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for

Security Assistance

Fiscal Year 1992

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SECTION I

OVERVIEW: FY 1992 SECURITY ASSISTANCE BUDGET REQUEST

The Congressional Presentation Document (CPD), a joint product of the Departments of State and Defense, offers a general perspective on the Administration's budget request for security assistance, together with specific justifications for each regional or country program.

What Is Security Assistance?

The term "security assistance" refers to the range of U.S. Government programs through which the United States aids other nations to defend and preserve their own national security, in support of U.S. political and foreign policy objectives. Key appropriated components of this program are:

Foreign Military Financing (FMF), a largely grant aid military assistance program which enables U.S. friends and allies to acquire American military equipment, related services and training;

Economic Support Fund (ESF), an all-grant program which, among other objectives, encourages economic reform and development in recipient nations;

International Military Education and Training (IMET), a program which provides professional military education as well as technical skills to members of the military forces of friendly and allied nations; and

Peacekeeping Operations (PKO), a fund which finances U.S. contributions to international peacekeeping operations such as the United Nations Force in Cyprus (UNFICYP) and the Multinational Force and Observers (MFO) in the Sinai.

In addition, security assistance includes all U.S. arms transfers to friendly or allied nations.

Reexamining Security Assistance in a Changing World

The period from mid-1989 through the first months of 1991 has witnessed extraordinary changes in world affairs. Events in Eastern Europe, Central America and the Gulf region have led us to examine how our security assistance programs should be restructured to provide continued support to United States objectives around the world. This reexamination is a process that necessarily will continue over the coming years, as the great changes underway in the world evolve further. The United States will continue to seek new and creative means to provide security assistance to friendly and allied nations which require it, in furtherance of our long-term national security objectives in the world.

Themes for the 1990s

The dramatic events of the Gulf War are indicative of the extraordinarily rapid pace of global change which may occur in the 1990s, and the need for the United States to retain maximum flexibility to deal with the new challenges we will face. Continued unpredictability in world affairs will require that the United States follow a clear set of policy guidelines as we approach the twenty-first century. Several of these themes for the 1990s have been outlined over the past year in policy statements by senior U.S. officials:

- **Promotion of democratic values**, including support for the consolidation of democracy through the rule of law, free and fair elections and respect for human rights;
- **Advancing the cause of peace**, through arms control and non-proliferation initiatives, regional conflict resolution and strengthened UN peacekeeping capabilities;
- **Economic progress**, by fostering market forces through deregulation, privatization, development assistance and expansion of trade and investment;
- **Countering transnational dangers**, such as environmental degradation, narcotics trafficking and terrorism; and
- **Fostering global responsibility sharing**, strengthening the sense of community amongst the industrial democracies while promoting democratic, humanitarian and open market values throughout the world.

In today's rapidly-evolving world, U.S. programs of security assistance—while only one among many instruments of U.S. foreign and national security policy—remain vital to American interests. Many programs which underwrite U.S. commitments to a variety of key countries and geographic regions remain highly relevant to the uncertain environment of the 1990s. Whatever the changes that this decade will bring in world affairs, it will still be in the U.S. national interest to support the national security of other nations, as we seek to shape the new order of international relations.

In both its military and economic components, security assistance provides a vital element of continuity in American foreign policy and helps to build a network of secure and stable relationships. The United States offers Foreign Military Financing to underpin the national security of friendly nations, while supporting existing or prospective democratic institutions and market-oriented economies. In general terms, the military assistance program serves the following objectives:

- Ensuring base rights and facilities access agreements for U.S. power projection;
- Preserving Middle East peace, and stability in other regions; and
- Helping countries in this hemisphere wage the war on drugs.

Economic Support Funding assists many deserving partners with economic and political reform, as well as broader development and market economy initiatives; the program also supports U.S. exports. These and other American assistance programs will help to build new structures of peace and development in the 1990s and beyond.

Increasing Global Challenges

Security assistance programs in the 1990s will turn increasingly to new transnational challenges already threatening international stability as much as do traditional military threats. In the 1980s, a growing percentage of funded security assistance turned to these new challenges, such as the struggle against the international traffic in narcotics. American security assistance programs currently provide critical support for Andean governments to take the initiative against narcotics trafficking. At the same time, such programs reduce the amount of direct effort required of U.S. law enforcement agencies to achieve our common objectives. It is likely that funding devoted to international peacekeeping and the war on terrorism also will need to be increased in coming years.

In the new world of the 1990s, challenges from the proliferation of missile systems and the growing threat of chemical weapons will sharpen our concern for issues of regional and global stability. The rapidity of technological change increases the potential cost of conflict, for U.S. friends and allies and for the United States itself.

In an era that may yet be characterized by declining defense budgets and reductions in the U.S. military presence overseas, the United States will rely more on friends and allies to share the common defense burden. Here, U.S. leadership in putting together such cooperative associations of free nations will be crucial. Security assistance is a valuable tool to encourage friendly nations to contribute more than in the past to the task of deterrence.

We may see increased regional instability in the near-term, post-Cold War world. As the international system evolves away from the bipolar Cold War framework, regional instability in the form of ethnic unrest, insurgency and outright conflict may erupt as states seek to assert themselves in a multipolar system. Security assistance remains one of the most important tools available for us to manage this process of change.

By bolstering alliance relationships and supporting friends and allies, we can promote regional stability and head off disputes before they erupt into armed conflict. Building relationships with these friends and allies also helps support our power projection capabilities, which range from the logistical support provided by base rights countries to the interoperability that is built through security assistance relationships.

The Gulf War and U.S. Security Assistance Programs

Operation Desert Storm demonstrates the continuing relevance of the central objectives of the security assistance program: deterring aggression, maintaining alliance structures and supporting friendly economies.

One often overlooked facet of the security assistance program is the cash sales component. Purchases of defense equipment on a government-to-government basis through the Foreign Military Sales system as well as commercial sales licensed by the U.S. Department of State are both invaluable foreign policy tools.

Through FMS and commercial sales, the United States has built strong security relationships with friendly countries in the Persian Gulf as well as other countries in the United Nations coalition participating in Operation Desert Storm. Moreover, many allied military personnel have experienced U.S. training under FMS or the IMET program, thereby enhancing compatibility in language, military doctrine and technical proficiency. The fact that these countries have built inventories of U.S. equipment with the accompanying training has greatly eased the difficulties faced by our forces in fighting as part of the multinational coalition. Due in part to the security assistance program, the oft-cited goal of interoperability has been made a reality in Operation Desert Storm.

The many positive developments over the past two years hold great promise for the development of a new world order that, as President Bush has said, is "freer from the threat of terror, stronger in the pursuit of justice and more secure in the quest for peace." But even as we face the prospect of a world characterized by reduced superpower tensions and greater international cooperation, Iraq's invasion of Kuwait has reminded us that threats to our vital interests will arise even in a post-Cold War world.

Thus, the key role for U.S. programs of both military and economic assistance to Israel and Egypt will be to continue promoting stability in the Middle East, by helping Israel and moderate Arab states move further in the direction of a lasting settlement in the region. Egypt and Israel will continue to require our economic and military aid in order to maintain their ability to strengthen security, democratic institutions and market economies. Other key U.S. friends and allies, such as Turkey, also require continued or expanded U.S. assistance. Turkey is a strategically-placed partner which plays an essential role both in NATO and as a bridge to the Middle East. A strong, stable, prosperous Turkey is essential to Western interests.

Domestic Economic Impact

Security assistance is not a philanthropic effort, but one which produces direct domestic benefits. These assistance and sales programs have a positive net impact upon our domestic economy. For example, that part of the production of U.S. defense industry which is composed of arms sales abroad provides jobs for American workers and increases exports to help the U.S. balance of trade. In addition, these sales provide economies of scale (e.g., longer production runs) which reduce the costs of weapons systems of continued interest to the U.S. Armed Forces.

It should be noted that foreign exporters of defense articles generally operate under fewer political and technology transfer constraints than do U.S. suppliers. Our principal advantages as a supplier are the quality of our technology, comprehensive and reliable system support and, for selected countries, grant-aid financing. The United States has, at best, limited influence over sales promotion efforts by other military equipment suppliers. Furthermore, the United States cannot control the decisions of sovereign nations on the types of defense systems purchased or the choice of supplier. The increasingly broad spectrum of alternative sources of defense equipment ensures that some other country will sell major systems if the U.S. refuses, depriving the U.S. of any influence over the use of these systems.

As foreign purchases decline along with our own domestic procurement, research and development costs will increase and U.S. defense production will become less cost-effective; some key lines could close. Unless we adjust to the challenge of an increasingly diverse international defense supply environment, the U.S. will be unable to address satisfactorily the legitimate defense needs of our friends and allies, and thereby our own, at an acceptable cost in the coming years. Indeed, the long term survival of a number of important domestic arms programs are tied to foreign sales: M1A2 Abrams Battle Tank, Blackhawk helicopter, HAWK surface to air missile, Boeing 707 aircraft, to name a few. These programs represent skilled labor and jobs in the defense industry. Our military and political influence abroad and our own national security will be diminished if we fail to maintain support for these and other critical production programs into the 1990s.

It should also be noted that security assistance programs are never undertaken solely out of concern for their domestic economic impact in the United States. Every foreign purchase is studied carefully for its regional security and arms control impact, as well as to ensure that the recipient's financial resources will not be excessively burdened by the acquisition.

Recent Developments

To improve the effectiveness of declining security assistance resources, the Executive Branch in recent years has presented smaller and more carefully honed security assistance budgets, worked with foreign nations to plan our programs more carefully, and sought Congressional authority to increase the policy payoff of available funding.

In an effort to avoid increasing the debt burden of our friends and allies, we also have moved toward greater concessionality, with ESF and FMF provided on a largely all-grant basis in recent years. FMS Credits are now offered at concessional (rather than Treasury) rates of interest.

This year, the Administration will seek legislation to introduce a trial program of EXIMBANK financing for U.S. commercial defense exports to selected credit-worthy countries. This limited program, to begin in FY 92, would be an initial effort to provide American exporters of defense articles and services with a small measure of the same financing support which many foreign governments provide to their defense industries.

While it is difficult to plan for future military and economic contingencies, one clear direction we are going in is the training of military and civilian leaders in emerging democracies. New to the International Military Education and Training Program (IMET) this year is a Congressionally mandated initiative to train civilian and military officials in managing and administering military establishments. As countries evolve toward democratic forms of government, we need to support civilian control over the military, responsible resource management and respect for human rights. We already are designing courses to meet this challenge and intend that this initiative will become a permanent part of the IMET program.

Conclusion

The ongoing Gulf conflict demonstrates clearly that security assistance programs do work to support the most vital U.S. national interests. U.S. forces in the Gulf enjoy the benefit of operating with allied air, naval and land forces many of which are armed and trained with U.S. weaponry and communications equipment. Finally, in the larger strategic view, U.S. programs of security assistance to many of our Gulf war partners helped lay the foundation of relationships which now have resulted in the decision by many nations to take the courageous step of joining with us in an extraordinary multinational alliance against aggression.

Security assistance is an investment in the national security and well-being of the United States. The United States needs strong and self-reliant friends around the world to share in the burden of defending freedom and free nations. By enabling friendly countries to stand by themselves, independently defending their national sovereignty, limited U.S. forces can be reserved for the most essential U.S. national defense missions. Thus, security assistance contributes directly to the defense of the United States, even as it aids allies and friends to share the larger burden of defending freedom against its enemies.

FY 1992 SECURITY ASSISTANCE PROGRAMS

BUDGET AUTHORITY

(DOLLARS IN THOUSANDS)

	ECONOMIC SUPPORT	FMF CONCESS.	FMF GRANT	IMET	PKO	TOTAL
AFRICA:						
AFRICA REGIONAL	10,000	0	10,000	0	0	20,000
BENIN	0	0	0	125	0	125
BOTSWANA	0	0	1,000	400	0	1,400
BURKINA FASO	0	0	0	100	0	100
BURUNDI	0	0	0	200	0	200
CAMEROON	0	0	0	325	0	325
CAPE VERDE	0	0	0	100	0	100
CENTRAL AFRICAN REPUBLIC	0	0	0	255	0	255
CHAD	0	0	2,000	380	0	2,380
COMOROS	0	0	0	75	0	75
CONGO	0	0	0	105	0	105
COTE D'IVOIRE	4,000	0	0	200	0	4,200
DJIBOUTI	3,000	0	2,000	175	0	5,175
EQUATORIAL GUINEA	0	0	0	100	0	100
GABON	0	0	0	150	0	150
GAMBIA	0	0	0	125	0	125
GHANA	0	0	0	175	0	175
GUINEA	0	0	0	175	0	175
GUINEA-BISSAU	0	0	0	150	0	150
KENYA	0	0	4,000	1,100	0	5,100
LESOTHO	0	0	0	75	0	75
LIBERIA	0	0	0	100	0	100
MADAGASCAR	0	0	0	100	0	100
MALAWI	0	0	1,000	250	0	1,250
MALI	0	0	0	175	0	175
MAURITIUS	0	0	0	100	0	100
MOZAMBIQUE	0	0	0	100	0	100
NAMIBIA	5,000	0	0	180	0	5,180
NIGER	0	0	500	300	0	800
NIGERIA	0	0	0	500	0	500
RWANDA	0	0	0	100	0	100
SAO TOME & PRINCIPE	0	0	0	125	0	125
SENEGAL	3,000	0	1,000	525	0	4,525
SEYCHELLES	3,300	0	0	100	0	3,400
SIERRA LEONE	0	0	0	200	0	200
SOMALIA	0	0	0	300	0	300
SUDAN	0	0	0	300	0	300
SWAZILAND	0	0	0	100	0	100
TANZANIA	0	0	0	150	0	150
TOGO	0	0	0	150	0	150
UGANDA	0	0	0	200	0	200
ZAIRE	0	0	3,000	300	0	3,300
ZIMBABWE	0	0	0	300	0	300
REGIONAL TOTAL	28,300	0	24,500	9,145	0	61,945
AMERICAN REPUBLICS:						
ANDEAN NARCOTICS INITVE	250,000 a/	0	0	0	0	250,000
ANTIGUA-BARBUDA*	0	0	900	100	0	1,000
ARGENTINA	0	0	1,000	200	0	1,200
BAHAMAS	0	0	0	125	0	125
BARBADOS*	0	0	1,000	100	0	1,100
BELIZE	0	0	500	125	0	625
BOLIVIA	25,000	0	40,000	900	0	65,900
BRAZIL	0	0	0	150	0	150
CHILE	0	0	1,000	150	0	1,150
COLOMBIA	0	0	58,000	2,300	0	60,300
COSTA RICA	20,000	0	2,360	230	0	22,590
DOMINICA*	0	0	400	100	0	500
DOMINICAN REPUBLIC	5,000	0	2,000	900	0	7,900
EASTERN CARIBBEAN	3,000	0	0	0	0	3,000
ECUADOR	0	0	5,000	800	0	5,800
EL SALVADOR	120,000	0	85,000	1,400	0	206,400
GRENADA*	0	0	545	100	0	645

FY 1992 SECURITY ASSISTANCE PROGRAMS (CONTINUED)
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	ECONOMIC SUPPORT	FMF CONCESS.	FMF GRANT	IMET	PKO	TOTAL
AMERICAN REPUBLICS (CONT):						
GUATEMALA	30,000	0	2,000	400	0	32,400
GUYANA	2,000	0	0	50	0	2,050
HAITI	24,000	0	2,200	665	0	26,865
HONDURAS	50,000	0	19,100	1,100	0	70,200
JAMAICA	15,000	0	3,000	450	0	18,450
LATIN AMERICA REGIONAL	9,900	0	0	0	0	9,900
MEXICO	0	0	0	430	0	430
NICARAGUA	150,000	0	0	0	0	150,000
PACAMS	0	0	0	1,000	0	1,000
PANAMA	10,000	0	0	0	0	10,000
PARAGUAY	0	0	500	175	0	675
PERU	0	0	39,000	900	0	39,900
ST. KITTS AND NEVIS*	0	0	500	100	0	600
ST. LUCIA*	0	0	500	100	0	600
ST. VINCENT & GRENADINES*	0	0	400	100	0	500
TRINIDAD & TOBAGO	0	0	500	95	0	595
URUGUAY	0	0	1,000	325	0	1,325
VENEZUELA	0	0	0	175	0	175
REGIONAL TOTAL	713,900	0	266,405	13,745	0	994,050
EAST ASIA & PACIFIC:						
CAMBODIAN RESISTANCE	5,000	0	0	0	0	5,000
FIJI	300	0	300	50	0	650
INDONESIA	5,000	0	0	2,300	0	7,300
KOREA	0	0	0	800	0	800
MALAYSIA	0	0	0	1,100	0	1,100
PAPUA NEW GUINEA	0	0	0	80	0	80
PHILIPPINES	120,000	0	200,000	2,800	0	322,800
S. PACIFIC TUNA TREATY	10,000	0	0	0	0	10,000
SINGAPORE	0	0	0	15	0	15
SOLOMON ISLANDS	0	0	0	50	0	50
THAILAND	2,500	0	0	2,500	0	5,000
TONGA	0	0	0	50	0	50
VANUATU	0	0	0	50	0	50
REGIONAL TOTAL	142,800	0	200,300	9,795	0	352,895
EUROPE & CANADA:						
CYPRUS	3,000	0	0	0	0	3,000
CZECHOSLOVAKIA	0	0	0	75	0	75
GREECE	0	285,000	65,000	500	0	350,500
HUNGARY	0	0	0	75	0	75
MALTA	0	0	0	65	0	65
POLAND	0	0	0	75	0	75
PORTUGAL	40,000	22,000	103,000	2,850	0	167,850
SPAIN	0	0	0	1,200	0	1,200
TURKEY	75,000	0	625,000	3,500	0	703,500
YUGOSLAVIA	0	0	0	100	0	100
REGIONAL TOTAL	118,000	307,000	793,000	8,440	0	1,226,440
NEAR EAST & SOUTH ASIA:						
AFGHAN HUMANITARIAN	30,000	0	0	0	0	30,000
ALGERIA	0	0	0	150	0	150
BANGLADESH	0	0	0	350	0	350
EGYPT	815,000	0	1,300,000	1,800	0	2,116,800
INDIA	0	0	0	345	0	345
ISRAEL	1,200,000	0	1,800,000	0	0	3,000,000
JORDAN	30,000	0	25,000	2,000	0	57,000
LEBANON	2,000	0	0	400	0	2,400
MALDIVES	0	0	0	70	0	70

FY 1992 SECURITY ASSISTANCE PROGRAMS (CONTINUED)
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	ECONOMIC SUPPORT	FMF CONCESS.	FMF GRANT	IMET	PKO	TOTAL
<u>NEAR EAST & SOUTH ASIA (CONT):</u>						
MIDDLE EAST REGIONAL	6,000	0	0	0	0	6,000
MOROCCO	12,000	0	40,000	1,150	0	53,150
NEPAL	0	0	500	185	0	685
OMAN	15,000	0	5,000	100	0	20,100
PAKISTAN	100,000	6,961	106,595	915	0	214,471
SRI LANKA	0	0	0	200	0	200
TUNISIA	3,000	0	10,000	1,250	0	14,250
WEST BANK/GAZA	<u>12,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,000</u>
REGIONAL TOTAL	<u>2,225,000</u>	<u>6,961</u>	<u>3,287,095</u>	<u>8,915</u>	<u>0</u>	<u>5,527,971</u>
 TOTAL COUNTRY PROGRAMS	 3,228,000	 313,961	 4,571,300	 50,040	 0	 8,163,301
<u>NON-REGIONAL:</u>						
ADMINISTRATIVE COSTS	0	200	28,700	0	0	28,900
GENERAL COSTS	0	0	0	2,460	0	2,460
MULTINATL FORCE & OBSERV (MFO)	0	0	0	0	19,500	19,500
REAPPROPRIATION	12,000	0	10,000	0	0	22,000
UN FORCE IN CYPRUS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,500</u>	<u>8,500</u>
NON-REGIONAL TOTAL	<u>12,000</u>	<u>200</u>	<u>38,700</u>	<u>2,460</u>	<u>28,000</u>	<u>81,360</u>
 TOTAL PROGRAM	 3,240,000	 314,161	 4,610,000	 52,500	 28,000	 8,244,661
 ADJUSTMENT FOR NON-SUBSIDY ELEMENT OF CONCESSIONAL LOANS	 <u>0</u>	 <u>-274,161</u>	 <u>0</u>	 <u>0</u>	 <u>0</u>	 <u>-274,161</u>
 TOTAL BUDGET AUTHORITY	 3,240,000	 40,000	 4,610,000	 52,500	 28,000	 7,970,500

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

a/ Provisional allocation as follows: Bolivia \$100 million, Colombia \$50 million, Peru \$100 million. Final allocations will depend on each country's performance in meeting drug program objectives.

SECTION II

FOREIGN MILITARY FINANCING

Foreign Military Financing (FMF) is the component of Security Assistance that enables U.S. friends and allies to improve their defense capabilities by financing their acquisition of U.S. military articles, services, and training. This acquisition of U.S. military equipment enhances their national defense, promotes interoperability with U.S. forces, creates jobs in the United States and increases production efficiency.

As a grant and low-interest loan program, FMF is distinguished from Foreign Military Sales (FMS), the program under which all government-to-government sales occur. In general, FMF provides financing for FMS sales. Select countries, however, are permitted to use their FMF credits for procurement outside of FMS channels, through direct commercial contracts. These countries are: Greece, Turkey, Portugal, Jordan, Morocco, Pakistan, Tunisia and Yemen, Egypt and Israel.

To the extent that FMF increases demand for U.S. equipment, it benefits our economy in several ways. By increasing the length of production runs, FMF lowers unit costs for DOD purchases and contributes to job growth. This contributes to a strong U.S. defense industrial base, a critical component of our national defense.

Between 1974 and 1984, almost all FMF took the form of guaranteed loans provided through the Federal Financing Bank at interest rates slightly higher than the cost of money to the United States, or outright forgiven loans by DSAA. In the global recession of the early 1980s, repayment of FMF loans with high interest rates exacerbated many developing countries' debt service problems.

By mid-decade, Congress and the Executive Branch, spurred by the Bipartisan Commission on Economic and Security Assistance, expressed concern that high interest rate FMS financing was contributing to recipient country debt problems. This concern prompted the FY 1985 legislative mandate for on-budget DSAA loans, either "forgiven" (i.e., non-repayable) FMF for Egypt and Israel or concessional (lower interest rate) loans for certain other countries.

In FY 1991, 91 percent (\$4.26 billion out of \$4.66 billion) of FMF was in grant form. The Administration believes that FMF countries receiving security assistance on a grant basis can devote scarce financial resources to economic development. For FY 1992, the Administration has requested an FMF program which closely matches the FY 1991 appropriation--\$4.61 billion in FMF grants and 314 million in FMF concessional interest rate loans.

Beginning in FY 1992 the Federal Credit Reform Act of 1990 (P.L. 101-508) will change the method of accounting and budgeting for all government loans including FMF loans issued under the Arms Export Control Act. The purpose of the legislation is to more accurately portray the true cost of loan programs by providing new budget authority only for the subsidy element of the loan program. This legislation is the basis for the establishment of two new accounts and substantial changes to existing accounts within the FMF Program framework.

Foreign Military Financing Grants (11-1082)

In the past the budget authority for both the grant and loan programs were comingled in the FMF Account 11-1082. Beginning in FY 1992, the 11-1082 account will contain only the FMF grant portion of the program and administrative costs. Outlays will consist solely of grant financing and the administrative costs.

The proposed text for appropriation legislation is as follows:

For expenses necessary for grants to enable the President to carry out the provisions of section 23 of the Arms Export Control Act, \$4,600,000,000: Provided, That funds made available under this heading shall be obligated upon apportionment in accordance with paragraph (5)(C) of title 31, United States Code, section 1501(a), and shall be nonrepayable notwithstanding any requirement in section 23 of the Arms Export Control Act: Provided further, That none of the funds made available under this heading shall be available to finance the procurement of defense articles, defense services, or design and construction services that are not sold by the United States Government under the Arms Export Control Act unless the foreign country proposing to make such procurements has first signed a grant agreement with the United States Government specifying the conditions under which such procurements may be financed with such funds. Provided further, That not more the \$300,000,000 of the funds made available under this heading shall be available for use in financing the procurement of defense articles, defense services, or design and construction services that are not sold by the United States Government under the Arms Export Control Act to countries other than Israel and Egypt: Provided further, That only those countries for which assistance was justified for the "Foreign Military Sales Financing Program" in the fiscal year 1989 congressional presentation for security assistance programs may utilize funds made available under this heading for procurement of defense articles, defense services or design and construction services that are not sold by the United States Government under the Arms Export Control Act: Provided further, That funds appropriated under this heading shall be expended at the minimum rate necessary to make timely payment for defense articles and services: Provided further, That the Department of Defense shall conduct during the current fiscal year nonreimbursable audits of private firms whose contracts are made directly with foreign governments and are financed with funds made available under this heading (as well as subcontractors thereunder) as requested by the Defense Security Assistance Agency: Provided further, That not more than \$28,700,000 of the funds appropriated under this heading may be obligated for necessary expenses, including the purchase of passenger motor vehicles for replacement only for use outside of the United States, for the general costs of administering military assistance and sales.

Foreign Military Financing Program Account (11-1085)

The new Foreign Military Financing Program Account will provide the budget authority needed to fund the subsidy element of the proposed FY 1992 FMF concessional loan program. Budget authority provided to the 11-1085 account represents the subsidy element of the loan program and a small amount for administrative expenses. Expenditures finance the subsidy element of direct loan disbursements and will be transferred to the Foreign Military Financing Direct Loan Financing Account 11-4122 to make the required expenditures for approved sales.

The proposed text for appropriation legislation is as follows:

For the cost, as defined in section 13201 of the Budget Enforcement Act of 1990, including the cost of modifying loans, of direct loans authorized by section 23 of the Arms Export Control Act as follows: cost of direct loans, \$39,800,000: Provided, That these funds are available to subsidize gross

obligations for the principal amount of direct loans of not to exceed \$313,961,000: Provided further, That the rate of interest charged on such loans shall be 5 percent per year: In addition, for administrative expenses necessary to carry out the direct loan program, \$200,000, which may be transferred to and merged with funds deposited by foreign purchasers for administrative expenses pursuant to sections 43(b) and 43(c) of the Arms Export Control Act.

Foreign Military Loan Liquidating Account (11-4121) (Formerly the Guaranty Reserve Fund)

Beginning in FY 1992 the Federal Credit Reform Act of 1990 (P.L. 101-508) will substantially change the accounting and budgeting for all government guaranteed or government financed loans including FMF loans issued under the Arms Export Control Act. The Foreign Military Loan Liquidating Account 11-4121, formerly titled the Guaranty Reserve Fund, will be used as the liquidating account for all FMF loans, direct or guaranteed, which were issued prior to FY 1992. This includes the disbursement of pre-FY 1992 direct or guaranteed loan funds and the payment and subsequent recoupment of guaranty claims on Federal Financing Bank or guaranteed commercial FMF loans. Account 11-4121 will be augmented if necessary by permanent borrowing authority with the Treasury. Recoupments from borrowers, of guarantee claims paid from the liquidating account, will be used to repay the permanent borrowing authority to the Treasury and to restore the liquidity of the account.

The proposed text for appropriation legislation is as follows:

For purposes of Title 5 of the Congressional Budget Act of 1974, enacted by section 13201 of the Budget Enforcement Act of 1990 relating to Federal credit reform, the Arms Export Control Act is amended—(a) in section 24(c), by striking out "Guaranty Reserve Fund" and inserting in lieu thereof "Foreign Military Loan Liquidating Account" and by striking out the third sentence thereof; and (b) in section 25(a), by striking out paragraph (7). (Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1991.)

Foreign Military Financing Direct Loan Financing Account (11-4122)

The Foreign Military Financing Direct Loan Financing Account 11-4122 is related to the FMF Program Account 11-1085 and will be used, beginning in FY 1992, as the vehicle for making disbursements of FMF loan funds for approved procurements and for the collection of debt service due under those loans. The subsidy element of concessional loan disbursements will be transferred from the appropriated amount in the 11-1085 account to the Loan Financing account 11-4122. These funds will be augmented by permanent borrowing authority from the Treasury to make the required expenditures for FMS and commercial procurements. Receipts of debt service payments from FMF borrowers will be used for repayment of the borrowing from the Treasury.

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

	ACTUAL FY 1990			ESTIMATED FY 1991			PROPOSED FY 1992		
	CONCESS. RATE	GRANT	TOTAL	CONCESS. RATE	GRANT	TOTAL	CONCESS. RATE	GRANT	TOTAL
AFRICA:									
AFRICA BIODIVERSITY/REGL	0	0	0	0	15,000	15,000	0	0	0
AFRICA CIVIC ACTION	0	0	0	0	3,000	3,000	0	0	0
AFRICA REGIONAL	0	0	0	0	0	0	0	10,000	10,000
BENYN	0	80	80	0	0	0	0	0	0
BOTSWANA	0	996	996	0	0	0	0	1,000	1,000
BURUNDI	0	65	65	0	0	0	0	0	0
CAMEROON	0	205	205	0	0	0	0	0	0
CENTRAL AFRICAN REPUBLIC	0	120	120	0	0	0	0	0	0
CHAD	0	3,792	3,792	0	0	0	0	2,000	2,000
COMOROS	0	85	85	0	0	0	0	0	0
COTE D'IVOIRE	0	490	490	0	0	0	0	0	0
DJIBOUTI	0	2,076	2,076	0	1,000	1,000	0	2,000	2,000
EQUATORIAL GUINEA	0	405	405	0	0	0	0	0	0
GABON	0	115	115	0	0	0	0	0	0
GAMBIA	0	50	50	0	0	0	0	0	0
GUINEA	0	440	440	0	0	0	0	0	0
GUINEA-BISSAU	0	405	405	0	0	0	0	0	0
KENYA	0	9,956	9,956	0	0	0	0	4,000	4,000
MADAGASCAR	0	449	449	0	0	0	0	0	0
MALAWI	0	2,091	2,091	0	0	0	0	1,000	1,000
MAURITANIA	0	300	300	0	0	0	0	0	0
NIGER	0	1,893	1,893	0	500	500	0	500	500
RHANDA	0	135	135	0	0	0	0	0	0
SAO TOME & PRINCIPE	0	225	225	0	0	0	0	0	0
SENEGAL	0	1,853	1,853	0	0	0	0	1,000	1,000
SEYCHELLES	0	65	65	0	0	0	0	0	0
SIERRA LEONE	0	313	313	0	0	0	0	0	0
TANZANIA	0	50	50	0	0	0	0	0	0
TOGO	0	190	190	0	0	0	0	0	0
UGANDA	0	40	40	0	0	0	0	0	0
ZAIRE	0	2,987	2,987	0	0	0	0	3,000	3,000
REGIONAL TOTAL	0	29,871	29,871	0	19,500	19,500	0	24,500	24,500
AMERICAN REPUBLICS:									
ANTIGUA-BARBUDA*	0	780	780	0	500	500	0	900	900
ARGENTINA	0	0	0	0	1,000	1,000	0	1,000	1,000
BARBADOS*	0	620	620	0	500	500	0	1,000	1,000
BELIZE	0	0	0	0	500	500	0	500	500
BOLIVIA	0	39,228	39,228	0	35,000	35,000	0	40,000	40,000
CHILE	0	0	0	0	0	0	0	1,000	1,000
COLOMBIA	0	71,730	71,730	0	27,055	27,055	0	58,000	58,000
COSTA RICA	0	0	0	0	0	0	0	2,360	2,360
DOMINICA*	0	700	700	0	400	400	0	400	400
DOMINICAN REPUBLIC	0	1,276	1,276	0	500	500	0	2,000	2,000
ECUADOR	0	485	485	0	0	0	0	5,000	5,000
EL SALVADOR	0	79,635	79,635	0	83,945	83,945	0	85,000	85,000
GRENADA*	0	600	600	0	400	400	0	545	545
GUATEMALA	0	2,887	2,887	0	2,000	2,000	0	2,000	2,000
HAITI	0	498	498	0	1,000	1,000	0	2,200	2,200
HONDURAS	0	20,163	20,163	0	21,850	21,850	0	19,100	19,100
JAMAICA	0	1,000	1,000	0	500	500	0	3,000	3,000
PARAGUAY	0	0	0	0	0	0	0	500	500
PERU	0	1,000	1,000	0	34,000	34,000	0	39,000	39,000
ST. KITTS AND NEVIS*	0	500	500	0	400	400	0	500	500
ST. LUCIA*	0	500	500	0	400	400	0	500	500
ST. VINCENT & GRENADINES*	0	500	500	0	400	400	0	400	400
TRINIDAD & TOBAGO	0	650	650	0	250	250	0	500	500
URUGUAY	0	0	0	0	0	0	0	1,000	1,000

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

	ACTUAL FY 1990			ESTIMATED FY 1991			PROPOSED FY 1992		
	CONCESS. RATE	GRANT	TOTAL	CONCESS. RATE	GRANT	TOTAL	CONCESS. RATE	GRANT	TOTAL
REGIONAL TOTAL	0	222,752	222,752	0	210,600	210,600	0	266,405	266,405
EAST ASIA & PACIFIC:									
FIJI	0	0	0	0	0	0	0	300	300
PHILIPPINES	0	140,395	140,395	0	200,000	200,000	0	200,000	200,000
THAILAND	0	3,038	3,038	0	0	0	0	0	0
REGIONAL TOTAL	0	143,433	143,433	0	200,000	200,000	0	200,300	200,300
EUROPE & CANADA:									
GREECE	318,624	29,871	348,495	320,000	30,000	350,000	285,000	65,000	350,000
PORTUGAL	0	84,635	84,635	0	100,000	100,000	22,000	103,000	125,000
TURKEY	85,630	412,220	497,850	0	500,000	500,000	0	625,000	625,000
REGIONAL TOTAL	404,254	526,726	930,980	320,000	630,000	950,000	307,000	793,000	1,100,000
NEAR EAST & SOUTH ASIA:									
EGYPT	0	1,294,410	1,294,410	0	1,300,000	1,300,000	0	1,300,000	1,300,000
ISRAEL	0	1,792,260	1,792,260	0	1,800,000	1,800,000	0	1,800,000	1,800,000
JORDAN	0	67,794	67,794	0	20,000	20,000	0	25,000	25,000
MOROCCO	0	42,815	42,815	0	43,000	43,000	0	40,000	40,000
NEPAL	0	0	0	0	0	0	0	500	500
OMAN	0	0	0	0	500	500	0	5,000	5,000
PAKISTAN	0	229,011	229,011	83,500	8,400	91,900	6,961	106,595	113,556
TUNISIA	0	29,871	29,871	0	0	0	0	10,000	10,000
YEMEN	0	501	501	0	0	0	0	0	0
REGIONAL TOTAL	0	3,456,662	3,456,662	83,500	3,171,900	3,255,400	6,961	3,287,095	3,294,056
TOTAL COUNTRY PROGRAMS	404,254	4,379,444	4,783,698	403,500	4,232,000	4,635,500	313,961	4,571,300	4,885,261
NON-REGIONAL:									
ADMINISTRATIVE COSTS a/	0	29,651	29,651	0	27,921	27,921	200	28,700	28,900
REAPPROPRIATION	0	0	0	50,000 b/	3,023 c/	53,023	0	10,000	10,000
NON-REGIONAL TOTAL	0	29,651	29,651	50,000	30,944	80,944	200	38,700	38,900
TOTAL PROGRAM	404,254	4,409,095	4,813,349	453,500	4,262,944	4,716,444	314,161	4,610,000	4,924,161
ADJUSTMENT FOR NON-SUBSIDY ELEMENT OF CONCESS. LOANS	0	0	0	0	0	0	-274,161	0	-274,161
TOTAL BUDGET AUTHORITY	404,254	4,409,095	4,813,349	453,500	4,262,944	4,716,444	40,000	4,610,000	4,650,000

a/ See page 18 for details of Administrative Costs.

b/ Unused FY 1985 and FY 1986 previously obligated funds allocated to the Philippines, Tunisia and Malaysia reappropriated for Turkey.

c/ \$3.023 million in FY 1982 Foreign Military Credits (Forgiven) allocated to Sudan and reappropriated for Senegal (\$2 million) and Niger (\$1.023 million).

FOREIGN MILITARY FINANCING ADMINISTRATIVE COSTS
(Dollars in Thousands)

	Actual FY 1990	Estimated FY 1991	Proposed FY 1992
Departmental & Headquarters Administrative Expenses a/	6,651	6,921	7,300
SAO Administrative Expenses a/	23,000	21,000	21,400
Total Budget Authority	29,651	27,921	28,700

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.

INTERNATIONAL MILITARY EDUCATION AND TRAINING

International Military Education and Training (IMET) is a low-cost foreign policy program that is recognized to be one of the most effective components of U.S. security assistance. IMET provides military education and training on a grant basis to students from allied and friendly nations. Since 1950, IMET and its predecessor program have trained more than 500,000 foreign officers and enlisted personnel.

IMET provides training in areas ranging from professional military education to basic technical skills. This training gives U.S. friends and allies knowledge and skills to improve their military forces and to promote self-sufficiency. IMET is an important supplement to other countries' indigenous training capabilities. In addition, English language training, essential to attending courses in the United States, increases rapport between foreign students and their U.S. counterparts.

By bringing students to the United States, the IMET program exposes them to the U.S. professional military establishment and to the American way of life, including U.S. regard for democratic values, respect for individual and human rights, and belief in the rule of law. Students are also exposed to U.S. military procedures and the manner in which the U.S. military functions under civilian rule. A less formal, but nonetheless significant, part of the program exposes foreign students to the civilian community and institutions important to our way of life.

In accordance with provisions of the FY 1991 Foreign Operations Appropriations Act (P.L. 101-513), the scope and purposes of the IMET program have been expanded in order to promote military professionalism in IMET recipients. In FY 1991, not less than \$1 million of IMET funds will be used for training international civilian and military officials in managing and administering military establishments and budgets, and in creating and maintaining effective military judicial systems and military codes of conduct. We intend to continue the effort in FY 1992.

A key part of this expanded IMET training will consist of training of foreign military and civilian government officials (including civilian personnel from ministries other than defense) in order to: contribute to responsible defense management; foster greater respect for and understanding of the principle of civilian control of the military; and improve military justice systems and procedures in accordance with internationally recognized human rights.

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

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
<u>AFRICA:</u>			
BENIN	70	100	125
BOTSWANA	385	411	400
BURKINA FASO	86	100	100
BURUNDI	162	175	200
CAMEROON	313	275	325
CAPE VERDE	63	75	100
CENTRAL AFRICAN REPUBLIC	157	200	255
CHAD	384	300	380
COMOROS	48	75	75
CONGO	42	50	105
COTE D'IVOIRE	162	150	200
DJIBOUTI	169	175	175
EQUATORIAL GUINEA	105	100	100
GABON	57	100	150
GAMBIA	112	100	125
GHANA	171	175	175
GUINEA	170	150	175
GUINEA-BISSAU	95	100	150
KENYA	1,068	1,175	1,100
LESOTHO	68	75	75
LIBERIA	0	0	100
MADAGASCAR	100	75	100
MALAWI	172	250	250
MALI	173	175	175
MAURITANIA	125	125	0
MAURITIUS	0	25	100
MOZAMBIQUE	0	100	100
NAMIBIA	0	100	180
NIGER	309	275	300
NIGERIA	102	100	500
RWANDA	101	100	100
SAO TOME & PRINCIPE	110	125	125
SENEGAL	529	525	525
SEYCHELLES	23	100	100
SIERRA LEONE	94	100	200
SOMALIA	0	0	300
SUDAN	0	0	300
SWAZILAND	75	75	100
TANZANIA	89	100	150
TOGO	107	100	150
UGANDA	109	175	200
ZAIRE	644	5	300
ZIMBABWE	237	250	300
	<hr/>	<hr/>	<hr/>
REGIONAL TOTAL	6,986	6,941	9,145
<u>AMERICAN REPUBLICS:</u>			
ANTIGUA-BARBUDA*	22	100	100
ARGENTINA	149	150	200
BAHAMAS	51	125	125
BARBADOS*	53	100	100
BELIZE	106	115	125
BOLIVIA	552	900	900
BRAZIL	97	125	150
CHILE	0	100	150
COLOMBIA	1,500	2,500	2,300
COSTA RICA	232	230	230
DOMINICA*	22	100	100
DOMINICAN REPUBLIC	776	900	900
ECUADOR	701	800	800
EL SALVADOR	1,592	1,055	1,400
GRENADA*	66	100	100
GUATEMALA	492	400	400
GUYANA	0	50	50

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

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
<u>AMERICAN REPUBLICS (CONT):</u>			
HAITI	0	200	665
HONDURAS	1,053	1,100	1,100
JAMAICA	301	400	450
MEXICO	304	400	430
PACAMS	2,398	1,000	1,000
PARAGUAY	217	175	175
PERU	458	900	900
ST. KITTS AND NEVIS*	65	100	100
ST. LUCIA*	48	100	100
ST. VINCENT & GRENADINES*	44	100	100
SURINAME	0	25	0
TRINIDAD & TOBAGO	43	95	95
URUGUAY	198	200	325
VENEZUELA	<u>102</u>	<u>125</u>	<u>175</u>
REGIONAL TOTAL	11,642	12,770	13,745
<u>EAST ASIA & PACIFIC:</u>			
BURMA	0	0	0
FIJI	0	50	50
INDONESIA	1,985	1,900	2,300
KOREA	1,217	1,000	800
MALAYSIA	996	0	1,100
PAPUA NEW GUINEA	58	75	80
PHILIPPINES	2,589	2,600	2,800
SINGAPORE	49	20	15
SOLOMON ISLANDS	37	50	50
THAILAND	2,629	2,400	2,500
TONGA	31	50	50
VANUATU	<u>0</u>	<u>30</u>	<u>50</u>
REGIONAL TOTAL	9,591	8,175	9,795
<u>EUROPE & CANADA:</u>			
AUSTRIA	13	15	0
CZECHOSLOVAKIA	0	50	75
FINLAND	38	15	0
GREECE	629	550	500
HUNGARY	0	50	75
ICELAND	8	0	0
IRELAND	0	30	0
MALTA	29	60	65
POLAND	0	50	75
PORTUGAL	2,390	2,650	2,850
SPAIN	2,087	1,500	1,200
TURKEY	3,449	3,400	3,500
YUGOSLAVIA	<u>26</u>	<u>100</u>	<u>100</u>
REGIONAL TOTAL	8,669	8,470	8,440
<u>NEAR EAST & SOUTH ASIA:</u>			
ALGERIA	150	150	150
BANGLADESH	305	300	350
EGYPT	1,636	1,500	1,800
INDIA	282	300	345
JORDAN	2,200	2,180	2,000
LEBANON	130	400	400
MALDIVES	46	50	70
MOROCCO	1,394	1,050	1,150
NEPAL	123	125	185
OMAN	178	100	100
PAKISTAN	960	915	915
SRI LANKA	191	160	200
TUNISIA	1,492	1,450	1,250

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

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
<u>NEAR EAST & SOUTH ASIA (CONT):</u>			
YEMEN	<u>1,086</u>	<u>0</u>	<u>0</u>
REGIONAL TOTAL	10,173	8,680	8,915
<u>NON-REGIONAL:</u>			
GENERAL COSTS	<u>135</u>	<u>2,160 a/</u>	<u>2,460</u>
NON-REGIONAL TOTAL	<u>135</u>	<u>2,160</u>	<u>2,460</u>
 TOTAL BUDGET AUTHORITY	 47,196	 47,196	 52,500

NOTE: Totals may not add due to rounding.

