.4	11.9	5.1	1.5	0.9	1.8	2.2	1.8	2.9	1.7	0.5	18.4	30.7	-	30.7
c. Other Economic Assistance	-	0.1	1.2	-	-	-	-	-	-	-	-	-	-	1.3	-	1.3
Peace Corps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	0.1	1.2	-	-	-	-	-	-	-	-	-	-	1.3	-	1.3
II. MILITARY ASSISTANCE – TOTAL	-	-	15.8	22.6	20.3	13.0	0.4	14.2	0.2	59.2	52.2	39.5	221.6	237.4	15.6	221.8
Credits or Loans	-	-	-	-	15.0	-	-	14.0	-	30.0	10.0	-	69.0	69.0	15.6	54.3
Grants	-	-	15.8	22.6	5.3	13.0	0.4	0.2	0.2	29.2	42.2	39.5	152.6	168.4	-	168.4
a. MAP Grants	-	-	15.5	20.2	4.3	12.5	0.4	0.2	0.2	28.8	40.3	32.8	139.7	155.0	-	155.0
b. Credit Sales under FMS	-	-	-	-	15.0	-	-	14.0	-	30.0	10.0	-	69.0	69.0	15.6	53.4
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	-	-	0.3	2.4	1.0	0.5	-	-	-	0.4	1.9	6.7	12.9	13.4	-	13.4
e. Other Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	-	5.2	291.2	217.2	65.9	58.5	19.4	25.8	4.1	76.0	111.6	110.1	688.6	973.5	21.1	952.4
Loans	-	-	4.7	1.6	23.5	6.6	1.8	15.3	-	31.2	11.7	15.9	107.6	108.6	21.1	87.5
Grants	-	5.2	286.5	215.6	42.4	51.9	17.6	10.5	4.1	44.8	99.9	94.2	581.0	864.9	-	864.9
Other U.S. Government Loans and Grants	-	-	-	1.6	-	-	-	0.2	8.3	-	-	6.6	16.7	16.6	3.3	13.3
a. Export-Import Bank Loans	-	-	-	1.6	-	-	-	0.2	8.3	-	-	5.9	16.0	15.9	2.6	13.3
b. All Other	-	-	-	-	-	-	-	-	-	-	-	0.7	0.7	0.7	0.7	-

*Less than $50,000.

[a]Official Development Assistance (ODA) - Official concessional aid for development purposes.

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1972	FY 1973	FY 1946-73
TOTAL	9.6	22.4	69.4
Int'l Dev. Association	5.4	18.9	40.3
UN Development Program	3.3	3.5	24.8
Other UN (CY)	0.9	-	4.3

D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

DONOR	CY 1971	CY 1972	CY 1960-72
TOTAL	11.3	22.5	134.7
U.K.	7.4	5.3	84.8
Germany	3.5	16.4	43.6
Other	0.4	0.8	6.3

ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

1972 (Calendar Year) ..... -

1973 (Calendar Year) ..... -

Cumulative thru 1973 ..... -

Middle East Special
Requirements

PROGRAM SUMMARY (In millions of dollars)			
	FY 1973 Actual	FY 1974 Estimated	FY 1975 Proposed
Special Requirements Fund	--	--	100

MIDDLE EAST SPECIAL REQUIREMENTS FUND

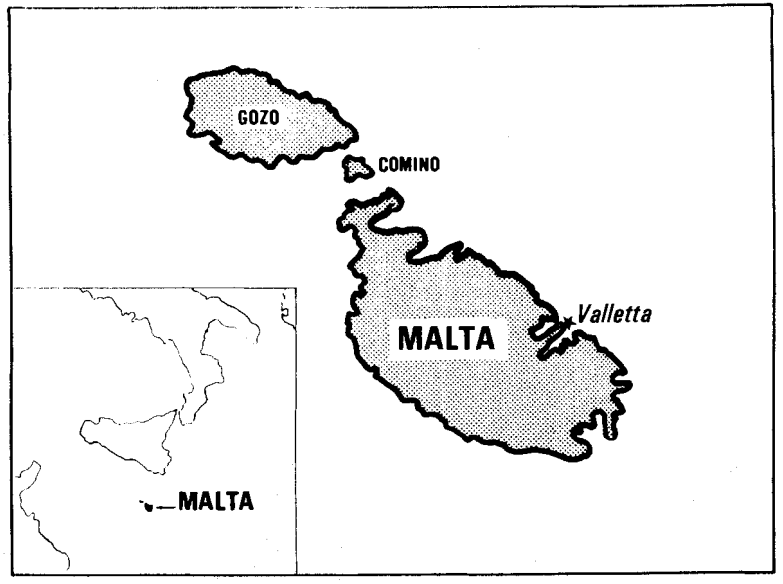
We now hope that after 25 years there can be substantial new progress toward resolution of the Arab-Israeli dispute. However, it should be emphasized that the current cease-fire and negotiations within the framework of the Geneva Conference do not constitute a peace settlement but only a fragile foundation upon which such a settlement can be built. The major responsibility for accommodation rests, of course, with the confrontation countries -- Egypt, Syria, Jordan, and Israel. The interests of the world's two superpowers -- the United States and the Soviet Union are, nevertheless, involved in the conflict. It is unnecessary to describe in greater detail how immense is America's stake in a peaceful solution to the Middle East conflict, or how disastrous would be the consequences if America failed to live up to its unique peacemaking responsibilities.