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

a/ This figure includes at least \$1 million in funds to continue a program initiated by an earmark of FY 1991 IHET funds made in P.L. 101-513, the FY 1991 Foreign Operations Appropriation Act. This program trains civilian personnel, including those not in the ministry of defense, and military personnel in defense resource management, civilian control of the military, military justice systems, and recognition of human rights.

SUMMARY OF STUDENTS TRAINED UNDER IMET

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
AFRICA:			
BENIN	3	4	5
BOTSWANA	31	45	43
BURKINA FASO	7	11	7
BURUNDI	11	8	13
CAMEROON	13	20	16
CAPE VERDE	6	1	10
CENTRAL AFRICAN REPUBLIC	7	12	12
CHAD	20	26	22
COMOROS	4	3	4
CONGO	6	3	16
COTE D'IVOIRE	8	13	10
DJIBOUTI	9	12	9
EQUATORIAL GUINEA	4	4	4
GABON	5	8	14
GAMBIA	10	10	11
GHANA	16	29	16
GUINEA	6	10	7
GUINEA-BISSAU	5	6	8
KENYA	96	96	100
LESOTHO	5	11	6
LIBERIA	0	0	5
MADAGASCAR	6	6	6
MALAWI	9	20	16
MALI	8	9	9
MAURITANIA	7	5	0
MAURITIUS	0	1	4
MOZAMBIQUE	0	4	4
NAMIBIA	0	7	12
NIGER	18	15	17
NIGERIA	20	31	100
RWANDA	5	4	5
SAO TOME & PRINCIPE	4	3	5
SENEGAL	31	21	31
SEYCHELLES	3	9	14
SIERRA LEONE	10	7	22
SOMALIA	0	0	16
SUDAN	0	0	25
SWAZILAND	6	8	8
TANZANIA	7	4	12
TOGO	5	7	7
UGANDA	8	23	18
ZAIRE	26	1	12
ZIMBABWE	<u>22</u>	<u>23</u>	<u>28</u>
REGIONAL TOTAL	467	540	709
AMERICAN REPUBLICS:			
ANTIGUA-BARBUDA*	0	16	22
ARGENTINA	41	46	90
BAHAMAS	19	43	46
BARBADOS*	11	17	21
BELIZE	15	20	20
BOLIVIA	71	110	20
BRAZIL	16	35	33
CHILE	0	10	15
COLOMBIA	669	972	1,375
COSTA RICA	35	54	44
DOMINICA*	3	13	14
DOMINICAN REPUBLIC	79	85	96
ECUADOR	203	292	347
EL SALVADOR	145	125	145
GRENADA*	12	17	20
GUATEMALA	100	109	101
GUYANA	0	4	4

SUMMARY OF STUDENTS TRAINED UNDER IMET

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
<u>AMERICAN REPUBLICS (CONT):</u>			
HAITI	0	12	54
HONDURAS	215	217	235
JAMAICA	54	80	82
MEXICO	77	170	114
PARAGUAY	17	22	18
PERU	31	123	68
ST. KITTS AND NEVIS*	13	12	22
ST. LUCIA*	8	10	22
ST. VINCENT & GRENADINES*	9	11	23
SURINAME	0	11	24
TRINIDAD & TOBAGO	4	12	9
URUGUAY	10	29	24
VENEZUELA	40	95	56
REGIONAL TOTAL	1,897	2,772	3,164
<u>EAST ASIA & PACIFIC:</u>			
FIJI	0	10	5
INDONESIA	100	114	180
KOREA	212	205	143
MALAYSIA	110	0	125
PAPUA NEW GUINEA	3	7	6
PHILIPPINES	325	365	364
SINGAPORE	12	4	4
SOLOMON ISLANDS	4	3	6
THAILAND	253	308	340
TONGA	1	6	2
VANUATU	0	3	4
REGIONAL TOTAL	1,020	1,025	1,179
<u>EUROPE & CANADA:</u>			
AUSTRIA	6	9	0
CZECHOSLOVAKIA	0	4	6
FINLAND	6	4	0
GREECE	148	177	121
HUNGARY	0	4	6
ICELAND	8	0	0
IRELAND	0	6	0
MALTA	6	6	14
POLAND	0	4	6
PORTUGAL	48	57	62
SPAIN	114	102	76
TURKEY	179	285	195
YUGOSLAVIA	1	7	4
REGIONAL TOTAL	516	665	490
<u>NEAR EAST & SOUTH ASIA:</u>			
ALGERIA	23	27	24
BANGLADESH	32	35	36
EGYPT	157	210	174
INDIA	16	15	21
JORDAN	206	230	214
LEBANON	9	40	40
MALDIVES	5	5	6
MOROCCO	82	96	103
NEPAL	12	16	24
OMAN	22	18	17
PAKISTAN	116	160	123
SRI LANKA	18	16	19
TUNISIA	122	155	132
YEMEN	48	0	0

SUMMARY OF STUDENTS TRAINED UNDER IMET

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
REGIONAL TOTAL	<u>868</u>	<u>1,023</u>	<u>933</u>
WORLDWIDE TOTAL	4,768	6,025	6,475

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

ECONOMIC SUPPORT FUND

The Economic Support Fund (ESF) advances U.S. economic, political and security interests by offering economic and counter-narcotics assistance to allies and developing countries of strategic importance to the United States. By fostering economic development and reform, ESF helps to avert or alleviate the economic and political disruptions that can threaten the security and independence of key allies and friends. The Agency for International Development (AID) implements the ESF program under the direction of the Administrator of AID and in accordance with the overall foreign policy guidance of the Secretary of State.

ESF primarily provides balance of payments support either directly, through cash transfers, or through the financing of commodity imports which permits the acquisition of critical raw materials and capital goods when foreign exchange is not readily available. Depending on the recipient country's economic situation, the fast-disbursing balance of payments or budgetary support provided through ESF creates leverage for the policy reforms required to facilitate sustainable economic growth by encouraging the adoption of more rational economic and fiscal policies. Where longer-term political and economic stability is the primary concern, ESF finances projects of direct benefit to the poor.

As has been the case throughout the past decade, economic dislocation and political strife continue to place great strains on many countries. Many of these same countries have recognized that economic reform is essential for economic and political stability and have begun to implement urgently needed reforms. In the short term however, efforts to develop more rational and efficient economic policies can often exacerbate social and political tensions, unless buffered with external assistance. The FY 1991 appropriation of \$3.141 billion in grant ESF and the Administration's FY 1992 request of \$3.228 reflects a firm U.S. commitment to economic development and growth. Funding will help safeguard important mutual security interests of the United States and its friends and allies.

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

ACTUAL FY 1990

	CARRY FORWARD	BUDGET AUTHORITY NEW BUDGET AUTHORITY	TOTAL	OBLIGATIONS (GRANT)
AFRICA:				
AFRICA REGIONAL	0	0	0	2,000
BOTSWANA	0	0	0	769
CHAD	0	0	0	2,944
COTE D'IVOIRE	0	0	0	7,000
DJIBOUTI	187	1,742	1,929	3,229
NAMIBIA	0	10,000	10,000	0
SEYCHELLES	0	1,991	1,991	2,991
SOUTH AFRICA REPUBLIC	0	19,957	19,957	9,957
REGIONAL TOTAL	187	33,690	33,877	28,890
AMERICAN REPUBLICS:				
BOLIVIA	13,250	20,163	33,413	33,413
CENTRAL AMERICA REGIONAL	70	0	70	70
COLOMBIA	2,133	0	2,133	2,107
COSTA RICA	0	63,544	63,544	63,544
EASTERN CARIBBEAN	0	1,957	1,957	2,032
EL SALVADOR	13,740	130,616	144,356	136,355
GUATEMALA	0	56,483	56,483	56,483
GUYANA	0	2,289	2,289	1,687
HAITI	0	3,000	3,000	2,500
HONDURAS	70,000	60,017	130,017	130,017
JAMAICA	0	13,728	13,728	13,728
LATIN AMERICA REGIONAL	821	10,058	10,879	10,381
NICARAGUA	803	295,000	295,803	242,910
NICARAGUA/PANAMA ADMIN EXP	0	10,000	10,000	920
PANAMA	0	412,000	412,000	394,487
PERU	0	3,286	3,286	3,286
REGIONAL TOTAL	100,817	1,082,141	1,182,958	1,093,920
EAST ASIA & PACIFIC:				
APRE REGIONAL	0	850	850	850
CAMBODIAN RESISTANCE	0	5,078	5,078	5,078
INDONESIA	0	1,991	1,991	0
PHILIPPINES	0	124,020	124,020	130,403
S. PACIFIC TUNA TREATY	0	10,001	10,001	10,000
THAILAND	0	2,539	2,539	2,539
REGIONAL TOTAL	0	144,479	144,479	148,870
EUROPE & CANADA:				
CYPRUS	0	14,936	14,936	4,979
EASTERN EUROPE REGIONAL	0	230,007	230,007	228,391
IRELAND	10,000	19,769	29,769	10,000
PORTUGAL	0	40,002	40,002	39,402
TURKEY	0	14,263	14,263	14,263
UNION OF SOVIET SOCIALIST REPUBLICS	0	4,979	4,979	4,929
REGIONAL TOTAL	10,000	323,956	333,956	301,964
NEAR EAST & SOUTH ASIA:				
AFGHAN HUMANITARIAN	0	35,060	35,060	35,135
EGYPT	115,000	811,496	926,496	898,389
ISRAEL	0	1,194,840	1,194,840	1,194,840
JORDAN	0	34,850	34,850	3,700
LEBANON	0	3,734	3,734	3,734
MIDDLE EAST REGIONAL	0	11,948	11,948	6,846
MOROCCO	0	19,914	19,914	19,914
OMAN	0	12,546	12,546	12,546
PAKISTAN	0	229,011	229,011	229,011
TUNISIA	0	12,446	12,446	12,746
WEST BANK/GAZA	1,114	11,948	13,062	12,618

ECONOMIC SUPPORT FUND (CONTINUED)
BUDGET AUTHORITY/OBLIGATIONS
(DOLLARS IN THOUSANDS)

ACTUAL FY 1990

	CARRY FORWARD	BUDGET AUTHORITY NEW BUDGET AUTHORITY	TOTAL	OBLIGATIONS (GRANT)
<u>NEAR EAST & SOUTH ASIA (CONT):</u>				
REGIONAL TOTAL	116,114	2,377,793	2,493,907	2,429,479
<u>NON-REGIONAL:</u>				
OFF FOREIGN DISASTER ASST	0	2,500	2,500	7,493
OTHER	785	0	785	0
RETURNED TO TREASURY	2	0	2	0
SCIENCE & TECHNOLOGY	0	240	240	240
WAR VICTIMS	<u>0</u>	<u>1,189</u>	<u>1,189</u>	<u>0</u>
NON-REGIONAL TOTAL	<u>787</u>	<u>3,929</u>	<u>4,716</u>	<u>7,733</u>
TOTAL BUDGET AUTHORITY/OBLIGATIONS	227,905	3,965,988	4,193,893	4,010,856

**ECONOMIC SUPPORT FUND
BUDGET AUTHORITY/OBLIGATIONS**
(DOLLARS IN THOUSANDS)

ESTIMATED FY 1991

	CARRY FORWARD	BUDGET AUTHORITY NEW BUDGET AUTHORITY	TOTAL	OBLIGATIONS (GRANT)
AFRICA:				
COTE D'IVOIRE	3,000	3,000	6,000	6,000
DJIBOUTI	0	3,000	3,000	3,000
NAMIBIA	10,000	0	10,000	10,000
SENEGAL	0	1,000	1,000	1,000
SEYCHELLES	0	3,300	3,300	3,300
SOUTH AFRICA REPUBLIC	<u>10,000</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>
REGIONAL TOTAL	23,000	10,300	33,300	33,300
AMERICAN REPUBLICS:				
ANDEAN NARCOTICS INITVE	0	175,000 a/	175,000 a/	175,000 a/
BOLIVIA	0	12,000	12,000	12,000
COLOMBIA	26	0	26	26
COSTA RICA	0	25,000	25,000	25,000
EASTERN CARIBBEAN	0	2,150	2,150	2,150
EL SALVADOR	8,001	120,000	128,001	128,001
GUATEMALA	0	30,000	30,000	30,000
GUYANA	602	2,000	2,602	2,602
HAITI	500	12,000	12,500	12,500
HONDURAS	0	50,000	50,000	50,000
JAMAICA	0	10,000	10,000	10,000
LATIN AMERICA REGIONAL	498	9,000	9,498	9,498
NICARAGUA	54,273	150,000	204,273	204,273
NICARAGUA/PANAMA ADMIN EXP	9,080	0	9,080	9,080
PANAMA	<u>42,638</u>	<u>0</u>	<u>42,638</u>	<u>42,638</u>
REGIONAL TOTAL	115,618	597,150	712,768	712,768
EAST ASIA & PACIFIC:				
CAMBODIAN RESISTANCE	0	7,000	7,000	7,000
FIJI	0	300	300	300
INDONESIA	1,991	5,000	6,991	6,991
PHILIPPINES	0	120,000	120,000	120,000
S. PACIFIC TUNA TREATY	1	10,000	10,001	10,001
THAILAND	<u>0</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
REGIONAL TOTAL	1,992	144,800	146,792	146,792
EUROPE & CANADA:				
CYPRUS	9,957	15,000	24,957	24,957
EASTERN EUROPE REGIONAL	1,616	0	1,616	1,616
IRELAND	19,769	20,000	39,769	39,769
PORTUGAL	600	42,000	42,600	42,600
TURKEY	0	50,000	50,000	50,000
UNION OF SOVIET SOCIALIST REPUBLICS	<u>50</u>	<u>0</u>	<u>50</u>	<u>50</u>
REGIONAL TOTAL	31,992	127,000	158,992	158,992
NEAR EAST & SOUTH ASIA:				
AFGHAN HUMANITARIAN	0	30,000	30,000	30,000
EGYPT	33,997	815,000	848,997	848,997
HOSTAGES IN IRAQ	0	10,000	10,000	10,000
ISRAEL	0	1,200,000	1,200,000	1,200,000
JORDAN	31,150	35,000	66,150	66,150
LEBANON	0	3,750	3,750	3,750
MIDDLE EAST REGIONAL	5,476	7,800	13,276	13,276
MOROCCO	0	20,000	20,000	20,000
OMAN	0	15,000	15,000	15,000
PAKISTAN	0	100,000	100,000	100,000
TUNISIA	0	3,000	3,000	3,000
WEST BANK/GAZA	<u>444</u>	<u>12,000</u>	<u>12,444</u>	<u>12,444</u>
REGIONAL TOTAL	71,067	2,251,550	2,322,617	2,322,617
NON-REGIONAL:				
OFF FOREIGN DISASTER ASST	7	0	7	7

ECONOMIC SUPPORT FUND (CONTINUED)
BUDGET AUTHORITY/OBLIGATIONS
(DOLLARS IN THOUSANDS)

ESTIMATED FY 1991

	CARRY FORWARD	BUDGET AUTHORITY NEW BUDGET AUTHORITY	TOTAL	OBLIGATIONS (GRANT)
<u>NON-REGIONAL (CONT):</u>				
REAPPROPRIATION	0	14,000 b/	14,000 b/	14,000 b/
SECTION 517	803	0	803	803
WAR VICTIMS	<u>1,189</u>	<u>0</u>	<u>1,189</u>	<u>1,189</u>
NON-REGIONAL TOTAL	<u>1,999</u>	<u>14,000</u>	<u>15,999</u>	<u>15,999</u>
TOTAL BUDGET AUTHORITY/OBLIGATIONS	245,668	3,144,800	3,390,468	3,390,468

**ECONOMIC SUPPORT FUND
BUDGET AUTHORITY/OBLIGATIONS**
(DOLLARS IN THOUSANDS)

PROPOSED FY 1992

	CARRY FORWARD	BUDGET AUTHORITY NEW BUDGET AUTHORITY	TOTAL	OBLIGATIONS (GRANT)
AFRICA:				
AFRICA REGIONAL	0	10,000	10,000	10,000
COTE D'IVOIRE	0	4,000	4,000	4,000
DJIBOUTI	0	3,000	3,000	3,000
NAMIBIA	0	5,000	5,000	5,000
SENEGAL	0	3,000	3,000	3,000
SEYCHELLES	0	<u>3,300</u>	<u>3,300</u>	<u>3,300</u>
REGIONAL TOTAL	0	28,300	28,300	28,300
AMERICAN REPUBLICS:				
ANDEAN NARCOTICS INITVE	0	250,000 c/	250,000 c/	250,000 c/
BOLIVIA	0	25,000	25,000	25,000
COSTA RICA	0	20,000	20,000	20,000
DOMINICAN REPUBLIC	0	5,000	5,000	5,000
EASTERN CARIBBEAN	0	3,000	3,000	3,000
EL SALVADOR	0	120,000	120,000	120,000
GUATEMALA	0	30,000	30,000	30,000
GUYANA	0	2,000	2,000	2,000
HAITI	0	24,000	24,000	24,000
HONDURAS	0	50,000	50,000	50,000
JAMAICA	0	15,000	15,000	15,000
LATIN AMERICA REGIONAL	0	9,900	9,900	9,900
NICARAGUA	0	150,000	150,000	150,000
PANAMA	0	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
REGIONAL TOTAL	0	713,900	713,900	713,900
EAST ASIA & PACIFIC:				
CAMBODIAN RESISTANCE	0	5,000	5,000	5,000
FIJI	0	300	300	300
INDONESIA	0	5,000	5,000	5,000
PHILIPPINES	0	120,000	120,000	120,000
S. PACIFIC TUNA TREATY	0	10,000	10,000	10,000
THAILAND	0	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
REGIONAL TOTAL	0	142,800	142,800	142,800
EUROPE & CANADA:				
CYPRUS	0	3,000	3,000	3,000
PORTUGAL	0	40,000	40,000	40,000
TURKEY	0	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
REGIONAL TOTAL	0	118,000	118,000	118,000
NEAR EAST & SOUTH ASIA:				
AFGHAN HUMANITARIAN	0	30,000	30,000	30,000
EGYPT	0	815,000	815,000	815,000
ISRAEL	0	1,200,000	1,200,000	1,200,000
JORDAN	0	30,000	30,000	30,000
LEBANON	0	2,000	2,000	2,000
MIDDLE EAST REGIONAL	0	6,000	6,000	6,000
MOROCCO	0	12,000	12,000	12,000
OMAN	0	15,000	15,000	15,000
PAKISTAN	0	100,000	100,000	100,000
TUNISIA	0	3,000	3,000	3,000
WEST BANK/GAZA	0	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>
REGIONAL TOTAL	0	2,225,000	2,225,000	2,225,000
NON-REGIONAL:				
REAPPROPRIATION	0	12,000	12,000	12,000

ECONOMIC SUPPORT FUND (CONTINUED)
BUDGET AUTHORITY/OBLIGATIONS
(DOLLARS IN THOUSANDS)

PROPOSED FY 1992

	<u>CARRY FORWARD</u>	<u>BUDGET AUTHORITY NEW BUDGET AUTHORITY</u>	<u>TOTAL</u>	<u>OBLIGATIONS (GRANT)</u>
NON-REGIONAL TOTAL	<u>0</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>
TOTAL BUDGET AUTHORITY/OBLIGATIONS	0	3,240,000	3,240,000	3,240,000

- a/ Provisional allocation of \$175 million as follows: Bolivia \$65 million, Colombia \$50 million, Peru \$60 million. Final allocations will depend on each country's performance in meeting drug program objectives.
- b/ Represents use of reappropriations as prescribed in Section 515 of P.L. 101-513, the FY 1991 Foreign Operations Act.
- c/ Provisional allocation of \$250 million as follows: Bolivia \$100 million, Colombia \$50 million, Peru \$100 million. Final allocations will depend on each country's performance in meeting drug program objectives.

PEACEKEEPING OPERATIONS

The Foreign Assistance Act of 1961, Part II, Chapter 6, as amended, authorizes assistance to friendly countries and international organizations for peacekeeping operations which further U.S. national security interests. The United Nations Force in Cyprus (UNFICYP) and the Multinational Force and Observers (MFO) in the Sinai are two such international organizations. The Administration is requesting \$28 million in FY 1992 in support of both UNFICYP and the MFO.

United Nations Force in Cyprus

The FY 1992 request for UNFICYP is \$8.5 million. The United States has a clear and vital interest in preserving UNFICYP. Its erosion would exacerbate regional tensions, and increase the risk of violence in Cyprus, as well as the risk of a confrontation between Greece and Turkey.

UNFICYP has 2,132 military and civilian personnel stationed in Cyprus. Six Western European countries and Canada provide troops; Australia and Sweden provide civilian police. The cost to the United Nations of maintaining UNFICYP for the latter half of 1990 has been \$13.8 million, which does not reflect the bulk of the costs absorbed by troop-contributing countries. The Force's cumulative deficit from previous years, a cost borne by countries contributing troops, reached about \$171.6 million by the end of December 1990. In the face of this funding shortfall, UNFICYP's contributors (led by Canada, the United Kingdom and Finland) have strongly pressed for a change in the means of funding the force. The Administration will actively work with all those involved, and in close consultation with Congress, to place the force on a more secure financial footing. Failure of the United States to maintain its full contribution to UNFICYP would increase the deficit and would make more difficult efforts to retain the continued support of troop-contributing countries and to increase contributions from others.

Multinational Force and Observers

The FY 1992 request for the MFO is \$19.50 million. The mission of the MFO, an independent international body, is to implement the security arrangements envisioned for the United Nations in the 1979 Egyptian-Israeli Peace Treaty. Congress authorized U.S. participation in Public Law 97-132. The United States has a firm political commitment to the governments of Israel and Egypt to finance one-third of annual MFO costs. In FY 1991, the MFO proposed a budget of \$71.5 million with a U.S. share of \$23.8 million; however, cost reduction programs reduced the MFO FY 1991 budget to \$60 million with a U.S. share of \$19.5 million. The reduction was possible due to a continued \$1.5 million annual contribution from the government of Japan and further significant reductions in MFO forces in the Sinai. There is a consensus among the three major fund contributors that savings are to be desired, but cost cutting exercises must not change the MFO's basic mission or broad governing concepts.

PEACEKEEPING OPERATIONS
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
MULTINATL FORCE & OBSERV (MFO)	23,936	18,000	19,500
UN FORCE IN CYPRUS	8,837	9,000	8,500
UNALLOCATED	<u>0</u>	<u>5,800</u>	<u>0</u>
TOTAL BUDGET AUTHORITY	32,773	32,800	28,000

a/ Total based on appropriation of \$33.377 million less .43% reduction for anti-narcotics and sequestration of \$460,000 pursuant to P.L. 99-177 (Gramm-Rudman-Hollings).

SPECIAL DEFENSE ACQUISITION FUND

SDAF and the Emerging Global Defense Environment

The Special Defense Acquisition Fund (SDAF) is a unique instrument of our security assistance program that provides the Department of Defense (DOD) with needed flexibility in planning for the post-containment era. The principal purpose of the SDAF is to finance the acquisition of defense items for later Foreign Military Sale (FMS) to allied and friendly nations. No other funding source exists for this purpose.

SDAF is a versatile element of our overall foreign policy—permitting us to act in anticipation of the emerging defense environment, rather than merely reacting to changes. Through its unique ability to initiate procurement actions to meet foreseen requirements, the SDAF provides a mechanism which helps to promote cooperative defense planning. The SDAF can serve as a key tool of transition during a period of declining defense resources.

Authority

The SDAF is a revolving fund, authorized in 1982 under Chapter 5 of the Arms Export Control Act (AECA), and presently capitalized at \$1.07 billion. Congressional authority to obligate SDAF funds is required in the annual security assistance appropriations legislation. Beginning in FY 1989, Congress made these annual authorizations available for three years.

The Expanding Purposes of the SDAF

The SDAF's primary purpose is to procure high-demand, long-leadtime defense equipment in anticipation of sales through FMS. Such acquisitions result in accelerated deliveries once FMS agreements are signed. The availability of SDAF assets reduces pressures on the DoD to meet emergency foreign requirements from U.S. Service inventories or diversions from production. Accordingly, the SDAF contributes directly to U.S. readiness.

Given the changing security assistance environment, as well as the push to reduce U.S. forces domestically, criteria for procurements have evolved to meet the new demands. SDAF has continued to emphasize procurements geared to fulfilling its traditional mission, while at the same time adapting to new economic and production-base realities. Below are some examples:

- The SDAF has bridged gaps in production lines which have arisen due to cuts in procurements by the Department of Defense. Attention has been paid to procuring items with known foreign sales bases whose production is being terminated either temporarily, by a gap in domestic contracts, or permanently, due to reduced acquisition objectives of the DoD. The weapon systems affected have been Hawk surface-to-air missiles, AIM-9M Sidewinder air-to-air missiles and TOW 2A anti-tank missiles.
- SDAF has addressed situations where equipment with a firm FMS customer base is no longer being procured into Service inventories. The SDAF has purchased and refurbished UH-1 helicopters. It has purchased needed logistics support for out-of-production aircraft such as the C-130 transport and the F-4. The SDAF has also procured engine upgrade kits for P-3 aircraft. Further programs such

as the above, as well as others involving tank and vehicle chassis components, are presently under consideration.

FY 1990 Accomplishments

The benefits of the SDAF are manifest in the two principal activities of the SDAF: procurement and sale of assets. SDAF procurements enhance U.S. defense production by extending production lines, achieving higher levels of production which reduce costs, and establishing favorable add-on contracts for these items from current and projected procurement. SDAF sales demonstrate how SDAF supports worldwide US foreign policy objectives to build coalition defenses and enhance regional stability.

During FY 1990, SDAF benefits were especially evident in the procurement of air-to-surface missiles, surface-to-air missiles, anti-tank missiles, counterbattery radars, aircraft engine upgrade kits, light arms and ammunition, communications security equipment and helicopters. Higher production volumes for these items resulted in lower unit prices for DoD end-users, NATO, and allied and friendly nations.

SDAF sales in FY 1990 reached a record high. The impact of SDAF sales spanned regions and technologies. The Pacific, European and Near East/South Asia regions each involved over 30% of the total sales. These regions shared equally in the procurement of many high-tech and less sophisticated items. The American region (Latin America) absorbed the remainder of the sales, principally in lower technology, lower cost items.

In addition to the mainstream accomplishments of the SDAF, FY 1990 offered two clear examples of its continued importance:

Desert Storm: SDAF sales of small arms and ammunition, tank and howitzer ammunition, grenades and launchers, mortars, trucks, jeeps, TOW missiles and launchers, Sidewinder air-to-air missiles, Stinger missiles, laser designators, night sights, night vision goggles and tactical radios have all served the need of the many governments participating in Operation Desert Storm. The SDAF has been able to meet many of the immediate requirements and is also positioned to replenish U.S. stocks which have been diverted. The countries included are United Kingdom, Saudi Arabia, Egypt, Bahrain, Oman, United Arab Emirates and Turkey.

Narcotics Control: Pursuant to Section 51(a)(4) of the AECA, the SDAF has made a concerted effort to procure items in support of counternarcotics efforts. SDAF procurements of various types of ammunition, night vision equipment, radios and light arms (rifles, machine guns and mortars) have contributed to facilitating sales to our allies in the "War on Drugs" and reduced pressures on the Army to withdraw on-hand Service stocks for sustainment of the missions of friendly governments. Examples of these efforts are programs with Bolivia, Barbados, Belize, Ecuador and Grenada.

FY 1991 Overview

Based upon planning within DoD and surveys of country needs, the following items are possible SDAF procurement candidates in FY 1991:

Aircraft Common Support Equipment
Howitzer, Towed
Air-to-Air Missiles
Patrol Boats

Grenade Launchers
Machine Guns, Rifles, Pistols and Support Equipment
Communications Security Equipment
Ship-Launched, Surface-to-Air Missile
Ammunition and Ordnance of All Types
Radios and Support Equipment
Shipboard Missile Defense Systems
Aircraft Spares Storage Support
Ship-Launched, Surface-to-Surface Missile Components
Tactical Decoy Flares
Helicopter-Launched, Air-to-Ground Missiles
Trucks
Surface-to-Surface, Anti-Tank Missiles
Mortar Locating Radars
Long Range, Air-Defense Missiles
Utility Helicopters

FY 1992 Request

The obligation authority requested for FY 1992 is \$275 million; this is the program level that can be supported with the capital and receipts from expected SDAF sales.

ARMS CONTROL CONSIDERATIONS

Security assistance has long been an indispensable element in U.S. policy to build a more secure and peaceful world. Arms transfers, judiciously used, can help to deter aggression; strengthen mutual security relationships; and foster internal and regional stability.

The U.S. Security Assistance Program is consistent with U.S. arms control policy to promote international security through the negotiation of equitable and verifiable agreements, and assuring compliance with existing agreements. Security assistance enhances the deterrent and defense capabilities of our friends and allies, thereby promoting regional stability. It also contributes to our ability to limit the proliferation of destabilizing weapons in regions of tension and conflict. Therefore, a carefully structured security assistance program can assist in curbing the proliferation of nuclear weapons, ballistic missiles, chemical and biological weapons, and advanced weapon technologies.

In accordance with Presidential policy, each request for arms is carefully evaluated on a case-by-case basis. This evaluation is designed to assess the net contribution of a particular sale to enhanced deterrence and defense. Arms control implications are an essential element of this evaluation, and each sale is specifically reviewed for its impact upon U.S. arms control objectives. Such a review will consider whether the proposed transfer can be absorbed without overburdening the recipient's military support system or financial resources; and whether any adverse effects of the transfer are offset by positive contributions to U.S. and regional interests and objectives.

The Arms Control and Disarmament Agency (ACDA) exercises statutory authority for evaluating the arms control implications of arms transfer proposals. As required by the Arms Export Control Act and the Foreign Assistance Act of 1961, ACDA assesses whether proposed military sales and assistance, and commercial arms exports might contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control agreements. ACDA is, therefore, an essential and active participant in the arms transfer and security assistance decision-making process.

ACDA participates in the Security Assistance Program Review Working Group (SAPRWG) in order to ensure that arms control implications are considered in the development of all programs contained in the annual security assistance budget request. ACDA also continues to take an active role in the development and support of major Administration weapons nonproliferation initiatives.

Despite the obstacles and the new challenges to the attainment of effective arms control, the Administration has achieved positive results in encouraging greater international cooperation and arms transfer restraint. These efforts will continue in the post Cold War world as the focus of arms control expands beyond U.S.-Soviet/NATO-Warsaw Pact arrangements to include controlling the proliferation of nuclear, chemical, biological, ballistic missile, and advanced weapon technologies as well as promoting regional arms control arrangements. As we look forward, the United States will remain committed to helping its friends and allies maintain their security through prudent arms transfers which promote peace and stability.

ESTIMATING FOREIGN MILITARY SALES

Foreign Military Sales (FMS) policies are derived from U.S. statutes, State Department and Defense Department policies, and Presidential directives. Offers to sell defense articles and services (including training) under FMS procedures are made only in response to specific requests from foreign governments' authorized representatives 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 agreements concluded in FY 1990. It represents the total dollar value of Letters of Offer and Acceptance (LOAs) signed in FY 1990, regardless of when the articles and services were or will be delivered.

The second part of the table shows the estimated dollar value totals projected for FY 1991 and FY 1992. These estimates are derived through an analysis of each country's ongoing projects and known potential new programs and are made under conditions of extreme uncertainty. Projections are based on: analyses of interests expressed by potential purchasers which may not result in official requests; judgments as to 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 as to which final U.S. offers to sell the country may actually accept. The latter requires not only an estimate of how essential the military equipment is to the country's defense needs, but also an estimate of whether the purchase will be approved internally during the purchasing country's budget process. Projections include an estimate of potential requests for major increases in scope (amendments) to prior-year cases. In some instances, training, publications, maps, medical supplies, technical assistance, and some spare parts are not included in these figures. These amendments are reflected as a sale in the current fiscal year.

Each phase of the request/offer/acceptance process has many variables which make it difficult to determine exactly when a particular sale may occur. A 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 Offer and Acceptance are accepted 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 1990			ESTIMATED FY 1991	ESTIMATED FY 1992
	TOTAL SALES	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL SALES	TOTAL SALES
AFRICA:					
AFRICA CIVIC ACTION	0	0	0	5,000	4,000
BOTSWANA	451	451	0	1,000	1,000
CAMEROON	463	463	0	0	0
CAPE VERDE	25	25	0	0	0
CENTRAL AFRICAN REPUBLIC	9	9	0	200	300
CHAD	6,485	6,485	0	3,600	3,000
COTE D'IVOIRE	100	3	97	0	0
DJIBOUTI	1,718	1,640	78	2,500	1,500
EQUATORIAL GUINEA	140	53	87	0	0
GAMBIA	365	365	0	0	0
GUINEA	443	130	313	0	0
GUINEA-BISSAU	216	216	0	0	0
KENYA	11,116	11,116	0	15,000	15,000
MADAGASCAR	436	436	0	1,000	1,000
MALAWI	1,903	1,903	0	2,000	1,000
MAURITANIA	89	89	0	0	0
NIGER	1,834	1,834	0	2,000	1,500
NIGERIA	556	556	0	1,200	1,000
SENEGAL	202	103	99	1,000	800
SEYCHELLES	225	225	0	0	0
SIERRA LEONE	86	86	0	0	0
TANZANIA	50	50	0	0	0
TOGO	150	150	0	0	0
UGANDA	25	25	0	0	0
ZAIRE	2,561	2,561	0	2,000	1,000
REGIONAL TOTAL	29,648	28,974	674	36,500	31,100
AMERICAN REPUBLICS:					
ANTIGUA-BARBUDA*	344	344	0	0	0
ARGENTINA	3,576	3,576	0	50,000	20,000
BARBADOS*	76	76	0	0	0
BELIZE	320	320	0	500	500
BOLIVIA	563	563	0	15,000	15,000
BOLIVIA - INTL NARC	11,474	9,674	1,800	0	0
BRAZIL	32,246	32,246	0	55,000	55,000
CHILE	55	55	0	1,000	1,500
COLOMBIA	2,460	2,460	0	90,000	90,000
COLOMBIA - INTL NARC	16,189	15,861	328	0	0
COSTA RICA	431	431	0	2,200	1,200
DOMINICA*	53	53	0	0	0
DOMINICAN REPUBLIC	1,621	1,621	0	500	0
EASTERN CARIBBEAN	0	0	0	2,500	2,500
ECUADOR	5,564	5,564	0	10,000	10,000
EL SALVADOR	76,041	71,913	4,128	90,000	100,000
GRENADA*	543	543	0	0	0
GUATEMALA	4,038	4,038	0	3,000	3,000
HAITI	0	0	0	500	500
HONDURAS	25,702	23,686	2,016	20,000	15,000
JAMAICA	1,266	1,266	0	2,000	2,900
MEXICO	12,737	12,737	0	10,000	15,000
PANAMA	6,426	6,426	0	2,000	0
PARAGUAY	10	10	0	1,500	1,500
PERU	208	208	0	10,000	10,000
ST. KITTS AND NEVIS*	53	53	0	0	0
ST. LUCIA*	242	242	0	0	0
ST. VINCENT & GRENADINES*	126	126	0	0	0
TRINIDAD & TOBAGO	100	100	0	0	0
URUGUAY	1,524	1,524	0	2,000	2,000
VENEZUELA	19,080	19,080	0	55,000	40,000
REGIONAL TOTAL	223,068	214,796	8,272	422,700	385,600
EAST ASIA & PACIFIC:					
AUSTRALIA	243,823	243,823	0	130,000	85,000

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

	ACTUAL FY 1990			ESTIMATED FY 1991	ESTIMATED FY 1992
	TOTAL SALES	DEFENSE ART/SERV	CONSTR/ DESIGN	TOTAL SALES	TOTAL SALES
<u>EAST ASIA & PACIFIC (CONT):</u>					
BRUNEI	3	3	0	0	0
FIJI	0	0	0	0	500
INDONESIA	19,853	19,853	0	50,000	10,000
JAPAN	1,415,117	1,415,117	0	400,000	500,000
KOREA	585,233	585,233	0	3,000,000	480,000
MALAYSIA	8,608	8,608	0	6,000	3,000
NEW ZEALAND	31,963	31,963	0	10,000	10,000
PHILIPPINES	118,535	118,535	0	130,000	150,000
SINGAPORE	30,796	30,796	0	35,000	45,000
TAIWAN	509,998	509,998	0	480,000	485,000
THAILAND	170,463	170,463	0	50,000	60,000
REGIONAL TOTAL	3,134,392	3,134,392	0	4,291,000	1,828,500
<u>EUROPE & CANADA:</u>					
AUSTRIA	37,137	37,137	0	30,000	20,000
BELGIUM	100,701	100,701	0	65,000	20,000
CANADA	172,505	172,505	0	150,000	120,000
DENMARK	68,376	68,376	0	100,000	100,000
FINLAND	15	15	0	2,000	2,000
FRANCE	74,224	74,224	0	40,000	40,000
GERMANY	351,892	351,892	0	230,000	200,000
GREECE	200,906	200,906	0	150,000	120,000
ITALY	100,641	100,641	0	85,000	100,000
LUXEMBOURG	103	103	0	100	100
NETHERLANDS	161,348	161,348	0	200,000	100,000
NORWAY	59,745	59,745	0	60,000	40,000
PORTUGAL	36,299	36,299	0	400,000	20,000
SPAIN	318,231	318,231	0	50,000	30,000
SWEDEN	1,827	1,827	0	1,200	1,200
SWITZERLAND	66,244	66,244	0	25,000	50,000
TURKEY	465,916	465,916	0	350,000	200,000
UNITED KINGDOM	460,300	448,300	12,000	260,000	130,000
REGIONAL TOTAL	2,676,410	2,664,410	12,000	2,198,300	1,293,300
<u>NEAR EAST & SOUTH ASIA:</u>					
ALGERIA	80	80	0	1,000	1,000
BAHRAIN	88,667	87,222	1,445	50,000	20,000
EGYPT	1,144,514	1,088,114	56,400	1,800,000	350,000
INDIA	12	12	0	0	0
ISRAEL	355,258	355,258	0	80,000	260,000
JORDAN	28,096	28,096	0	40,000	50,000
KUWAIT	53,859	53,859	0	0	0
MOROCCO	45,251	45,251	0	100,000	70,000
NEPAL	284	284	0	0	0
OMAN	71,241	71,241	0	60,000	10,000
PAKISTAN	264,119	264,119	0	100,000	200,000
SAUDI ARABIA	5,926,409	5,770,709	155,700	9,000,000	6,000,000
TUNISIA	35,554	35,554	0	10,000	40,000
UNITED ARAB EMIRATES	9,681	9,681	0	450,000	100,000
YEMEN	2,242	2,242	0	500	500
REGIONAL TOTAL	8,025,267	7,811,722	213,545	11,691,500	7,101,500
<u>NON-REGIONAL:</u>					
CLASSIFIED TOTALS a/	0	0	0	300,000	300,000
INTERNATIONAL ORGANIZATIONS	93,410	93,410	0	60,000	60,000
NON-REGIONAL TOTAL	93,410	93,410	0	360,000	360,000
WORLDWIDE TOTAL	14,182,195	13,947,704	234,491	19,000,000	11,000,000

FOREIGN MILITARY SALES & CONSTRUCTION SALES AGREEMENTS (CONTINUED)

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

a/ For further information, please see the classified Annex to this document.

COMMERCIAL EXPORTS LICENSED AND APPROVED UNDER THE ARMS EXPORT CONTROL ACT

The Center for Defense Trade, Bureau of Politico-Military Affairs, Department of State, administers the United States Government program to control commercial exports of defense articles and services. The Office of Defense Trade Controls (DTC), formerly the Office of Munitions Control, implements the International Traffic in Arms Regulations, which include the U.S. Munitions List (USML). The Office of Defense Trade Policy (DTP) is the second arm of the Center for Defense Trade, setting policy guidelines for commercial defense trade, providing guidance to U.S. embassies overseas and representing the United States in COCOM discussions on the International Munitions List.

The Center was established in January 1990 to provide improved munitions export licensing service and policy guidance to U.S. industry and the federal government. Additional staff and an updated computer system have enabled DTC to reduce substantially the time necessary to license USML exports.

The data in this chart on commercial arms sales are compiled by DTC based on information as of September 1990.

The chart illustrating commercial exports is in two parts. The first column, entitled "Actual Exports (Preliminary)," shows the preliminary dollar value totals by destination of *exports* made during fiscal year 1990. Generally, these export totals are compiled from expired and completed licenses returned to the Office of Defense Trade Controls by the U.S. Customs Service, unless a more comprehensive method is available. The totals are preliminary because the licenses by which exports were made in FY 90 may extend beyond FY 90, and therefore are not returned by the U.S. Customs Service until the license is completed or expires. In some instances, training, publications, maps, medical supplies, technical assistance, and some spare parts are not included in these figures. For further information, see also Annex I (classified).

The second and third columns show the *estimated* dollar value totals by destination of exports in fiscal years 1991 and 1992. These estimates are arrived at by determining the *actual* dollar value of licenses approved for each destination during the prior two fiscal years and extrapolating likely exports under these approved licenses. Factors considered by DTC which cannot be quantitatively assessed include the availability of the licensed export for shipping, and how quickly the license is returned to DTC. Furthermore, all DTC licenses are approved for three calendar years, thereby allowing shipments to span potentially four fiscal years. In some instances, training, publications, maps, medical supplies, technical assistance, and some spare parts are not included in these figures. (see also Annex I, (classified)). In short, 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, the data are replaced with actual data.

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

	ACTUAL DELIVERIES (PRELIMINARY) FY 1990	ESTIMATED DELIVERIES FY 1991	FY 1992
AFRICA:			
BOTSWANA	454	9,585	5,751
BURKINA FASO	5	36	21
BURUNDI	184	76	46
CAMEROON	17	908	545
CAPE VERDE	1	1	**
CHAD	0	21,897	13,138
CONGO	63	26	15
COTE D'IVOIRE	30	45	27
DJIBOUTI	42	18	11
GABON	190	416	250
GAMBIA	1	2	1
GHANA	19	18	11
GUINEA	47	282	169
KENYA	361	4,142	2,485
MADAGASCAR	233	119	71
MALAWI	0	**	**
MALI	0	**	**
MAURITANIA	0	182	109
MAURITIUS	81	103	62
MOZAMBIQUE	0	182	109
NAMIBIA	65	714	428
NIGER	123	136	82
NIGERIA	3,672	170,653	102,392
REUNION	0	120	72
SENEGAL	4	63	38
SIERRA LEONE	0	1	1
SOUTH AFRICA REPUBLIC	0	18	11
SUDAN	33	1,012	607
SWAZILAND	0	2	1
TANZANIA	0	226	136
TOGO	0	98	59
UGANDA	0	13,963	8,378
ZAIRE	44	62	37
ZAMBIA	235	668	401
ZIMBABWE	25	432	259
	<hr/>	<hr/>	<hr/>
REGIONAL TOTAL	5,929	226,206	135,723
AMERICAN REPUBLICS:			
ANTIGUA-BARBUDA*	1	1	1
ARGENTINA	2,891	72,851	43,711
BAHAMAS	107	4,891	2,934
BARBADOS*	37	90	54
BELIZE	0	13	8
BERMUDA	42	820	492
BOLIVIA	128	2,327	1,396
BRAZIL	5,038	71,949	43,170
BRITISH VIRGIN ISLANDS	0	2	1
CAYMAN ISLANDS	0	140	84
CHILE	4	7,540	4,524
COLOMBIA	540	19,923	11,954
COSTA RICA	43	1,453	872
DOMINICA*	**	1	**
DOMINICAN REPUBLIC	277	9,474	5,684
ECUADOR	250	8,544	5,126
EL SALVADOR	113	2,141	1,285
FRENCH GUIANA	98,055	494,042	296,425
GRENADA*	10	6	3
GUADELOUPE	0	2	1
GUATEMALA	214	1,802	1,081
GUYANA	56	35	21
HAITI	1	87	52

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

	ACTUAL DELIVERIES (PRELIMINARY) FY 1990	ESTIMATED DELIVERIES FY 1991	ESTIMATED DELIVERIES FY 1992
<u>AMERICAN REPUBLICS (CONT):</u>			
HONDURAS	606	6,586	3,951
JAMAICA	118	572	343
MARTINIQUE	0	7	4
MEXICO	2,437	245,947	147,568
NETHERLANDS ANTILLES	8	4,149	2,489
NICARAGUA	0	5	3
PANAMA	48	6,741	4,045
PARAGUAY	0	543	326
PERU	231	6,905	4,143
ST. KITTS AND NEVIS*	**	**	**
ST. LUCIA*	2	14	9
ST. VINCENT & GRENADINES*	0	**	**
SURINAME	271	122	73
TRINIDAD & TOBAGO	23	494	296
TURKS & CAICOS ISLANDS	0	2	1
URUGUAY	517	1,539	923
VENEZUELA	2,765	129,525	77,715
REGIONAL TOTAL	114,833	1,101,285	660,768
<u>EAST ASIA & PACIFIC:</u>			
AUSTRALIA	26,846	716,154	429,693
BRUNEI	2,238	5,133	3,080
BURMA	0	109	66
CHINA	3,615	32,180	19,308
FIJI	60	136	81
FRENCH POLYNESIA	1	30	18
HONG KONG	3,042	112,408	67,445
INDONESIA	15,219	71,628	42,977
JAPAN	314,834	2,202,155	1,321,293
KOREA	52,293	1,035,464	621,278
MACAU	55	33	20
MALAYSIA	1,586	89,290	53,574
MARSHALL ISLANDS	0	**	**
NEW CALEDONIA	8	12	7
NEW ZEALAND	1,924	60,705	36,423
PAPUA NEW GUINEA	**	80	48
PHILIPPINES	737	51,145	30,687
SINGAPORE	16,948	299,744	179,846
TAIWAN	149,963	160,000	135,000
THAILAND	13,864	223,759	134,255
TOKELAU	5	2	1
TONGA	25	17	10
TRUST TERRITORY PACIFIC ISLANDS	**	161,400	96,840
REGIONAL TOTAL	603,263	5,221,584	3,171,950
<u>EUROPE & CANADA:</u>			
ALBANIA	279	0	0
ANDORRA	0	28	17
AUSTRIA	3,177	19,258	11,555
BELGIUM	7,275	268,029	160,818
CANADA	45,716	134,544	80,726
CYPRUS	763	3,428	2,057
DENMARK	3,322	268,088	160,853
FINLAND	6,099	31,048	18,629
FRANCE	31,906	512,145	307,287
GERMANY	61,500	3,445,648	2,067,389
GIBRALTAR	0	**	**
GREECE	2,328	268,447	161,068
HUNGARY	0	300	180
ICELAND	7	870	522

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

	ACTUAL DELIVERIES (PRELIMINARY) FY 1990	ESTIMATED DELIVERIES FY 1991	ESTIMATED DELIVERIES FY 1992
EUROPE & CANADA (CONT):			
IRELAND	401	1,170	702
ITALY	67,180	533,491	320,094
LIECHTENSTEIN	0	437	262
LUXEMBOURG	1,241	58,027	34,816
MALTA	2	2	1
MONACO	54	26	16
NETHERLANDS	11,556	601,913	361,148
NORWAY	11,123	157,615	94,569
POLAND	212	144	86
PORTUGAL	4,475	55,524	33,314
SPAIN	21,228	163,728	98,237
SVALBARD & JAN MAYEN	51	20	12
SWEDEN	20,008	192,916	115,749
SWITZERLAND	94,397	291,799	175,080
TURKEY	65,581	374,884	224,931
UNION OF SOVIET SOCIALIST REPUBLICS	0	167	100
UNITED KINGDOM	397,186	2,438,792	1,463,275
YUGOSLAVIA	1,100	11,997	7,198
REGIONAL TOTAL	858,167	9,834,485	5,900,691
NEAR EAST & SOUTH ASIA:			
ALGERIA	211	15,473	9,284
BAHRAIN	2,231	18,970	11,382
BANGLADESH	150	12,253	7,352
BHUTAN	204	163	98
EGYPT	67,006	1,322,897	793,738
INDIA	6,833	98,152	58,891
IRAQ	1,652	0	0
ISRAEL	69,202	2,066,287	1,239,772
JORDAN	6,487	52,470	31,482
KUWAIT	1,740	58,391	35,034
LEBANON	120	122	73
MALDIVES	183	73	44
MOROCCO	2,671	14,558	8,735
NEPAL	0	1,674	1,004
OMAN	324	4,431	2,658
PAKISTAN	3,535	843,854	506,312
QATAR	5	142	85
SAUDI ARABIA	11,992	404,286	242,572
SRI LANKA	125	528	317
TUNISIA	397	1,056	634
UNITED ARAB EMIRATES	8,689	226,999	136,199
YEMEN	**	491	295
REGIONAL TOTAL	183,757	5,143,270	3,085,961
NON-REGIONAL:			
CLASSIFIED TOTALS a/ INTERNATIONAL ORGANIZATIONS	1,136,992 4,387	813,388 357,905	449,033 214,743
NON-REGIONAL TOTAL	1,141,379	1,171,293	663,776
WORLDWIDE TOTAL	2,907,328	22,698,123	13,618,869

*These countries comprise the Eastern Caribbean. See Eastern Caribbean narrative in Section III 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 Chief of the United States Diplomatic Mission. 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 519 justified in last year's Congressional presentation materials to 507 for FY 1991. A further reduction to 506 U.S. military personnel is expected for FY 1992.

The following table shows the authorized staffing levels at the conclusion of FY 1990 and the estimated levels for FY 1991 and FY 1992. Actual assigned strengths for FY 1991 and FY 1992 may be less than the authorized levels shown. Staffing requirements for FY 1992 may change as individual country programs develop.

In FY 1991, separate SAOs will be assigned in fifty-two countries. In twenty additional countries, security assistance 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.

The following is a glossary of Security Assistance Organizations assigned to U.S. Diplomatic Missions overseas to manage host country security assistance programs.

DAO - Defense Attache Office
DSA - Defense Supply Advisor
JUSMAG - Joint US Military Assistance Group
JUSMMAT - Joint US Military Mission for Aid to Turkey
KUSLO - Kenya-US Liaison Office
LIBMISH - US Military Mission, Liberia
MAAG - Military Assistance Advisory Group
MAP - Military Assistance Program
MDAO - Mutual Defense Assistance Office
MILGP - Military Group
MLO - Military Liaison Office
MUSLO - Morocco-US Liaison Office
ODC - Office of Defense Cooperation
ODRP - Office of the Defense Representative, Pakistan

OMADP - Office of the Military Attache for Defense Programs
OMC - Office of Military Cooperation
SAO - Security Assistance Organization
USDLO - US Defense Liaison Office
USLO - US Liaison Office
USLODJ - US Liaison Office, Djibouti
USLOK - US Liaison Office, Kuwait
USLOT - US Liaison Office, Tunisia
USMTM - US Military Training Mission

OVERSEAS MILITARY PROGRAM MANAGEMENT
(DOLLARS IN THOUSANDS)

ORGANI- ZATION	ACTUAL FY 1990			ESTIMATED FY 1991			PROPOSED FY 1992			
	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL	
AFRICA:										
BENIN	EMBASSY	3	0	3	4	0	4	4	0	4
BOTSWANA	OMC	125	53	178	143	60	203	134	58	192
BURUNDI	EMB/ZAMISH	3	0	3	4	0	4	4	0	4
CAMEROON	DAO a/	54	67	121	56	69	125	54	66	120
CENTRAL AFRICAN REPUBLIC	EMBASSY	3	0	3	4	0	4	3	0	3
CHAD	OMC	25	229	254	25	223	248	25	228	253
COTE D'IVOIRE	DAO a/	3	0	3	4	0	4	4	0	4
DJIBOUTI	USLODJ	219	132	351	160	96	256	170	102	272
GABON	EMB/ZAMISH	3	0	3	4	0	4	4	0	4
GHANA	DAO a/	14	0	14	15	0	15	15	0	15
GUINEA	DAO a/	3	0	3	4	0	4	4	0	4
KENYA	KUSLO	279	266	545	210	201	411	204	195	399
LIBERIA	LIBHISH	343	290	633	443	190	633	458	197	655
MADAGASCAR	DAO a/	41	29	70	4	65	69	40	28	68
MALAWI	DAO a/	14	0	14	11	0	11	15	0	15
MALI	EMBASSY	3	0	3	4	0	4	4	0	4
MAURITANIA	EMBASSY	3	0	3	4	0	4	4	0	4
MOZAMBIQUE	DAO a/	3	0	3	4	0	4	3	0	3
NIGER	OMC	251	16	267	307	20	327	326	21	347
NIGERIA	DAO a/	27	80	107	33	95	128	36	108	144
RWANDA	DAO a/	2	0	2	0	2	2	0	2	2
SENEGAL	DAO a/	108	72	180	110	75	185	115	78	193
SOMALIA	OMC	569	528	1,097	217	372	589	156	144	300
SUDAN	OMC	335	380	715	189	214	403	140	160	300
ZAIRE	ZAMISH	430	76	506	479	85	564	463	82	545
ZIMBABWE	DAO a/	3	0	3	4	0	4	4	0	4
REGIONAL TOTAL		2,866	2,218	5,084	2,442	1,767	4,209	2,389	1,469	3,858
AMERICAN REPUBLICS:										
ARGENTINA	USMILGP	313	104	417	291	97	388	317	105	422
BAHAMAS	EMBASSY	9	0	9	9	0	9	9	0	9
BARBADOS	USMLO b/	197	98	295	152	89	241	156	92	248
BELIZE	USMLO	187	80	267	139	60	199	144	59	203
BOLIVIA	USMILGP	486	258	744	486	122	608	461	196	657
BRAZIL	USMLO	237	211	448	199	177	376	211	180	391
CHILE	USMLO	0	0	0	0	0	0	75	25	100
COLOMBIA	USMILGP	328	535	863	301	492	793	287	532	819
COSTA RICA	ODC	228	128	356	224	126	350	220	140	360
DOMINICAN REPUBLIC	MAAG	189	21	210	141	16	157	148	17	165
ECUADOR	USMILGP	190	85	275	187	84	271	217	93	310
EL SALVADOR	USMILGP	442	1,326	1,768	410	1,231	1,641	408	1,264	1,672
GUATEMALA	USMILGP	192	119	311	184	104	288	199	102	301
HAITI	MLO	105	50	155	108	58	166	112	60	172
HONDURAS	USMILGP	659	911	1,570	538	742	1,280	525	724	1,249
JAMAICA	USMLO	207	52	259	155	39	194	162	40	202
MEXICO	DAO a/	26	73	99	26	74	100	27	77	104
PANAMA	USMILGP	277	100	377	214	38	252	256	20	276
PARAGUAY	ODC	296	44	340	309	46	355	352	48	400
PERU	MAAG	442	189	631	422	181	603	437	178	615
URUGUAY	ODC	215	94	309	196	84	280	176	72	248
VENEZUELA	USMILGP	100	421	521	81	336	417	100	316	416
REGIONAL TOTAL		5,325	4,899	10,224	4,772	4,196	8,968	4,999	4,340	9,339
ASIA & PACIFIC:										
AUSTRALIA	DAO a/	34	71	105	17	35	52	15	31	46
BURMA	DAO a/	8	12	20	22	3	25	25	3	28
CHINA	DAO a/	1	16	17	2	41	43	2	42	44
FIJI	CINCPAC	3	0	3	10	0	10	10	0	10
INDONESIA	MADP	241	591	832	201	493	694	210	513	723
JAPAN	USMDAO	167	667	834	163	652	815	165	660	825
KOREA	JUSMAG	1,483	2,007	3,490	1,299	1,766	3,065	1,249	1,866	3,115
MALAYSIA	DAO a/	130	91	221	2	209	211	115	80	195

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

	ORGANI- ZATION	ACTUAL FY 1990			ESTIMATED FY 1991			PROPOSED FY 1992		
		FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL	FMF COSTS	FMS COSTS	TOTAL
EAST ASIA & PACIFIC (CONT):										
NEW ZEALAND	DAO a/	0	0	0	0	4	4	0	4	4
PHILIPPINES	JUSMAG	868	1,932	2,800	769	1,712	2,481	801	1,782	2,583
SINGAPORE	DAO A/	10	106	116	11	107	118	11	111	122
THAILAND	JUSMAG	<u>1,001</u>	<u>942</u>	<u>1,943</u>	<u>981</u>	<u>850</u>	<u>1,831</u>	<u>985</u>	<u>947</u>	<u>1,932</u>
REGIONAL TOTAL		3,946	6,435	10,381	3,477	5,872	9,349	3,588	6,039	9,627
EUROPE & CANADA:										
AUSTRIA	DAO a/	21	31	52	23	35	58	24	35	59
BELGIUM	ODC	363	163	526	391	175	566	396	178	574
CANADA	DAO a/	4	62	66	3	52	55	3	55	58
DENMARK	ODC	191	45	236	214	50	264	217	51	268
FINLAND	DAO a/	5	0	5	5	0	5	5	0	5
FRANCE	ODC	486	162	648	439	201	640	488	163	651
GERMANY	ODC	233	736	969	241	763	1,004	271	859	1,130
GREECE	ODC	510	1,191	1,701	474	1,107	1,581	487	1,177	1,664
IRELAND	DAO a/	1	0	1	1	0	1	1	0	1
ITALY	ODC	431	143	574	407	136	543	432	144	576
NETHERLANDS	ODC	255	114	369	191	86	277	197	89	286
NORWAY	ODC	96	100	196	100	104	204	103	107	210
PORTUGAL	MAAG	200	468	668	208	442	650	216	455	671
SPAIN	JUSMAAG	336	286	622	305	259	564	339	248	587
SWEDEN	DAO a/	4	0	4	5	0	5	5	0	5
SWITZERLAND	DAO a/	4	0	4	5	0	5	5	0	5
TURKEY	JUSMMAT	3,167	952	4,119	2,936	609	3,545	2,896	739	3,635
UNITED KINGDOM	DAO a/	59	20	79	75	25	100	75	25	100
YUGOSLAVIA	DAO a/	<u>30</u>	<u>8</u>	<u>38</u>	<u>26</u>	<u>5</u>	<u>31</u>	<u>26</u>	<u>7</u>	<u>33</u>
REGIONAL TOTAL		6,396	4,481	10,877	6,049	4,049	10,098	6,186	4,332	10,518
NEAR EAST & SOUTH ASIA:										
ALGERIA	DAO a/	122	108	230	92	70	162	94	83	177
BAHRAIN	OMC	88	245	333	89	249	338	94	260	354
BANGLADESH	DAO a/	15	3	18	16	4	20	16	4	20
EGYPT	OMC	1,180	1,533	2,713	1,226	1,669	2,895	1,176	1,827	3,003
INDIA	ODC	157	109	266	145	101	246	151	105	256
ISRAEL	DAO a/	5	0	5	5	0	5	6	0	6
JORDAN	MAP	696	269	965	636	246	882	642	248	890
KUWAIT	USLOK	95	84	179	75	66	141	64	56	120
LEBANON	OMC	73	20	93	46	12	58	48	13	61
MOROCCO	MUSLO	307	684	991	309	687	996	334	744	1,078
NEPAL	DAO a/	5	0	5	9	1	10	10	1	11
OMAN	OMC	221	147	368	232	155	387	231	154	385
PAKISTAN	ODRP	512	626	1,138	456	557	1,013	459	562	1,021
SAUDI ARABIA	USMTM	121	1,082	1,203	215	1,930	2,145	225	2,017	2,242
SRI LANKA	DAO a/	12	1	13	19	1	20	17	1	18
TUNISIA	USLOT	204	363	567	212	377	589	220	392	612
UNITED ARAB EMIRATES	USLO	283	356	639	266	334	600	269	340	609
YEMEN	OMC	<u>371</u>	<u>230</u>	<u>601</u>	<u>212</u>	<u>157</u>	<u>369</u>	<u>182</u>	<u>113</u>	<u>295</u>
REGIONAL TOTAL		4,467	5,860	10,327	4,260	6,616	10,876	4,238	6,920	11,158
WORLDWIDE TOTAL		23,000	23,893	46,893	21,000	22,500	43,500	21,400	23,100	44,500

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 1990				ESTIMATED FY 1991				PROPOSED FY 1992				
	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	
AFRICA:													
BOTSWANA	OMC	1	1	0	2	2	1	0	3	2	1	0	3
CAMEROON	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
CHAD	OMC	3	0	1	4	2	0	1	3	2	0	1	3
DJIBOUTI	USLODJ	2	0	1	3	2	0	1	3	2	0	1	3
KENYA	KUSLO	6	2	2	10	6	2	2	10	6	2	2	10
LIBERIA	LIBMISH	4	2	2	8	3	2	2	7	3	2	2	7
MADAGASCAR	DAO a/	1	0	0	1	1	0	0	1	1	0	0	1
NIGER	OMC	2	0	1	3	2	0	1	3	2	0	1	3
NIGERIA	DAO a/	1	2	1	4	1	1	1	3	1	1	1	3
SENEGAL	DAO a/	1	1	0	2	1	1	1	3	1	1	1	3
SOMALIA	OMC	6	2	4	12	6	2	4	12	6	2	4	12
SUDAN	OMC	5	1	1	7	5	1	1	7	5	1	1	7
ZATRE	ZAMISH	5	1	3	9	4	1	3	8	2	0	2	4
REGIONAL TOTAL		38	12	16	66	36	11	17	64	34	10	16	60
AMERICAN REPUBLICS:													
ARGENTINA	USMILGP	3	2	4	9	3	2	4	9	3	2	4	9
BARBADOS	USMLO b/	5	0	0	5	5	0	0	5	5	0	0	5
BELIZE	USMLO	2	0	1	3	2	1	1	4	2	1	1	4
BOLIVIA	USMILGP	3	1	2	6	8	2	4	14	8	2	4	14
BRAZIL	USMLO	4	3	3	10	4	3	3	10	4	3	3	10
CHILE	USMLO	0	0	0	0	0	0	0	0	1	0	1	2
COLOMBIA	USMILGP	6	2	8	16	9	3	10	22	9	3	10	22
COSTA RICA	ODC	5	1	3	9	3	1	2	6	3	1	2	6
DOMINICAN REPUBLIC	MAAG	5	0	3	8	5	0	3	8	5	0	3	8
ECUADOR	USMILGP	5	1	4	10	6	1	4	11	6	1	4	11
EL SALVADOR	USMILGP	13	2	13	28	13	2	13	28	13	2	13	28
GUATEMALA	USMILGP	3	0	3	6	3	1	3	7	3	1	3	7
HAITI	MLO	2	1	1	4	2	1	1	4	2	1	1	4
HONDURAS	USMILGP	10	3	10	23	11	3	10	24	11	3	10	24
JAMAICA	USMLO	3	1	0	4	3	1	0	4	3	1	0	4
MEXICO	DAO a/	3	0	1	4	4	0	2	6	4	0	2	6
PANAMA	USMILGP	5	1	3	9	2	0	1	3	2	0	1	3
PARAGUAY	ODC	2	0	3	5	2	0	3	5	2	0	3	5
PERU	MAAG	4	1	5	10	6	1	5	12	6	1	5	12
URUGUAY	ODC	2	0	4	6	1	0	4	5	1	0	4	5
VENEZUELA	USMILGP	7	2	6	15	7	2	6	15	7	2	6	15
REGIONAL TOTAL		92	21	77	190	99	24	79	202	100	24	80	204
EAST ASIA & PACIFIC:													
AUSTRALIA	DAO a/	3	0	0	3	3	0	0	3	3	0	0	3
BURMA	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
INDONESIA	MADP	11	1	18	30	11	1	18	30	11	1	18	30
JAPAN	USMDAO	5	3	5	13	5	3	5	13	5	3	5	13
KOREA	JUSMAG	50	15	32	97	46	15	29	90	46	15	29	90
MALAYSIA	DAO a/	3	1	2	6	3	1	2	6	3	1	2	6
PHILIPPINES	JUSMAG	27	5	13	45	26	5	16	47	26	5	16	47
SINGAPORE	DAO A/	2	1	0	3	2	1	0	3	2	1	0	3
THAILAND	JUSMAG	28	3	16	47	27	3	16	46	27	3	16	46
REGIONAL TOTAL		129	29	87	245	123	29	87	239	123	29	87	239
EUROPE & CANADA:													
AUSTRIA	DAO a/	2	0	0	2	2	0	0	2	2	0	0	2
BELGIUM	ODC	4	1	4	9	3	1	3	7	3	1	3	7
CANADA	DAO a/	1	0	1	2	1	0	1	2	0	1	1	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	5	7
GERMANY	ODC	5	3	5	13	5	3	5	13	5	3	5	13
GREECE	ODC	11	4	10	25	12	4	11	27	12	4	11	27
ITALY	ODC	3	0	4	7	3	0	4	7	3	0	4	7
NETHERLANDS	ODC	3	1	2	6	3	1	2	6	3	1	2	6

**OVERSEAS MILITARY PROGRAM MANAGEMENT - PERSONNEL STRENGTHS
(CONTINUED)**

	ORGANI- ZATION	ACTUAL FY 1990				ESTIMATED FY 1991				PROPOSED FY 1992			
		MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL	MIL	CIV	LOCAL	TOTAL
EUROPE & CANADA (CONT):													
NORWAY	ODC	2	0	2	4	2	0	2	4	2	0	2	4
PORTUGAL	MAAG	11	4	7	22	9	4	6	19	9	4	6	19
SPAIN	JUSMAAG	8	2	2	12	4	2	0	6	4	2	0	6
TURKEY	JUSMAT	33	6	16	55	29	6	15	50	29	6	15	50
UNITED KINGDOM	DAO a/	2	1	0	3	2	1	0	3	3	1	0	4
YUGOSLAVIA	DAO a/	2	0	0	2	0	0	0	0	0	0	0	0
REGIONAL TOTAL		89	24	60	173	77	24	56	157	77	25	56	158
NEAR EAST & SOUTH ASIA:													
ALGERIA	DAO a/	1	0	2	3	1	0	1	2	1	0	1	2
BAHRAIN	OMC	5	1	0	6	5	1	0	6	5	1	0	6
BANGLADESH	DAO a/	0	0	1	1	0	0	1	1	0	0	1	1
EGYPT	OMC	28	9	18	55	28	8	18	54	28	8	18	54
INDIA	ODC	2	1	3	6	2	1	3	6	2	1	3	6
JORDAN	MAP	11	2	5	18	11	2	5	18	11	2	5	18
KUWAIT	USLOK	4	1	1	6	4	1	1	6	4	1	1	6
LEBANON	OMC	1	0	5	6	1	0	2	3	1	0	2	3
MOROCCO	MUSLO	9	3	4	16	6	3	4	13	6	3	4	13
OMAN	OMC	4	0	1	5	4	0	1	5	4	0	1	5
PAKISTAN	ODRP	11	2	12	25	11	2	12	25	11	2	12	25
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	2	3	12	5	2	3	10	5	2	3	10
UNITED ARAB EMIRATES	USLO	5	1	2	8	5	1	2	8	5	1	2	8
YEMEN	OMC	7	0	4	11	7	0	4	11	7	0	4	11
REGIONAL TOTAL		164	26	71	261	159	25	67	251	159	25	67	251
WORLDWIDE TOTAL		512	112	311	935	494	113	306	913	493	113	306	912

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

EXCESS DEFENSE ARTICLES

Defense articles no longer needed by the U.S. armed forces are referred to collectively as Excess Defense Articles (EDA), and are either sold under the Foreign Military Sales (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 MAP grants or those articles sold from stock to foreign governments through normal FMS procedures.

In determining which defense articles are excess, the following definition, from section 644(g) of the FAA is applied:

"Excess defense articles means the quantity of defense articles owned by the United States Government, and not procured in anticipation of military assistance or sales requirements, or pursuant to a military assistance or sales order, which is in excess of the Approved Force Acquisition Objective and Approved Force Retention Stock of all Department of Defense Components at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations...."

As items actually become excess, they are screened for transfer to eligible countries under Sections 516, 517, 518 or 519 of the FAA, or they are sold to eligible countries through FMS procedures.

Items transferred under Sections 516, 517, 518 or 519 of the FAA as grants, are not priced *per se*. Except for the specific exceptions authorized by Sections 518 and 519, charges are levied for the costs of packing, crating, handling and transportation. However, current value of the material and the original acquisition value are provided to Congress as part of the Congressional notification procedure. EDA articles sold through FMS procedures are priced on the basis of their condition as described in DoD 7290.3M. Prices range from a high of 50 percent of the original acquisition value for new equipment, to a low of 5 percent for equipment in need of repairs. 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 value of EDA that may be acquired by foreign governments through 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 1991 is \$250 million of acquisition value. The transfer, in accordance with law, of ships and their onboard stores and supplies are also excluded from the ceiling.

**EXCESS DEFENSE ARTICLES SOLD UNDER
FOREIGN MILITARY SALES
(DOLLARS IN THOUSANDS)**

	ACQUISITION VALUE	FY 1990 SALES VALUE
<u>AFRICA:</u>		
CHAD	811	103
REGIONAL TOTAL	811	103
<u>AMERICAN REPUBLICS:</u>		
COSTA RICA	86	30
ECUADOR	3,951	970
MEXICO	11,040	1,462
PANAMA	694	120
REGIONAL TOTAL	15,771	2,582
<u>EAST ASIA & PACIFIC:</u>		
AUSTRALIA	26	11
KOREA	82,350	61,732
PHILIPPINES	43	3
REGIONAL TOTAL	82,419	61,746
<u>EUROPE & CANADA:</u>		
AUSTRIA	24	1
NORWAY	92	17
PORTUGAL	110	4
SPAIN	1,700	619
UNITED KINGDOM	8,500	3,100
REGIONAL TOTAL	10,426	3,741
<u>NEAR EAST & SOUTH ASIA:</u>		
MOROCCO	59,648	12,905
PAKISTAN	25,120	1,888
TUNISIA	26,182	6,259
REGIONAL TOTAL	110,950	21,052
WORLDWIDE TOTAL	220,377	89,224

Note: Does not include articles transferred under the Southern Region Amendment (SRA). Congress is notified of items transferred in a classified report under the provisions of section 516 of the Foreign Assistance Act of 1961, as amended.

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

Section 514(b) of the Foreign Assistance Act of 1961 (FAA), as amended, sets an annual ceiling on the value of additions of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military stocks for use as war reserve stocks for allies (WRSA) or for other countries (other than for NATO). For FY 1992, the Administration proposes a ceiling of \$129 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 1992, \$119 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 remains 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 of the proposed transfer.

Some additions in FY 1992 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 1992 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 1992, their value will not be counted a second time, when eventually relocated, against a limitation in section 514(b) of the FAA.

VALUE OF ANNUAL CEILINGS FOR STOCKPILING (\$ in thousands)

FISCAL YEAR	AMOUNT
1976 and 1977T	96,750
1977	125,000
1978	270,000
1979	90,000
1980	95,000
1981	85,000
1982	130,000
1983	125,000
1984	125,000
1985	248,000
1986	360,000
1987	125,000
1988	116,000
1989	77,000
1990	165,000
1991	378,000
1992 (proposed)	129,000

**SECURITY ASSISTANCE FUNDING
(Dollars in Thousands)**

FOREIGN MILITARY FINANCING GRANTS (11-1082)

	Actual FY 1990	Estimated FY 1991	Proposed FY 1992
Grant for Egypt	1,294,410	1,300,000	1,300,000
Grant for Israel	1,792,260	1,800,000	1,800,000
Grant - All Others	1,292,774	1,132,000	1,471,300
Reappropriation	-	3,023 a/	10,000
Administrative Costs	29,651	27,921	28,700
Budget Authority	4,409,095	4,262,944	4,610,000
Net Outlays	4,059,309	4,156,823	4,220,113

a/ Includes \$3.023 thousand in FY 1982 Foreign Military Sales Credits (Forgiven) allocated to Sudan and reappropriated for Senegal and Niger.

FOREIGN MILITARY FINANCING PROGRAM ACCOUNT (11-1085)

	Actual FY 1990	Estimated FY 1991	Proposed FY 1992
Direct Loan Subsidy	-	-	39,800
Administrative Costs	-	-	200
Budget Authority	-	-	40,000
Net Outlays	-	-	2,978

FOREIGN MILITARY LOAN LIQUIDATING ACCOUNT (11-4121)

	Actual FY 1990 a/	Estimated FY 1991 a/	Proposed FY 1992
Obligations:			
Guarantee Claims	590,363	1,312,532	72,439
Concessional Loans	404,254	453,500 b/	-
Total Obligations	994,617	1,766,032	72,439
Financing:			
Collections of Guarantee Claims	731,510	76,084	90,300
Change in Fund Balance:			
Fund Balance - Start of Year	-	141,147	-
Fund Balance - End of Year	141,147	-	17,861
Offsetting Collections:			
Repayment of Guarantee Claims	731,510	76,084	90,300
Repayment of Direct Loans	259,175	1,048,893	206,373
Total Offsetting Collections	990,685	1,124,977	296,673
Budget Authority	145,079	449,908	(206,373)
Net Outlays	592,950	934,531	394,237

a/ Figures include the budget authority/appropriations and outlays for the Foreign Military Financing Account (11-1082) direct concessional loan programs for FY 1991 and prior years in accordance with the Federal Credit Reform Act of 1990.

b/ Includes \$50,000 thousand in prior-year Foreign Military Sales Credits allocated to Malaysia, the Philippines, and Tunisia that were reappropriated for Turkey.

**SECURITY ASSISTANCE FUNDING
(Dollars in Thousands)**

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

	Actual FY 1990	Estimated FY 1991	Proposed FY 1992
Direct Loans	-	-	313,961
Interest on Treasury Borrowing	-	-	853
Total Obligations/Financing Authority	-	-	314,814
Financing Disbursements	-	-	24,763
Less Offsetting Collections: Payments from FMF Program Account	-	-	2,786
Net Outlays	-	-	21,977

ECONOMIC SUPPORT FUND

	Actual FY 1990	Estimated FY 1991	Proposed FY 1992
Country and Regional Programs	3,970,688	3,376,468	3,228,000
Reobligation of Country Programs	40,169	39,000	40,000
Total Program (Obligations)	4,010,857	3,415,468	3,268,000
Recovery of Prior Year Obligations	(22,466)	(25,000)	(28,000)
Unobligated Balance Available, Start of Year	(277,905)	(245,668)	-
Unobligated Balance Available, End of Year	245,668	-	-
Unobligated Balance Lapsing	525	-	-
Budget Authority	3,956,679	3,144,800	3,240,000
Appropriation:	3,965,988	3,161,000	3,228,000
Rescission	(50,000)	-	-
Transfers	-	(30,200)	-
Appropriation (Adjusted)	3,915,988	3,130,800	3,228,000
Reappropriation	40,691	14,000	12,000
Net Outlays	3,718,938	3,262,507	3,393,725

SECURITY ASSISTANCE FUNDING (Continued)
(Dollars in Thousands)

MILITARY ASSISTANCE PROGRAM

	Actual FY 1990	Estimated FY 1991	Proposed FY 1992
General Costs	299	-	-
Total Obligations	299	-	-
Unobligated Balance Avail., Start of Year	281	-	-
Unobligated Balance Avail., End of Year	-	-	-
Budget Authority	-	-	-
Net Outlays a/	377,695	218,069	38,393

a/ Outlays in FY 1990, FY 1991, and FY 1992 represent spend-out of FY 1989 and prior years funding. Administrative costs funding is included in the Foreign Military Financing account beginning in FY 1990.

STATUS OF SECTION 506(a) DRAWDOWN AUTHORITY

	Used		Reimbursed	
	Fiscal Year	Amount	Fiscal Year	Amount
Thailand	1980	1,100 a/	1982	1,100
Liberia	1981	1,000 a/	1982	1,000
El Salvador	1981	25,000 a/	1982	5,000
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/		
Jamaica	1989	10,000 a/		
Colombia	1989	65,000 a/		
Latin Amer Anti-Narc Asst c/	1990	53,300 d/		
Philippines Disaster Relief	1990	10,000 d/		
Israel	1990	74,000 e/		
Israel	1991	43,000 e/		
Turkey	1991	32,000 e/		

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 \$10.0 million 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; not yet fully delivered.

e/ Section 506(a)(1), FAA authorized for military assistance purposes; not yet fully delivered.

INTERNATIONAL MILITARY EDUCATION & TRAINING PROGRAM

	Actual FY 1990	Estimated FY 1991	Proposed FY 1992
IMET Program	47,196	47,196	52,500
Unobligated Programs	(1,217)	-	-
Total Obligations	45,979	47,196	52,500
Unobligated Balance Lapsing	1,217	-	-
Budget Authority	47,196	47,196	52,500
Net Outlays	45,110	50,422	50,769

SECURITY ASSISTANCE FUNDING (Continued)
(Dollars in Thousands)

PEACEKEEPING OPERATIONS

	Actual FY 1990	Estimated FY 1991	Proposed FY 1992
Peacekeeping Operations Program (Obligations)	32,565	32,800	28,000
Unobligated Balance	208	-	-
	<hr/>	<hr/>	<hr/>
Budget Authority	32,773	32,800	28,000
Appropriation	32,773	32,800	28,000
Net Outlays	19,038	43,478	30,016

SPECIAL DEFENSE ACQUISITION FUND

	Actual FY 1990	Estimated FY 1991	Proposed FY 1992
Purchases of Equipment (Obligations)	148,423	365,775	327,278
Financing:			
Recovery of Prior Year Obligations	-	(15,137)	(16,342)
Change in Unobligated Balances	151,306	(65,677)	(89,076)
	<hr/>	<hr/>	<hr/>
Spending Authority	299,729	284,960	221,860
Disbursements	167,336	187,222	244,482
Offsetting Collections	(299,729)	(284,960)	(221,860)
Outlays	(132,393)	(97,738)	22,622

AIR BASE CONSTRUCTION IN ISRAEL

	Actual FY 1990	Estimated FY 1991	Proposed FY 1992
Beginning Balance:			
Appropriation	449	442	-
Contract Authority	5,419	5,419	-
Ending Balance:			
Appropriation	442	-	-
Contract Authority	5,419	-	-
Withdrawal of Contract Authority	-	(5,419)	-
Net Outlays	7	442	-

**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/	4,663,821	4,312,944 s/
1992	4,610,000	4,610,000				

- 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 1977).
- 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.

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

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/ Includes a proposed reduction of \$403,500 thousand plus a reappropriation of \$53,023 thousand of prior year funds.

**FOREIGN MILITARY FINANCING
DIRECT LOAN FINANCING ACCOUNT
TOTAL PROGRAM**

Fiscal Year	Executive Branch Request	Financing Authority
1992	314,814	

**FOREIGN MILITARY FINANCING
DIRECT LOAN SUBSIDY ELEMENT**

Fiscal Year	Executive Branch Request	Authorized	Appropriated
1992	40,000		

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
1977	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/		

- 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.

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

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.

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/

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		

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.

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	28,000		

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	- h/
1990	-	-	731,510	- h/
1991			-	76,089 h/
1992				- h/

AIR BASE CONSTRUCTION IN ISRAEL

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

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

**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/ 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 permanent borrowing authority in FY 1992.

**COUNTRIES/AREAS AND INTERNATIONAL ORGANIZATIONS
ELIGIBLE TO PURCHASE 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/areas and international organizations that have been determined by the President under section 3(a)(1) of the AECA to be eligible for the purchase of defense articles and services. The number in parentheses following each listing corresponds to the date of the President's findings in the following list. Findings which have not been published in a previous edition of this document follow the listings. That a determination of record under section 3(a)(1) exists does not signify in itself that sales will be made.