Unfortunately, there are elements in the Middle East dedicated to negating our peace effort. Specifically, these elements will take advantage of any delay or any miscalculation on the part of the negotiating parties to undermine the fragile foundations that we have labored so hard to erect. Accordingly, it will be necessary at some point to move rapidly with supportive economic and humanitarian efforts in order to turn the evolving agreement into reality. Delays will enable such elements to succeed in their goal of sabotaging the type of peace that would be acceptable to Israel, the United States, and the Arab regimes.

The Administration, therefore, is requesting a special $100 million fund to provide additional impetus for a settlement and to meet the economic and humanitarian requirements that are certain to arise. It is not possible at this time to specify with any degree of precision how these funds will be used. Some may be utilized to resettle refugees, some to assist additional U.N. truce supervision and peacekeeping missions, and some for development projects -- for example, in areas presently under occupation which could be involved under the terms of a settlement. The latter projects are likely to be of special urgency as large numbers of Palestinians look to the established regimes -- rather than the revolutionary organizations -- to help them fulfill their aspirations. What is important -- even crucial -- in the months ahead is that the United States Government be in a position to sustain its lead in moving all parties to this dispute towards a negotiated settlement and away from further military adventures that would jeopardize world peace and disrupt the international economy on an even greater scale than before. Both the Arabs and Israelis are looking to us for constructive initiatives. We must have the economic resources immediately available to respond to these expectations and to assist in creating a peace that will advance our own national interests as well as those of the parties to the dispute. Our failure to meet this responsibility with the utmost promptness could have dire political and economic consequences.

Since precise uses of these funds cannot be identified in advance, the proposed authorizing legislation would provide that the Congress be provided a complete and timely explanation of uses, including consultation in advance wherever possible.

Malta



BASIC DATA

Population *(thousands-mid-1973)*	329
Annual Growth Rate *(percent)*	0.8
Area *(1000 square miles)*	124
Population Density per square mile	2,650
Agricultural Land as % of Total Area	44
Percent of Labor Force in Agriculture	6
Life Expectancy *(years)*	71
People per Doctor	970
Literacy Rate *(percent)*	83
Students as Percent of 5-19 Age Group *(Primary & Secondary)*	69

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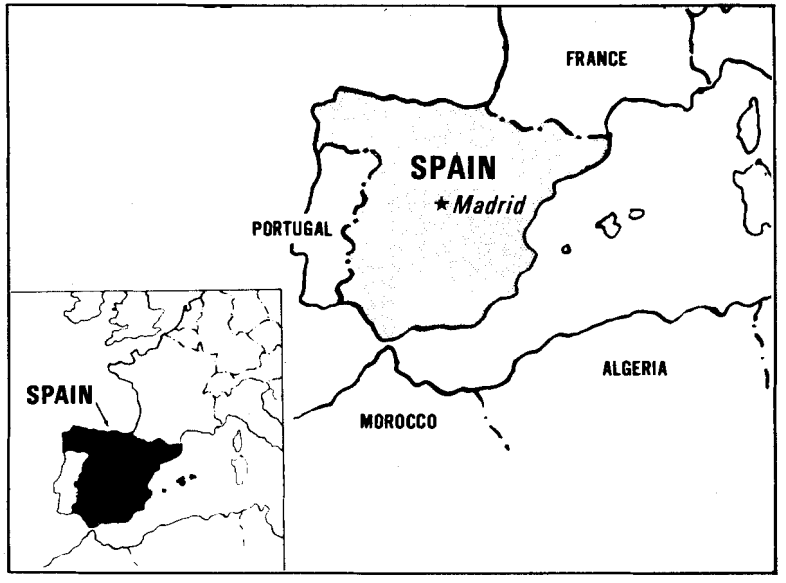
Spain