East Asia/Pacific

Australia (1)
Brunei (1)
Burma (1)
Cambodia (1)
China (25)
Fiji (5)
Indonesia (1)
Japan (1)
Rep. of Korea (1)
Laos (1)
Malaysia (1)
New Zealand (1)
Papua New Guinea (14)
Philippines (1)
Vietnam (1)
Singapore (1)
Taiwan (1)
Thailand (1)
Tonga (32)

Near East/South Asia

Afghanistan (1)
Algeria (21) (29)
Bahrain (5)
Bangladesh (15)
Egypt (6)
India (1)
Iran (1)
Israel (1)
Jordan (1)
Kuwait (1)
Lebanon (1)
Morocco (1)
Nepal (1)

Oman (1)
Pakistan (1)
Qatar (1)
Saudi Arabia (1)
Sri Lanka (1)
Tunisia (1)
United Arab Emirates (1)
Yemen Arab Republic (1)

Europe/Canada

Austria (1)
Belgium (1)
Canada (1)
Denmark (1)
Finland (1)
France (1)
Germany (1)
Greece (1)
Iceland (1)
Ireland (1)
Italy (1)
Luxembourg (1)
Malta (1)
Netherlands (1)
Norway (1)
Portugal (1)
Spain (1)
Sweden (1)
Switzerland (1)
Turkey (1)
United Kingdom (1)
Yugoslavia (1)

Africa

Benin (1)

Botswana (10)
 Burkina Faso (1)
 Cameroon (1)
 Cape Verde (30)
 Central African Republic (31)
 Chad (9)
 Djibouti (19)
 Equatorial Guinea (22)
 Ethiopia (1)
 Gabon (1)
 Gambia (31)
 Ghana (1)
 Guinea (1)
 Guinea-Bissau (30)
 Ivory Coast (1)
 Kenya (1)
 Liberia (1)
 Libya (1)
 Madagascar (3)
 Malawi (1)
 Mali (1)
 Mauritania (30)
 Mauritius (3)
 Mozambique (29)
 Niger (1)
 Nigeria (1)
 Rwanda (16)
 Sao Tome & Principe (33)
 Senegal (1)
 Seychelles (34)
 Sierra Leone (27)
 Somalia (8)
 Sudan (8)
 Tanzania (34)
 Togo (28)
 Uganda (34)
 Zaire (1)
 Zimbabwe (20)

American Republics

Antigua & Barbuda (18)
 Argentina (1)
 Bahamas (2)
 Barbados (11)
 Belize (17)
 Bolivia (1)
 Brazil (1)
 Chile (1)
 Colombia (1)

Costa Rica (1)
 Dominica (13)
 Dominican Rep. (1)
 Ecuador (1)
 El Salvador (1)
 Grenada (23)
 Guatemala (1)
 Haiti (1)
 Honduras (1)
 Jamaica (1)
 Mexico (1)
 Nicaragua (1)
 Panama (1)
 Paraguay (1)
 Peru (1)
 St. Kitts-Nevis (13)
 St. Lucia (13)
 St. Vincent & the Grenadines (13)
 Suriname (7)
 Trinidad & Tobago (1)
 Uruguay (7)
 Venezuela (1)

Interantional Organizations

NATO and its Agencies (1)
 United Nations and its Agencies (1)
 Organization of American States (1)
 International Commission of Control and
 Supervision in Vietnam (4)
 International Commission of Control and
 Supervision in Laos (4)

Dates of Findings

1. January 2, 1973
2. April 26, 1973
3. December 13, 1973
4. October 29, 1974
5. August 5, 1975
6. March 25, 1976
7. April 14, 1976
8. November 5, 1976
9. September 1, 1977
10. February 6, 1979
11. June 21, 1979
12. March 3, 1980
13. March 13, 1980
14. December 16, 1980
15. January 15, 1981

16. February 27, 1981
17. November 23, 1981
18. April 8, 1982
19. May 17, 1982
20. October 26, 1982
21. November 28, 1983
22. April 3, 1984
23. April 9, 1984
24. June 12, 1984
25. February 4, 1985
26. February 5, 1985
27. February 11, 1985
28. April 10, 1985
29. June 10, 1985
30. February 2, 1987
31. November 5, 1987
32. May 27, 1988
33. July 20, 1989
34. October 25, 1990

EFFECTS OF CREDIT REFORM ON SECURITY ASSISTANCE

Credit reform is the term used to describe the new method of scoring federal credit transactions that was mandated by certain provisions of the Budget Enforcement Act (BEA) of 1990 (P.L. 101-508). The BEA changed the budget presentation of all federally financed or guaranteed loans. Briefly, the BEA requires that the cost of new loan programs be shown as the net present value of the difference between the cost of money to the U.S. government and the payments that foreign countries will make on the loans. The objective of credit reform is to display more accurately the cost to the U.S. Treasury of Federal credit transactions.

To illustrate how the new scoring would work, assume that the United States will offer \$500 million of direct loans to a foreign country at 5 percent with five years of grace on the repayment of principal and seven additional years to amortize the loan. Prior to credit reform, the full \$500 million would have been appropriated and shown (eventually) as outlays. Under credit reform, the cost of money to the Federal government at the time the loan was disbursed (roughly 7.5 percent) would be taken into account and the net present value of the loan would be calculated. At these terms, the loan would result in a subsidy of roughly 12.5 percent or \$62.5 million ($\$500 \text{ million} \times 12.5 \text{ percent} = \62.5 million). This cost is what would be now shown in the budget instead of \$500 million. The factors that can affect the subsidy include: the creditworthiness of the borrower, various fees paid by the borrower, the cost of money to the U.S. Treasury, and the interest rate that foreign Governments pay the United States.

Government guarantees of commercial loans would also be scored in this way, showing the subsidy amounts in the budget. This is a major departure for guarantee programs that formerly showed no budget cost for guaranteed loans unless defaults or loan reschedulings occurred, at which time amounts paid for guarantee claims of principal and interest would have shown in the budget.

Technical Note Concerning Sequestration

None of the FY 91 program totals in this CPD reflect the 1.9 percent sequester that was required by law due to a technical error in the FY 91 Foreign Operations Appropriations Act (P.L. 101-513). Pending legislation will reverse the sequester. This document assumes enactment of such legislation.

FUTURE ASSISTANCE PROJECTIONS

In accordance with Section 581 of the Foreign Operations, Export Financing and Related Program Appropriations Act 1991 (P.L. 101-513), the following table contains security assistance funding projections for each of the three fiscal years following fiscal year 1992. 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 request for these accounts.

Security Assistance	FY 93	FY 94	FY 95
FMF			
Grant (BA)*	4,610.0	4,635.0	4,635.0
Loan	[342.9]	[368.0]	[381.0]
Loan Subsidy (BA)	40.0	40.0	40.0
ESF (BA)	3,280.0	3,320.0	3,360.0
IMET (BA)	54.6	56.7	58.8
PKO (BA)	28.6	29.1	29.7
TOTAL (BA)	8,013.2	8,080.8	8,123.5

* BA = Budget Authority

SECTION III

75

INTRODUCTION

This section of the FY 1992 Congressional Presentation Document contains detailed information on individual country and regional security assistance programs. Programs include Foreign Military Financing (FMF), International Military Education and Training (IMET) and the Economic Support Fund (ESF).

In addition to narrative descriptions, tables with relevant economic and assistance data are provided. Various sources have been used for these data, which represent composite estimates: U.S. Government agencies, the World Bank and the International Monetary Fund. Because per capita income figures reflect conversions and official exchange rates from national currencies, they may not reflect true values.

**FY 1992 SECURITY ASSISTANCE PROGRAMS
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)**

	ECONOMIC SUPPORT	FMF CONCESS.	FMF GRANT	IMET	PKO	TOTAL
COUNTRY/ORGANIZATION:						
AFGHAN HUMANITARIAN	30,000	0	0	0	0	30,000
AFRICA REGIONAL	10,000	0	10,000	0	0	20,000
ALGERIA	0	0	0	150	0	150
ANDEAN NARCOTICS INITVE	250,000 a/	0	0	0	0	250,000
ANTIGUA-BARBUDA*	0	0	900	100	0	1,000
ARGENTINA	0	0	1,000	200	0	1,200
BAHAMAS	0	0	0	125	0	125
BANGLADESH	0	0	0	350	0	350
BARBADOS*	0	0	1,000	100	0	1,100
BELIZE	0	0	500	125	0	625
BENIN	0	0	0	125	0	125
BOLIVIA	25,000	0	40,000	900	0	65,900
BOTSWANA	0	0	1,000	400	0	1,400
BRAZIL	0	0	0	150	0	150
BURKINA FASO	0	0	0	100	0	100
BURUNDI	0	0	0	200	0	200
CAMBODIAN RESISTANCE	5,000	0	0	0	0	5,000
CAMEROON	0	0	0	325	0	325
CAPE VERDE	0	0	0	100	0	100
CENTRAL AFRICAN REPUBLIC	0	0	0	255	0	255
CHAD	0	0	2,000	380	0	2,380
CHILE	0	0	1,000	150	0	1,150
COLOMBIA	0	0	58,000	2,300	0	60,300
COMOROS	0	0	0	75	0	75
CONGO	0	0	0	105	0	105
COSTA RICA	20,000	0	2,360	230	0	22,590
COTE D'IVOIRE	4,000	0	0	200	0	4,200
CYPRUS	3,000	0	0	0	0	3,000
CZECHOSLOVAKIA	0	0	0	75	0	75
DJIBOUTI	3,000	0	2,000	175	0	5,175
DOMINICA*	0	0	400	100	0	500
DOMINICAN REPUBLIC	5,000	0	2,000	900	0	7,900
EASTERN CARIBBEAN	3,000	0	0	0	0	3,000
ECUADOR	0	0	5,000	800	0	5,800
EGYPT	815,000	0	1,300,000	1,800	0	2,116,800
EL SALVADOR	120,000	0	85,000	1,400	0	206,400
EQUATORIAL GUINEA	0	0	0	100	0	100
FIJI	300	0	300	50	0	650
GABON	0	0	0	150	0	150
GAMBIA	0	0	0	125	0	125
GHANA	0	0	0	175	0	175
GREECE	0	285,000	65,000	500	0	350,500
GRENADA*	0	0	545	100	0	645
GUATEMALA	30,000	0	2,000	400	0	32,400
GUINEA	0	0	0	175	0	175
GUINEA-BISSAU	0	0	0	150	0	150
GUYANA	2,000	0	0	50	0	2,050
HAITI	24,000	0	2,200	665	0	26,865
HONDURAS	50,000	0	19,100	1,100	0	70,200
HUNGARY	0	0	0	75	0	75
INDIA	0	0	0	345	0	345
INDONESIA	5,000	0	0	2,300	0	7,300
ISRAEL	1,200,000	0	1,800,000	0	0	3,000,000
JAMAICA	15,000	0	3,000	450	0	18,450
JORDAN	30,000	0	25,000	2,000	0	57,000
KENYA	0	0	4,000	1,100	0	5,100
KOREA	0	0	0	800	0	800
LATIN AMERICA REGIONAL	9,900	0	0	0	0	9,900
LEBANON	2,000	0	0	400	0	2,400
LESOTHO	0	0	0	75	0	75
LIBERIA	0	0	0	100	0	100
MADAGASCAR	0	0	0	100	0	100
MALAWI	0	0	1,000	250	0	1,250
MALAYSIA	0	0	0	1,100	0	1,100
MALDIVES	0	0	0	70	0	70

FY 1992 SECURITY ASSISTANCE PROGRAMS (CONTINUED)
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	ECONOMIC SUPPORT	FMF CONCESS.	FMF GRANT	IMET	PKO	TOTAL
COUNTRY/ORGANIZATION (CONT):						
MALI	0	0	0	175	0	175
MALTA	0	0	0	65	0	65
MAURITIUS	0	0	0	100	0	100
MEXICO	0	0	0	430	0	430
MIDDLE EAST REGIONAL	6,000	0	0	0	0	6,000
MOROCCO	12,000	0	40,000	1,150	0	53,150
MOZAMBIQUE	0	0	0	100	0	100
NAMIBIA	5,000	0	0	180	0	5,180
NEPAL	0	0	500	185	0	685
NICARAGUA	150,000	0	0	0	0	150,000
NIGER	0	0	500	300	0	800
NIGERIA	0	0	0	500	0	500
OMAN	15,000	0	5,000	100	0	20,100
PACAMS	0	0	0	1,000	0	1,000
PAKISTAN	100,000	6,961	106,595	915	0	214,471
PANAMA	10,000	0	0	0	0	10,000
PAPUA NEW GUINEA	0	0	0	80	0	80
PARAGUAY	0	0	500	175	0	675
PERU	0	0	39,000	900	0	39,900
PHILIPPINES	120,000	0	200,000	2,800	0	322,800
POLAND	0	0	0	75	0	75
PORTUGAL	40,000	22,000	103,000	2,850	0	167,850
RWANDA	0	0	0	100	0	100
S. PACIFIC TUNA TREATY	10,000	0	0	0	0	10,000
SAO TOME & PRINCIPE	0	0	0	125	0	125
SENEGAL	3,000	0	1,000	525	0	4,525
SEYCHELLES	3,300	0	0	100	0	3,400
SIERRA LEONE	0	0	0	200	0	200
SINGAPORE	0	0	0	15	0	15
SOLOMON ISLANDS	0	0	0	50	0	50
SOMALIA	0	0	0	300	0	300
SPAIN	0	0	0	1,200	0	1,200
SRI LANKA	0	0	0	200	0	200
ST. KITTS AND NEVIS*	0	0	500	100	0	600
ST. LUCIA*	0	0	500	100	0	600
ST. VINCENT & GRENADINES*	0	0	400	100	0	500
SUDAN	0	0	0	300	0	300
SWAZILAND	0	0	0	100	0	100
TANZANIA	0	0	0	150	0	150
THAILAND	2,500	0	0	2,500	0	5,000
TOGO	0	0	0	150	0	150
TONGA	0	0	0	50	0	50
TRINIDAD & TOBAGO	0	0	500	95	0	595
TUNISIA	3,000	0	10,000	1,250	0	14,250
TURKEY	75,000	0	625,000	3,500	0	703,500
UGANDA	0	0	0	200	0	200
URUGUAY	0	0	1,000	325	0	1,325
VANUATU	0	0	0	50	0	50
VENEZUELA	0	0	0	175	0	175
WEST BANK/GAZA	12,000	0	0	0	0	12,000
YUGOSLAVIA	0	0	0	100	0	100
ZAIRE	0	0	3,000	300	0	3,300
ZIMBABWE	0	0	0	300	0	300
TOTAL COUNTRY/ORG. PROGRAMS	3,228,000	313,961	4,571,300	50,040	0	8,163,301
NON-REGIONAL:						
ADMINISTRATIVE COSTS	0	200	28,700	0	0	28,900
GENERAL COSTS	0	0	0	2,460	0	2,460
MULTINATL FORCE & OBSERV (MFO)	0	0	0	0	19,500	19,500
REAPPROPRIATION	12,000	0	10,000	0	0	22,000

FY 1992 SECURITY ASSISTANCE PROGRAMS (CONTINUED)
BUDGET AUTHORITY
(DOLLARS IN THOUSANDS)

	ECONOMIC SUPPORT	FMF CONCESS.	FMF GRANT	IMET	PKO	TOTAL
UN FORCE IN CYPRUS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,500</u>	<u>8,500</u>
NON-REGIONAL TOTAL	<u>12,000</u>	<u>200</u>	<u>38,700</u>	<u>2,460</u>	<u>28,000</u>	<u>81,360</u>
TOTAL PROGRAM	3,240,000	314,161	4,610,000	52,500	28,000	8,244,661
ADJUSTMENT FOR NON-SUBSIDY ELEMENT OF CONCESSIONAL LOANS	<u>0</u>	<u>-274,161</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-274,161</u>
TOTAL BUDGET AUTHORITY	3,240,000	40,000	4,610,000	52,500	28,000	7,970,500

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

a/ Provisional allocation as follows: Bolivia \$100 million, Colombia \$50 million, Peru \$100 million. Final allocations will depend on each country's performance in meeting drug program objectives.

AFGHAN HUMANITARIAN

POLICY CONSIDERATIONS

In February 1989, the Soviet Union completed withdrawal of its armed forces from Afghanistan. The Soviet-installed Kabul regime has stayed in power since then, largely with the help of massive Soviet military and economic aid. The Afghan Resistance continues its fight for an independent Afghanistan with a government freely chosen by all Afghan people, and for the voluntary, safe return with honor of millions of Afghan refugees and internally displaced persons.

The United States and the Soviet Union continue to discuss a framework for a political settlement of the Afghan conflict. During the transition to a settlement, U.S. and international humanitarian assistance will be of even greater importance. The Afghan people will be rebuilding their country in the aftermath of destruction caused by twelve years of armed conflict. The U.S. maintains an active human rights dialogue with the Afghan Resistance, chiefly concerning treatment of prisoners and the need to minimize civilian casualties.

PROGRAM DESCRIPTION

Objectives

- Meet humanitarian needs of war-affected Afghans
- Support a broad multilateral effort to voluntarily repatriate and resettle refugees and displaced persons

Status

The U.S. Cross Border Humanitarian Assistance (CBHA) program helps war-affected Afghans to support themselves within Afghanistan. Although the Afghan political situation remains unresolved, a small but growing number of Afghans are returning to their homes from Pakistan, Iran, and other parts of Afghanistan. Afghans returning home find the infrastructure severely damaged, fields and orchards abandoned, and serious shortages of food, fertilizer, seed, agricultural implements and other essentials. The CBHA delivers food and other commodities; funds health care, schools and agricultural rehabilitation projects; and assists in the repatriation of Afghan refugees.

FY 1992 REQUEST

The proposed FY 92 ESF program will support mine clearance and the repair of roads, bridges and other key infrastructure components. ESF will also provide seed, fertilizer, essential agricultural inputs, education projects, and food to sustain returning Afghans until they can harvest their first crops.

AFRICA DEMOCRACY SUPPORT PROGRAM

POLICY CONSIDERATIONS

The Africa Democracy Support Program is a new regional ESF program to advance political pluralism in Africa by providing timely and appropriate help to countries undertaking fundamental democratic reforms. Many African countries have already embarked on the creation of multi-party political systems; many others are considering doing so. Reforming countries have sought our technical and material support to ensure a successful transition to democracy.

The new program would provide help for constitutional development, the preparation and holding of free and fair elections, establishing new parliaments, improving the functioning of existing parliaments, establishing representative regional and local governments, and other aspects of the democratization process. The fund also would assist established democracies faced with destabilizing economic emergencies, and give supplemental assistance to countries newly embarked on a democratic course. Finally, the fund would be used to strengthen those institutions on which democracy rests, including, an independent judiciary and a free press. Such institution-building is of particular importance to encourage the growth of democratic sentiment in African countries which have yet to undertake political reform.

PROGRAM DESCRIPTION

Objectives

- Assist African countries to complete their transition to democracy successfully
- Assist democracies to respond to destabilizing economic emergencies
- Strengthen democratic institutions throughout the continent

Status

Funding is proposed for this new program in FY 92.

FY 1992 REQUEST

The proposed FY 92 ESF program will support development of democratic processes and institutions, and help existing democracies cope with economic emergencies. The program will provide technical and material aid, as well as funding support, for a wide range of projects to promote democracy and human rights in Africa. Emphasis will be on supporting free and fair elections, improving the functioning of parliaments, and establishing representative regional and local government.

AFRICA REGIONAL MILITARY ASSISTANCE

POLICY CONSIDERATIONS

The Africa Regional Military Assistance Program is an expansion and improvement on the existing and very successful Africa Civic Action Program. Like the former ACA, the new program includes the Military Civic Action (MCA), African Coastal Security (ACS) and Military Health Affairs (MHA) programs. The new regional structure will facilitate prompt responses to requests for equipment, spare parts and training. MCA supports African military infrastructure projects which benefit the civilian sector. ACS improves the ability of littoral states to patrol their exclusive economic zones and enforce fishing agreements and environmental protection regulations. The ACS has already significantly enhanced the ability of several African countries to counter illegal fishing. The MHA provides selected militaries with minimum medical capabilities at low cost, including equipment, supplies and in-country training. The new program will also emphasize preparing militaries for peacekeeping duties in support of our objective of encouraging Africans to solve Africa's problems. The emphasis will be on more training both in the United States and with mobile training teams. Finally, the new program will provide the flexibility necessary to meet minimal emergency repair requirements in support of previously delivered U.S. equipment.

PROGRAM DESCRIPTION

Objectives

- Improve the capability of African armed forces to plan and implement projects that benefit the civilian population
- Assist governments in protecting their natural resources
- Encourage militaries to play a greater role in providing health care to their troops and the civilian population
- Improve flexibility in responding to unexpected needs and conducting peacekeeping activities

Status

The existing African Civic Action Program provided FMF for the construction and repair of clinics, schools, roads, bridges, and improved fisheries protection and coastal control.

FY 1992 REQUEST

The proposed FY 92 FMF program would provide: building materials, some engineering equipment, medical equipment and supplies; upgraded small patrol boats; repair aircraft and communications equipment; and a variety of training.

ALGERIA

POLICY CONSIDERATIONS

Algeria, potentially the richest and most powerful country in North Africa, plays an important role in Arab and Third World circles. In recent years, Algeria significantly improved its relations with the United States and the West, and played a constructive role in promoting regional stability in Lebanon and Chad. Algeria was among the first Arab states to condemn Iraq's invasion of Kuwait, while calling for and credibly seeking a peaceful Arab resolution to the crisis. Since the January 1991 outbreak of hostilities, popular opinion has been widely pro-Iraqi. The government criticized Operation Desert Storm as exceeding the U.N. resolutions and called for a cease-fire and a resumption of negotiations.

In June 1990, Algeria held its first free and fair multi-party elections, in which Islamic fundamentalists won some control of local government. National elections are planned for 1991. Algeria took a number of steps in 1989 to advance human rights, which are better protected by its new constitution. The U.S. had no significant human rights concerns with Algeria in 1990. The rise of Islamic fundamentalism could present new concerns.

In 1988, Algeria began significant market-oriented economic reforms. In the 1980s, Algeria became an important market for U.S. agricultural and other products and services, and a major user of CCC and EXIM financing guarantees. Since the mid-1980s, Algeria has had serious balance of payments and budgetary problems which are likely to persist through the mid-1990s despite post-Kuwait invasion higher world oil prices. As a major oil and natural gas exporter, Algeria funds virtually all of its military programs, acquiring mainly Soviet and East European equipment. Algeria seeks to diversify its military supply and training sources by purchasing U.S. and Western equipment. FMS sales benefit U.S. companies, and promote military and commercial relations.

PROGRAM DESCRIPTION

Objectives

- Enhance regional security and U.S. influence by supporting military modernization and diversified equipment supply
- Expose the Algerian military to U.S. military doctrine and U.S. views on world events, democracy and human rights

Status

Algeria has been eligible to purchase defense articles and services through FMS since April 1985 with purchase requests reviewed on a case-by-case basis. The small IMET program has increased U.S. interchanges with the Algerian military.

FY 1992 REQUEST

The proposed IMET program will include professional military education and technical training for present and future leaders and users of U.S. equipment in the Algerian inventory.

ARGENTINA

POLICY CONSIDERATIONS

President Menem has made major political and economic advances since taking office in July 1989 as the elected successor of President Alfonsin. Menem is implementing ambitious free market economic reforms and pursuing a more Western-oriented foreign policy, highlighted by the decision to send a naval force to join the multilateral force in the Persian Gulf and to implement U.N. sanctions against Iraq. Menem seeks closer ties with the United States and is addressing our non-proliferation concerns. He also has normalized relations with the United Kingdom. The security assistance program is designed to reinforce these positive trends and to support the Argentine government's efforts to restructure, consolidate, and further professionalize its armed forces.

PROGRAM DESCRIPTION

Objectives

- Further strengthen civilian government control over the armed forces and improve civil-military interaction
- Support Ministry of Defense and armed forces restructuring and consolidation to use scarce resources efficiently
- Expand military managerial and technical capabilities
- Support modernization and refurbishment of previously supplied U.S. equipment

Status

Argentina's severe economic austerity measures have adversely affected its defense budget. A modest FMF program would enhance the Argentine military's ability to adapt to new fiscal realities through restructuring and consolidation of the armed forces and the Ministry of Defense. It would also demonstrate U.S. support for Menem's economic and political programs. Besides helping to develop professional military skills, the IMET program exposes trainees to U.S. traditions of democracy, human rights, and civilian government control of the military.

FY 1992 REQUEST

The proposed FY 92 FMF program will help to restore crucial logistics capabilities, modernize and refurbish equipment for all three services, especially deteriorated personnel carriers and radars. IMET will provide professional military education, as well as management, flight, and technical training.

ARGENTINA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	1,000
INTL MIL EDUCATION & TRNG PROG	200
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 1,200
 STUDENTS TRAINED UNDER IMET	 90

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>1,000</u>	<u>1,000</u>
 TOTAL	 0	 1,000	 1,000
ECONOMIC SUPPORT			
FUND	0	0	0
 IMET	 149	 150	 200
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	3,576
DEFENSE ARTICLES/SERVICES	3,576
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	2,891
 ESTIMATED FMS AGREEMENTS FY 1991:	 50,000
DEFENSE ARTICLES/SERVICES	50,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	72,851
 ESTIMATED FMS AGREEMENTS FY 1992:	 20,000
DEFENSE ARTICLES/SERVICES	20,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	43,711

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	79,052	82,647	92,239	n/a
PER CAPITA GDP**	2,572	2,654	2,925	n/a
TOTAL BUDGET	18,395	19,218	19,897	n/a
TOTAL DEBT	52,374	58,423	58,936	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	65%	60%	36%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

AUSTRALIA

POLICY CONSIDERATIONS

Allies in practice even before the 1951 ANZUS Treaty, the United States and Australia enjoy a long tradition of political-military consultation and cooperation. 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 contributed two frigates and a support ship to the multinational naval force in the Persian Gulf, and four Australian medical teams serve aboard U.S. ships there.

Australia's defense policy emphasizes continental defense and force modernization within the framework of our 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 many of our foreign policy goals, normally supports similar positions in international fora, and plays a key role in the Five Power Defense Arrangement for Singapore and Malaysia.

PROGRAM DESCRIPTION

Objectives

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

Status

Our alliance remains vigorous. Australia welcomes U.S. ship visits and allows defense overflights. Australia relies on us for intelligence support, training and sophisticated military equipment, such as shipboard systems, Blackhawk helicopters and air defense missiles.

FY 1992 REQUEST

The proposed FY 92 program will continue to support a reliable and technologically advanced ally in the South Pacific. As part of its modernization effort, Australia will continue its FMS cash and commercial purchases of the F-111 avionics upgrade, enhancements to locally developed over the horizon radar, and support packages for ANZAC frigates.

AUSTRIA

POLICY CONSIDERATIONS

Austria is a militarily neutral, pro-Western democracy located between NATO's central and southern regions. It has a mixed economy, welcomes U.S. investment, and plays a useful role in facilitating trade, cultural and other contacts between Eastern Europe and the West. This facilitative role will remain important as the momentous changes underway in Eastern Europe and the Soviet Union continue. Austria has a moderate foreign policy, usually supportive of U.S. positions in European and international fora. Vienna hosts the International Atomic Energy Agency, a number of United Nations agencies, and two arms control negotiations.

The security assistance program helps Austria to maintain a credible, independent conventional deterrent. In 1990, Austria agreed to provide \$11 million in assistance to front-line states coping with dislocations caused by Iraq's invasion of Kuwait. Austria also granted U.S. and other coalition military transport aircraft expanded overflight authority in support of Operations Desert Shield and Desert Storm.

PROGRAM DESCRIPTION

Objectives

- Upgrade armor, anti-air, anti-tank and artillery capabilities
- Provide expertise for effective defense management

Status

During the 1980s, the security assistance program focused on helping Austria to modernize its defense capabilities and improve sustainability. This included upgrading anti-tank, tank, howitzer and maintenance equipment. IMET exposed Austrians to U.S. defense doctrine and forged personal bonds between the U.S. military and many highly successful Austrian officers.

FY 1992 REQUEST

The proposed FY 92 program of FMS cash and commercial sales will support tank modernization and improve command, control and communications. Sales may include ammunition, various support equipment and spare parts.

BAHAMAS

POLICY CONSIDERATIONS

The Bahamas, a close friend and neighbor of the United States, is a constitutional, multi-party democracy with an economy primarily dependent on tourism. The islands are located next to the Florida Straits, a widely used drug-trafficking route. The primary U.S. concern in the region is the interdiction of illegal drugs, although recent events in Trinidad and Tobago serve as a reminder that security concerns persist in the Caribbean.

The small Royal Bahamas Defense Force (RBDF) plays a key role in our cooperative counter-narcotics efforts. The IMET program prepares Bahamians to increase their support of drug interdiction operations, builds understanding between Bahamian and U.S. personnel, and promotes regional cooperation.

PROGRAM DESCRIPTION

The proposed IMET program will provide training in maintenance and other skills to help the RBDF support its six ex-U.S. Coast Guard cutters in narcotics interdiction operations. IMET will provide training for the ground combat unit which provides the ship-riders aboard U.S. law enforcement vessels and aircraft pursuing drug traffickers in the Bahamas. IMET also will provide professional military education, management, and instructor training courses to enhance RBDF leadership and technical self-sufficiency.

BAHRAIN

POLICY CONSIDERATIONS

Bahrain has been a friend of the United States for over 40 years, and shares our interest in restoring peace and stability and maintaining free trade in the Persian Gulf. U.S. Navy access to Bahraini port facilities proved crucial to the success of U.S. operations in the Gulf during both the Iran-Iraq war and the current Gulf crisis. Moreover, Operation Desert Shield/Desert Storm has been a catalyst for the expansion of bilateral ties into other aspects of defense cooperation, including Bahraini support for significant deployments of U.S. military personnel. Bahrain joined the other members of the Gulf Cooperation Council (GCC) in combatting Iraq's invasion of Kuwait. Our security assistance program is a recognition of Bahrain's continuing importance to U.S. strategic goals in the Gulf.

Bahrain's traditional government is headed by the Amir. Although he suspended parts of the constitution in 1975, he continues to respond to citizen concerns expressed in numerous "majlis" or private assemblies. Bahrain's conservative society is more open to diverse social and cultural elements than any other in the Gulf, although some human rights are limited. Unlike its wealthier neighbors, Bahrain is only a marginal oil producer. It has worked for decades to develop a diversified economy based on finance, petrochemicals, and light industry. It uses its limited resources to provide extensive social services to its citizens and for a small but effective defense force.

PROGRAM DESCRIPTION

Objectives

- Support the political efforts of this important member of the international coalition opposing Iraqi aggression
- Maintain the U.S. naval presence and its support facilities
- Support military modernization programs to enhance Bahrain's defense capabilities
- Encourage improved regional defense cooperation

Status

In recent years, the small Bahrain Defense Force has made noteworthy strides in improving its ground and air defenses. It participates in the GCC Peninsula Shield Force headquartered at King Khaled Military City in Saudi Arabia. Recently Bahrain took delivery of twelve F-16 fighter aircraft to supplement its twelve F-5's. Bahrain also purchased M-60A3 tanks, armored personnel carriers, and Stinger missiles, and is scheduled to receive the Multiple Launch Rocket System (MLRS).

FY 1992 REQUEST

In FY 92 and beyond, Bahrain will continue to improve its defensive capabilities with FMS purchases emphasizing ground and air defense.

BANGLADESH

POLICY CONSIDERATIONS

Bangladesh is one of the poorest and most densely populated countries in the world with an average per capita income of US \$180 for 112 million people in a country the size of Wisconsin. The government plays a moderate, but active role in the United Nations, the Organization of Islamic Conference, the Non-Aligned Movement and the Group of Least Developed Countries. Bangladesh sent 2,300 troops to Saudi Arabia as part of the international coalition against Iraqi aggression, and has contributed troops to peacekeeping forces in Namibia.

Progress toward representative democracy received a push forward in late 1990 when popular dissatisfaction with eight years of leadership by President H.M. Ershad led to a peaceful transfer of power to an interim government which promised to hold parliamentary elections early in 1991. The military played a crucial and positive role in this transition.

The economy remains dependent on jute, rice, a few other crops, and light industry. Higher oil prices and loss of remittances from Bangladeshi workers in Iraq and Kuwait will hinder economic growth, lower the country's already low foreign exchange reserves, and increase its need for foreign assistance. In recent years, government policies have focused on improving agriculture, expanding the private sector and decentralizing administration. We encourage further efforts along these lines.

The IMET program enhances the professionalism of the Bangladeshi military and exposes Bangladeshi officers to U.S. traditions of democracy, civilian control of the military and respect for human rights. IMET also encourages Bangladesh to maintain its moderate foreign policy and internal stability. The latter is critical given the military's role as the backbone of relief operations in this disaster-prone country. Bangladesh's efforts to make its democracy work will be dependent upon continued support from the military.

PROGRAM DESCRIPTION

The proposed IMET program will provide military education, and management and technical training to about 44 students. Increased funding would permit the training of four additional junior officers, thus strengthening mid-level management in the army. Emphasis on command, staff and technical training would continue.

BELGIUM

POLICY CONSIDERATIONS

Belgium, a densely populated, highly industrialized 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. Belgium cooperates closely with the U.S. in NATO's integrated military structure, and hosts NATO Headquarters in Brussels and Supreme Headquarters Allied Powers Europe (SHAPE) in Mons. Belgium's contribution to NATO includes defense of its strategically located territory and maintenance of two divisions permanently stationed in Germany. In March 1985, Belgium reaffirmed its commitment to Alliance efforts by deploying cruise missiles on its own soil until they are withdrawn under the INF treaty.

Belgium is reviewing its future defense force structure and procurement requirements in view of ongoing changes in Europe's security and economic landscape. It shares our interest in standardization and interoperability of weapons systems with a strong emphasis on enhancing intra-European cooperation.

In 1990, Belgium deployed a frigate, two minesweepers, and a support ship to the multinational force in the Persian Gulf. In early 1991, it sent a fighter squadron to Turkey with the Allied Command Europe (ACE) Mobile Force to augment Turkey's defense against possible Iraqi aggression. In 1990, Belgium gave \$32 million directly to the front-line states and \$25 million as part of 1991 EC aid. Belgium also granted \$26.7 million in concessional loans to Egypt, Jordan, and Turkey.

PROGRAM DESCRIPTION

Objectives

- Support interoperability and NATO standardization through Belgian participation in programs for air defense
- Assist the Belgium armed forces in modernizing their equipment by purchasing U.S. military items
- Provide training for personnel and maintenance of U.S. origin equipment

Status

The security assistance programs consist of FMS cash and direct commercial purchases in support of Belgian defense efforts, including AIM-9M and TOW IIA missiles. Belgium is an original partner in the F-16 coproduction program.

As a result of Belgium's need for continuing austerity budgets, it is difficult to forecast specific programs. However, Belgium will continue to modernize its defense services to help meet NATO force goals and increase standardization and interoperability of weapons. These efforts are expected to include procurement of new combat helicopters, modernization of Belgium's F-16s and modernization of Leopard tanks and Mirage aircraft.

FY 1992 REQUEST

The proposed FY 92 program of cash sales will help Belgium support its national defense capabilities and NATO commitments. Likely purchases from the U.S. include a C-130 avionics upgrade, participation in full-scale development of F-16A/B mid-life update modification kits, and continuing support for U.S.-origin weapons systems.

BELIZE

POLICY CONSIDERATIONS

The United States seeks to sustain a democratic Belize, and to help it develop sufficient economic and military strength to maintain internal stability and combat a growing threat from Colombian narco-traffickers transshipping cocaine through Central America. Belize is a peaceful democratic ally in an otherwise politically turbulent region. Illegal immigration from neighboring countries severely strains meager government resources. The narco-traffickers' cooperation with guerrillas in Guatemala is potentially destabilizing. The traffickers also have a corrupting influence on some elected officials and members of the police, the Belize Defense Force (BDF), other government agencies and the overall economy. The IMET program is designed to promote cooperative military-to-military relations, and to further develop a professional, apolitical BDF able to fulfill its defense duties.

PROGRAM DESCRIPTION

Objectives

- Help Belize protect its democratic institutions and promote regional stability
- Strengthen Belize's economy to maintain political stability and promote U.S. commercial interests
- Assist Belize to suppress narcotics trafficking and sustain its successful marijuana eradication program

Status

Belize's 220,000 people do not provide a tax base sufficient to meet its defense requirements. In June 1990, native Belizeans took over full command of the BDF from British loan officers. The new command gave the BDF an enhanced and aggressive role in counter-narcotics operations. However, without adequate U.S. assistance, Belize's ability to support counter-narcotics programs will be severely undercut. Previous cutbacks of U.S. assistance seriously damaged BDF morale, effectiveness and viability.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide the personal equipment, communications gear, ammunition, medical supplies and vehicle spares required to maintain the BDF capability to engage in counter-narcotics operations. IMET will provide professional military and technical training.

BELIZE
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	500
INTL MIL EDUCATION & TRNG PROG	125
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	7,500
P.L. 480	0
PEACE CORPS	1,632
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 9,757
 STUDENTS TRAINED UNDER IMET	 20

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>500</u>	<u>500</u>
 TOTAL	 0	 500	 500
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 106	 115	 125
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	320
DEFENSE ARTICLES/SERVICES	320
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	0
 ESTIMATED FMS AGREEMENTS FY 1991:	 500
DEFENSE ARTICLES/SERVICES	500
EST VALUE OF COMMERCIAL EXP DELIVERIES	13
 ESTIMATED FMS AGREEMENTS FY 1992:	 500
DEFENSE ARTICLES/SERVICES	500
EST VALUE OF COMMERCIAL EXP DELIVERIES	8

ECONOMIC DATA

DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	209	252	289	n/a
PER CAPITA GDP**	1,230	1,479	1,700	n/a
TOTAL BUDGET	73	77	91	n/a
TOTAL DEBT	131	164	136	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	11%	9%	8%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

BENIN

POLICY CONSIDERATIONS

The Government of Benin has continued to demonstrate interest in improved relations with the United States. In December 1989, Benin renounced Marxism-Leninism, and in February 1990 adopted reforms and began the transition to a democratic government with full respect for human rights. Multi-party elections are planned for 1991. In recent years, Benin has also moved towards a more market-oriented domestic economic policy and is implementing its 1989 agreements with the World Bank and the IMF.

The IMET program is intended to encourage these positive trends and to give Benin's military an alternative to dependence on the USSR, Eastern Europe and Libya for training. IMET provides valuable exposure to U.S. values of democracy, human rights and civilian control of the military while improving our access to the military in Benin.

PROGRAM DESCRIPTION

The proposed IMET program will provide training for military personnel, such as basic and advanced courses for infantry, armor and airborne soldiers, including parachute training and safety, and military management training.

BOLIVIA

POLICY CONSIDERATIONS

Bolivia is a functioning multi-party democracy that has been working to further strengthen its democratic institutions since 1983. In 1989, Bolivians elected a new president, and made the transition to a new government according to its constitution. Under President Jaime Paz Zamora, the government has demonstrated a commitment to fighting narcotics trafficking. Along with his Andean neighbors, President Paz signed the February 1990 Cartagena Declaration that set in motion the most comprehensive counter-narcotics effort in the hemisphere. The Cartagena effort reinforced Bolivia's on-going voluntary eradication of illicit coca cultivation, as defined in its 1988 counter-narcotics law. While eradication in 1989 was meager, the 1990 eradication goals were surpassed. The Bolivian police also had several interdiction successes in 1990 that contributed significantly to counter-narcotics objectives. Bolivia's successes in narcotics interdiction and eradication have been, and will continue to be, heavily dependent on U.S. equipment, training and funding.

President Paz Zamora continued the market-oriented economic reforms begun by President Paz Estenssoro. These reforms have yielded continued real economic growth since 1987 and relatively low inflation. However, Bolivia remains one of the poorest countries in the hemisphere, with an economy dependent on the minerals industry, natural gas, sugar and some agricultural commodities whose world prices are depressed. The Bolivian economic reforms required sharp cuts in the armed forces' budget, adversely affecting military operations and maintenance.

Our security assistance program is designed to enhance support for counter-narcotics law enforcement activities, and to prepare the military and the anti-narcotics police to engage in a wider range of counter-narcotics operations. We continue to support the Bolivian air force and navy's counter-narcotics operations. Since the government decided in January 1991 to entrust the army with a specific counter-narcotics role, we are prepared to support it as well. The FMF program supports air force and navy riverine operations, as well as army cooperation with the anti-narcotics police. The ESF program provides essential balance of payments support. The local currency generated from these programs funds alternative development projects in and near coca producing areas. ESF also funds Administration of Justice program activities to strengthen the troubled judicial system as it struggles to reduce corruption and cope with threats from the narco-traffickers.

PROGRAM DESCRIPTION

Objectives

- Strengthen a democracy threatened by large-scale narcotics trafficking and a nascent terrorist threat
- Help sustain and improve narcotics eradication and interdiction efforts
- Improve military and police equipment
- Improve the technical, maintenance and managerial skills of the armed forces and police
- Sustain economic recovery and foster private sector growth, especially alternative development projects

Status

The Bolivian armed forces and anti-narcotics police still have serious equipment and supply shortages. The army is particularly ill-equipped and ill-prepared to confront armed narcotics traffickers or domestic and foreign terrorists. The FMF program has provided transport aircraft, helicopters and maintenance systems, river patrol boats, individual troop equipment and spare parts. In FY 90, we authorized \$7.8 million worth of military equipment and supporting services under Section 506(a)(2) of the Foreign Assistance Act for counter-narcotics purposes. IMET has reinforced military responsiveness to civilian control, and enhanced military respect for democracy and human rights.

ESF is vital to Bolivia's economic recovery, and to its continued counter-narcotics efforts. Increases in ESF are conditioned on counter-narcotics performance and continued sound economic policies. The Government of Bolivia is aware that it would forfeit essential assistance should it not fulfill its commitment to reduce narcotics trafficking and illegal coca cultivation. Bolivia will need continuing aid from the U.S. and other international donors to carry out its alternative development program, since coca/cocaine currently accounts for about 10-15 percent of Bolivia's GDP.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide communications equipment, aircraft, aviation fuel, vehicles, maintenance support, and basic equipment essential for counter-narcotics military and police operations. IMET will provide professional military education, together with technical and management training to improve officer corps professionalism. ESF will finance essential raw material and intermediate goods imports for the private sector and help with debt arrearages. ESF-generated local currency will support alternative development and other projects.

BOLIVIA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	40,000
INTL MIL EDUCATION & TRNG PROG	900
ECONOMIC:	
ECONOMIC SUPPORT FUND	25,000
DEVELOPMENTAL ASSISTANCE	22,500
P.L. 480	33,295
PEACE CORPS	1,262
INTERNATIONAL NARCOTICS CNTRL	<u>15,700</u>
 TOTAL FOREIGN ASSISTANCE	 138,657
 STUDENTS TRAINED UNDER IMET	 20

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>39,228</u>	<u>35,000</u>	<u>40,000</u>
 TOTAL	 39,228	 35,000	 40,000
 ECONOMIC SUPPORT FUND	 20,163	 12,000	 25,000
 IMET	 552	 900	 900
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	563
DEFENSE ARTICLES/SERVICES	563
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	128
 ESTIMATED FMS AGREEMENTS FY 1991:	 15,000
DEFENSE ARTICLES/SERVICES	15,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	2,327
 ESTIMATED FMS AGREEMENTS FY 1992:	 15,000
DEFENSE ARTICLES/SERVICES	15,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,396

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	4,297	4,506	4,438	n/a
PER CAPITA GDP**	656	663	635	n/a
TOTAL BUDGET	504	516	550	n/a
TOTAL DEBT	5,580	5,631	5,456	n/a
FMF DEBT	6	6	6	8
PERCENTAGE OF FMF				
TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	30%	22%	33%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	17,966	5,318	23,284
FY 1991	1,200	968	2,168
FY 1992	800	647	1,447
FY 1993	800	560	1,360
FY 1994	800	467	1,267
FY 1995	800	379	1,179
FY 1996	1,117	275	1,392
FY 1997	768	184	952
FY 1998	716	115	831
FY 1999	716	50	766
FY 2000	0	0	0
TOTAL	25,683	8,963	34,646

BOTSWANA

POLICY CONSIDERATIONS

Botswana is a multi-racial, multi-party democracy which plays a key role as a force for moderation, and as a model of economic and political stability in southern Africa. The government has undertaken realistic national and regional programs to deal with the military and economic threats that it faces.

The United States provides Botswana with security and development assistance to demonstrate support for a stable, friendly and democratic government in a troubled region. Livestock raising and agriculture remain the basis for the economy, but are dependent on erratic rainfall and poor soils. Unemployment is high. While the mining industry continues to grow rapidly, scarce natural resources limit diversification. The government has continued its market-oriented policies to promote private sector growth and welcomes foreign investment. Botswana provides a small, though important example to the region of a functioning free enterprise economy that benefits members of all ethnic groups.

PROGRAM DESCRIPTION

Objectives

- Continue helping the BDF obtain appropriate military equipment and services
- Provide training in maintenance of U.S.-origin equipment
- Provide military skills training to enhance defense capabilities

Status

The Botswana Defense Force (BDF) consists of a small army and an air wing organized in small, rapid response units to protect the country from intrusion. There is also a paramilitary police unit. Botswana's limited national resources and the BDF's small size make IMET assistance critical to sustaining BDF operational and maintenance capabilities. Botswana is entirely dependent on IMET for training in key specialties, such as computers and communications.

FY 1992 REQUEST

The proposed FY 92 FMF program would help Botswana acquire appropriate military equipment, and provide spare and repair parts for U.S.-origin equipment, especially vehicles and communications equipment. IMET will emphasize officer professional development and technical training.

BOTSWANA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	1,000
INTL MIL EDUCATION & TRNG PROG	400
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	7,000
P.L. 480	0
PEACE CORPS	3,198
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 11,598
 STUDENTS TRAINED UNDER IMET	 43

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL GRANT	0	0	0
	<u>996</u>	<u>0</u>	<u>1,000</u>
TOTAL	996	0	1,000
ECONOMIC SUPPORT FUND	0	0	0
IMET	385	411	400
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	451
DEFENSE ARTICLES/SERVICES	451
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	454
 ESTIMATED FMS AGREEMENTS FY 1991:	 1,000
DEFENSE ARTICLES/SERVICES	1,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	9,585
 ESTIMATED FMS AGREEMENTS FY 1992:	 1,000
DEFENSE ARTICLES/SERVICES	1,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	5,751

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	2,069	2,243	3,088	4,987
PER. CAPITA GDP**	1,831	1,917	2,552	3,958
TOTAL BUDGET	842	143	n/a	n/a
TOTAL DEBT	390	511	499	n/a
FMF DEBT	14	12	11	9
PERCENTAGE OF FMF				
TO TOTAL DEBT	4%	2%	2%	0%
DEBT SERV RATIO	4%	4%	4%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	10,292	3,754	14,046
FY 1991	2,732	545	3,277
FY 1992	1,595	249	1,844
FY 1993	667	164	831
FY 1994	667	130	797
FY 1995	667	95	762
FY 1996	667	61	728
FY 1997	667	26	693
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	17,954	5,024	22,978

BRAZIL

POLICY CONSIDERATIONS

Brazil completed its return to democratic government in March 1990 with the inauguration of Fernando Collor, the first directly elected civilian president in 29 years. Brazil's armed forces view the support of democracy as one of their prime responsibilities. In November 1990, Brazil and Argentina agreed to undertake bilateral nuclear safeguards and joint negotiations for a full-scope safeguards agreement with the International Atomic Energy Agency. Brazil fully implemented U.N. sanctions against Iraq, and completely halted sales of defense equipment to Iraq.

The United States will continue to encourage consolidation of democracy in this nation of 146 million people with the tenth largest economy in the world. The IMET program is designed to further strengthen bilateral ties to Latin America's largest country, in which the military will continue to play a major role. Exposure to U.S. military doctrine and training promotes professionalism in the armed forces, and fosters respect for democratic, constitutional government and human rights. Brazil produces some military equipment, aircraft and armored vehicles, but still wants to obtain U.S. aircraft, ships, and communications and other equipment.

PROGRAM DESCRIPTION

Objectives

- Encourage military support for civilian government
- Assist with modernization of the armed forces
- Expand U.S. and Brazilian military-to-military relations

Status

Since the 1977 disruption of bilateral military programs, training and other exchanges have gradually expanded, but remain limited. Officer and non-commissioned officer training programs and courses in such fields as aircraft maintenance foster the use of U.S. doctrine and equipment. FMS cash and commercial sales of equipment, training, and services support modernization of the Brazilian armed forces. In November 1990, the U.S. Navy transferred the decommissioned landing ship dock, *USS Alamo*, on a long-term lease to Brazil.

FY 1992 REQUEST

The proposed IMET program will provide professional military education, technical and management training. FMS cash and commercial sales would include equipment, training and support services for U.S.-origin aircraft and ships.

BURKINA FASO

POLICY CONSIDERATIONS

The small IMET program in Burkina Faso is a cost-effective means of maintaining a dialogue on regional and international issues with the country's leadership. IMET helps us to persuade moderate and pragmatic elements in the government of the importance of a cooperative working relationship with the United States and our allies.

Given the lack of bilateral development assistance programs, this military-to-military program is particularly important as a tool for access and influence. It is also a way to expose the Burkinabe leadership to U.S. values, particularly to our traditions of civilian control of the military, democratic government and respect for basic human rights.

PROGRAM DESCRIPTION

The proposed IMET program will provide professional military education, including basic courses in infantry, transportation, communications and maintenance training.

BURUNDI

POLICY CONSIDERATIONS

Although Burundi is governed by a military regime, the government has adopted a policy of national reconciliation and movement toward a more democratic system. Moreover, the regime has broken ties to Libya and gradually reduced its dependence on the USSR for military equipment and training.

We wish to encourage further movement toward closer ties to the West. The IMET program is designed to expose the trainees to U.S. democratic and human rights values to complement Burundi's present shift towards democracy.

PROGRAM DESCRIPTION

The proposed IMET program will provide professional military education for officers including courses in financial management, engineering, infantry and personnel administration.

CAMBODIA

POLICY CONSIDERATIONS

With the achievement of a comprehensive settlement in Cambodia, we expect the security assistance program to expand. We have been providing a modest amount of non-lethal assistance for the Non-Communist Resistance (NCR). By 1992, we also expect to be supporting community development, leadership, human rights training, and election efforts under an ongoing U.N. operation. Our program would help to stabilize the economic situation in Cambodia in the aftermath of decades of warfare and turmoil, and to prepare for free and fair elections organized and conducted by the United Nations. We will also support the development of non-Communist parties as credible political organizations and as alternatives to the Communist Phnom Penh regime and the Khmer Rouge. A freely elected government in a stable Cambodia will be better able to stand up to any future attempt by the Khmer Rouge to undermine the situation and return to power through violence. A peaceful Cambodia will help preserve the political and economic stability of Southeast Asia. U.S. assistance will also encourage other countries to support the settlement process and to provide aid.

PROGRAM DESCRIPTION

Objectives

- Demonstrate tangible U.S. support for the U.N. operation created as part of a comprehensive settlement in Cambodia
- Support the settlement process through programs in community development, leadership and human rights training and medical assistance
- Provide pre-election political training and support to the Non-Communist parties to become more effective alternatives in the election to both Communist factions, the Phnom Penh regime and the Khmer Rouge

Status

The U.S. initiative to provide ESF funds to the Non-Communist Resistance was hailed by ASEAN and others as a positive measure of U.S. support for efforts to reach a comprehensive settlement to the Cambodian conflict. We intend to expand this program in FY 91, using the combination of ESF and Development Assistance (DA) authorized by the Congress.

FY 1992 REQUEST

The proposed FY 92 ESF program would support leadership training, human rights education and medical aid projects.

CAMEROON

POLICY CONSIDERATIONS

Cameroon is a politically stable, relatively prosperous, one-party state which has followed a moderate, pro-Western foreign policy. Our bilateral relations are excellent, and we continue to encourage the government to show greater respect for human rights and to permit greater political pluralism. Cameroon has supported U.S. positions in international fora and actively encourages U.S. investment. The government opposes Libyan expansionism as a threat to regional stability and routinely allowed the free passage of material to Chad. Also, Cameroon continues to facilitate the transshipment of American emergency food and supplies to other parts of Africa.

PROGRAM DESCRIPTION

Objectives

- Improve tactical mobility to counter threats along borders
- Help strengthen military infrastructure and logistics
- Improve naval ability to patrol its exclusive economic zone
- Improve respect for human rights by exposure to U.S. values

Status

Since the mid-1980's, the Cameroonians have increasingly been concerned about external threats, and the armed forces are changing to a more conventional force with a clearly defensive orientation. Cameroon programmed a major force modernization for the late 1980's and early 1990's with an increase in the number of personnel and broad qualitative improvements in systems and equipment. Although this modernization is mostly on hold because of the ongoing economic crisis, the program is expected to resume when funds become available. Among other items, the Cameroon government is contemplating purchasing larger patrol craft and contracting for technical services from U.S. defense firms. The IMET program exposes future Cameroonian leaders to U.S. values of democracy, human rights and elected civilian government control of the military.

FY 1992 REQUEST

The proposed IMET program will provide professional military education for individuals likely to occupy positions of influence, foster development of an indigenous training capability, and provide skills needed for operation and maintenance of U.S.-origin equipment. Cameroon also may use some scarce national funds for FMS or commercial purchases of urgently needed spare parts for its U.S.-origin equipment.

CANADA

POLICY CONSIDERATIONS

Canada is a neighbor, friend, and ally of the United States. U.S.-Canadian cooperative security arrangements serve U.S. interests by directly contributing to the defense of North America. Canada helps us to maintain a viable North American defense industrial base which would be available in an emergency. It also maintains army and air force units with NATO forces in Germany, and contributes to U.N. peacekeeping operations in Cyprus and other areas. U.S. policy seeks to strengthen North American aerospace and maritime defense, encourage Canada to strengthen its defense capabilities, promote Canadian participation in NATO and European defense, and support increased Canadian participation in peacekeeping.

Canada was an early supporter of our policy in the Persian Gulf. In 1990, it sent a CF-18 fighter squadron to Operation Desert Shield and three naval vessels to the multinational force in the Persian Gulf. In January 1991, Canada sent an additional six CF-18's, an air refueling tanker and a field hospital. Approximately 2,400 military personnel are now committed to Operation Desert Storm. In 1990, Canada also provided C\$94 million in exceptional economic aid to Turkey, Egypt, and other front-line countries to help them cope with dislocations caused by Iraq's invasion of Kuwait, and indicated it would provide additional such aid in 1991.

Because of a burgeoning budget deficit, the government suspended a fifteen year augmented defense procurement program announced in the 1987 Defense White Paper. As a result, the 1991 budget calls for no increase for defense, although supplemental funds will be available to support participation in the Gulf crisis.

PROGRAM DESCRIPTION

Objectives

- Strengthen North American continental defense by supporting modernization of Canadian air defense systems, fighter aircraft, frigates and destroyers
- Promote interoperability and standardization of Canadian and U.S. forces
- Continue joint defense-industrial cooperation
- Support Canada's continued deployment of troops in Europe as part of its contribution to NATO defense

Status

All Canadian defense-related purchases from the United States are FMS cash or commercial transactions. While the procurement program under the 1987 Defense White Paper has been suspended, some programs already initiated will be continued, requiring the purchase of defense articles from the U.S. The Canadian-U.S. CF-18 fighter aircraft program is a classic example of mutually beneficial defense cooperation. Another is the Light Armored Vehicle (LAV) used by the U.S. Marines in

Operation Desert Storm and elsewhere. The LAV is assembled in Canada from mainly U.S.-produced components. Canadian forces also use the LAV.

FY 1992 REQUEST

The proposed FY 92 program of FMS cash and commercial sales will ensure the continued maintenance and readiness of the Canadian forces' large inventory of U.S.-origin defense equipment. To the extent the Canadian budget allows, there may be purchases of new equipment.

CAPE VERDE

POLICY CONSIDERATIONS

The Government of Cape Verde, which is highly dependent on foreign assistance, is set on a course of democratization, having abandoned its previous one-party political system. Human rights are generally respected. The government has supported U.S. positions in African and international fora. The IMET program is designed to reinforce these trends and advance our cooperation on bilateral and regional issues.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education and technical training with an emphasis on managerial and administrative skills. It will include Coast Guard technical instruction, which is important to this small island country, to enhance patrolling and protection of territorial waters and fishing grounds from poaching and environmental damage.

CENTRAL AFRICAN REPUBLIC

POLICY CONSIDERATIONS

The Central African Republic (CAR) has supported United States, French and Chadian efforts to check Libyan expansion. The government has pursued foreign policy goals compatible with U.S. and Western objectives. Since 1982 the government has undertaken economic reforms to promote growth, but continuing unfavorable world economic trends have limited progress. Poor transportation keeps this landlocked country still largely dependent on subsistence agriculture and a small mining industry.

The U.S. seeks to promote democratic pluralism and greater respect for human rights. The IMET program is designed to reinforce these policies, and to expose CAR students to U.S. values of democracy, human rights and civilian control of the military.

PROGRAM DESCRIPTION

The proposed IMET program provides professional military education as well as management and technical training not offered by the French and not available through CAR schools. The emphasis will be on army command, staff and advanced officer courses.

CHAD

POLICY CONSIDERATIONS

During its first weeks in office in late 1990, the new government expressed its intention to seek good relations with the West, including the United States, and to pursue a case at the International Court of Justice against Libyan occupation of Chad's Aozou Strip. Long-term U.S. interests would be served by supporting the new government in its stated intention to enhance regional cooperation and stability, foster free market economic activities, and improve respect for human rights.

Chad's economic prospects are grim because of depressed world prices for its few exports of agricultural and livestock products. The country is further handicapped by damage from nearly nine years of constant war, drought and locust plagues.

PROGRAM DESCRIPTION

Objectives

- Support Chad's C-130 transport aircraft
- Maintain Chadian ground transport capabilities
- Provide support to the development budget

Status

The FMF program has focused on an all-season transport capability by providing military transport aircraft, vehicles and associated maintenance capability, appropriate to the harsh operating environment. The ESF program has focused on road maintenance, rebuilding infrastructure, and budget support to government agencies with development roles.

FY 1992 REQUEST

The proposed FY 92 FMF program would support previously supplied U.S. equipment and provide ammunition and individual troop equipment. IMET will provide professional military education and technical training to approximately 25 military personnel who will also benefit from an understanding of civilian control of the military in democratic societies such as the United States and an increased appreciation for the respect of human rights.

CHAD
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	2,000
INTL MIL EDUCATION & TRNG PROG	380
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	15,000
P.L. 480	1,400
PEACE CORPS	1,518
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
TOTAL FOREIGN ASSISTANCE	20,298
 STUDENTS TRAINED UNDER INET	 22

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>3,792</u>	<u>0</u>	<u>2,000</u>
TOTAL	3,792	0	2,000
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 384	 300	 380
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	6,485
DEFENSE ARTICLES/SERVICES	6,485
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	0
 ESTIMATED FMS AGREEMENTS FY 1991:	 3,600
DEFENSE ARTICLES/SERVICES	3,600
EST VALUE OF COMMERCIAL EXP DELIVERIES	21,897
 ESTIMATED FMS AGREEMENTS FY 1992:	 3,000
DEFENSE ARTICLES/SERVICES	3,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	13,138

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	704	805	896	n/a
PER CAPITA GDP**	137	153	166	n/a
TOTAL BUDGET	73	n/a	n/a	n/a
TOTAL DEBT	235	318	346	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	2%	3%	3%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

CHILE

POLICY CONSIDERATIONS

Chile returned to its tradition of democratic, civilian government on March 11, 1990, with the inauguration of President Patricio Aylwin after more than sixteen years of military rule. The Chilean armed forces, particularly the Air Force and the Carabineros (the national police force), have supported the new democratic government. Chile has implemented U.N. sanctions against Iraq and completely halted sales of defense equipment to Iraq.

Human rights violations committed under the Pinochet regime, including the murder of Orlando Letelier and Ronni Moffitt in Washington in 1976, led to passage of the Kennedy-Harkin Amendment which imposed a ban on all arms sales and other security assistance to Chile. These constraints meant an entire generation of Chilean military officers had no exposure to U.S. military training and doctrine, or to the respect for democracy, civilian control of the military and human rights that characterize the U.S. armed forces.

Under President Aylwin, enough progress was made in the Letelier case to permit lifting the Kennedy-Harkin sanctions in December 1990. Thus, cooperative military-to-military programs can eventually be re-established to help build Chilean armed forces' support for democracy and demonstrate our commitment to work with freely-elected governments. Such programs will increase the likelihood that the Chilean military will support our objectives in Latin America, including narcotics interdiction and regional defense and cooperation.

PROGRAM DESCRIPTION

Objectives

- Demonstrate solid U.S. support for the new civilian government
- Strengthen the development of the Chilean military as a professional, apolitical institution, subordinate to and supportive of democratically-elected, civilian governments
- Increase the attractiveness of U.S. military equipment to the Chilean armed forces
- Help shape Chilean threat analysis and military structure decisions to reflect national and regional political and economic realities

Status

U.S. security assistance to Chile was terminated in 1974. Further restrictions, in addition to those placed on sales of military equipment and services to Chile in 1976, were imposed in 1981, but were modified in early 1990. Under President Aylwin, Chilean government cooperation to resolve the Letelier case was sufficient to allow the Secretary of State to announce on December 1, 1990, the certification of Chile under Section 726(b) of the International Security Cooperation and Development Act of 1981. This made Chile eligible for renewed defense cooperation and sales.

A modest FMF program would enhance the Chilean military's ability to maintain and refurbish some of its aged U.S.-origin equipment, especially aircraft and ships. It would also demonstrate U.S. support for Aylwin's political and economic programs. Besides helping to develop professional military and technical skills, IMET exposes trainees to U.S. traditions of democracy, human rights, and elected civilian government control of the military.

FY 1992 REQUEST

The proposed FY 92 FMF program would support maintenance of existing, but aged U.S.-origin military equipment. IMET would provide professional military education, management and technical training with an emphasis on command and staff courses for army, air force, and navy. Mobile training teams would be programmed for in-country naval training and air force technical assistance for their F-5 fighter and C-130 transport aircraft.

CHILE
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	1,000
INTL MIL EDUCATION & TRNG PROG	150
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	400
P.L. 480	0
PEACE CORPS	700
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 2,250
 STUDENTS TRAINED UNDER IMET	 15

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL GRANT	0	0	0
	<u>0</u>	<u>0</u>	<u>1,000</u>
 TOTAL	 0	 0	 1,000
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 0	 100	 150
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	55
DEFENSE ARTICLES/SERVICES	55
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	4
 ESTIMATED FMS AGREEMENTS FY 1991:	 1,000
DEFENSE ARTICLES/SERVICES	1,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	7,540
 ESTIMATED FMS AGREEMENTS FY 1992:	 1,500
DEFENSE ARTICLES/SERVICES	1,500
EST VALUE OF COMMERCIAL EXP DELIVERIES	4,524

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	16,817	18,944	22,081	n/a
PER CAPITA GDP**	1,364	1,511	1,732	n/a
TOTAL BUDGET	5,022	5,543	6,795	n/a
TOTAL DEBT	21,144	21,502	19,645	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	33%	27%	19%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	NO FOREIGN MILITARY FINANCING		
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

CHINA

POLICY CONSIDERATIONS

United States relations with China continue to be strained and uncertain as a result of internal developments in China. In mid-1989, Chinese leaders ordered a crackdown on mass demonstrations for democracy, which led to the killing of hundreds of unarmed people in Beijing, followed by widespread, though not universal, repression of political dissidents. After the crackdown, the U.S. adopted measures to express our condemnation of the violence and suspended all FMS and commercial weapons sales. In 1989 and 1990, Congress enacted legislation with a broad range of sanctions against China.

Although it is clear that the Chinese leadership is not now prepared to pursue political and economic reform with the same vigor of the pre-Tiananmen period, the U.S. looks forward to constructive changes, including improved human rights, that would permit a return of the cooperative relations developed during the past five Administrations. In 1990-91 China's pivotal role as a Perm Five member of the U.N. Security Council in efforts to resolve the Persian Gulf crisis demonstrated its importance in regional and world affairs.

U.S. sales of military equipment to China were designed to strengthen its conventional defense by helping to modernize its obsolescent forces. The sales included weapons systems upgrades, procurement of new systems, and production and co-production programs. The sales were also designed to enhance our non-proliferation and arms control objectives. Should China take action to meet our human rights and other concerns, any new sales or reinstated sales would be evaluated for the same conventional defense, non-proliferation goals. Our dialogue on non-proliferation, defense, as well as regional and global political issues parallels our discussions with China on economic and commercial issues, including trade barriers, protection of intellectual property rights, and other commercial matters.

PROGRAM DESCRIPTION

Objectives

- Enhance U.S. security by developing an enduring military relationship with China across a broad range of areas
- Encourage a Chinese foreign policy that contributes to regional and Asian stability and peace
- Promote U.S. global missile, chemical, and nuclear non-proliferation objectives
- Encourage more democracy and improved human rights

Status

Congress and the Committee on Coordinating Multilateral Trade (COCOM) approved the first FMS arrangement with China in October 1985 to modernize its large-caliber artillery ammunition production facilities. Congress approved in 1986 an FMS program to modernize the F-8 II air defense interceptors' avionics. COCOM approved in 1986 the sale of Mark 46 MOD 2 torpedoes to the Chinese navy. Congress and COCOM completed review of the sale of four AN/TPQ-37 artillery-locating radars in February 1987.

China decided not to proceed to the production phase of the F-8 II program; the program ended in August 1990 after the completion of its development phase. The last shipment in connection with the large-caliber artillery ammunition production program was made in mid-1989. Two of four AN/TPQ-37 radars were delivered to China in mid-1988; the remaining two were originally scheduled for delivery in 1990, but have not been delivered and are being held in the U.S. in accordance with our suspension of weapons sales. Torpedoes scheduled for delivery in June 1989 also are being held in the U.S.

FY 1992 REQUEST

For FY 92, the FMS and commercial sale program will be held in abeyance due to our suspension of government-to-government weapons exports to China. If the suspension were lifted, and China wished to resume the arms relationship, the program would include FMS cash and commercial sales of equipment, services, and/or co-production projects. It would continue modernization of production facilities for large-caliber artillery ammunition components, and Chinese acquisition of AN/TPQ-37 artillery locating radars and Mark 46 MOD 2 torpedoes. A decision to lift the suspension is dependent on developments in China.

COLOMBIA

POLICY CONSIDERATIONS

Colombia has a long tradition of democracy, maintained so far despite an equally long tradition of violence. The functioning of Colombian democracy is seriously threatened by narcotics trafficking criminals and heavily armed guerrillas, many of the latter bankrolled by their narcotics activities. This well-documented alliance has exacerbated the violence. Under the administrations of former President Barco, and current President Gaviria, the Colombian law enforcement and armed forces have maintained a courageous campaign against the guerrilla and narcotics traffickers, despite suffering heavy casualties. The increased tempo of military operations resulted in impressive and important defeats for traffickers and guerrillas and substantial narcotics seizures.

Colombia has focused sharply on internal defense issues, signed a bilateral agreement with the United States to join the Caribbean Basin Radar Network (CBRN), and financed an equipment package that utilized EXIM Bank guarantees under the provisions of the Drug Abuse Act of 1988. Colombia used this authority to obtain the helicopter and transportation resources required for sustained counter-narcotics operations. Nevertheless, the increasing sophistication of techniques and the arsenal used by narco-traffickers and guerrillas highlight the urgent need for further equipment, intelligence assets and better command and control. There are also sporadic incidents of military involvement in paramilitary violence and cases of mistreatment of detainees by the DIJIN, Colombia's primary police investigative unit.

PROGRAM DESCRIPTION

Objectives

- Support counter-narcotics and counter-insurgency efforts that are linked
- Encourage joint police-military operations, intelligence cooperation, and airlift-sharing for police and military
- Offset the economic impact of the battle against the traffickers, and encourage alternative development
- Improve military maintenance and support capabilities
- Improve the human rights performance of the military and police, particularly the DIJIN and National Police
- Train judges and investigators to ensure that human rights violators are held accountable for their actions

Status

Our security assistance program is intended to help Colombia sustain its current aggressive tactics against the narcotics traffickers and guerrillas, as well as to assist Colombia to continue to use its own resources more effectively against the intertwined threats of narcotics and guerrilla violence. The Colombians have demonstrated that they can use FMF and other assistance efficiently to complement their commitment of massive amounts of their own national funds and resources to these efforts. However, the military and counter-narcotics police are logistically stretched to the limit and face genuine manpower, C3I, medical, and mobility deficiencies.

The Colombians have already used a \$83.6 million EXIM loan guarantee made available in FY 90, and have developed a request for a new guarantee for \$54 million. The Colombians also received \$65 million worth of military equipment and supporting services authorized in FY 89 under Section 506(a)(2) of the Foreign Assistance Act, and another \$20 million worth of military equipment and services was authorized in FY 90 under Section 506(a)(2)FAA. The FY 90 506(a)(2) assistance included C-130 aircraft, infantry weapons and ammunition, boats, vehicles, helicopters and aircraft spare parts, and individual troop equipment.

We also are developing an interagency program to help the Colombians improve the human rights performance of the military and police, including the DIJIN. We will assist in the training of judges and investigators, which, together with the government's creation of special courts, could improve the judicial system and the prospects for convicting narco-traffickers in Colombia.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide much needed spare parts for helicopters, vehicles and weapons, as well as ammunition, and individual troop field equipment. It should improve air mobility and support, helicopter operational readiness and maintenance, riverine counter-narcotics efforts, intelligence and communications capabilities. It should also increase the quality and availability of medical treatment and evacuation capabilities for security forces. IMET will provide professional military education, management, aviation operations and maintenance training.

ESF would support economic development projects that will provide legal alternatives to coca cultivation and distribution for the peasants and shopkeepers, some of whom are being economically coerced into narcotics activities. It also would support needed economic reforms to increase employment, tax collection, and legitimate private sector business activity and help to repair some of the economic damage caused by the drug war.

COLOMBIA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	58,000
INTL MIL EDUCATION & TRNG PROG	2,300
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>20,000</u>
 TOTAL FOREIGN ASSISTANCE	 80,300
 STUDENTS TRAINED UNDER IMET	 1,375

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>71,730</u>	<u>27,055</u>	<u>58,000</u>
 TOTAL	 71,730	 27,055	 58,000
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 1,500	 2,500	 2,300
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	2,460
DEFENSE ARTICLES/SERVICES	2,460
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	540
 ESTIMATED FMS AGREEMENTS FY 1991:	 90,000
DEFENSE ARTICLES/SERVICES	90,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	19,923
 ESTIMATED FMS AGREEMENTS FY 1992:	 90,000
DEFENSE ARTICLES/SERVICES	90,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	11,954

ECONOMIC DATA

DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	34,943	36,371	38,878	n/a
PER CAPITA GDP**	1,197	1,223	1,286	n/a
TOTAL BUDGET	4,662	4,985	n/a	n/a
TOTAL DEBT	15,364	17,008	17,001	n/a
FMF DEBT	23	18	12	8
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	30%	34%	41%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	136,004	34,626	170,630
FY 1991	3,767	195	3,962
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	139,771	34,821	174,592

COMOROS

POLICY CONSIDERATIONS

Comoros is a small island country at the northern entrance to the Mozambique Channel. The Government of the Comoros remains pro-Western. Following the assassination of President Abdullah in 1989, who headed a defacto one-party state, Comoros held a successful multi-party presidential election early in 1990.

United States interests in stability and economic development parallel those of the French in Comoros. Our small IMET program complements the ongoing French effort to help develop this isolated country, which is dependent on agriculture, fishing and a small tourist industry.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education and technical training to assist Comoros to broaden the technical and management skills of its military. Most students will also receive English language training and all will be able to observe U.S. civil-military relations.

CONGO

POLICY CONSIDERATIONS

The Congo is a one-party state which is beginning to move in the direction of democratic pluralism. In December 1990, the Congo officially abandoned Marxist ideology and adopted a social democratic platform. Opposition parties were legalized on January 1, 1991.

The government follows a pragmatic economic course, adopting many market-oriented economic measures, and welcoming some foreign investment. In recent years low prices for products of its oil industry forced the government to adopt austerity measures, but it continued some development efforts.

We wish to continue encouraging the Congo to adopt a truly non-aligned posture in the political-military sphere and to continue its evolution toward a more open political process. The IMET program is helping us to develop a relationship with Congo's influential military and to expose future Congolese leaders to U.S. values of democracy, human rights and civilian control of the military.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education and technical training with an emphasis on mid-level infantry officer and medical training. The Congo also is expected to use national funds for FMS cash and commercial purchases of repair parts and support for its U.S.-origin vehicles and infantry weapons and equipment.

COSTA RICA

POLICY CONSIDERATIONS

Costa Rica and the United States enjoy close bilateral relations and cooperate on a variety of regional and international issues. Our objectives in Central America are shared by the Costa Ricans, steadfast friends who play an invaluable role in the region's peace process, democratic and economic development, and disarmament efforts, including the newly created Central American Security Commission (CASC). While Costa Rica is benefitting from the democratic revolutions in the region and the related improvement in regional economic prospects, it still needs economic assistance. Costa Rica remains a primarily agricultural country, with bananas, coffee and livestock products as its main exports; however, light industry, construction and commerce have become more important in the past two decades, helping to diversify the economy. Costa Rica welcomes U.S. and other foreign investment.

U.S. policy remains to help Costa Rica maintain its successful 100-year old democracy, sustain private sector-oriented economic growth, and reduce narcotics trafficking. The security assistance program has provided essential economic and political support during a decade of major regional upheaval. A fragile fiscal situation inherited by the Calderon administration, including a huge domestic budget deficit and tenuous balance of payments and foreign reserve conditions, is being addressed through determined but politically painful remedial measures. The ESF program supports the continuation of these economic reforms.

External threats to Costa Rica now are few, but the existence of foreign armed civilians at border areas and the capability of narcotics traffickers to inflict selective violence pose potential security problems. After its constitution prohibited a professional army in 1949, Costa Rica successfully developed several small, specialized security forces with complementary duties to protect the country. The IMET program provides important military and technical training for the security forces. Until 1988, the U.S. also provided small amounts of military assistance for procurement and maintenance of equipment. Since then, Costa Rica has found it increasingly difficult to maintain adequately equipped security forces. A modest FMF program would help to modernize and refurbish essential equipment.

PROGRAM DESCRIPTION

Objectives

- Maintain close U.S. ties and cooperation with Costa Rica
- Preserve democratic institutions and processes
- Promote sustained market-oriented economic growth and stability
- Assist in training and equipping of security forces

Status

Costa Rica has continued structural adjustment and economic liberalization policies, which are essential for long-term, sustainable growth, stability and development. Precarious fiscal imbalances required strong government measures to increase revenues and reduce public sector expenditures, including personnel cuts and decreased funding for social and educational programs.

The Costa Rican Civil Guard, subordinate to the Ministry of Public Security, is the primary national defense force, although its day-to-day function is law enforcement. The Ministry of Public Security also includes a drug control unit, crime prevention unit, military police, metropolitan police, presidential guard, an air section, and a maritime section. A separate Rural Guard, subordinate to the Ministry of Government and Police, is responsible for law enforcement and security in the countryside. The IMET program provides management and technical training, including skills for counter-narcotics operations.

FY 1992 REQUEST

The proposed FY 92 ESF will support private sector initiatives designed to improve Costa Rica's balance of payments. IMET will continue to provide professional military education, management and technical training for the defense and security forces. The FMF program would support civic action projects, including road and bridge building and school construction, and provide repair and spare parts for U.S.-origin equipment, especially aircraft and vehicles.

COSTA RICA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	2,360
INTL MIL EDUCATION & TRNG PROG	230
ECONOMIC:	
ECONOMIC SUPPORT FUND	20,000
DEVELOPMENTAL ASSISTANCE	8,000
P.L. 480	10,000
PEACE CORPS	2,187
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 42,777
 STUDENTS TRAINED UNDER IMET	 44

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>0</u>	<u>2,360</u>
 TOTAL	 0	 0	 2,360
 ECONOMIC SUPPORT FUND	 63,544	 25,000	 20,000
 IMET	 232	 230	 230
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	431
DEFENSE ARTICLES/SERVICES	431
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	43
 ESTIMATED FMS AGREEMENTS FY 1991:	 2,200
DEFENSE ARTICLES/SERVICES	2,200
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,453
 ESTIMATED FMS AGREEMENTS FY 1992:	 1,200
DEFENSE ARTICLES/SERVICES	1,200
EST VALUE OF COMMERCIAL EXP DELIVERIES	872

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	4,111	4,530	4,696	5,315
PER CAPITA GDP**	1,511	1,629	1,648	1,820
TOTAL BUDGET	719	1,038	n/a	n/a
TOTAL DEBT	4,527	4,690	4,530	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	29%	15%	20%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

COTE D'IVOIRE (IVORY COAST)

POLICY CONSIDERATIONS

Cote d'Ivoire is moving from a one-party state to acceptance of political pluralism. Multi-party presidential and legislative elections took place in 1990 for the first time. Cote d'Ivoire shares our views on many international issues and regional problems, especially on the need to thwart Libyan destabilization efforts and expansion in Africa. Cote D'Ivoire has also been extremely helpful in facilitating the peaceful resolution of conflict in southern Africa.

The country's market-oriented economy remains dependent on exports of coffee, cocoa and a few other commodities. The government is continuing its efforts to diversify the economy, promote the private sector and cope with a heavy foreign debt burden. U.S. investment and trade have been welcomed for many years. We allocated \$3 million in FY 91 ESF to Cote d'Ivoire to help reduce its heavy debt burden, which is a drain on resources vital to the country's economic and political reform.

The IMET program helps strengthen and expand our mutual interests by providing significantly enhanced leadership and management skills. IMET will also help future Ivorian leaders to develop an improved understanding of civil-military relations in a democratic society.

PROGRAM DESCRIPTION

Objectives

- Support further development of democratic institutions and processes
- Promote private sector expansion and economic diversification
- Expand military to military contacts

Status

The IMET program has helped to improve professionalism and improve understanding of U.S. defense and political policies among the leaders of an important Francophone African armed force. The FY 91 ESF program helps the government to reduce the country's debt burden, which is draining the resources needed to support its economic and political reforms.

FY 1992 REQUEST

The proposed IMET program includes professional military education and technical training. Emphasis will be placed on basic and advanced courses for junior and mid-level officers. ESF will help Cote d'Ivoire to reduce its debt to multilateral financial institutions, and thereby free resources for economic reform.

CYPRUS

POLICY CONSIDERATIONS

The United States does not accept the status quo on Cyprus. Accordingly, it firmly supports the U.N. Secretary General's good offices mission to facilitate a settlement of the Cyprus dispute, and actively encourages 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 bicomunal activities.

PROGRAM DESCRIPTION

Objectives

- Promote cooperation between the two Cypriot communities
- Provide opportunities for Greek and Turkish Cypriots to develop mutual confidence through joint economic planning and development activities
- Promote a settlement that will be mutually beneficial to both communities

Status

In the past, the ESF program has not fully promoted our objectives for Cyprus. Representatives of the two communities who determine which projects will be funded frequently have chosen to interpret "bicomunal" as "aid to both communities," and too often have approved projects that do nothing to bring the communities together. The President's Special Cyprus Coordinator and U.S. Embassy officials in Nicosia are working with representatives of the two communities to increase to 100 percent the amount of ESF being used for projects which are truly bicomunal in nature.

FY 1992 REQUEST

The proposed FY 92 ESF program will support bicomunal projects and a scholarship program. These objectives are consistent with Section 620C of the Foreign Assistance Act of 1961, as amended, and do not raise any arms control concerns.

CYPRUS
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	0
INTL MIL EDUCATION & TRNG PROG	0
ECONOMIC:	
ECONOMIC SUPPORT FUND	3,000
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	0
TOTAL FOREIGN ASSISTANCE	3,000
STUDENTS TRAINED UNDER IMET	0

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	0	0	0
TOTAL	0	0	0
ECONOMIC SUPPORT FUND	14,936	15,000	3,000
IMET	0	0	0
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	0
DEFENSE ARTICLES/SERVICES	0
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	763
ESTIMATED FMS AGREEMENTS FY 1991:	0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	3,428
ESTIMATED FMS AGREEMENTS FY 1992:	0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	2,057

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	2,910	3,532	4,238	0
PER CAPITA GDP**	4,210	5,210	6,142	0
TOTAL BUDGET	1,016	930	1,111	0
TOTAL DEBT	1,614	2,008	1,998	0
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	12%	14%	12%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

CZECHOSLOVAKIA

POLICY CONSIDERATIONS

Czechoslovakia instituted democratic processes and institutions in 1990, and in June re-elected Vaclav Havel as its first non-communist President in four decades. The country also took its first steps on the very difficult road toward a market-oriented economy, although much industry is antiquated and serious structural distortions remain. Soviet instability and the Gulf War make oil supplies uncertain. Czechoslovakia supports U.N. sanctions against Iraq and sent a 200 person military medical team to Operation Desert Storm.

The United States has supported Czechoslovakia's move to democracy since the November 1989 revolution. President Bush proposed and Congress passed the SEED Act in 1989 to help East-Central Europe's transition to democracy and market economies; the legislation was amended to include Czechoslovakia in FY 91 foreign assistance appropriations. A Czechoslovak-American Enterprise Fund is being formed.

A carefully developed IMET program would complement the continuing emergence of democracy in Czechoslovakia. In FY 92, IMET would train Ministry of Defense civilians in democratic oversight of the armed forces. The program would contribute to the development of democratic institutions and political pluralism characterized by the establishment of non-partisan military, security and police forces. An IMET program is especially appropriate in the context of Czechoslovakia's changed relationship with the Warsaw Pact that is resulting in greater Czechoslovak concern for security arrangements and confidence building practices in the broader European context. Czechoslovakia's new civilian Minister of Defense is enthusiastic about expanded military cooperation.

PROGRAM DESCRIPTION

Objectives

- Teach the skills necessary to civilian management and oversight of the military
- Establish friendships and channels of communication with the Czechoslovak Ministry of National Defense and military

Status

A small amount of IMET funds was allocated in FY 91 to develop a program for Czechoslovakia in addition to economic aid.

FY 1992 REQUEST

The proposed IMET program would give defense management and technical training to MOD civilians and armed forces personnel.

DENMARK

POLICY CONSIDERATIONS

Denmark, positioned along the Baltic approaches, is an important NATO member and a signatory of the Mutual Defense Agreement of 1950. Our bilateral defense relationship supports joint efforts to maintain NATO's defense of Northern Europe and stability in the region by enhancing Denmark's ability to defend the Baltic approaches. In 1990, Denmark gave important political encouragement and some aid to the Baltic states as they tried to develop democratic institutions and private sector economies. Denmark also kept a small infantry battalion with the U.N. peacekeeping force in Cyprus. In 1990, the U.S. negotiated a withdrawal agreement from bases in southern Greenland, but will retain valuable access rights. U.S. facilities at Thule in northern Greenland remain important to western defenses. Danish military contributions to the defense of Greenland and the North American continental approaches accord with the 1951 Agreement for the Defense of Greenland. In 1990, Denmark provided a corvette and offered a medical ship to the multinational naval force in the Persian Gulf. It also gave economic aid to Turkey, Egypt and other front-line countries to help them cope with dislocations caused by Iraq's invasion of Kuwait. In recent years, the Danish Government has kept a tight cap on public spending, with little or no growth in defense spending.

PROGRAM DESCRIPTION

Objectives

- Prepare sites and facilities to assist Denmark in meeting its host nation support obligations for NATO reinforcement
- Continue logistic and technical support and pilot training
- Improve wartime sustainability and ammunition stockpiles
- Upgrade and expand air defense capabilities, and support naval modernization

Status

The security assistance program consists of FMS cash and commercial sales of defense equipment, services and training. In the 1980s, Denmark purchased anti-tank, anti-ship and air-to-air missiles, electronic equipment, spare parts, ammunition and training. Denmark is a participant in the F-16 co-production program. Denmark faces major decisions on whether to replace or retire two squadrons of F-35 Draken fighter aircraft in the early 1990s, participate in the mid-life up-date of the F-16 squadrons, and upgrade its Centurion tanks.

FY 1992 REQUEST

The proposed FY 92 program will assist Denmark to continue upgrading its armor, anti-armor forces and air defense systems. Sales may include ammunition, training, spare parts, communications equipment, participation in full-scale development of F-16 mid-life update kits and possibly a follow-on purchase of F-16 aircraft.

DJIBOUTI

POLICY CONSIDERATIONS

Djibouti is important to the United States because it provides bunkering and fuel storage for U.S. ships as well as access for U.S. aircraft in the Horn of Africa and northwest Indian Ocean region. The Gulf crisis emphasizes the importance of this access. The security assistance program provides aviation and engineer support, transport vehicles and individual clothing and equipment.

Economic assistance is directed toward policy reform and modest growth. A resource-poor country with a low per capita income, Djibouti relies on external budgetary support. The port is the main economic activity and is directly affected by regional conflicts. Port facilities also have proved critical to international disaster aid to the region. U.S. assistance complements the French military presence that protects the country, as well as French military and economic assistance.