BASIC DATA

Population *(millions – mid 1973)*	34.8
Annual Growth Rate *(percent)*	1.1
Area *(1000 square miles)*	195
Population Density per square mile	180
Agricultural Land as % of Total Area	69
Percent of Labor Force in Agriculture	29
Life Expectancy *(years)*	72
People per Doctor	750
Literacy Rate *(percent)*	86
Students as Percent of 5-19 Age Group *(Primary & Secondary)*	63

OTHER PROGRAMS

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MALTA

PROGRAM SUMMARY (In millions of dollars)			
	FY 1973 Actual	FY 1974 Estimated	FY 1975 Proposed
Security Supporting Assistance	14.383	9.500	9.500

POLITICAL, MILITARY AND ECONOMIC SETTING

Malta's position in the Mediterranean is important to the defense of Europe and especially the security of the Mediterranean. Military forces of the United Kingdom have been stationed there under agreements with the Government of Malta.

In June 1971, the Government of Malta began renegotiation of the financial and military arrangements with the United Kingdom to continue British military presence on Malta. The North Atlantic Treaty Organization (NATO) supported the negotiations. A new defense agreement was concluded between the United Kingdom and Malta. NATO members have agreed that a continued U.K. military presence on Malta and concomitant exclusion of Warsaw Pact Forces in the Mediterranean warrant a substantial financial outlay by members of the Alliance.

As a result of the agreement signed March 26, 1972 between the United Kingdom and Malta, the Government of Malta will receive an annual payment of 14 million pounds sterling (about $37 million) for a seven-year period. The U.S. share totals approximately $9.5 million annually (about twenty-five percent).

In addition to the annual payments, a $5 million loan from Supporting Assistance funds was extended to the Government of Malta in FY 1973 to purchase U.S. equipment and services in support of Maltese development programs which are aimed at achieving economic self-sufficiency for the Island by 1979. Excess U.S. property has also been made available to the Maltese Government to support its development activities. PL-480 Title II commodities worth approximately $250,000 were allocated to Catholic Relief Services in FY 1974 for distribution in Malta.

PROPOSED FY 1975 PROGRAM

In FY 1975, $9.5 million of Supporting Assistance funds is being requested for the annual U.S. share of payments to Malta under the NATO agreement.