PROGRAM DESCRIPTION

Objectives

- Maintain access to airfield and naval facilities
- Reinforce security by supporting previously supplied U.S. equipment
- Enhance engineering construction capability
- Encourage movement toward democratic pluralism and respect for basic human rights

Status

Djibouti's small armed forces are very dependent on foreign assistance. The army does some national development construction work. The FMF program provides basic military equipment such as uniforms and boots, spare parts and support for U.S.-origin equipment. The ESF program provides balance of payments support, freeing local currency to support fisheries, alternative energy projects and other basic development efforts.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide maintenance and support for previously provided aircraft and other equipment, and some engineering equipment such as dump trucks and bulldozers for Djiboutian military facilities. IMET will provide professional military education and technical and management training. ESF will continue to provide budget support.

DJIBOUTI
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

SECURITY ASSISTANCE RESOURCES

MILITARY:	
FOREIGN MILITARY FINANCING	2,000
INTL MIL EDUCATION & TRNG PROG	175
ECONOMIC:	
ECONOMIC SUPPORT FUND	3,000
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 5,175
 STUDENTS TRAINED UNDER IMET	 9

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>2,076</u>	<u>1,000</u>	<u>2,000</u>
 TOTAL	 2,076	 1,000	 2,000
 ECONOMIC SUPPORT FUND	 1,742	 3,000	 3,000
 IMET	 169	 175	 175
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	1,718
DEFENSE ARTICLES/SERVICES	1,640
CONSTRUCTION/DESIGN	78
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	42
 ESTIMATED FMS AGREEMENTS FY 1991:	 2,500
DEFENSE ARTICLES/SERVICES	2,500
EST VALUE OF COMMERCIAL EXP DELIVERIES	18
 ESTIMATED FMS AGREEMENTS FY 1992:	 1,500
DEFENSE ARTICLES/SERVICES	1,500
EST VALUE OF COMMERCIAL EXP DELIVERIES	11

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	n/a	n/a	n/a	n/a
PER CAPITA GDP**	n/a	n/a	n/a	n/a
TOTAL BUDGET	137	n/a	n/a	n/a
TOTAL DEBT	125	183	183	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	0%	0%	0%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

DOMINICAN REPUBLIC

POLICY CONSIDERATIONS

The Dominican Republic has a quarter-century record of unbroken democratic rule. Freedom of speech and the press and other basic human rights are respected. The Dominican Republic was a pioneer in the hemispheric move to democracy and, as such, is an important partner of the United States. The Dominican government cooperates closely with the United States on important issues in international fora and on narcotics interdiction. U.S. policy is to promote a stable political environment and, private sector-oriented, diversified economic growth. The security assistance program is designed to help the armed forces continue a 25-year old tradition of carrying out their duties in a non-political, professional way.

The Dominican Republic is one of the poorest nations in the hemisphere, with a weak economy still primarily dependent on sugar, although tourism and light industry are growing. President Balaguer has implemented economic reform measures, including reductions in subsidies and tariff reforms, to encourage sustainable economic growth and increase employment opportunities.

PROGRAM DESCRIPTION

Objectives

- Strengthen democratic processes and institutions
- Expand cooperation in drug interdiction
- Promote further professionalism in the armed forces, which are already subject to civilian control
- Encourage sound economic policy to foster development, alleviate poverty, and maintain social stability

Status

The armed forces are hampered by lack of training and resources. The FMF program helps the military to operate and maintain U.S.-origin equipment, but declining FMF levels in recent years detracted from this capability. Supporting the forces' light aircraft, coastal patrol boats, vehicles, and communications equipment is necessary to enable the military to cooperate effectively on narcotics interdiction efforts. The IMET program exposes present and future military leaders to U.S. traditions of democracy, respect for human rights, and civilian control of the military and improves military and technical skills. The ESF program supports efforts to develop a broader-based economy and sustainable private sector growth and employment.

FY 1992 REQUEST

The proposed FY 92 FMF program would provide basic military equipment, spare parts and operational support. ESF will continue to encourage macroeconomic reform, especially the establishment and maintenance of a market-based exchange rate and the removal of subsidies, thus strengthening the private sector. IMET will provide professional military education and technical and management training.

DOMINICAN REPUBLIC

DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	2,000
INTL MIL EDUCATION & TRNG PROG	900
ECONOMIC:	
ECONOMIC SUPPORT FUND	5,000
DEVELOPMENTAL ASSISTANCE	13,000
P.L. 480	14,306
PEACE CORPS	2,213
INTERNATIONAL NARCOTICS CNTRL	0
 TOTAL FOREIGN ASSISTANCE	 37,419
 STUDENTS TRAINED UNDER IMET	 96

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	1,276	500	2,000
 TOTAL	 1,276	 500	 2,000
 ECONOMIC SUPPORT FUND	 0	 0	 5,000
 IMET	 776	 900	 900
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	1,621
DEFENSE ARTICLES/SERVICES	1,621
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	277
 ESTIMATED FMS AGREEMENTS FY 1991:	 500
DEFENSE ARTICLES/SERVICES	500
EST VALUE OF COMMERCIAL EXP DELIVERIES	9,474
 ESTIMATED FMS AGREEMENTS FY 1992:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	5,684

ECONOMIC DATA DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	5,441	5,088	4,640	6,691
PER CAPITA GDP**	829	757	675	n/a
TOTAL BUDGET	n/a	n/a	n/a	n/a
TOTAL DEBT	3,640	3,843	3,923	n/a
FMF DEBT	19	19	17	15
PERCENTAGE OF FMF TO TOTAL DEBT	1%	0%	0%	0%
DEBT SERV RATIO	17%	11%	12%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	11,321	10,975	22,296
FY 1991	4,292	2,274	6,566
FY 1992	2,430	778	3,208
FY 1993	1,825	528	2,353
FY 1994	1,825	334	2,159
FY 1995	1,803	163	1,966
FY 1996	733	60	793
FY 1997	400	15	415
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	24,629	15,127	39,756

EASTERN CARIBBEAN

POLICY CONSIDERATIONS

The seven independent island nations of the Eastern Caribbean (Antigua & Barbuda, St. Kitts/Nevis, Dominica, St. Lucia, Barbados, St. Vincent and the Grenadines, and Grenada) are important to the United States because of their location, commitment to democratic institutions and pro-Western outlook. While relations with the U.S. are good, regional leaders are concerned about reduced security and economic assistance, which is seen as indicating declining U.S. interest.

Narcotics trafficking, which exacerbates the political tensions caused by high unemployment, constitutes the primary security threat in the Eastern Caribbean. Underdeveloped economies and growing populations can make trafficking or assisting traffickers economically attractive despite the commitment of local governments, security forces and law enforcement agencies to regional interdiction efforts.

These nations have an excellent record of cooperation with us in combatting drug trafficking and maintaining regional security. However, local revenue sources and trained personnel are not adequate by themselves to handle these tasks. The FMF program provides operations, logistics and maintenance support to the small maritime and ground security forces so that they can carry out their regional security and drug interdiction duties. The ESF program provides critical support for economic reform and democratic initiatives. ESF is designed to influence macroeconomic factors leading to increased investment, growth, and political and economic stability. Our security assistance also helps these small and vulnerable states provide a degree of protection, unilaterally and collectively, against insurgencies and similar incidents such as the July 1990 coup attempt in Trinidad.

PROGRAM DESCRIPTION

Objectives

- Defend democracy and promote democratic development
- Enhance counter-narcotics efforts, coast guard patrols, disaster relief, and counter-insurgency capabilities
- Encourage private sector-led economic development and diversification
- Preserve free transit through Caribbean sea lanes

Status

U.S. security assistance cuts in recent years hindered regional efforts to fight drug trafficking by reducing patrol boat operations and maintenance and preventing replacement of essential vehicles and communication equipment. Regional political leaders strongly support the seven-country Regional Security System, made up of the small Antigua/Barbuda and Barbados Defense Forces, and special service units—paramilitary police squads—from the five other countries. The United Kingdom and United States cooperate to provide training, equipment and facilities. The 1990 coup attempt in Trinidad and the mobilization of RSS forces in response demonstrate both the potential for upheaval in the region and the value of a multilateral security apparatus for states too small to protect themselves.

FY 1992 REQUEST

The proposed FY 92 FMF program will support equipment and facilities provided previously and improve the skills and capabilities of defense forces, special service units and marine/coast guard units. This support is vital to RSS narcotics interdiction and eradication efforts and to RSS readiness to counter internal and external security threats.

ESF will continue to focus on high-visibility economic development activities with bilateral impact, such as structural adjustment and sector programs. A significant portion will go to the popular Basic Needs Trust Fund and for an infrastructure project supporting private sector expansion.

IMET will support professional military education and technical and management training that proved essential in responding to the crisis in Trinidad.

ECUADOR

POLICY CONSIDERATIONS

Since 1979, Ecuador has been a multi-party democracy in which civil and political rights are generally respected. It maintains friendly relations with the United States. During the mid-1980s, the country's free-market economy suffered from low oil and agricultural prices. As a small oil exporter, Ecuador currently stands to benefit from higher petroleum prices stemming from the Persian Gulf crisis. This should help Ecuador to move its economic policies to a growth path and may help in servicing the country's huge public and commercial foreign debts.

Ecuador successfully eradicated much of its illegal coca crop in the mid-1980s. In recent years, however, manifold growth in drug trafficking has reintroduced elements of the cocaine cycle into the country from Peru and Colombia, although the degree of narco-involvement is still far less than in Colombia or Peru. The Colombian drug traffickers are likely to continue to shift more of their activities into Ecuador as Colombian military and police counter-narcotics efforts become more effective. The poverty of most of Ecuador makes the high-profit drug business a seductive alternative. Social stability therefore, depends on economic improvement and reduced narco-trafficking. A small left-wing terrorist group, the AVC, with links to similar groups in Colombia also continues to operate in Ecuador. However, there is no reliable evidence that the AVC has moved into narcotics activities as insurgents in Colombia and Peru have done.

Our security assistance program is designed to encourage the government to protect Ecuadoran democracy by improving and expanding counter-narcotics operations. The FMF program will encourage the armed forces to reorient their plans and operations away from a traditional focus on border disputes to inhibiting terrorism and narco-trafficking. We also want to encourage further private sector-led economic activity to generate employment and taxes to support basic services.

PROGRAM DESCRIPTION

Objectives

- Help Ecuador preserve and strengthen its democracy against incipient narco-terrorist threats
- Expand government and military counter-narcotics efforts while maintaining their good human rights record
- Encourage further private sector-led economic reform

Status

For the past several years, our security assistance focused on helping the military improve counter-insurgency capabilities, and providing equipment and maintenance support for operational units called for in the Ecuadoran five-year defense plan of 1985. The plan addresses Ecuadoran internal security threats such as terrorism, insurgency and narcotics trafficking. In practical terms, this five-year plan became a ten to fifteen-year plan, due to Ecuadoran funding constraints and a lack of U.S. assistance.

Over the years, Ecuador acquired a variety of aircraft, helicopters, coastal patrol craft, vehicles and weapons, but funding shortages limited essential maintenance and hindered operations in this country's harsh terrain. Even temporarily increasing oil revenues will not enable Ecuador's military to match heavily-armed narcotics traffickers without outside assistance.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide vehicles, aircraft spare parts and communications equipment to improve law enforcement and military mobility in the remote border regions which now attract drug traffickers. It also will provide weapons, ammunition and basic equipment needed to stand up to well-armed bands of traffickers. IMET will emphasize mid-level leadership, such as command and staff courses and other professional military education, and technical training. ESF would support continuation of an already fruitful cooperation on economic reforms, and fund projects to develop legal rural and urban economic alternatives to narcotics activities.

ECUADOR
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	5,000
INTL MIL EDUCATION & TRNG PROG	800
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	15,000
P.L. 480	0
PEACE CORPS	2,486
INTERNATIONAL NARCOTICS CNTRL	<u>3,000</u>
 TOTAL FOREIGN ASSISTANCE	 26,286
 STUDENTS TRAINED UNDER IMET	 347

SECURITY ASSISTANCE RESOURCES

	ACTUAL	ESTIMATED	PROPOSED
	FY 1990	FY 1991	FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>485</u>	<u>0</u>	<u>5,000</u>
 TOTAL	 485	 0	 5,000
 ECONOMIC SUPPORT			
FUND	0	0	0
 IMET	 701	 800	 800
 FOREIGN MILITARY FINANCING APPLIED TO			
COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	5,564
DEFENSE ARTICLES/SERVICES	5,564
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	250
 ESTIMATED FMS AGREEMENTS FY 1991:	 10,000
DEFENSE ARTICLES/SERVICES	10,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	8,544
 ESTIMATED FMS AGREEMENTS FY 1992:	 10,000
DEFENSE ARTICLES/SERVICES	10,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	5,126

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	11,264	10,524	10,291	10,381
PER CAPITA GDP**	1,167	1,061	1,009	990
TOTAL BUDGET	1,775	1,634	1,382	n/a
TOTAL DEBT	9,308	10,500	10,864	n/a
FMF DEBT	33	33	33	34
PERCENTAGE OF FMF				
TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	20%	10%	12%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	35,468	23,177	58,645
FY 1991	5,390	3,268	8,658
FY 1992	4,368	2,561	6,929
FY 1993	3,746	2,182	5,928
FY 1994	5,192	1,791	6,983
FY 1995	4,836	1,340	6,176
FY 1996	4,509	932	5,441
FY 1997	2,980	596	3,576
FY 1998	2,447	363	2,810
FY 1999	1,493	182	1,675
FY 2000	999	64	1,063
TOTAL	71,428	36,456	107,884

EGYPT

POLICY CONSIDERATIONS

The United States continues to support a moderate, stable Egypt firmly linked politically and economically to the West. Since 1980, Egypt has provided essential support for extending the U.S. military presence in the Middle East and hosted the biannual Bright Star joint exercises. Egyptian political and military support is vital to our joint efforts to forge and to sustain an effective international coalition in the Gulf crisis. In 1990, Egypt committed over 40,000 troops in an armored and a mechanized infantry division, a special service and an airborne brigade, and other units to the multinational force in Saudi Arabia. Egypt remains our key Arab partner in efforts to achieve a broader Arab-Israeli peace, and to bolster moderate forces in the volatile Middle East. Strengthened by readmission to the Arab League and renewed diplomatic relations with key Arab countries, Egypt has exerted leadership to promote regional stability and security. Egypt joins us in resisting Libyan adventurism, terrorism and religious extremism in the region. As a leader of the Non-Aligned Movement and the Organization of African States, Egypt has mediated conflicts and promoted moderate policies. Egypt's guided democracy, increasingly free political parties, relatively independent judiciary, and free press are the most progressive of any Arab country with regard to human rights. President Mubarak has separated most of the civilian government from military influence. The Peoples' Assembly has increased its authority and must approve the civilian budget. The government continues to use emergency law authority to prevent terrorism. Egypt has a tradition of religious tolerance, though it is officially an Islamic state. Our security assistance enhances Egypt's ability to continue its political and economic liberalization.

In the past two decades, Egypt has used U.S., Arab Gulf and other states aid to diversify its economy. We have encouraged Egypt to reduce official deficits and to increase private sector participation in a more market-oriented economy. Wariness of social and political resistance has caused the government to implement reforms slowly, in piecemeal fashion. In the late 1980s, growth was sluggish and inflation rose. Remittances from 2,500,000 Egyptian workers in Iraq and the Gulf states were a major component of the economy. Iraq's aggression drastically cut remittances, and forced nearly 500,000 Egyptians to return home where they face long-term unemployment. Saudi Arabia, other Arab Gulf states, and Western Europe gave large amounts of aid in 1990, but it was still insufficient to offset the severe economic blow. Forgiveness of Egypt's \$6.7 billion FMS debt (out of \$55 billion total debt) has helped to reduce the country's crippling foreign debt burden and freed hard currency to cushion the economic blow caused by the Gulf crisis.

PROGRAM DESCRIPTION

Objectives

- Continue procuring modern aircraft and armored equipment
- Improve nation-wide command, control and communications
- Improve operations and maintenance of U.S. origin equipment
- Encourage trade by financing imports of U.S. goods

- Promote market-oriented economic development and reform
- Encourage further democracy and human rights

Status

The FMF program supports the decade-long U.S.-Egyptian partnership to modernize equipment and reorganize the military into a smaller, yet better armed, deterrent force. Egypt is gradually replacing its outdated Soviet and East European equipment with U.S. and other Western high-tech weapons systems. About one half of Egyptian Army and Air Force major weapons systems are still of Soviet origin, while some two thirds of the Navy's ships are Soviet or Chinese supplied. The FMF program continues to focus on the M1A1 tank program and the third and fourth tranches of F-16's under the Peace Vector program. In 1990, we transferred 700 M60A1 tanks from Europe as excess defense articles to replace Soviet model tanks in Egyptian armor units. Discussions focusing on upgrading some of these M60A1s to M60A3 standards are underway. Ongoing programs to integrate air defense systems, and upgrade the communications and logistics systems will likewise enhance defense capabilities and increase the interoperability of Egyptian and U.S. forces.

IMET provides command and staff courses for present and future Egyptian leaders from field grade to general officer level. It provides technical and management training essential to integrating advanced U.S. systems into the Egyptian forces and enhanced interoperability with U.S. forces. IMET also exposes Egyptians to U.S. traditions of democracy, human rights and civilian government control of the military.

The ESF program has focused on improving living standards by increasing production and supporting projects for irrigation and agriculture, basic education, water and wastewater systems, and local government decentralization. ESF also supports the balance of payments and commodity import programs and encourages market-oriented, economic reforms to stimulate the private sector and eventually put the economy on a more self-sustaining basis. Continued assistance and economic reform are essential to cope with a rapidly growing population, inadequate housing and un/under-employment.

FY 1992 REQUEST

The proposed FY 92 FMF program will support the M1A1 tank co-production and F-16 programs; both will be entering their high-cost phases during FY 92. Peace Vector IV is being accelerated to gain economies of scale by using the same F-16 configuration as in Peace Vector III, which should enable the original estimated cost to be cut by one-third. IMET will continue to stress professional military education and management with students from each of the four armed services and various Ministry of Defense agencies. Operation Desert Storm will require special training courses. ESF will continue to provide economic development, budget and balance of payments support with cash transfers and the commodity import program. Support for agricultural and energy programs will be linked to progress on policy reforms in those areas. Infrastructural support for water and wastewater programs, irrigation, basic health and education needs will also continue. These programs and further generous international assistance will help Egypt adhere to economic liberalization objectives, although the Gulf crisis greatly hinders progress.

EGYPT
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	1,300,000
INTL MIL EDUCATION & TRNG PROG	1,800
ECONOMIC:	
ECONOMIC SUPPORT FUND	815,000
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	150,000
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 2,266,800
 STUDENTS TRAINED UNDER IMET	 174

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>1,294,410</u>	<u>1,300,000</u>	<u>1,300,000</u>
 TOTAL	 1,294,410	 1,300,000	 1,300,000
 ECONOMIC SUPPORT			
FUND	811,496	815,000	815,000
 IMET	 1,636	 1,500	 1,800
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 493,388

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	1,144,514
DEFENSE ARTICLES/SERVICES	1,088,114
CONSTRUCTION/DESIGN	56,400
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	67,006
 ESTIMATED FMS AGREEMENTS FY 1991:	 1,800,000
DEFENSE ARTICLES/SERVICES	1,800,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,322,897
 ESTIMATED FMS AGREEMENTS FY 1992:	 350,000
DEFENSE ARTICLES/SERVICES	350,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	793,738

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	44,640	44,356	55,308	n/a
PER CAPITA GDP**	900	865	1,066	n/a
TOTAL BUDGET	20,500	18,271	23,596	n/a
TOTAL DEBT	37,161	43,361	43,259	n/a
FMF DEBT	4,550	4,550	5,088	5,981
PERCENTAGE OF FMF				
TO TOTAL DEBT	12%	10%	12%	0%
DEBT SERV RATIO	20%	1%	10%	3%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	36,585	2,948,513	2,985,098
FY 1991	159,740	1,316,748	1,476,488
FY 1992	245,625	622,728	868,353
FY 1993	442,273	595,080	1,037,353
FY 1994	486,152	550,888	1,037,040
FY 1995	429,320	486,589	915,909
FY 1996	586,952	472,774	1,059,726
FY 1997	379,584	406,809	786,393
FY 1998	221,953	370,636	592,589
FY 1999	221,953	345,201	567,154
FY 2000	221,953	319,215	541,168
TOTAL	3,432,090	8,435,181	11,867,271

EL SALVADOR

POLICY CONSIDERATIONS

The Salvadoran Armed Forces' (ESAF) success, with U.S. support, in denying the FMLN guerrillas a military victory played a key role in encouraging the insurgents to resume negotiations for a political settlement to the war. While we do not know whether the FMLN intends to conclude a settlement, the current peace negotiations surely represent the best chance in years to end the war. If peace comes, security assistance needs will be greatly reduced, although post-war reconstruction will require significant U.S. and other aid.

The United States seeks to help the Government of El Salvador (GOES) further develop its nascent democratic system, continue judicial reform and further enhance respect for human rights. Our policies also help the GOES to address the socio-economic origins of the war and to stabilize and revitalize the economy to sustain broader-based growth.

Despite participating in several rounds of talks with the GOES, the FMLN launched a nationwide offensive in November 1989 and a less successful series of attacks in October to December 1990. Each year, the ESAF successfully minimized civilian casualties and defeated the attacks, inflicting serious losses on the guerrillas. But the FMLN caused great destruction and forced the ESAF to use large quantities of supplies. Since the offensives, negotiations have met with some success, but the FMLN continues to threaten further offensives, ravage the country's infrastructure and assassinate people. Despite the Sandinistas' electoral defeat in Nicaragua, there are strong indications that they and Cuba still back the FMLN.

President Cristiani is promoting efforts to further reduce and ultimately eliminate human rights abuses. A colonel, three other officers and five enlisted men accused of killing Jesuit priests in 1989 have been arrested. A Salvadoran court recently completed its investigation and moved the case to the trial stage. The popular refusal to respond to FMLN incitement to insurrection during the November 1989 offensive demonstrated ESAF progress in winning public support by defending constitutional democracy and respecting human rights.

President Cristiani instituted broad based economic reforms to reduce centralized government control and encourage private investment. Begun in July 1989, the program has improved agricultural production, increased exports outside of Central America and led to projection of a record growth rate for 1990. The IMF and the World Bank give high marks to the Cristiani administration's efforts.

PROGRAM DESCRIPTION

Objectives

- Help GOES/ESAF to end insurgent activity in the countryside
- Provide training and equipment to counter urban terrorism and other violence
- Promote ESAF professionalism, support for democratic development and respect for human rights
- Enhance effectiveness of command, control and communication

- Develop military training and planning to enhance combat readiness, logistics and intelligence
- Replace or overhaul aging aircraft and other equipment
- Promote economic development and financial stability
- Help extend government benefits to formerly contested areas
- Extend basic social services to help create a "safety net"

Status

The ESF program helps the GOES to meet humanitarian needs, stimulate private investment and entrepreneurship, rebuild sabotaged infrastructure and finance essential imports. ESF supports the GOES' comprehensive program to follow competitive exchange rates, improve trade policies, privatize state enterprises, correct the interest rate structure, reduce fiscal deficits and promote more diversified investment.

The FY 91 Appropriations Act withheld 50 percent, or \$42.5 million, of military assistance to El Salvador pending government and FMLN compliance with certain conditions set forth in the Act. On January 15, 1991, President Bush determined the FMLN violated two of those conditions—receiving lethal military assistance from outside El Salvador, and engaging in acts of violence directed at civilian targets. The President directed the release of the withheld portion of military assistance to the government but suspended delivery of the funds for sixty days in the interests of promoting a peaceful settlement to the conflict.

The FMF and IMET programs provide training and equipment to help the ESAF stymie the guerrilla assault. Training also directly promotes professionalism, respect for human rights and civilian control of the military. The ESAF's current level of effectiveness was instrumental to making negotiations possible. Improved mobility, small unit tactics and night-fighting capability all enable the ESAF to take the fight to the guerrillas' rear areas.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide equipment and supplies to sustain ESAF combat operations at current levels. It will also help the ESAF address weaknesses in its personnel and logistics systems, and replace aging aircraft. ESF will support the GOES economic program, finance productive imports, strengthen the judicial system and democratic institutions, and provide U.S. training. IMET will provide professional military education, and management and technical training.

EL SALVADOR
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	85,000
INTL MIL EDUCATION & TRNG PROG	1,400
ECONOMIC:	
ECONOMIC SUPPORT FUND	120,000
DEVELOPMENTAL ASSISTANCE	55,000
P.L. 480	32,812
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 294,212
 STUDENTS TRAINED UNDER IMET	 145

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL GRANT	0	0	0
	<u>79,635</u>	<u>83,945</u>	<u>85,000</u>
 TOTAL	 79,635	 83,945	 85,000
 ECONOMIC SUPPORT FUND	 130,616	 120,000	 120,000
 IMET	 1,592	 1,055	 1,400
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	76,041
DEFENSE ARTICLES/SERVICES	71,913
CONSTRUCTION/DESIGN	4,128
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	113
 ESTIMATED FMS AGREEMENTS FY 1991:	 90,000
DEFENSE ARTICLES/SERVICES	90,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	2,141
 ESTIMATED FMS AGREEMENTS FY 1992:	 100,000
DEFENSE ARTICLES/SERVICES	100,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,285

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	3,953	4,628	5,473	6,453
PER CAPITA GDP**	805	924	1,071	1,239
TOTAL BUDGET	545	604	619	661
TOTAL DEBT	1,717	1,755	1,806	n/a
FMF DEBT	104	102	98	89
PERCENTAGE OF FMF TO TOTAL DEBT	6%	6%	5%	0%
DEBT SERV RATIO	17%	20%	19%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	32,794	75,676	108,470
FY 1991	26,828	14,995	41,823
FY 1992	12,865	5,207	18,072
FY 1993	12,870	3,726	16,596
FY 1994	11,099	2,260	13,359
FY 1995	8,899	1,119	10,018
FY 1996	3,804	338	4,142
FY 1997	1,333	52	1,385
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	110,492	103,373	213,865

EQUATORIAL GUINEA

POLICY CONSIDERATIONS

A small country with few resources, Equatorial Guinea is among the world's poorest nations. The country is still striving for economic and social recovery from the devastating policies of a previous regime. The recovery has included a change from military to civilian rule, the election of a national assembly and some improvement in the human rights situation. The economy remains dependent on coastal fishing, subsistence agriculture and forestry.

The IMET program helps us to encourage a move toward democratic pluralism and increased respect for basic human rights. IMET training is designed to improve the country's ability to patrol its exclusive economic zone so it can enforce fishing agreements to reduce poaching and protect coastal trade. IMET also exposes trainees to U.S. traditions of democracy, human rights and civil-military relations. Modernization of the small armed forces, particularly the navy, requires outside assistance.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education and technical training. Emphasis will remain on developing a cadre of naval officers to support U.S.-provided patrol boats and enhance Equatorial Guinea's ability to monitor its fishing grounds.

FJI

POLICY CONSIDERATIONS

Fiji has supported U.S. regional and global interests at critical moments since its independence in 1970. Tensions between two major ethnic groups troubled Fiji for years, and led to a May 1987 military coup. The United States suspended security assistance until December 1988, when it resumed a humanitarian aid program to encourage Fiji's return to constitutional, elected government. Traditional military assistance remains suspended until a return to democratic government. Fiji adopted a new constitution in 1990, with elections scheduled for late 1991.

The ESF program encourages a broadly acceptable political solution by supporting private sector growth. The government is promoting export-oriented light industry to reduce Fiji's traditional dependence on sugar and tourism, and expand employment. The IMET program would enhance Fijian maritime safety efforts. IMET would also support Fijian efforts to counter narcotics trafficking. IMET exposes Fijians to U.S. practices of democracy, civilian control of the military and respect for human rights.

PROGRAM DESCRIPTION

Objectives

- Demonstrate our interest in Fiji's return to democracy
- Support Fiji's market-oriented economic reform efforts
- Promote U.S. presence, influence and access in the region
- Encourage continued Fijian peacekeeping operations

Status

U.S. military assistance supported participation of Fiji's small military force in important international peacekeeping efforts in southern Lebanon and the Sinai. Fiji has continued those peacekeeping efforts since 1987. ESF has provided medical commodities to Fiji.

FY 1992 REQUEST

We will continue to consult with Congress regarding the mix of ESF projects to ensure they benefit each of Fiji's ethnic communities. Assuming events in Fiji permit its resumption, the proposed IMET program would provide professional military education and technical training, including search and rescue and maritime law enforcement training, for Fiji's small naval arm.

FIJI
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	300
INTL MIL EDUCATION & TRNG PROG	50
ECONOMIC:	
ECONOMIC SUPPORT FUND	300
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	1,579
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 2,229
 STUDENTS TRAINED UNDER IMET	 5

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>0</u>	<u>300</u>
 TOTAL	 0	 0	 300
 ECONOMIC SUPPORT FUND	 0	 300	 300
 IMET	 0	 50	 50
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	0
DEFENSE ARTICLES/SERVICES	0
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	60
 ESTIMATED FMS AGREEMENTS FY 1991:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	136
 ESTIMATED FMS AGREEMENTS FY 1992:	 500
DEFENSE ARTICLES/SERVICES	500
EST VALUE OF COMMERCIAL EXP DELIVERIES	81

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	1,302	1,148	1,076	n/a
PER CAPITA GDP**	1,860	1,617	1,473	n/a
TOTAL BUDGET	339	321	278	n/a
TOTAL DEBT	441	466	467	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	12%	4%	6%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

FINLAND

POLICY CONSIDERATIONS

Finland's geography and history dictate that it remain on good terms with both the East and the West. Finland maintains its long-standing policy of armed neutrality, and as an active neutral contributes to stability in the Nordic region. It also is an important example to the Baltic states and the USSR of a fully functioning democracy with a free market economy.

The United States continues to support Finland's neutrality, independence, and western cultural orientation. In turn, we seek Finland's understanding of and support for U.S. foreign policy. The recent dramatic changes in the European security and economic landscape gave Finland more freedom of action, forced it to consider eventual EC membership, and led it to in effect discard outdated, sovereignty-limiting provisions of Fenno-Soviet and World War II treaties.

In 1990, Finland gave \$11 million in economic assistance to help Turkey, Egypt and other front-line states cope with the dislocations caused by Iraq's invasion of Kuwait. In January 1991, Finland gave \$3.25 million in aid and said it would give more aid to these countries later in the year. In late 1990, 409 Finns were serving with U.N. peacekeeping force in the Golan Heights and 540 with the U.N. force in Lebanon.

PROGRAM DESCRIPTION

Objectives

- Support continuation of Finnish neutrality and independence
- Help Finland maintain a credible defense capability
- Continue Finland's western democratic orientation

Status

In the 1980s, security assistance fostered valuable U.S.-Finnish defense relations and growing cooperation between our countries. Finland acquired U.S. general purpose infantry equipment, TOWII anti-tank systems, and advanced electronic equipment, and improved defense technology arrangements. IMET gave Finnish officers a first-hand understanding of U.S. military and foreign policy goals and exposure to U.S. society.

FY 1992 REQUEST

The proposed FY 92 program of FMS and commercial sales may include anti-tank weapons, air-to-air missiles, fighter aircraft, and communications equipment and electronics.

FRANCE

POLICY CONSIDERATIONS

France is a member of the North Atlantic Alliance, but not the NATO integrated command. France engages in planning for the use of its forces with NATO and takes part in joint and/or combined operations with other NATO members. In 1990, France announced it will gradually withdraw its 50,000 soldiers and airmen (under French command) in western Germany as the Soviet Union implements its own announced troop withdrawal from eastern Germany by the end of 1994. Since 1989, France and Germany have fielded an infantry brigade composed of soldiers from both countries, a possible model for future NATO units.

France cooperates with the United States and other allies in operations to protect its vital interests, both within the Alliance and in other parts of the world. French world-wide power projection often serves U.S. foreign policy goals. French forces in Africa contribute significantly to deterring Libyan adventurism and to maintaining regional stability. France continues to provide troops to the U.N. peacekeeping force in Lebanon.

In 1990 and early 1991, France sent over 10,300 soldiers, and 1,300 airmen with 120 aircraft to participate in Operation Desert Storm. It also contributed 13 ships with 2,000 sailors to the multinational force in the Persian Gulf. In 1990, France gave special bilateral economic aid to Egypt (\$50 million), Turkey (\$30 million), and Jordan (\$20 million) to help them cope with dislocations caused by Iraq's invasion of Kuwait and also contributed funds through the European community. France said it will give further aid in 1991.

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, services and training enhance security, both in the Alliance context and elsewhere.

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 programs of mutual benefit. In recent years, France purchased airborne warning and control system (AWACS) aircraft, C-130H transport aircraft, an electronic warfare training facility, technical services, and publications that support weapons interoperability and command, control and communications.

Purchase of U.S.-designed aircraft carrier catapult and retrieval systems will permit the launch of U.S. as well as French aircraft. Support for electronic warfare training will serve mutual defense objectives in Europe. France's acquisition of a NATO standard Airborne Early Warning (AEW) system will provide further depth to NATO defenses and strengthen interoperability.

FY 1992 REQUEST

Under the proposed FY 92 program France will purchase spare parts, training and services. Potential purchases include equipment for the French frigate program, missile fire control upgrades and Naval training aircraft. France is a member of the Multiple Launch Rocket System (MLRS) NATO cooperative project and may participate in this program, and other co-development projects. France is also considering a follow-on purchase of Standard missiles for its Navy and equipment to modernize its aircraft tanker fleet.

GABON

POLICY CONSIDERATIONS

Gabon is an economically sound oil-producing nation which has long followed a moderate, pro-Western foreign policy. President Bongo has played a crucial role in national reconciliation efforts in Chad, contributed significantly to the exposure of Libyan aggression in northern Chad and has supported our policies in southern Africa. Gabon has recently moved toward a multi-party system and conducted democratic parliamentary elections as part of a political reform process.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education, management and technical training. Emphasis will remain on infantry, engineer and seamanship training. Gabon is expected to use national funds for FMS and commercial purchases of parts and support for its C-130 type aircraft and other U.S.-origin equipment.

THE GAMBIA

POLICY CONSIDERATIONS

The Gambia has a pluralistic democratic government, a commendable human rights record, supports U.S. positions in international fora, and has been particularly helpful in supporting U.S. and West African initiatives in the Liberian civil war.

Under President Jawara's leadership, The Gambia has implemented a model economic reform program, fully supported by the U.S. and other Western and international donors. It is developing a growing tourism industry to replace its dependence on livestock and agriculture.

The IMET program helps to diversify Gambian military perspectives and to support a pro-Western military orientation. The program also complements British military assistance efforts.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education for junior and mid-level officers. Emphasis will be placed on infantry, seamanship and engineering skills.

GERMANY

POLICY CONSIDERATIONS

With Germany's peaceful reunification in 1990, the Federal Republic of Germany (FRG) assumed responsibility for security of the territory of the former German Democratic Republic (GDR) and absorbed the GDR's armed forces. Germany has pledged to reduce its combined armed forces from a total of over 600,000 to 370,000 within three to four years of entry into force of a CFE agreement. Germany will nevertheless continue to field one of NATO's largest and best equipped armed forces.

In this time of transition and uncertainty, Germany will play a central role in meeting the Alliance's tasks of deterring the use of force in Europe and guarding against potential threats from instability in the Soviet Union and Eastern Europe. We also anticipate that Germany will continue to provide significant amounts of economic aid to help Eastern Europe and developing countries around the world to build democratic institutions, improve human rights, and expand private sector, market-oriented economies open to foreign investment and trade.

In 1990, Germany pledged \$3.5 billion in military and other assistance in support of Operation Desert Storm and pledged to provide another \$5.5 billion in the first three months of 1991. Germany also provided heavy equipment transporters (HETS), tank and other ammunition, electronics, generators, water transport and purification equipment, chemical/biological warfare (CBW) protective equipment, trucks, and air and sea transportation. Germany absorbed most of the considerable cost of rail transport for deploying U.S. personnel and materiel from Germany to the Saudi Arabia and their return. Also in 1990, Germany deployed a frigate, five minesweepers, and two support ships to NATO forces in the eastern Mediterranean Sea, thus freeing other allied ships for service with the multinational naval force in the Persian Gulf. In early 1991, Germany sent a fighter squadron to Turkey with the Allied Command Europe (ACE) Mobile Force to augment its defense against possible Iraqi aggression. The FRG has also announced that it will send Roland and Hawk air defense missile units to further augment Turkey's defenses.

PROGRAM DESCRIPTION

Objectives

- Promote NATO standardization and equipment interoperability
- Enhance allied air defenses in Central Europe
- Continue supporting U.S.-origin weapons systems
- Promote bilateral US/FRG cooperative armaments development
- Enhance surveillance and early warning systems
- Enhance radar and communications networks
- Support missile and other purchases to strengthen area defense and anti-armor capabilities

- Encourage continued strong FRG support for Southern Region allies and 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. Germany participates in co-production of several advanced systems, such as Stinger, MLRS and Patriot.

Germany's cash purchases of U.S. defense articles and services support Alliance objectives and European stability by enhancing NATO cooperative efforts. The sales also maintain the continued security of U.S. forward-deployed forces and enhance the effectiveness of FRG forces. The sales, also help to reduce the U.S. trade deficit with Germany by about 10-12 percent each year. In the 1980s, the FRG made major contributions to the NATO infrastructure program and aided Southern Region allies.

FY 1992 REQUEST

In FY 92, German commercial and FMS purchases will include materiel and training to support U.S.-origin weapons systems. Additional purchase items are likely to include HARM missiles and equipment, services for the Patriot and HAWK missile systems, aircraft radar, air-to-air missiles, airborne reconnaissance assets and anti-tank missiles.

GHANA

POLICY CONSIDERATIONS

United States-Ghanaian relations are improving. We continue to urge the Government of Ghana to move towards genuine non-alignment and political pluralism and have expressed our concerns over human rights abuses. We support the government's adherence to an economic recovery program, supported by the IMF and World Bank, which emphasizes the private sector and foreign private investment as the best road to sustained equitable growth.

The IMET program is intended to reinforce the already pro-Western orientation of the Ghanaian military establishment and thereby counter Libyan attempts to project its influence in West Africa. IMET also exposes future Ghanaian leaders to U.S. traditions in civil-military relations, democracy and human rights.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education, management and technical training. Emphasis will be on basic and advanced officer courses, international defense management, maintenance and medical training.

GREECE

POLICY CONSIDERATIONS

Greece, under the New Democracy government of Prime Minister Constantine Mitsotakis since elections in April 1990, has strengthened ties with the United States and reinvigorated its role within NATO. Greece solidified its security relationship with the U.S. by ratifying in July 1990 a new eight-year Mutual Defense Cooperation Agreement which entered into force on November 6, 1990. The agreement provides for continued United States use of facilities at Souda Bay and Iraklion on Crete, and the orderly phasing out of other facilities. The agreement stipulated that the U.S. would seek appropriate levels of defense support to assist in the modernization of the Hellenic Armed Forces (HAF). Provision of U.S. security assistance fulfills that pledge. It also encourages Greece to focus military procurement programs on U.S. equipment and to join in cooperative programs with other NATO countries.

Greece fully supported U.S. deployments to Operation Desert Storm to respond to Iraq's invasion of Kuwait. Greece granted us blanket overflight clearance, offered contingency hospital support, authorized basing of U.S. aircraft at facilities in Greece, and sent a frigate to the multinational naval force in the Persian Gulf. Greek cooperation was instrumental in the rapid movement of troops and equipment to the region and remains important for our armed forces in the Gulf. Greece quickly and fully enforced U.N. sanctions against Iraq.

A common NATO strategy remains key to a coordinated response by the Alliance to the dramatic changes in Eastern Europe and the Soviet Union. U.S. security assistance ensures that Greece will be able to continue to perform its NATO role during this period. The FMF program supplements Greek national funds in implementing its five year HAF modernization program. FMF also helps Greece to protect itself—and helps preserve regional stability, if necessary—should long-suppressed ethnic differences that threaten to destabilize the Balkans erupt into conflict. Ongoing FMF help with HAF modernization will be important to encourage Greek cooperation in meeting future extra-regional crises. NATO's infrastructure program and West European allied aid to the Southern Region complements FMF for Greece.

Greece relies on FMF as an integral element of its HAF modernization program. Faced with an inflation rate of over 18 percent, a public sector borrowing requirement of 22 percent, and external debt totalling \$24 billion, Greece would be unable to continue modernization without our assistance. Greece's domestic financial difficulties makes some grant aid important.

PROGRAM DESCRIPTION

Objectives

- Support a continuing strong bilateral defense relationship
- Encourage Greece's continued active participation in NATO
- Encourage Greece's participation in multilateral forces such as the one in the Gulf
- Enhance Greece's ability to defend its sovereignty in a region of potential unrest

- Support Greece's five year defense modernization program

Status

Our security assistance consists of FMF credits and grants and IMET training to support HAF modernization. This includes: improving force structure and command and control assets; increasing procurement of helicopters, anti-tank missiles and tank upgrades; and, infrastructure projects to support Greek and allied armed forces, anti-aircraft and upgraded air defense systems, and enhanced naval forces. Recent major Greek purchases with FMF credits included 30 UH-1H helicopters, 1,000 AIM9P4 missiles, upgrade kits, and communications equipment.

The IMET program provides professional military education, management and technical training. IMET also enhances the Greek military's understanding of current U.S. foreign policy and defense concerns and helps to provide a broad awareness of modern American society.

FY 1992 REQUEST

The proposed FY 92 FMF program will permit follow-on support for U.S.-origin equipment, and allow for purchase of additional aircraft, ammunition and armaments. Sales may include tank fire control systems and equipment, Harpoon missiles, and possibly F-16 aircraft. IMET will focus on War College, Command and Staff College, Army Advanced Officer courses, technical training to support U.S.-origin equipment, and Navy and Air Force management courses.

GREECE
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	350,000
INTL MIL EDUCATION & TRNG PROG	500
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	0
	<hr/>
TOTAL FOREIGN ASSISTANCE	350,500
STUDENTS TRAINED UNDER IMET	121

SECURITY ASSISTANCE RESOURCES

	ACTUAL	ESTIMATED	PROPOSED
	FY 1990	FY 1991	FY 1992
FINANCING:			
CONCESSIONAL	318,624	320,000	285,000
GRANT	<u>29,871</u>	<u>30,000</u>	<u>65,000</u>
TOTAL	348,495	350,000	350,000
ECONOMIC SUPPORT FUND	0	0	0
IMET	629	550	500
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			191,892

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	200,906
DEFENSE ARTICLES/SERVICES	200,906
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	2,328
ESTIMATED FMS AGREEMENTS FY 1991:	150,000
DEFENSE ARTICLES/SERVICES	150,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	268,447
ESTIMATED FMS AGREEMENTS FY 1992:	120,000
DEFENSE ARTICLES/SERVICES	120,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	161,068

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	39,172	46,186	52,488	n/a
PER CAPITA GDP**	3,929	4,623	5,197	n/a
TOTAL BUDGET	14,396	17,876	21,408	n/a
TOTAL DEBT	21,331	23,914	23,513	n/a
FMF DEBT	2,339	2,630	2,902	3,197
PERCENTAGE OF FMF				
TO TOTAL DEBT	11%	11%	12%	0%
DEBT SERV RATIO	29%	34%	28%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	973,240	937,032	1,910,272
FY 1991	63,889	229,042	292,931
FY 1992	121,035	235,267	356,302
FY 1993	178,427	233,243	411,670
FY 1994	239,651	221,983	461,634
FY 1995	300,325	206,511	506,836
FY 1996	329,505	188,384	517,889
FY 1997	331,542	167,424	498,966
FY 1998	297,142	147,850	444,992
FY 1999	250,861	130,415	381,276
FY 2000	205,128	114,759	319,887
TOTAL	3,290,745	2,811,910	6,102,655

GUATEMALA

POLICY CONSIDERATIONS

The primary United States objective in Guatemala is the promotion of a stable, democratic government respectful of human rights, and the development of a strong, market-based economy able to improve the living standards of the rural Indian poor. President Cerezo's administration (January 1986 through January 1991) took significant steps to open up the economy and the political process but did little to stem violence and rights abuses. Democratic development in Guatemala continues to be undermined by the existence of extra-judicial violence, weak government, a small but entrenched insurgency, and increasing narcotics production and trafficking. Two unsuccessful coup attempts occurred under President Cerezo.

Guatemala held orderly, peaceful and fair elections on November 11, 1990, followed by a second round of balloting on January 6, 1991. Guatemala made its first transition from one civilian government to another in its modern history when President Serrano took office in January 1991.

The country remains poor, with a primarily agricultural economy, inadequate infrastructure, limited education, poor health and social services, and wide wealth disparities. In 1986, President Cerezo's administration implemented a far-reaching economic adjustment program to encourage sustainable growth. By early 1991, the outlook was for heavy but manageable debt service payments, foreign exchange shortages, and inadequate investment to boost economic growth enough to improve markedly the peoples' general low living standards.

PROGRAM DESCRIPTION

Objectives

- Support democratic development by strengthening civilian governmental institutions and control of the military
- Support reform of the judiciary
- Promote growth to foster more equitable income distribution
- Improve military and police respect for human rights
- Promote military professionalism and support for democracy
- Strengthen the Government's capability to combat the insurgency and internal right-wing organizations
- Improve and expand counter-narcotics activities

Status

The 42,000-man Guatemalan armed forces desperately need repair parts to keep existing equipment working. Military equipment and materiel stocks are dangerously low. The newest U.S. equipment is 14 years old, uneconomical to repair, and needs replacement. The air force's 49 flyable fixed-wing aircraft and 27 helicopters have a relatively low operational readiness. Many military vehicles require replacement. The army communication system is not secure and cannot support units in the field.

In December 1990, we suspended the \$2.9 million FY 90 FMF program because of serious concerns about human rights and, particularly, the inaction on the June 1990 murder of an American citizen. We plan to resume the FMF program only after President Serrano takes concrete steps to resolve the murder and improve observance of human rights.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide spare parts, services, tools and replacement equipment. It will support helicopter and transport aircraft used for medical and other support to units operating in remote insurgent strongholds; repair vehicles, communications, and engineering equipment; and, upgrade logistics. IMET will provide professional military education and technical training. It will also expose Guatemalans to U.S. traditions of democracy, human rights, and civilian government control of the military.

ESF will provide balance of payments support and support market-oriented policies promoting investment and growth. ESF-generated local currency will improve the infrastructure and increase social services in rural areas.

GUATEMALA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	2,000
INTL MIL EDUCATION & TRNG PROG	400
ECONOMIC:	
ECONOMIC SUPPORT FUND	30,000
DEVELOPMENTAL ASSISTANCE	28,225
P.L. 480	23,909
PEACE CORPS	2,560
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 87,094
 STUDENTS TRAINED UNDER IMET	 101

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL GRANT	0	0	0
	<u>2,887</u>	<u>2,000</u>	<u>2,000</u>
 TOTAL	 2,887	 2,000	 2,000
 ECONOMIC SUPPORT FUND	 56,483	 30,000	 30,000
 IMET	 492	 400	 400
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	4,038
DEFENSE ARTICLES/SERVICES	4,038
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	214
 ESTIMATED FMS AGREEMENTS FY 1991:	 3,000
DEFENSE ARTICLES/SERVICES	3,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,802
 ESTIMATED FMS AGREEMENTS FY 1992:	 3,000
DEFENSE ARTICLES/SERVICES	3,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,081

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	8,470	7,084	7,871	8,497
PER CAPITA GDP**	1,034	839	907	951
TOTAL BUDGET	809	792	941	n/a
TOTAL DEBT	2,755	2,816	2,633	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	24%	26%	27%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

GUINEA

POLICY CONSIDERATIONS

Since 1984, Guinea has developed friendly relations with the West, particularly the United States and France. Guinean cooperation with the United States continues on the upswing in both the economic and military spheres. This gradual change of political alignment offers an opportunity to enhance U.S. influence, promote our national interests, and encourage the military-controlled government to follow through on proposed constitutional reforms which, if implemented, could significantly open the political system to democratic reforms. The United States also encourages further economic structural adjustment and market-oriented growth.

The IMET program focuses on helping the Guineans protect the fishing resources of their exclusive economic zone, and further orient the Guinean military toward the West. The IMET program continues to promote contacts between Guinean military officers and their U.S. counterparts, and exposes Guineans to U.S. values of democracy, human rights and free enterprise. Through this contact, there has been a noticeable improvement in Guinean perceptions of the U.S., which may lead to an increased understanding of civilian control of the military in a democratic society.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education and technical training, with an emphasis on basic seamanship.

GUINEA-BISSAU

POLICY CONSIDERATIONS

The Government of Guinea-Bissau continues to demonstrate a strong desire to move toward genuine non-alignment and broaden its relations with the United States and other Western countries. The military government has announced plans for future democratic reform, including the introduction of a multi-party system and a constitution which envisions greater respect for human rights.

The United States will continue to urge the government to follow through on these plans. The government continues to place more emphasis on the role of the private sector and foreign private investment in development and to move toward a market-oriented economy. The IMET program is intended to strengthen these positive trends and to encourage the government to continue denying the use of its territory to Libya for military purposes.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education. Emphasis will be placed on command and staff courses.

GUYANA

POLICY CONSIDERATIONS

Since mid-1985, the Government of Guyana (GOG) has pursued a policy of non-alignment and friendly relations with the United States and other Western countries. The People's National Congress (PNC) defeated the People's Progressive Party (PPP) and other parties in the 1985 elections. New national elections are now scheduled for mid-1991. The GOG, in response to opposition claims of past systematic election fraud, has agreed to significant electoral reform and has invited a Commonwealth observer team, and former President Carter, to monitor the elections. AID will help finance the observers, technical advisers and election support materials.

In April 1989, Guyana implemented an IMF-monitored economic recovery program backed by an IMF-sponsored "Guyana Support Group", headed by Canada and including the U.S. and other industrialized nations. In June 1990, the Support Group assembled a bridge-loan and bilateral contribution package which, added to GOG contributions, enabled the GOG to clear all arrears to international financial institutions (IFI) and again qualify for IFI loans. On September 13, 1990 the Paris Club agreed to terms for rescheduling Guyana's debt to member lenders, including the United States.

The proposed IMET program would enable us to improve the GOG's understanding of U.S. foreign and economic policy, and to encourage it to engage the Guyana Defense Force (GDF) more fully in counter-narcotics operations, which the GDF has already begun to undertake. The GDF however, is poorly equipped and has few trained technicians. The IMET program would provide military and technical training to upgrade the GDF's transportation and communications capabilities, thus enhancing its narcotics interdiction capability. IMET also promotes professionalism, and exposes trainees to U.S. traditions of democracy, human rights and civilian control of the military.

PROGRAM DESCRIPTION

Objectives

- Encourage a pro-Western foreign policy
- Strengthen democratic processes and institutions, and encourage respect for human rights
- Stimulate economic reform to permit new economic growth
- Promote privatization of state-owned enterprises, and encourage domestic and foreign investment

Status

The ESF and PL480 programs provided much-needed support to Guyana's economic recovery program, and helped to stimulate market forces in Guyana's state-dominated economy. However, the recovery program still has a long way to go, especially in privatizing state-owned and controlled enterprises, and diversifying the economy beyond dependence on bauxite, sugar and rice. ESF supports these efforts to stimulate the economy and thus benefits all segments of the society. In mid-1990, we

temporarily suspended the ESF program pending the holding of free and fair elections, now scheduled for mid-1991. We expect to resume the ESF program shortly thereafter.

Until recently, the U.S. had very little contact with the GDF, a professional, well-disciplined, but poorly equipped force which has been reduced by retrenchment to approximately 2,000 personnel. Equipment and training previously provided by the Soviet Union, Eastern Europe and Cuba are no longer available or desired. Instead, the GDF now seeks U.S. assistance. IMET training in FY 91 will enhance the professionalism and technical capabilities of the GDF.

FY 1992 REQUEST

The proposed IMET program would provide professional military education and technical training. ESF would provide balance of payments and budget support for the structural changes needed to address underlying economic problems.

GUYANA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	0
INTL MIL EDUCATION & TRNG PROG	50
ECONOMIC:	
ECONOMIC SUPPORT FUND	2,000
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	5,000
PEACE CORPS	638
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 7,688
 STUDENTS TRAINED UNDER IMET	 4

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL	 0	 0	 0
 ECONOMIC SUPPORT FUND	 2,289	 2,000	 2,000
 IMET	 0	 50	 50
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	0
DEFENSE ARTICLES/SERVICES	0
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	56
 ESTIMATED FMS AGREEMENTS FY 1991:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	35
 ESTIMATED FMS AGREEMENTS FY 1992:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	21

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	520	347	360	n/a
PER CAPITA GDP**	536	350	356	n/a
TOTAL BUDGET	n/a	n/a	n/a	n/a
TOTAL DEBT	1,583	1,678	1,647	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	12%	8%	7%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

HAITI

POLICY CONSIDERATIONS

Since the fall of the Duvalier regime in February 1986, five governments have tried to rule the country. The civilian transition government of President Ertha Trouillot held fair and free democratic elections on December 16, 1990. President Jean-Bertrand Aristide and the newly elected parliament, in which his party has a plurality, took office on February 7.

The United States and Haiti have a long history of close, but frequently troubled relations. We continue to support Haitian efforts to develop a functioning democracy that respects basic human rights and a more modern economy capable of sustained, equitable growth. Politically, Haiti finally seems to be on a path to becoming a functioning democracy, but many challenges must still be overcome. The Haitian army commander, Lt. Gen. Herard Abraham, and the military remained neutral during the electoral process, provided the security necessary for its success, and defended the election results against an early January coup attempt by Duvalier elements. Economically, the situation remains bleak.

Haiti remains the poorest country in the hemisphere with a per capita annual income of approximately \$350, forty percent unemployment, little foreign investment and no foreign reserves. The economy remains dependent on subsistence agriculture, handicrafts and some local trade. Economic infrastructure, education and basic social services are all very poor. Severe environmental problems are depleting the country's few natural resources. The Persian Gulf crisis caused higher oil and other prices and the economic slowdown in the U.S. has further burdened the economy. Remittances from Haitian workers abroad are essential to the economy. Small-scale marijuana production and narcotics trafficking are becoming attractive alternatives for some Haitians.

PROGRAM DESCRIPTION

Objectives

- Support the newly elected civilian government in developing democratic processes and institutions
- Improve human rights
- Strengthen counter-narcotics cooperation
- Promote private sector-led, free-market economic policies

Status

The Haitian Armed Forces' continuing support for the new government is essential to its surviving possible challenges from still strong anti-democratic forces. The military's effectiveness is hampered by a shortage of experienced senior officers and non-commissioned officers. The military also needs basic communication and transportation equipment, clothing, bedding and other necessities.

In FY 90, the FMF program provided \$498,000 for non-lethal assistance to the Organization of American States (OAS) to use in helping the Haitian military to protect the electoral process. In FY 91, we allocated additional FMF for non-lethal assistance directly to the Haitian military to enable it to better protect the new government and to engage in cooperative counter-narcotics operations. U.S. economic assistance helps to stimulate economic growth and provide basic services to the people. Besides providing military and technical skills, the IMET program exposes Haitians to U.S. traditions of democracy, human rights and civilian control of the military.

FY 1992 REQUEST

The proposed FY 92 FMF program would help the Haitian military defend the government against domestic security threats, and support intensified counter-narcotics operations. ESF will promote economic stabilization. IMET will provide professional military education, technical and management training to improve professionalism and human rights.

HAITI
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	2,200
INTL MIL EDUCATION & TRNG PROG	665
ECONOMIC:	
ECONOMIC SUPPORT FUND	24,000
DEVELOPMENTAL ASSISTANCE	38,750
P.L. 480	25,810
PEACE CORPS	1,428
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 92,853
 STUDENTS TRAINED UNDER IMET	 54

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>498</u>	<u>1,000</u>	<u>2,200</u>
 TOTAL	 498	 1,000	 2,200
 ECONOMIC SUPPORT FUND	 3,000	 12,000	 24,000
 IMET	 0	 200	 665
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	0
DEFENSE ARTICLES/SERVICES	0
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	1
 ESTIMATED FMS AGREEMENTS FY 1991:	 500
DEFENSE ARTICLES/SERVICES	500
EST VALUE OF COMMERCIAL EXP DELIVERIES	87
 ESTIMATED FMS AGREEMENTS FY 1992:	 500
DEFENSE ARTICLES/SERVICES	500
EST VALUE OF COMMERCIAL EXP DELIVERIES	52

ECONOMIC DATA

DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	2,244	1,950	n/a	n/a
PER CAPITA GDP**	419	359	n/a	n/a
TOTAL BUDGET	393	415	n/a	n/a
TOTAL DEBT	708	846	823	n/a
FMF DEBT	1	1	1	1
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	4%	5%	6%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	1,688	788	2,476
FY 1991	160	93	253
FY 1992	80	33	113
FY 1993	80	22	102
FY 1994	80	13	93
FY 1995	38	4	42
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	2,126	953	3,079

HONDURAS

POLICY CONSIDERATIONS

Honduras is a key ally and friend of the United States in Central America. The United States is continuing to work with the Honduran Government to disrupt the smuggling of arms through its territory to El Salvador and to expand counter-narcotics cooperation, an initiative with great promise. Our technical cooperation, coupled with Honduras' Caribbean Basin Radar Network (CBRN) radar sites and Honduran Air Force support, could form a key barrier to the flow of drugs from Colombia to the United States. Honduras has maintained programs to detect and interdict arms and drugs shipments despite severe cutbacks in its overall military budget, but it needs support to sustain these efforts.

Since taking office in January 1990, President Callejas has moved quickly and decisively to further institutionalize democracy and improve human rights. We continue to support Honduras' fledgling democracy, which in 1990 completed its second consecutive transition from one freely-elected president to another. The security assistance program supports further professionalization in the Honduran Armed Forces (HAF) and a reexamination and modernization of missions based on the current situation including a more efficient use of scarce resources. With democracy developing in Nicaragua and the reduction of the Sandinista military, the United States also supports expanding the HAF's counter-narcotics role. In recent years, the FMF program has focused on: completing the F-5 program to replace aged French fighters; providing essential maintenance and logistics support for U.S.-origin equipment and transport aircraft; and, supporting joint military exercises.

Honduras remains poor and underdeveloped, with an agricultural economy, a rapidly growing population, and serious administrative and financial problems. The government has undertaken a courageous economic reform program, the short-term effects of which have been a painful economic contraction and higher inflation. Even optimistic projections forecast negative per-capita growth through 1993. Higher fuel prices due to the Persian Gulf crisis will aggravate the problem. U.S. economic assistance and expanded trade are key to Honduran efforts to stabilize its economy and achieve higher rates of growth to improve living standards. The ESF program encourages structural reform and realistic budgets towards these ends.

PROGRAM DESCRIPTION

Objectives

- Encourage civilian control of the armed forces and better civil-military relations
- Support democratic processes and institutions and improved respect for human rights
- Support the government during the most difficult stages of its economic reform program
- Encourage private investment needed to sustain economic growth, generate employment and maintain basic services
- Support expanded efforts to combat narcotics and arms smuggling

Status

The 24,000-strong Honduran Armed Forces (HAF), which include the army, navy, air force and police, have moved steadily toward acceptance of civilian authority in the 1980's. The HAF accepted severe budget cuts in 1990 as part of the government's economic reform program. Continuing HAF weaknesses include maintenance, management, and tactical and technical skills. The IMET program is designed to address these problems and to expose students to U.S. traditions of democracy, respect for human rights and civilian control of the military.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide spare and repair parts and logistical support for U.S.-origin equipment, and expand counter-narcotics activities. ESF will sustain economic reforms while helping to alleviate the most severe social effects of fiscal austerity. IMET will provide logistical, maintenance and medical training.

HONDURAS
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	19,100
INTL MIL EDUCATION & TRNG PROG	1,100
ECONOMIC:	
ECONOMIC SUPPORT FUND	50,000
DEVELOPMENTAL ASSISTANCE	41,000
P.L. 480	17,432
PEACE CORPS	3,645
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
TOTAL FOREIGN ASSISTANCE	132,277
 STUDENTS TRAINED UNDER IMET	 235

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>20,163</u>	<u>21,850</u>	<u>19,100</u>
TOTAL	20,163	21,850	19,100
 ECONOMIC SUPPORT FUND	 60,017	 50,000	 50,000
 NET	 1,053	 1,100	 1,100
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	25,702
DEFENSE ARTICLES/SERVICES	23,686
CONSTRUCTION/DESIGN	2,016
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	606
 ESTIMATED FMS AGREEMENTS FY 1991:	 20,000
DEFENSE ARTICLES/SERVICES	20,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	6,586
 ESTIMATED FMS AGREEMENTS FY 1992:	 15,000
DEFENSE ARTICLES/SERVICES	15,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	3,951

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	3,798	4,064	4,457	4,885
PER CAPITA GDP**	842	872	928	987
TOTAL BUDGET	822	794	826	n/a
TOTAL DEBT	2,981	3,322	3,318	n/a
FMF DEBT	35	33	32	27
PERCENTAGE OF FMF				
TO TOTAL DEBT	1%	1%	1%	0%
DEBT SERV RATIO	21%	26%	29%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	53,086	34,946	88,032
FY 1991	3,239	1,358	4,597
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	56,325	36,304	92,629

HUNGARY

POLICY CONSIDERATIONS

Hungary continued to progress in developing democratic processes and institutions in 1990 culminating in parliamentary elections in the spring and local elections in the fall. Hungary also continued its effort of recent years to decentralize its economy and move to a free market. The privatization program is only now getting underway and much remains to be done. Dislocations in the Soviet Union as well as the Gulf Crisis forced Hungary to confront higher oil import bills, while the country coped with a heavy debt burden. Hungary supports U.N. sanctions against Iraq and sent humanitarian assistance and a medical unit to Operation Desert Storm.

The United States has supported Hungary's move to democracy since it began. President Bush proposed and Congress passed the SEED Act in 1989 to help the countries of East-Central Europe transition to democracy and market economies. The Hungarian-American Enterprise Fund is a key component of the U.S. program of economic assistance.

A carefully developed IMET program would complement the continuing emergence of democracy in Hungary. In 1992, IMET would train Ministry of Defense civilians in democratic oversight of the armed forces. Such a program would contribute to the development of democratic institutions and political pluralism characterized by the establishment of non-partisan military, security and police forces. An IMET program is especially appropriate in the context of Hungary's changed relationship with the Warsaw Pact that is resulting in greater Hungarian concern for security arrangements and confidence building practices in the broader European sense.

PROGRAM DESCRIPTION

Objectives

- Teach the skills necessary to civilian management and oversight of the military
- Establish friendships and channels of communication with the Hungarian Ministry of National Defense and military

Status

A small amount of IMET funds was allocated in FY 91 to develop a program for Hungary to complement our economic aid.

FY 1992 REQUEST

The proposed IMET program would give defense management and technical training to MOD civilians and military personnel.

ICELAND

POLICY CONSIDERATIONS

Iceland occupies a critical location in the North Atlantic. The present coalition government supports Iceland's membership in NATO and the retention of the U.S.-manned NATO base at Keflavik. Nevertheless, public support of the U.S.-Icelandic defense relationship cannot be taken for granted. Iceland has no armed forces of its own, but contributes to its own security and that of the Keflavik base in other ways, especially through its Coast Guard.

PROGRAM DESCRIPTION

Iceland is expected to purchase through FMS and on a commercial basis spare and repair parts for U.S.-origin equipment on its Coast Guard vessels, search and rescue helicopters, and other similar or related equipment.

INDIA

POLICY CONSIDERATIONS

India has the world's fourth largest armed force and is emerging as the leading military power in the South Asia and Indian Ocean region. As such, its policies and actions will be key to regional peace and stability. As the world's most populous democracy and a leader in the Non-Aligned Movement, India's influence is already felt far beyond the South Asia region. India has adhered to U.N. sanctions against Iraq and suffered greatly from lost Gulf oil and worker remittances. At the same time, India is experiencing increasing difficulty in obtaining foreign development assistance.

India is a secular republic governed by officials chosen in regular multiparty elections at national and state levels. Its democracy is bolstered by legal safeguards for the rights of individuals, a vigorous free press, an independent judiciary and action-oriented voluntary associations.

Indian-U.S. relations have continued to grow since 1981, especially in the fields of commerce and transfer of high technology. In line with its policies of diversifying its foreign arms and equipment sources and achieving self-reliance in arms production, India has purchased U.S. military equipment and sought transfers of U.S. military technology.

We have used the increasingly active high-level dialogue resulting from closer relations to promote regional stability and to increase Indo-U.S. cooperation without detriment to Pakistani-U.S. cooperation. Our discussions have included such contentious issues as nuclear and missile proliferation; Indian trade barriers and protection of intellectual property rights; U.S. relations with Pakistan; India's relations with its South Asian neighbors; and, human rights abuses, particularly in Kashmir and Punjab.

PROGRAM DESCRIPTION

The proposed IMET program will provide management, technical and research training, with emphasis on mid- and senior-level professional military education as part of India's goal of developing a modern defense structure. IMET builds on the Indian armed forces' tradition of respect for democracy and civilian control of the military.

INDONESIA

POLICY CONSIDERATIONS

The United States and Indonesia have developed and maintained a friendly relationship over the past 25 years. Indonesia is a leading member of ASEAN, plays a moderating role in international fora, and often cooperates with the U.S. on regional issues. Indonesian leadership in seeking a Cambodia solution has been very helpful. Indonesia has supported U.N. sanctions against Iraq.

The Indonesian government views U.S. assistance levels as an indicator of our interest in Indonesia's security, and of our intention to remain a regional player. Both U.S. and Indonesian armed forces have found the IMET program extremely valuable. The Indonesians respect the quality of U.S. military hardware, evidenced by their purchase of 12 F-16s; however, that purchase strapped the defense budget. Foreign assistance is a key element in purchase decisions.

President Soeharto and the military wield predominant political power over Indonesia's citizens. The government makes major political decisions through a process of "consultation to consensus." The debate over political, economic and social issues is broadening; and the Parliament has somewhat enhanced its dialogue with the Executive. Reports of human-rights violations declined in recent years, particularly in East Timor. The U.S. encourages Indonesia to respect internationally recognized human rights, and to expand democratic processes. Indonesia's tradition of religious tolerance continues.

Indonesia has vast reserves of oil, natural gas and other strategic raw materials. In the 1980s, Indonesia began to deregulate its economy and expand the private sector. Its rapid diversification has markedly increased non-oil exports, reducing oil revenues to 40 percent of the export total. Effects of the Persian Gulf crisis have been to increase oil revenues while slowing world demand for non-oil exports, leaving Indonesia only a small net gain. Indonesian economic deregulation has greatly increased opportunities for U.S. investment and trade outside the traditional oil and mining sectors. Entry into new, more diverse, and potentially huge industrial sectors could substantially increase U.S.-Indonesian trade to the benefit of both countries.

PROGRAM DESCRIPTION

Objectives

- Promote understanding of a U.S. security presence in Asia
- Urge market-oriented policies to expand private sector
- Encourage increased U.S. investment and trade
- Support F-16 and other U.S.-origin defense equipment
- Encourage democracy and human rights

Status

The United States pledged to provide \$12 million in ESF in FY 90-93 to support an AT&T bid for a major telephone-switch project, subject to funding availability and legal requirements. EXIM Bank is to provide an equal amount. In November 1990, AT&T won the contract. The ESF funds will enable AT&T to meet the soft-financing terms on a contract that in the long-term could be worth more than a billion dollars.

The FMF program, building on the previous F-5 program, encouraged Indonesian acquisition of the F-16 aircraft rather than European fighters. The FMF program demonstrates that the United States is a reliable friend by supporting previously supplied U.S. aircraft, helicopters, ships and other equipment appropriate to Indonesian defense requirements.

The IMET program has been highly successful in helping to train present and future Indonesian military leaders and technicians, and to broaden their appreciation of U.S. defense doctrine, operations and training practices. IMET also exposes Indonesians to U.S. traditions of democracy, human rights and civilian control of the military.

FY 1992 REQUEST

The proposed FY 92 ESF program will contribute to EXIM mixed-credit financing to underwrite AT&T's telecommunications contract. IMET will focus on professional military education, management, and technical training to support the F-16 program and encourage acquisition of other U.S. defense systems.

INDONESIA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	0
INTL MIL EDUCATION & TRNG PROG	2,300
ECONOMIC:	
ECONOMIC SUPPORT FUND	5,000
DEVELOPMENTAL ASSISTANCE	45,250
P.L. 480	5,792
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 58,342
 STUDENTS TRAINED UNDER IMET	 180

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL GRANT	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	0	0	0
ECONOMIC SUPPORT FUND	1,991	5,000	5,000
IMET	1,985	1,900	2,300
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	19,853
DEFENSE ARTICLES/SERVICES	19,853
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	15,219
 ESTIMATED FMS AGREEMENTS FY 1991:	 50,000
DEFENSE ARTICLES/SERVICES	50,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	71,628
 ESTIMATED FMS AGREEMENTS FY 1992:	 10,000
DEFENSE ARTICLES/SERVICES	10,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	42,977

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	79,989	75,763	82,726	n/a
PER CAPITA GDP**	475	440	471	n/a
TOTAL BUDGET	18,216	17,349	18,601	n/a
TOTAL DEBT	43,117	52,668	52,600	n/a
FMF DEBT	177	144	119	96
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	33%	31%	27%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	275,533	135,604	411,137
FY 1991	20,277	5,070	25,347
FY 1992	16,214	3,334	19,548
FY 1993	11,490	2,109	13,599
FY 1994	7,419	1,433	8,852
FY 1995	5,752	1,012	6,764
FY 1996	5,752	723	6,475
FY 1997	5,752	426	6,178
FY 1998	3,085	169	3,254
FY 1999	533	47	580
FY 2000	533	20	553
TOTAL	352,340	149,947	502,287

IRELAND

POLICY CONSIDERATIONS

Ireland is a friendly, western, non-militarily aligned country. Its armed forces help suppress Provisional IRA terrorists, and serve in U.N. peacekeeping forces in several countries. Cutbacks in defense expenditures by the Irish Government have had a negative impact on the Irish Army. Also, the failure of the U.S. to fund fully U.N. peacekeeping operations has forced Ireland to assume part of the costs for keeping its troops in Lebanon and elsewhere. The Irish defense forces have used a combination of IMET and national funds to support courses for the professional development of their officers at U.S. staff colleges.

PROGRAM DESCRIPTION

Ireland purchases some spare parts for U.S. equipment and other defense articles and services through FMS and commercial sales.

ISRAEL

POLICY CONSIDERATIONS

The United States' commitment to Israel's security and well-being has been a cornerstone of our Middle East policy since the creation of the state of Israel in 1948. Our continuing commitment is based on historic and cultural ties, as well as the ongoing U.S. interest in securing a just and comprehensive peace between Israel and its Arab neighbors. We also share with Israel concerns related to the security of the eastern Mediterranean and stability in the Middle East. President Bush repeatedly emphasizes that Israel's security and legitimacy must not be in doubt if the regional peace process, which the U.S. strongly supports, is to succeed.

Iraq's 1990 invasion of Kuwait, and Saddam Hussein's repeated threats to attack Israel with chemical and other weapons, followed by Iraqi missile attacks in early 1991, heightened the dangers to Israel. Israel's highly commendable restraint in delaying its retaliation for the missile attacks significantly assisted the allied coalition forces engaged in Operation Desert Storm. We have expedited the delivery of Patriot fire units to Israel to help defend against Iraqi attacks.

The security assistance program is designed to ensure Israel's existence as a free and democratic state that shares many of our own social and political traditions. The FMF program enables Israel to maintain the essential capability to defend itself against any likely combination of aggressors. The ESF program provides the necessary balance of payments support to help Israel reduce inflation, sustain its market economy's growth, and maintain a decent standard of living for its people. The influx of large numbers of Soviet immigrants that began in late 1989, with urgent needs for housing, employment and basic social services, greatly increased the strains on the economy. The Gulf crisis caused higher oil prices, uncertain international economic conditions and new inflationary pressures.

PROGRAM DESCRIPTION

Objectives

- Assist Israel to maintain the qualitative edge needed for its national security with a balance of new weapons procurement, upgrades, and support of existing systems
- Encourage a comprehensive settlement of the Arab-Israeli conflict to promote stability and security in the region
- Continue cash-flow funding and follow-on support for F-16 and F-15 aircraft, Apache helicopters and F-4 upgrades
- Assist Israel's planned naval modernization program
- Promote economic reform and renewed private sector growth

Status

The FMF program shifted to an all-grant basis in FY 85 that enabled Israel to meet cash flow requirements of procuring F-16 and F-15 aircraft, attack helicopters, AN/TPQ-37 radar, and Israeli-origin systems such as the Merkava tank. The program also modernized systems already in the inventory, including GAL class submarines and F-4 fighters. While Israel decided to proceed with a naval modernization program, funding limits delayed implementation of major new programs for reconnaissance and transport helicopters and reduced purchases of critical support, spares and training.

The ESF program provided balance of payments support that helped Israel reduce inflation from the extremely high levels of the mid-1980s, without increased unemployment. Intifadah related dislocations contributed to reduced growth which fell from five percent in 1987 to one percent by 1989 and three percent in 1990. Soviet immigration grew dramatically in 1990 and is expected to remain high in 1991. Israel tried to continue its market-oriented economic reforms, but the immigrants' needs took precedence over prior plans.

FY 1992 REQUEST

The proposed FY 92 FMF program will help Israel continue major procurement and equipment upgrade programs to maintain air superiority, increase infantry mechanization and mobility, and improve naval equipment quality and capability. FMF also will help to maintain Israel's capabilities and readiness to cope with heightened Gulf crisis threats. ESF will help Israel protect already implemented economic reforms, resettle Soviet emigres and cope with Gulf crisis burdens.

ISRAEL
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	1,800,000
INTL MIL EDUCATION & TRNG PROG	0
ECONOMIC:	
ECONOMIC SUPPORT FUND	1,200,000
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	0
 TOTAL FOREIGN ASSISTANCE	 3,000,000
 STUDENTS TRAINED UNDER IMET	 0

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL GRANT	0	0	0
	<u>1,792,260</u>	<u>1,800,000</u>	<u>1,800,000</u>
TOTAL	1,792,260	1,800,000	1,800,000
ECONOMIC SUPPORT FUND	1,194,840	1,200,000	1,200,000
IMET	0	0	0
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			42,240

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	355,258
DEFENSE ARTICLES/SERVICES	355,258
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	69,202
ESTIMATED FMS AGREEMENTS FY 1991:	80,000
DEFENSE ARTICLES/SERVICES	80,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	2,066,287
ESTIMATED FMS AGREEMENTS FY 1992:	260,000
DEFENSE ARTICLES/SERVICES	260,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,239,772

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	29,632	36,366	39,856	n/a
PER CAPITA GDP**	6,891	8,322	8,997	n/a
TOTAL BUDGET	18,038	21,233	20,992	n/a
TOTAL DEBT	18,914	17,452	n/a	n/a
FMF DEBT	9,339	9,214	9,096	5,926
PERCENTAGE OF FMF				
TO TOTAL DEBT	49%	53%	0%	0%
DEBT SERV RATIO	0%	0%	0%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	5,631,511	8,756,563	14,388,074
FY 1991	191,145	247,822	438,967
FY 1992	196,021	234,547	430,568
FY 1993	196,021	220,513	416,534
FY 1994	210,655	206,756	417,411
FY 1995	205,289	191,138	396,427
FY 1996	179,473	177,399	356,872
FY 1997	153,656	163,096	316,752
FY 1998	153,656	150,290	303,946
FY 1999	153,656	137,502	291,158
FY 2000	153,656	125,062	278,718
TOTAL	7,424,739	10,610,688	18,035,427

ITALY

POLICY CONSIDERATIONS

Italy is a strong supporter of the NATO Alliance and occupies a pivotal location astride the Mediterranean between Western and Central Europe and the Middle East. United States interests are served by a close security relationship centered on Italy's role in NATO. Our close relations promote Italian cooperation in dealing with contingencies beyond NATO's traditional region of concern.

Italy provides important military bases and facilities for U.S. forces and hosts NATO Headquarters for Southern Europe in Naples. In 1990, ground-breaking began for construction of a NATO base for the F-16s of the 401st Tactical Fighter Wing near Crotona in southern Italy. Italy's modernized defense forces also help to deter Libyan adventurism in the Mediterranean area.

Italy sent three frigates, two transport/hospital ships, and a support ship to the multinational force in the Persian Gulf and ten Tornado fighters to Operation Desert Storm. Early in 1991, Italy also sent six F-104 fighters, three Hercules C-130 and nine G-222 cargo aircraft to Turkey with the Allied Command Europe (ACE) Mobile Force to augment its defense against possible Iraqi aggression. Italy also shipped sixty heavy equipment transporters (HETs) to the Gulf free of charge and supplied gratis an Alitalia B-747 for transport missions between Germany and Saudi Arabia. Overflight and base access support to U.S. aircraft traveling to the Gulf has been excellent. In 1990, Italy gave \$150 million in exceptional economic aid to Turkey, Egypt, and other front-line states to help them cope with dislocations caused by Iraq's invasion of Kuwait and promised further aid in 1991.

PROGRAM DESCRIPTION

Objectives

- Promote NATO standardization and interoperability by supporting continued modernization of Italian forces
- Enhance Italian inter-service and NATO command and control
- Support attainment of NATO force goals
- Improve NATO's southern flank defenses
- Encourage Italian engagement in security issues and peace-keeping beyond NATO's traditional geographic area

Status

The security assistance program consists of FMS cash and direct commercial purchases of equipment, services and training and co-production to support Italian defense efforts. In 1990, Italy expressed its continuing interest in purchasing some \$3.6 billion worth of the Patriot ground-to-air missile system to modernize its air defenses. Recent sales included missiles, munitions, spare parts and technical data to maintain its U.S.-made equipment.

Italy has an ongoing co-production program for systems for its land forces, including Hawk missiles, and is a member of the AIM-9L Missile European Consortium. Italy also signed statements of intent for, and fully cooperates in, several NATO R&D projects for the Conventional Defense Initiative under the Nunn Amendment and other programs. Italian participation in the programs helps sustain momentum for armaments cooperation. Italy participates in the Strategic Defense Initiative.

FY 1992 REQUEST

The proposed FY 92 program would include FMS cash and commercial sales of AV-8B Harrier II PLUS aircraft, Patriot surface-to-air missile components, as well as spares and support items for U.S.-origin equipment.

JAMAICA

POLICY CONSIDERATIONS

Jamaica is a constitutional parliamentary democracy whose two major political parties have alternated in office since 1944. The government has considerable ability to influence opinion in the English-speaking Caribbean. Since resuming office in 1989, Prime Minister Manley pursued a relatively moderate foreign policy, supporting U.S. positions in international fora more frequently than before. He also has maintained his predecessor's commitment of the Jamaica Defense Force (JDF) to cooperate in counter-narcotics activities, although Jamaican funding shortages limit JDF ability to maintain and operate the equipment needed for these operations.

Jamaica's mixed economy is based on tourism, bauxite and alumina production, light manufacturing and agriculture. As Prime Minister, Manley has kept his promise to follow the politically difficult economic restructuring begun by the previous Seaga Government in accordance with IMF guidelines. The current Manley Administration encourages domestic and foreign investment to stimulate growth. The island supplies some two percent of the marijuana smuggled into the U.S. and is increasingly used as a transshipment point for cocaine and its by-products from South America.

Our security assistance program is designed to support a stable, democratic, friendly government, preserve regional stability, and improve cooperation in marijuana eradication and drug interdiction. The FMF program supports acquisition of new equipment, as well as overhaul and repair of existing equipment, especially light aircraft. Located on heavily-used smuggling routes in the center of the Caribbean Sea, the 4,400-square mile island needs light aircraft, helicopters, naval patrol craft and tactical vehicles for effective narcotics interdiction. The ESF program supports continued economic restructuring and private sector growth to increase employment.

PROGRAM DESCRIPTION

Objectives

- Improve counter-narcotics surveillance, interdiction, and law enforcement activities
- Support maintenance and limited modernization of previously supplied U.S. equipment
- Improve financial stability and renew economic growth
- Improve JDF response to natural disasters and public disorders

Status

The composite Jamaica Defense Force of 2,700 personnel includes ground, air and maritime elements, but lacks funds to buy spare parts for its aging transport fleets. Without operational equipment, including newer aircraft and boats, the JDF will be hard-pressed to carry out its responsibilities for internal and regional security and narcotics eradication and interdiction efforts. The JDF also has a major role in responding to natural disasters such as Hurricane Hugo (1989), and search and rescue (SAR) operations. The JDF has a good human rights record despite the island's high crime rate.

FY 1992 REQUEST

The proposed FY 92 FMF program will permit selected maintenance and limited modernization of JDF equipment used to support counter-narcotics operations. ESF will continue to support economic stabilization and to promote medium to long-term structural reforms, including market-oriented pricing and private sector expansion. IMET will provide professional military education and technical and management training.

JAMAICA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	3,000
INTL MIL EDUCATION & TRNG PROG	450
ECONOMIC:	
ECONOMIC SUPPORT FUND	15,000
DEVELOPMENTAL ASSISTANCE	16,500
P.L. 480	33,600
PEACE CORPS	2,346
INTERNATIONAL NARCOTICS CNTRL	<u>1,500</u>
 TOTAL FOREIGN ASSISTANCE	 72,396
 STUDENTS TRAINED UNDER IMET	 82

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>1,000</u>	<u>500</u>	<u>3,000</u>
 TOTAL	 1,000	 500	 3,000
 ECONOMIC SUPPORT FUND	 13,728	 10,000	 15,000
 IMET	 301	 400	 450
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	1,266
DEFENSE ARTICLES/SERVICES	1,266
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	118
 ESTIMATED FMS AGREEMENTS FY 1991:	 2,000
DEFENSE ARTICLES/SERVICES	2,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	572
 ESTIMATED FMS AGREEMENTS FY 1992:	 2,900
DEFENSE ARTICLES/SERVICES	2,900
EST VALUE OF COMMERCIAL EXP DELIVERIES	343

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	2,433	2,868	3,188	0
PER CAPITA GDP**	1,040	1,190	1,301	0
TOTAL BUDGET	890	0	0	0
TOTAL DEBT	4,025	4,537	4,304	0
FMF DEBT	3	3	3	3
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	30%	24%	24%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	304	1,465	1,769
FY 1991	924	664	1,588
FY 1992	498	235	733
FY 1993	508	173	681
FY 1994	351	137	488
FY 1995	353	102	455
FY 1996	352	74	426
FY 1997	330	45	375
FY 1998	183	20	203
FY 1999	91	4	95
FY 2000	0	0	0
TOTAL	3,894	2,919	6,813

JAPAN

POLICY CONSIDERATIONS

United States relations with Japan are the cornerstone of U.S. policy in the Asia-Pacific region, and are underpinned by the 1960 Treaty of Mutual Cooperation and Security. Japan provides more host nation support for locally-stationed U.S. forces than any other ally. Based on a new special agreement signed on January 14, 1991, Japanese support will increase significantly in 1991-95 including payments for water, electricity, heating fuel, gas and sewerage.

Japan routinely supports U.S. positions in international fora; it worked closely with us on U.N. actions against Iraq's August 1990 invasion of Kuwait, and fully supported U.N. sanctions against Iraq. To date, Japan has contributed \$2 billion in cash and in-kind support to multinational forces in Operation Desert Storm, including transport costs and purchases of U.S. vehicles, computers and other equipment. Japan also provided \$2 billion in economic assistance to Egypt and other front-line states as part of its initial \$4 billion contribution to the Persian Gulf effort. On January 23, 1991, Japan announced its intention to contribute an additional \$9 billion to the multinational forces.