Malta

(U.S. Fiscal Years - Millions of Dollars

PROGRAM	U. S. OVERSEAS LOANS AND GRANTS - OBLIGATIONS AND LOAN AUTHORIZATIONS														REPAYMENTS AND INTEREST 1946-1973	TOTAL LESS REPAYMENTS AND INTEREST
	POST-WAR RELIEF PERIOD	MARSHALL PLAN PERIOD	MUTUAL SECURITY ACT PERIOD	FOREIGN ASSISTANCE ACT PERIOD										TOTAL LOANS AND GRANTS 1946-1973		
	1946-1948	1949-1952	1953-1961	1962-1965	1966	1967	1968	1969	1970	1971	1972	1973	TOTAL FAA PERIOD 1962-1973			
I. ECONOMIC ASSISTANCE[a] – TOTAL	-	0.3	3.8	0.7	1.2	0.1	0.3	1.7	0.1	0.2	9.7	14.7	28.7	32.8	-	32.8
Loans	-	-	-	-	-	-	-	-	-	-	-	5.0	5.0	5.0	-	5.0
Grants	-	0.3	3.8	0.7	1.2	0.1	0.3	1.7	0.1	0.2	9.7	9.7	23.7	27.8	-	27.8
a. A.I.D. and Predecessor Agencies	-	-	-	-	-	-	-	-	-	-	9.5	14.4	23.9	23.9	-	23.9
Loans	-	-	-	-	-	-	-	-	-	-	-	5.0	5.0	5.0	-	5.0
Grants	-	-	-	-	-	-	-	-	-	-	9.5	9.4	18.9	18.9	-	18.9
(Security Supporting Assistance)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(9.5)	(14.4)	(23.9)	(23.9)		
b. Food for Peace (PL 480)	-	0.3	3.8	0.7	1.2	0.1	0.3	1.7	0.1	0.2	0.2	0.3	4.8	8.9	-	8.9
Title I - Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayable in U.S. Dollars - Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable in Foreign Currency - Planned for Country Use	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Total Sales Agreements, incl. U.S. Uses)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Title II - Total	-	0.3	3.8	0.7	1.2	0.1	0.3	1.7	0.1	0.2	0.2	0.3	4.8	8.9	-	8.9
Emergency Relief, Econ. Development, & World Food	-	-	-	-	0.8	-	-	1.6	-	-	-	-	2.4	2.4	-	2.4
Voluntary Relief Agencies	-	0.3	3.8	0.7	0.4	0.1	0.3	0.1	0.1	0.2	0.2	0.3	2.4	6.5	-	6.5
c. Other Economic Assistance	-	-	-	-	-	-	-	-	*	*	*	*	*	*	-	*
Peace Corps	-	-	-	-	-	-	-	-	*	*	*	*	*	*	-	*
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. MILITARY ASSISTANCE – TOTAL	-	-	-	-	-	-	-	-	-	0.5	-	-	0.5	0.5	-	0.5
Credits or Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	0.5	-	-	0.5	0.5	-	0.5
a. MAP Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b. Credit Sales under FMS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e. Other Grants	-	-	-	-	-	-	-	-	-	0.5	-	-	0.5	0.5	-	0.5
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	-	0.3	3.8	0.7	1.2	0.1	0.3	1.7	0.1	0.7	9.7	14.7	29.2	33.3	-	33.3
Loans	-	-	-	-	-	-	-	-	-	-	-	5.0	5.0	5.0	-	5.0
Grants	-	0.3	3.8	0.7	1.2	0.1	0.3	1.7	0.1	0.7	9.7	9.7	24.2	28.3	-	28.3
Other U.S. Government Loans and Grants	-	-	-	-	-	-	-	-	-	-	0.8	0.2	1.0	1.0	0.3	0.7
a. Export-Import Bank Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b. All Other	-	-	-	-	-	-	-	-	-	-	0.8	0.2	1.0	1.0	0.3	0.7

*Less than $50,000.

[a]Official Development Assistance (ODA) - Official concessional aid for development purposes.

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1972	FY 1973	FY 1946-73
TOTAL	0.3	0.4	10.1
IBRD - World Bank	-	-	6.0
UN Development Program	0.3	0.4	4.0
Other UN (CY)	-	-	0.1

D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

DONOR	CY 1971	CY 1972	CY 1960-72
TOTAL	23.4	8.3	197.0
U.K.	22.9	7.1	189.3
Italy	0.1	0.6	6.3
Other	0.4	0.6	1.4

ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

1972 (Calendar Year)	45
1973 (Calendar Year)	-
Cumulative thru 1973	45

SPAIN

PROGRAM SUMMARY (In millions of dollars)			
	FY 1973 Actual	FY 1974 Estimated	FY 1975 Proposed
Security Supporting Assistance	3.000	3.000	3.000

AGREEMENT OF FRIENDSHIP AND COOPERATION

During the 1968/69 negotiations for renewal of the original United States - Spanish Defense Agreement of 1953, the Spanish Government expressed a strong desire that the new Agreement should include provisions for U.S. assistance in the fields of education, agriculture, environment, economics, space, science and technology. The United States concurred and components for such assistance were included in the five-year Agreement of Friendship and Cooperation between the United States and Spain, commonly referred to as the base agreement, signed August 6, 1970. The agreement is for a period of five years, with an option for extension, if both Governments agree, for another five years.

In FY 1974 the United States provided $3 million of Supporting Assistance funds for cultural education and scientific programs as shown in the following agreement chapter headings:

Agreement Chapter	Activities	Amount (estimated)
II	General Scholarships and Fellowships	$800,000
III	Institute of Automatics	100,000
III	Institute of Molecular Biology	150,000
III	Scientific and Technical Information Service	75,000
III	Institute of Oceanography	90,000
III	Studies on Frontiers of Science	900,000
III	Underwater Aqueduct Studies	150,000
III	Studies on Hydraulic Structures	50,000
IV	Environmental and Urban Affairs	350,000
V	Agricultural Projects	335,000

These funds will be expended as mutually agreed upon by the United States Government and the Government of Spain. The Bureau of Education and Cultural Affairs in the Department of State oversees the administration of the funds. The proposed program provides $2.2 million to be transferred to the National Science Foundation to provide activities as called for in Agreement Chapters III, IV and V as previously cited, and $800,000 to be expended directly in providing general scholarships and fellowships under Chapter II of the Agreement.

PROPOSED FY 1975 PROGRAM

In FY 1975 $3 million of Supporting Assistance funds is being requested for the continuation of the education and scientific components as included in the Agreement of Friendship and Cooperation between the United States and Spain.

Spain

(U.S. Fiscal Years - Millions of Dollars

PROGRAM	U. S. OVERSEAS LOANS AND GRANTS - OBLIGATIONS AND LOAN AUTHORIZATIONS															
	POST-WAR RELIEF PERIOD	MARSHALL PLAN PERIOD	MUTUAL SECURITY ACT PERIOD	FOREIGN ASSISTANCE ACT PERIOD											TOTAL LOANS AND GRANTS 1946-1973	REPAYMENTS AND INTEREST 1946-1973	TOTAL LESS REPAYMENTS AND INTEREST
	1946-1948	1949-1952	1953-1961	1962-1965	1966	1967	1968	1969	1970	1971	1972	1973	TOTAL FAA PERIOD 1962-1973			
I. ECONOMIC ASSISTANCE[a] – TOTAL	-	52.8	914.1	52.8	7.6	3.2	2.6	-	-	-	-	3.0	69.2	1,017.6	196.8	820.8
Loans	-	52.7	295.4	-	-	-	-	-	-	-	-	-	-	336.5	196.8	139.7
Grants	-	0.1	618.7	52.8	7.6	3.2	2.6	-	-	-	-	3.0	69.2	681.1	-	681.1
a. A.I.D. and Predecessor Agencies	-	52.7	523.4	19.0	-	-	-	-	-	-	-	3.0	22.0	579.6	104.1	475.5
Loans	-	52.7	57.9	-	-	-	-	-	-	-	-	-	-	99.0	104.1	-5.1
Grants	-	-	465.5	19.0	-	-	-	-	-	-	-	3.0	22.0	480.6	-	480.6
(Security Supporting Assistance)	(-)	(-)	(480.9)	(19.0)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(3.0)	(22.0)	(486.5)		
b. Food for Peace (PL 480)	-	0.1	390.7	33.8	7.6	3.2	2.6	-	-	-	-	-	47.2	438.0	92.7	345.3
Title I - Total	-	-	247.4	-	-	-	-	-	-	-	-	-	-	247.4	92.7	154.7
Repayable in U.S. Dollars - Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable in Foreign Currency - Planned for Country Use	-	-	247.4	-	-	-	-	-	-	-	-	-	-	247.4	92.7	154.7
(Total Sales Agreements, incl. U.S. Uses)	(-)	(-)	(728.6)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(488.0)	(-)	(488.0)
Title II - Total	-	0.1	143.3	33.8	7.6	3.2	2.6	-	-	-	-	-	47.2	190.6	-	190.6
Emergency Relief, Econ. Development, & World Food	-	-	3.8	-	-	-	-	-	-	-	-	-	-	3.8	-	3.8
Voluntary Relief Agencies	-	0.1	139.6	33.8	7.6	3.2	2.6	-	-	-	-	-	47.2	186.9	-	186.9
c. Other Economic Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Peace Corps	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. MILITARY ASSISTANCE – TOTAL	-	-	435.2	153.5	20.7	18.9	26.3	2.2	31.0	25.8	70.0	55.2	[illegible]	838.9	2.3	836.6
Credits or Loans	-	-	-	2.3	-	-	-	-	-	-	-	-	2.3	2.3	2.3	-
Grants	-	-	435.2	151.2	20.7	18.9	26.3	2.2	31.0	25.8	70.0	55.2	[illegible]	836.6	-	836.6
a. MAP Grants	-	-	389.0	143.3	19.3	18.9	2.8	2.2	24.9	25.0	11.3	9.1	256.8	645.8	-	645.8
b. Credit Sales under FMS	-	-	-	2.3	-	-	-	-	-	-	-	-	2.3	2.3	2.3	-
c. Military Assistance Service-funded (MASF) Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d. Transfers from Excess Stocks	-	-	4.8	7.9	1.4	-	0.8	-	6.1	0.8	4.7	0.8	22.5	27.4	-	27.4
e. Other Grants	-	-	41.4	-	-	-	22.7	-	-	-	54.0	45.3	122.0	163.4	-	163.4
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	-	52.8	1,349.3	206.3	28.3	22.1	28.9	2.2	31.0	25.8	70.0	58.2	472.8	1,856.5	199.1	1,657.4
Loans	-	52.7	295.4	2.3	-	-	-	-	-	-	-	-	2.3	338.8	199.1	139.7
Grants	-	0.1	1,053.9	204.0	28.3	22.1	28.9	2.2	31.0	25.8	70.0	58.2	470.5	1,517.7	-	1,517.7
Other U.S. Government Loans and Grants	-	-	114.4	138.2	75.3	146.5	5.2	49.6	120.9	13.1	452.1	172.7	1,173.6	1,283.5	496.5	787.0
a. Export-Import Bank Loans	-	-	114.4	138.2	66.6	146.5	5.2	49.6	120.9	13.1	451.9	172.7	1,164.7	1,274.6	486.2	788.4
b. All Other	-	-	-	-	8.7	-	-	-	-	-	0.2	-	8.9	8.9	10.3	-1.4

*Less than $50,000.

[a]Official Development Assistance (ODA) - Official concessional aid for development purposes.

ASSISTANCE FROM INTERNATIONAL AGENCIES - COMMITMENTS

	FY 1972	FY 1973	FY 1946-73
TOTAL	50.2	50.1	440.6
IBRD - World Bank	50.0	50.0	426.8
Int'l. Finance Corp.	-	-	3.9
UN Development Program	0.2	0.1	8.3
Other UN (CY)	-	-	1.6

D.A.C. COUNTRIES (EXCLUDING U.S.) OFFICIAL BILATERAL GROSS EXPENDITURES

DONOR	CY 1971	CY 1972	CY 1960-72
TOTAL	105.9	66.9	432.5
Germany	89.7	54.3	324.1
France	12.3	3.3	81.1
Other	3.9	9.4	27.3

ASSISTANCE FROM COMMUNIST COUNTRIES (LOANS AND GRANTS EXTENDED)

1972 (Calendar Year)	-
1973 (Calendar Year)	-
Cumulative thru 1973	-

UNITED NATIONS FORCES IN CYPRUS (UNFICYP)

PROGRAM SUMMARY (In millions of dollars)			
	FY 1973 Actual	FY 1974 Estimated	FY 1975 Proposed
Security Supporting Assistance	2.400	1.600	4.800

The U.N. Force in Cyprus (UNFICYP) was established in 1964 to contribute to the restoration and maintenance of peace and security in Cyprus. The U.N. Security Council has periodically extended UNFICYP's mandate, and the latest extension continues the force until June 15, 1974.

The size of the force requested in 1964 was 7,000 men. As a result of reductions made over the years, as of October 1, 1973, the force numbered 3,004 men comprised of the following national contingents:

Australia	37
Austria	393
Canada	575
Denmark	333
Finland	289
Sweden	323
United Kingdom	1,054
Total	3,004

To meet the emergency need for a peace keeping force in the Sinai, approximately 1,600 men were taken from the Cyprus contingent and used in the Sinai area. There troops have been replaced, although with a 10 percent reduction, which brings the contingent in Cyprus to approximately 2,700 men. Another reduction is planned which will reduce the force by an additional 25 percent to 2,323 men. This reduction in forces is expected to bring UNFICYP expenses in line with its anticipated annual income of $15.8 million in cash (cash $11 million) and kind ($4.8 million).

Under this new financial formula, the U.S. share to UNFICYP will be approximately 30.2 percent. U.S. interest in the Cyprus problem reflects our goal of maintaining peace in the Eastern Mediterranean. Eruption of another round of intercommunal fighting would run the very strong risk of mutually destructive conflict between Greece and Turkey and incalculable damage to the southeastern flank of NATO. Experience has shown that UNFICYP is a stabilizing factor essential under present conditions.

PROPOSED FY 1975 PROGRAM

The U.S. contribution has been at a rate of $4.8 million per year. During FY 1973 and FY 1974, a balance from previous years was used to reduce the need for new funds. This balance has now been exhausted.

In FY 1975 a contribution of $4.8 million will be required to finance the U.S. share of the costs of U.N. Forces in Cyprus.