Japan continues to support our and the ASEAN countries' efforts for a comprehensive settlement of the Cambodian conflict and other efforts to resolve regional conflicts. Japan works with us to support Republic of Korea efforts to engage North Korea in a responsible dialogue to reduce tensions and expand family contacts on the peninsula.

In recent years, Japan also began assuming an increasingly important role in world affairs. As the world's largest donor of official development assistance (ODA) since 1989, Japan promotes the development of peace and prosperity throughout the world. We encourage Japan to work more with us to promote democracy, human rights and market-oriented economic policies to expand the private sector in Eastern Europe, Africa, the Americas and Asia. Japan could provide useful aid to Latin American efforts to develop legal economic alternatives to narcotics production and trafficking, and expand fair and free trade. Close cooperation on defense and foreign affairs parallels the diverse trade and cultural aspects of U.S.-Japan relations which include the normal share of agreements and disputes in any close relationship.

PROGRAM DESCRIPTION

Objectives

- Co-develop an improved F-16 as Japan's next generation fighter support aircraft (FSX)
- Upgrade air defense capability including AEW
- Improve ground force mobility and firepower
- Improve sustainability and command & control
- Encourage further support for the Multilateral Assistance Initiative (MAI) for the Philippines

- Encourage more untied aid for democracy, human rights and development in the Americas, Africa and Eastern Europe
- Help support more balanced, fair and free U.S.-Japan trade

Status

The 1954 Mutual Defense Assistance Agreement is the basis for our security relationship and the sharing of equipment and data between the United States and Japan. It has been many years since Japan received any FMS credits or IMET assistance. Japan uses a combination of licensed production, codevelopment, direct purchase of U.S. services and training, and local development to strengthen its capabilities to defend its territory, airspace and sea lines of communication. Direct purchases support a more favorable U.S. balance of payments with Japan.

Consistent with its 1986-90 Mid-Term Defense Plan, Japan's acquisitions focused on air defense, anti-submarine warfare, ground force firepower, mobility and sustainability. The 1991-1995 Mid-Term Defense Plan will emphasize improvements in quality rather than quantity of forces and address the key issue of sustainability. While Japan's constitution precludes contributing military forces to U.N. or other peacekeeping efforts, we encourage Japan to consider other ways to contribute to international peace and security.

FY 1992 REQUEST

Japan will continue to acquire front-line systems such as P-3C ASW aircraft, F-15 fighters, missiles (Patriot, Hawk, Harpoon), AH-1S and SH/UH-60J helicopters, and improvements to the BADGE communications system. Parallel to existing licensing and coproduction programs, Japan will continue direct purchases of AEGIS naval weapons systems, and implement the program to codevelop with the U.S. the FSX fighter support aircraft. Japan will also purchase additional AEW aircraft, including four AWACs systems, in the next Mid-Term Defense Plan.

JORDAN

POLICY CONSIDERATIONS

Maintenance of a stable Jordan after resolution of the Gulf crisis remains a key facet of U.S. interests in the region. Jordan's traditional moderation on the Arab-Israeli dispute and its key geographical location accentuate the value of Jordanian stability. Jordan has a potentially important role to play in any post-war peace process.

However, the Administration has been disappointed by the positions supportive of Iraq taken by Jordanian leadership during the Gulf crisis. As a result, we have significantly reduced FY 91 FMF in order to increase assistance to countries opposing Iraqi aggression. We have not reduced FY 91 ESF, recognizing the significant hardships the crisis has imposed on Jordan. Whether and how much assistance we provide to Jordan in FY 92 will depend on developments in the relationship. The program described here has been designed on the assumption that the importance of the relationship and of Jordan in the region will enable us to overcome differences. If this is not possible, however, the uncommitted funds could be reallocated to other countries.

Since the invasion of Kuwait, the economic sanctions against Iraq have had devastating economic and political costs for Jordan. Jordan suffers from proportionally more from sanctions than any other country as Iraq was for many years its most important trading partner. The cost to Jordan of lost exports, remittances, tourism, Arab aid, Iraqi debt repayment and higher oil costs, added to indirect costs such as increased unemployment created by Jordanians and Palestinians displaced from Kuwait and Iraq, are estimated to be over one-half of GNP on an annual basis. In addition, Jordan has played a key role in opening its borders to over 800,000 evacuees from Iraq and Kuwait, including many Americans.

In recent years, King Hussein continued moves toward democracy in the face of serious long-term economic problems which began well before the Gulf crisis. Jordan's foreign debt tops \$8 billion, and even prior to the Gulf crisis Jordan had to reschedule its 1989-90 payments to the Paris Club to get breathing space for financial recovery. The government had undertaken a tough IMF economic reform program despite April 1989 riots over consumer price increases. This program will now have to be reworked. While austerity measures are the policies for economic health, Jordan will need continued assistance to mitigate the effects of sanctions and other Gulf-related economic costs. Jordan needs immediate balance of payments assistance to stave off economic collapse, and longer term aid to rebuild its economy. The international community has designated Jordan as a "front line state" meriting economic assistance, but donor aid still falls far short of offsetting the losses Jordan is suffering.

PROGRAM DESCRIPTION

Objectives

- Provide spare parts and services for U.S.-origin military equipment, and maintain the Armed Forces' pro-U.S. views
- Develop modern military management and technical skills

- Promote private sector development, self-sustained economic growth and balance of payments equilibrium
- Support agriculture, health and training programs

Status

The FMF program helps Jordan to maintain its armed forces' U.S.-origin equipment, and encourages them to look to the United States for future equipment rather than competitors. Recent budget cuts caused real hardship for the armed forces, the bedrock of King Hussein's support. Some aircraft are grounded for lack of funds, and older U.S. aircraft are being sold off to pay for spare parts and operations. Despite FMF refinancing, Jordan has difficulty in servicing its heavy FMS debts. While we allocated a total of \$67 million in FY 90 FMF for Jordan, we gave extra scrutiny to proposed uses of the funds after Iraq's invasion of Kuwait to ensure they remained consistent with U.S. defense and foreign policy objectives. Use of FY 91 FMF for Jordan will continue to be carefully scrutinized. As always, FMF projects are considered on a case by case basis.

The ESF program previously helped Jordan develop its economic and educational infrastructure. More recently, ESF supported economic reforms to expand the private sector and develop sustainable growth and employment for Jordan's rapidly growing population. ESF and food aid also generated critical balance-of-payments support and foreign exchange.

The IMET program promoted Jordanian understanding of U.S. defense doctrine and provided management and technical training essential to operate and maintain U.S. equipment. IMET exposes Jordanians to U.S. traditions and society.

FY 1992 REQUEST

If Jordan adopts a more constructive role in the area, the proposed FY 92 FMF program would provide parts for TOW missiles, M60A3 tanks, F-5 and C-130 aircraft and other U.S. equipment, as well as finance limited quantities of urgently needed military equipment. IMET will provide professional military education and technical training for approximately 450 personnel.

ESF will help Jordan survive the economic disaster caused by the Gulf crisis. ESF will help sustain the private sector and promote alternative export markets to replace Iraq. It will also support ongoing programs in agriculture, health and human resource development.

JORDAN
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	25,000
INTL MIL EDUCATION & TRNG PROG	2,000
ECONOMIC:	
ECONOMIC SUPPORT FUND	30,000
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	0
TOTAL FOREIGN ASSISTANCE	57,000
STUDENTS TRAINED UNDER IMET	214

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>67,794</u>	<u>20,000</u>	<u>25,000</u>
TOTAL	67,794	20,000	25,000
ECONOMIC SUPPORT FUND	34,850	35,000	30,000
IMET	2,200	2,180	2,000
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			4,6

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	28,096
DEFENSE ARTICLES/SERVICES	28,096
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	6,487
ESTIMATED FMS AGREEMENTS FY 1991:	40,000
DEFENSE ARTICLES/SERVICES	40,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	52,470
ESTIMATED FMS AGREEMENTS FY 1992:	50,000
DEFENSE ARTICLES/SERVICES	50,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	31,482

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	698	684	1,047	1,660
PER CAPITA GDP**	192	181	266	n/a
TOTAL BUDGET	266	273	436	n/a
TOTAL DEBT	836	898	410	n/a
FMF DEBT	475	435	382	191
PERCENTAGE OF FMF				
TO TOTAL DEBT	57%	48%	93%	0%
DEBT SERV RATIO	16%	19%	24%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	686,448	342,755	1,029,203
FY 1991	16,376	17,360	33,736
FY 1992	23,264	15,117	38,381
FY 1993	30,742	13,365	44,107
FY 1994	30,047	11,248	41,295
FY 1995	24,046	6,318	30,364
FY 1996	37,927	9,914	47,841
FY 1997	31,074	4,966	36,040
FY 1998	24,678	2,928	27,606
FY 1999	12,964	1,304	14,268
FY 2000	6,048	253	6,301
TOTAL	923,614	425,528	1,349,142

KENYA

POLICY CONSIDERATIONS

Kenya plays a key role in United States security strategy for southwest Asia and the Horn of Africa by permitting U.S. military access to its airfields and ports while providing repair and re-supply facilities for U.S. aircraft and ships. Kenya provides the primary liberty port available to U.S. vessels on the African-Indian Ocean littoral. Kenya also played a key role in the evacuation of American personnel from Somalia and Sudan in January 1991.

Kenya has taken an active and positive role in facilitating resolution of several regional conflicts. Kenya's economic management, while not perfect, continues to be among the better models in Africa. Kenya is working to limit public sector growth and remove constraints on private sector development, but it will need continued assistance during this medium-term transition. There were recurring human rights problems in Kenya throughout 1990. Although the Kenyan government adopted some limited reforms aimed at political liberalization in late 1990, Kenya's human rights record in early 1991 remained a matter for concern.

PROGRAM DESCRIPTION

Objectives

- Maintain access to air and port facilities
- Encourage an open society respecting human rights
- Support the F-5 air defense aircraft, MD-500 helicopter and engineer programs
- Encourage private sector economic development

Status

Kenya's defense forces consist of army, navy and air force units organized to provide for defense and nation-building. The FMF program has helped Kenya develop an air defense capability based on F-5 aircraft to deter aggression. The ESF program supported expanded private sector development to provide a source of employment for Kenya's rapidly increasing labor force. The IMET program has exposed the Kenyan military to U.S. traditions of democracy, human rights and civilian government control of the military.

To express concern about the Kenyan government's human rights problems, in mid-1990 the administration decided to withhold Kenya's FY 90 FMF, worth approximately \$10 million. Subsequently, \$5 million of these funds were released in early 1991, following limited political reforms and other positive steps. Congress, in the FY 91 Foreign Operations Appropriations Act, has stipulated that Kenya can receive no FY 91 FMF or ESF until the President certifies that the Government of Kenya is taking steps to increase respect for human rights.

FY 1992 REQUEST

The proposed FY 92 FMF program would provide repair parts and follow-on support for U.S.-origin equipment, particularly air defense, border patrol and engineering capabilities. IMET will provide professional military education and training with emphasis on command and staff, aviation safety, supply operations, logistics and maintenance courses.

KENYA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	4,000
INTL MIL EDUCATION & TRNG PROG	1,100
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	26,000
P.L. 480	8,018
PEACE CORPS	2,416
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 41,534
 STUDENTS TRAINED UNDER IMET	 100

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>9,956</u>	<u>0</u>	<u>4,000</u>
 TOTAL	 9,956	 0	 4,000
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 1,068	 1,175	 1,100
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	11,116
DEFENSE ARTICLES/SERVICES	11,116
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	361
 ESTIMATED FMS AGREEMENTS FY 1991:	 15,000
DEFENSE ARTICLES/SERVICES	15,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	4,142
 ESTIMATED FMS AGREEMENTS FY 1992:	 15,000
DEFENSE ARTICLES/SERVICES	15,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	2,435

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	7,205	7,977	8,606	n/a
PER CAPITA GDP**	340	348	360	n/a
TOTAL BUDGET	1,830	2,278	2,145	2,239
TOTAL DEBT	4,945	5,967	5,888	n/a
FMF DEBT	68	60	50	17
PERCENTAGE OF FMF TO TOTAL DEBT	1%	1%	1%	0%
DEBT SERV RATIO	29%	33%	25%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	143,381	77,267	220,648
FY 1991	946	817	1,763
FY 1992	1,534	1,021	2,555
FY 1993	3,694	875	4,569
FY 1994	3,853	598	4,451
FY 1995	2,399	352	2,751
FY 1996	1,729	178	1,907
FY 1997	400	55	455
FY 1998	400	35	435
FY 1999	400	15	415
FY 2000	0	0	0
TOTAL	158,736	81,213	239,949

KOREA

POLICY CONSIDERATIONS

The United States has a vital interest in maintaining peace and stability on the Korean peninsula and in supporting the development of democracy in the Republic of Korea. U.S. forces in Korea continue to help deter a heavily armed, unpredictable North Korea. Under our East Asia Strategy Initiative, the U.S. will move from a leading to a supporting role in our security relationship. By the end of 1992, we will have withdrawn 7,000 troops from the ROK.

In 1988, President Roh Tae Woo initiated a policy of "Nordpolitik" to improve relations with socialist governments, and draw North Korea out of its isolation. In 1990, this policy culminated in the establishment of diplomatic relations with the Soviet Union, the exchange of trade offices with China, and beginning in August 1990, three meetings between prime ministers of North and South Korea in Seoul and Pyongyang. No agreements were reached, but these North-South discussions marked an important milestone as they were the highest-level meetings ever between the two countries.

The ROK continues the movement toward full democracy begun in 1987 when President Roh became Korea's first directly-elected president. From 1988 to 1990, the opposition controlled the National Assembly. The merger of the government party and two opposition parties in 1990 gave the government control; new National Assembly elections are scheduled for April 1992.

South Korea today is a more tolerant and open society than it was in the mid-1980s, but vestiges of its authoritarian past remain. Power remains highly centralized, although less so than in previous years. In December 1990, the National Assembly passed a local autonomy law which will lead to the first direct elections for local government councils in March 1991. Security forces continue their surveillance of political opponents and detentions under national security laws continue. The South Korean press has become freer. The judiciary is more independent. Workers have asserted their rights to organize unions and bargain collectively.

We have encouraged the ROK to assume responsibilities in East Asia and globally, commensurate with its increased economic capabilities and growing political influence. Korea supports U.S. positions in international fora, worked with us on U.N. actions against Iraq's August 1990 invasion of Kuwait, and fully supports U.N. sanctions against Iraq. In 1990, the ROK committed \$220 million to assist the multinational Persian Gulf effort and sent a 154-person military medical support group to staff a field hospital in Saudi Arabia at a cost of \$14 million. In 1991, the ROK pledged an additional \$280 million to fund military and transportation needs.

After three years of double digit gross national product growth, the ROK's economy grew at 8-9 percent in 1989 and 1990. The likelihood that higher oil prices resulting from the Gulf war will increase inflation and concern about Korea's external accounts rekindled concerns about a possible economic slowdown. The government's top economic priority is curbing inflation. Urban housing shortages, continued high levels of rural migration to the cities, labor shortages, and unbalanced regional development remain problems for the Korean economy. We continue to urge the ROK to open its economy to foreign products, services and investment and to assume its full responsibilities as a member of the global free market economy.

PROGRAM DESCRIPTION

Objectives

- **Assist Korea to acquire modern conventional arms and advanced land, air and sea systems for self-defense**
- **Support acquisition of advanced fighter aircraft**
- **Encourage further development of democratic processes and regard for human rights**
- **Encourage more balanced access in U.S.-ROK trade**
- **Encourage the ROK to assume greater responsibilities in the world, including support for development activities**

Status

The United States and Korea enjoy a close and mutually beneficial security relationship that for the past several years has consisted of FMS cash and commercial sales of defense equipment, services and training. The sales promote U.S.-ROK defense cooperation in industry and armament, safeguard U.S. technology transfer, enhance two-way technical data exchanges, and contribute to a more favorable U.S.-ROK balance of trade. Korea increased its cost sharing funds for support of U.S. forces from \$70 million to \$150 million for FY 90. The IMET program supports interoperability, increases familiarity with U.S. defense doctrine, and expands Korean understanding of U.S. civilian-military relationships, important to this young democracy.

FY 1992 REQUEST

The proposed FY 92 program supports modernization of the ROK's defense capabilities. The Korean advanced fighter aircraft program involves American firms. Possible major purchases are medium utility, light utility, and scout helicopters. Korea will purchase munitions, supplies and technological upgrades to its air, land and sea defense systems. IMET will focus on professional military education, management, and technical training.

KUWAIT

POLICY CONSIDERATIONS

Following Iraq's unprovoked invasion of Kuwait on August 2, the government of Kuwait relocated to Taif, Saudi Arabia. Large elements of Kuwait's defense forces strenuously fought back against the invaders until overwhelmed by sheer weight of numbers. Elements of Kuwait's small military forces which escaped included 20 A-4 aircraft and 4,000 to 5,000 personnel.

The United States provided emergency technical assistance, spare parts and munitions to make the A-4's operationally ready in October 1990, and they were included (for operational purposes) into Saudi Air Force wings. The Kuwaiti Air Force fought alongside U.S. and other allied forces to liberate Kuwait. Some Kuwaiti ground force units served with the Gulf Cooperation Council (GCC) Peninsula Shield Force headquartered at King Khalid Military City in Saudi Arabia.

The Kuwaiti government's primary objective has been to liberate the country and to ensure that Kuwaiti forces were part of any military endeavor to do so. Work is underway now to reconstitute into three brigades the disparate ground forces which escaped Kuwait. The government asked the U.S. for help in equipping its army units. In the long term, the Gulf crisis and the swift U.S. response in support of Kuwait will reinforce Kuwait's desires, already evident now, for much closer, continuing security relations with the United States.

The government of Kuwait contributed \$2.5 billion in cash in 1990, and pledged a further \$13 billion contribution in the first quarter of 1991 to support the U.S. role in the liberation of Kuwait. The government has also contributed substantial economic aid to Egypt and other countries hurt by implementation of U.N. sanctions against Iraq and Gulf crisis-related economic dislocations.

The crisis has unified the Kuwaiti ruling elite and its citizenry and generated a commitment from the ruling Al-Sabah family to return to parliamentary rule based on the 1962 constitution. U.S. assistance will allow us to influence positively the Kuwaiti program of political liberalization. Kuwait has a long tradition of participatory rule.

Prior to the invasion, Kuwait was one of the wealthiest countries in the world, with substantial oil reserves and an extensive network of overseas investments, particularly in the United States, reportedly totalling between \$80 and 100 billion. Kuwait was an important U.S. trading partner. Kuwait traditionally was a generous donor of development assistance to third world countries. Its assistance efforts often complemented our own, reflecting shared international political goals.

PROGRAM DESCRIPTION

Objectives

- Support reconstitution and re-equipment of the surviving defense forces
- Encourage further Kuwaiti financial support for Operation Desert Storm
- Encourage improved regional defense cooperation

Status

Kuwait's pre-invasion defense forces, consisting of a small army, air force, navy and national guard, were equipped largely from European and U.S. sources. In September 1990, outstanding Kuwaiti FMS cases were consolidated, with the exception of the A-4s and F/A-18s Kuwait agreed to purchase in 1988. With the A-4 overhaul program basically complete prior to the invasion, the government has submitted a large list of proposed U.S. military purchases for the ground forces to meet the army's re-equipment needs. Kuwait intends to proceed with the purchase of the F/A-18 aircraft.

FY 1992 REQUEST

The proposed FY 92 program consists solely of FMS cash or commercial sales. Kuwait's planned purchases are designed to develop coherent, operationally ready ground forces.

LATIN AMERICA AND CARIBBEAN REGIONAL

POLICY CONSIDERATIONS

The Latin America and Caribbean Regional Program supports those social, economic and political development needs most effectively addressed on a regional basis. Several projects carried out under the aegis of this program assist countries, such as Mexico, Brazil and Colombia, which do not have bilateral AID missions. The regional program helps to improve the administration of justice, human rights, education and training. Projects are designed to support the United States objectives of strengthening democracy and improving living conditions throughout the hemisphere.

PROGRAM DESCRIPTION

Objectives

- Help improve the administration of justice, electoral and legislative processes, and human rights
- Provide training in the United States for potential private and public sector leaders
- Strengthen labor programs through training and technical assistance

Status

The spread of democracy in 1989 and 1990 dramatized the continuing need for greater effort throughout the hemisphere to improve legal systems, particularly in the area of criminal justice. Two important initiatives begun in 1989, will expand training in democratic ideals and practices for potential local leaders, strengthen legislative processes, and provide continued support to specific human rights and pro-democracy activities.

FY 1992 REQUEST

The proposed FY 92 ESF program would support ongoing democratic initiative programs, providing assistance for elections, freedom of the press, legislative management, and the International Criminal Investigative Training Assistance Program (ICITAP).

LEBANON

POLICY CONSIDERATIONS

Since 1975, Lebanon has suffered terribly from war and a progressive breakdown of central government authority. Many of its citizens have been uprooted from their homes. The war has wrecked much of the country's basic infrastructure and its free-enterprise economy based on trade. The Gulf crisis has exacerbated economic and social problems. Most Lebanese face increased hardships, and are in overwhelming need of humanitarian aid to begin rebuilding their lives.

The United States remains committed to a unified, sovereign and independent Lebanon, free from non-Lebanese forces and armed militias. The capitulation of General Michel Aoun in October 1990 gives the government an opportunity to unite the country and expand its authority. We support government efforts to rebuild independent, non-sectarian Lebanese Armed Forces (LAF) responsive to civilian government control and respectful of human rights.

PROGRAM DESCRIPTION

Objectives

- Support the government and the independence of Lebanon
- Assist the government to implement the Taif Agreement on political reform and withdrawal of foreign forces
- Support ongoing relief and humanitarian aid activities, including emergency assistance for needy families
- Promote development of a professional, non-sectarian LAF

Status

Our humanitarian aid, channeled through private voluntary organizations, demonstrates U.S. concern about the fate of Lebanon and its people. The government has asked for our help in training the LAF to use properly what military equipment it has. The recently approved resumption of the IMET program will help build a national, non-sectarian Lebanese military.

FY 1992 REQUEST

The proposed FY 92 ESF program will continue to provide humanitarian aid, and encourage the Lebanese to take further steps toward political reconciliation. IMET will provide professional military education and technical training. It will also expose important present and future leaders to U.S. concepts of democracy, respect for human rights, and civilian government control of the military.

LEBANON
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	0
INTL MIL EDUCATION & TRNG PROG	400
ECONOMIC:	
ECONOMIC SUPPORT FUND	2,000
DEVELOPMENTAL ASSISTANCE	4,000
P.L. 480	10,766
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 17,166
 STUDENTS TRAINED UNDER IMET	 40

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL	 0	 0	 0
 ECONOMIC SUPPORT			
FUND	3,734	3,750	2,000
 IMET	 130	 400	 400
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	0
DEFENSE ARTICLES/SERVICES	0
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	120
 ESTIMATED FMS AGREEMENTS FY 1991:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	122
 ESTIMATED FMS AGREEMENTS FY 1992:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	73

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	n/a	n/a	n/a	n/a
PER CAPITA GDP**	n/a	n/a	n/a	n/a
TOTAL BUDGET	n/a	n/a	n/a	n/a
TOTAL DEBT	n/a	n/a	n/a	n/a
FMF DEBT	127	100	76	55
PERCENTAGE OF FMF				
TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	0%	0%	0%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	192,646	89,280	281,926
FY 1991	26,151	1,225	27,376
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	218,797	90,505	309,302

LESOTHO

POLICY CONSIDERATIONS

Lesotho is a small, poor, mountainous, southern African country which is moving toward democratic pluralism. The country is dependent on subsistence agriculture, some light industry and remittances from workers in South Africa.

Our modest IMET program serves as a concrete signal of U. S. support for the Government of Lesotho, which has been generally supportive of U.S. goals in the region. It gives us increased access to and potential influence with Lesotho's military leadership, thereby encouraging stability and peaceful development. This relatively new program focuses on basic training of officers, who also benefit from exposure to U.S. civil-military relations and traditions of democracy and human rights.

The President determined in 1990 that Lesotho is eligible to receive defense goods and services and so notified Congress. Should a modest amount of FMF become available for Lesotho through the proposed Africa Regional Military Assistance Program, it would be used to support civic action and/or military health projects.

PROGRAM DESCRIPTION

The proposed IMET program will provide professional military education with emphasis on basic infantry officer training.

LIBERIA

POLICY CONSIDERATIONS

Liberia's relationship with the United States is over 140 years old. The United States had tried for many years, with varied success, to support democratic development and market-oriented economic growth in Liberia, but was forced to suspend security assistance in May 1990 as a result of the civil war and human rights abuses.

Resumption of the IMET program depends on the outcome of the civil war and the policies adopted by the new government. If resumed, IMET will be designed to foster professionalism, an appreciation of civilian control over the military in a democratic society, and respect for human rights. We do not expect to resume the FMF program in FY 92. However, if the situation improves, Liberia may receive some ESF through the proposed Africa Democracy Support Program or for reconstruction.

Liberia previously hosted several important facilities, including a diplomatic communications complex, a major Voice of America transmitting site, and a U.S.-maintained Omega navigation station. These facilities were ransacked after the U.S. evacuation of its personnel in mid-1990 because of the civil war. We do not know if we will resume operation at any of the facilities again.

PROGRAM DESCRIPTION

If the IMET program can be resumed, it will provide professional military education, management and technical training. Emphasis will be on army and navy command and staff, army basic and advanced officer courses and navy/coast guard junior officer training.

LUXEMBOURG

POLICY CONSIDERATIONS

Luxembourg traditionally maintains strong pro-NATO policies and firmly supports a continued U.S. military presence in a post-Cold War Europe. One of the smaller countries in NATO's integrated military system, Luxembourg plays a critical role in the Alliance's plans. Luxembourg's defense rests on its membership in NATO. The country's all-volunteer army has no organized reserve or mobilization structure. Current law fixes army strength at 690 military and 100 civilians. It does not have an air force or navy. The U.S. military presence is primarily involved in managing storage sites in the country.

Despite its small size and limited military assets, Luxembourg made major offers of logistical and economic support for the Gulf crisis by facilitating use of its civilian airport and providing ground support for transiting troops. Luxembourg also contributed funds to support the naval sanctions enforcement effort.

PROGRAM DESCRIPTION

Objectives

- Enhance protection of communications, airfields and storage sites
- Maintain the U.S.-Luxembourg security relationship
- Continue officer corps professional military education

Status

Our two countries have long enjoyed a cooperative military relationship. Luxembourg provides invaluable military support to the common Alliance effort. Security assistance programs consists of IMET and FMS cash and commercial sales of defense articles and services. Recent purchases included ground defense systems such as anti-tank missiles, support vehicles and light weapons. Luxembourg also obtains U.S. uniforms, repair parts and other products for NATO field training exercises.

FY 1992 REQUEST

In FY 92, Luxembourg's budgetary strength and the dollar exchange rate will support FMS purchases of U.S. equipment and services. Sales will likely continue to include tactical support vehicles, light weapons and perhaps a new generation of light air-defense weapons. Luxembourg funds its participation in the IMET program for professional military education.

MADAGASCAR

POLICY CONSIDERATIONS

The fourth largest island in the world, Madagascar's significance to the United States stems from its position in the southwest Indian Ocean and its proximity to southern Africa. Madagascar recently took a number of positive steps to open its political system, improve respect for human rights, and establish a multi-party, democratic form of government.

A poor, largely agricultural country, Madagascar has continued a program of economic austerity and structural reform to stimulate agricultural production and processing in close collaboration with the IMF, the World Bank and Western donors. Despite some progress, economic growth has generally not kept up with the population increase.

The U.S. has provided balance of payments support to improve the country's inadequate transportation infrastructure. The Malagasy Peoples' Armed Forces conducts engineering and transportation projects to support national development.

The IMET program complements our dialogue with the government on political and other issues. IMET also exposes trainees to the U.S. democratic system and traditions of civil-military relations and human rights.

PROGRAM DESCRIPTION

The proposed IMET program includes management and technical training with emphasis on construction engineering skills and medical courses.

MALAWI

POLICY CONSIDERATIONS

Malawi is a friendly, politically moderate country that has long been a partner in the United States' ongoing effort to bring about peaceful change in southern Africa. Malawi has been an admirable host for nearly a million refugees from Mozambique, even though they are a major burden on one of the poorest countries in Africa. We continue to urge the Malawian government to improve its human rights performance to match its sound economic policies.

U.S. security assistance has served to encourage the moderate foreign policy of the government, contributing to stability in the region. The Malawian armed forces are not known to have been involved in human rights abuses. The IMET program helps participating Malawian military students to appreciate U.S. traditions of civil-military relations, human rights and democracy.

PROGRAM DESCRIPTION

Objectives

- Assist Malawi in developing a professional military
- Promote understanding and support for U.S. policies
- Assist Malawi to defend essential transportation links
- Maintain good relations with Malawi, influence with the military, and encourage respect for human rights

Status

In 1990, Malawi continued to maintain one of its three infantry battalions and support troops along the Nacala railway, which runs through Mozambique. The success of the Malawi-Mozambique military effort to protect the railway is essential to the major, ongoing international refugee relief effort. The FMF and IMET programs provided Malawi with radios, small arms and ammunition, and basic infantry training.

FY 1992 REQUEST

The proposed FY 92 FMF program would provide spare parts and maintenance support for U.S.-origin aircraft, vehicles, engineering and other equipment. IMET will provide professional military education and technical training. Emphasis will be placed on command and staff courses, logistics training and army advanced officer training.

MALAWI
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	1,000
INTL MIL EDUCATION & TRNG PROG	250
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	34,000
P.L. 480	7,095
PEACE CORPS	1,829
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 44,174
 STUDENTS TRAINED UNDER IMET	 16

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>2,091</u>	<u>0</u>	<u>1,000</u>
 TOTAL	 2,091	 0	 1,000
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 172	 250	 250
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	1,903
DEFENSE ARTICLES/SERVICES	1,903
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	0
 ESTIMATED FMS AGREEMENTS FY 1991:	 2,000
DEFENSE ARTICLES/SERVICES	2,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	*
 ESTIMATED FMS AGREEMENTS FY 1992:	 1,000
DEFENSE ARTICLES/SERVICES	1,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	*

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	1,181	1,241	1,388	1,587
PER CAPITA GDP**	162	166	179	198
TOTAL BUDGET	399	383	n/a	n/a
TOTAL DEBT	1,156	1,369	1,349	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	37%	21%	19%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

MALAYSIA

POLICY CONSIDERATIONS

The United States has enjoyed friendly relations with Malaysia since Malaysian independence in 1963. Although formally non-aligned in its foreign policy, Malaysia shares important political objectives with us, including a commitment to the continued success of the Association of Southeast Asian Nations (ASEAN), and support for Thailand's security and for a comprehensive Cambodian settlement on the basis of free and fair elections. Prime Minister Mahathir's government endorses the continued presence of U.S. facilities in the Philippines and backs enhanced U.S.-Singapore security cooperation. Malaysia supported all UNSC resolutions on the Gulf, including that allowing for the use of force to ensure Iraqi withdrawal from Kuwait, and fully enforced U.N. sanctions against Iraq.

Malaysia is a multi-ethnic society with a parliamentary and federal government. Regular, fair and free parliamentary, state and local elections are contested by the ruling National Front and several opposition parties. The long-running communist-led insurgency virtually ended in December 1989 with the signing of a peace agreement between the government and the Communist Party of Malaya. However, the government cites the insurgency, as well as racial tensions and serious narcotics problems, as justification for laws allowing preventive detention without charge or trial. Detention without trial and restrictions on judicial independence, as well as restrictions on freedom of association and the press, remain the principal human rights concerns in Malaysia. The country has oil, natural gas and abundant other natural resources, a strong free-market economy, and a generally rising standard of living which makes it a growing market for U.S. goods. The United States is Malaysia's second-largest trading partner; U.S. investment there continues to grow rapidly.

Between 1975 and 1989 Malaysia provided first asylum to more than 250,000 Vietnamese boat people. Malaysia's Red Crescent Society worked closely with the United States, other countries and the U.N. High Commissioner for Refugees (UNHCR) to care for the refugees in camp and facilitate their resettlement. Malaysia's concern that it not be left with a "residue" of Vietnamese that no other country would take was intensified when it became clear that the multinational Comprehensive Plan of Action, adopted in June 1989, made no provision for dealing with asylum-seekers who were found not to be refugees. Malaysia began denying first asylum to Vietnamese boat people in May 1989, and since then has refused more than 10,000 Vietnamese asylum-seekers. All but five are believed to have made it safely to Indonesia. We vigorously protested the denial of first asylum to all levels of the Malaysian Government and continue to work with it, other resettlement countries and the UNHCR on the problem. We remain hopeful that Malaysia will once again accord first asylum.

PROGRAM DESCRIPTION

Objectives

- Promote better understanding of U.S. policies on refugees, trade, investment and human rights
- Encourage Malaysian support of a continued U.S. presence in the region and understanding of U.S. defense doctrine
- Provide training to ensure Malaysia retains the capability to operate and maintain U.S. origin equipment

Status

The IMET program ensures Malaysian military familiarity with U.S. doctrine, equipment, and management techniques while enhancing military-to-military relationships. IMET also exposes Malaysians to U.S. traditions of democracy, human rights and civilian government control of the military. FMS cash and commercial sales demonstrate U.S. reliability as a friend and as a supplier of defense equipment and services. FMS sales encourage the Malaysians to diversify their sources of major weapons systems, communication and transportation equipment away from Europe to the United States. In 1990 a U.S.-Malaysian joint venture won two USAF contracts to maintain and repair C-130s.

FY 1992 REQUEST

The IMET program was suspended in FY 91 after Malaysia began refusing Vietnamese asylum-seekers. The United States will continue to urge Malaysia to resume granting first asylum to Vietnamese boat people. If Malaysia takes steps that would permit us to resume the IMET program, it would provide professional military education and technical training. FMS sales would support previously-obtained C-130 and other aircraft, helicopters, vehicles, ships and other equipment.

MALDIVES

POLICY CONSIDERATIONS

United States interest in this small less-developed island country derives primarily from the Maldives' location in the Indian Ocean between Diego Garcia and India. Maldives' government has a strong president and a single-party parliament. Human rights are restricted in this Moslem country, which is potentially susceptible to Islamic fundamentalist influences. Maldives swiftly condemned Iraq's invasion of Kuwait and is adhering to U.N. sanctions.

We want to preserve our friendly relationship with the Maldives and to retain access for U.S. Navy ship visits and aircraft transits, which have proved particularly useful during the Gulf crisis. We also want to encourage development of the Maldives' fledgling democratic institutions and further expansion of its private sector economy, which remains based on fishing and related activities, small-scale agriculture and a growing tourism industry.

Maldivian interest in defense and security assistance was minimal until an unsuccessful November 1988 coup d'etat by Maldivian rebels supported by a few foreign mercenaries. Since then, the government has moved to expand and improve its National Security Service into a more professional, though still small defense force. The NSS coast guard branch is responsible for search and rescue, anti-smuggling activities, and enforcing fisheries and other environmental controls. The IMET program provides technical and other training to improve the NSS ability to carry out its responsibilities. IMET also exposes students to U.S. traditions of democracy, human rights and civilian control of the military.

PROGRAM DESCRIPTION

The proposed IMET program would provide professional military education, management and technical training for six students with emphasis on basic and advanced military and naval courses.

MALI

POLICY CONSIDERATIONS

The United States seeks to support a stable and independent government in Mali, capable of implementing consistent development decisions and playing a constructive regional and international role. There is growing discussion in Mali of moving towards political pluralism.

Military personnel continue to occupy approximately 30 percent of all governmental administrative positions; consequently, the military will continue to play a key role for the foreseeable future. Training in the United States will expose Malian military officers to democratic, civilian government and help encourage respect for human rights.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education and technical training. Emphasis will be on command and staff courses and basic and advanced training for junior and mid-level officers.

MALTA

POLICY CONSIDERATIONS

Malta has developed closer ties to the West since 1987, when the Nationalist Party came to power after sixteen years of rule by the Maltese Labor Party. The present government of Prime Minister Eddie Fenech-Adami endorses neutrality and genuine non-alignment; however, his government also moved to strengthen democracy, attract U.S. and other foreign private sector investment, and applied for full membership in the European Community. A parliamentary democracy with no natural resources other than its energetic people and its location, Malta's mixed economy is dependent on tourism, a few exports and some light industry.

The IMET program was initiated in 1989 to encourage Malta's western orientation. Preparation for and implementation of the IMET program paralleled our discussions with the Maltese and reducing the island's potential use as a transit point for international terrorism, narcotics-trafficking, or technology diversion; and reinforcing a policy of denying Soviet and Libyan naval combatants access to local harbors.

In February 1990, Malta and Libya signed an agreement amending their 1984 friendship treaty that effectively removed provisions on security cooperation. In July 1990, the United States and Malta signed letters of agreement to transfer two surplus coastal surveillance vessels to Malta. A cash purchase of fifty M151 jeeps and the possible purchase of U.S.-made uniforms will soon be concluded. These activities symbolize our now excellent bilateral relations. The government publicly condemned Iraq's invasion of Kuwait and fully enforces U.N. sanctions.

PROGRAM DESCRIPTION

The IMET program provides professional military education to junior officers. Training has included basic combat and naval skills, leadership, and technical courses. Malta would like to continue similar training in FY 92 and beyond. Assisting Malta to acquire excess defense equipment, such as O1-E Birdog surveillance aircraft and small arms, would enhance the island's coastal patrols, logistics, airport security, and search and rescue capabilities, and would complement U.S. Coast Guard provided narcotics interdiction training.

MAURITANIA

POLICY CONSIDERATIONS

Mauritania has a military government which has been closely aligned with Iraq. In 1990, the United States froze Mauritania's participation in the coastal surveillance part of the Africa Civic Action program, as an expression of our concerns regarding Mauritania's pro-Iraq sympathies. The U.S. also expressed serious concerns over human rights abuses, and continues to urge the government to take ameliorative steps. We suspended the IMET program in February 1991 on human rights grounds.

IMET is designed to expose future Mauritanian military leaders to U.S. values of civilian control of the military and the role of the military in a democratic society. In recent years, we have provided a variety of equipment and training to help Mauritania to better protect its potentially important coastal fisheries, and support civic action development efforts in this very poor country. Mauritania faces massive social and economic problems, and has one of the highest per capita foreign debt loads in Africa.

PROGRAM DESCRIPTION

If Mauritania significantly improves its human rights practices, a resumed IMET program would provide professional military education and technical training. Emphasis will be placed on command, staff and logistics training.

MAURITIUS

POLICY CONSIDERATIONS

Mauritius' significance to the United States stems from the small island's location in the southwest Indian Ocean, its democratic parliamentary system of government, increasingly open, Western-style economy, and its support on international issues important to the U.S.

The Government of Mauritius has been cooperative on security-related bilateral issues. It welcomes ship visits, accepts P-3 and rest and recreation flights from Diego Garcia, supplies laborers for the U.S. naval facility at Diego Garcia, and has offered fuel storage facilities for the U.S. Navy.

The IMET program is intended to increase the defensive capability of Mauritius' paramilitary organization, the Special Mobile Force (SMF). Primary emphasis is on professional development and coastal patrol training.

PROGRAM DESCRIPTION

The proposed IMET program includes Coast Guard technical training with emphasis on small boat maintenance and coastal patrol.

MEXICO

POLICY CONSIDERATIONS

A secure, stable and friendly Mexico is essential to U. S. national interests. Since coming to office in December 1988, President Salinas has initiated specific programs to highlight the government's commitment to human rights and political reform in this nation of 85 million people. He has also continued programs to privatize some state-owned enterprises, including major airlines and the public telephone company, and to increase the private sector's role in the economy. Mexico is a major oil and natural gas producer and increased its production after Iraq's invasion of Kuwait to assist the United States and Latin American countries. Mexico fully implements U.N. sanctions against Iraq and completely halted sales of defense equipment to Iraq.

Our security assistance relationship is designed to strengthen U.S.-Mexican military-to-military relations, help with military training, and encourage purchase of U.S. equipment for force modernization and expansion. The program also enhances the military's ability to eradicate illegal narcotics, detect and monitor narcotics-laden aircraft transiting Mexico to the United States, and support apprehension of narcotics traffickers.

IMET is the primary avenue for our military cooperation with Mexico. In recent years, much of the training focused on the effective use of military equipment in counter-narcotics operations. While Mexico produces some of its own military equipment, including light aircraft, it still requires some U.S. weapons, communication, and related equipment. In 1990, Mexico leased U.S. UH-1H helicopters and bought excess U.S. army jeeps and light trucks for these operations. The Mexican army has engaged in counter-narcotics operations, primarily eradication, for many years and has a good record of respecting human rights in these operations. We want to encourage the army to expand its efforts and the air force and navy to undertake counter-narcotics operations.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education, management and technical training. Emphasis will be on staff and command courses, maintenance skills and improved counter-narcotics programs. We expect Mexico to continue purchasing U.S. military equipment, especially spare parts for U.S.-origin vehicles, aircraft and ships.

MIDDLE EAST REGIONAL

POLICY CONSIDERATIONS

The unrest in the West Bank and Gaza is a vivid reminder that the future status of the 1.5 million Palestinians who live there is at the center of the Arab-Israeli conflict. The United States has a clear commitment to a just resolution of the Palestinian problem and to the well-being of the Palestinians. The West Bank/Gaza program contributes to a resolution of the conflict by fostering development necessary to give Palestinians a greater economic stake in a peace settlement and encouraging moderate forces in the Palestinian community. This takes on added importance in light of the Gulf crisis.

Science and technology exchanges promote regional cooperation by bringing Israelis and Arabs into direct contact as individuals through counterpart institutions. Its goals are to strengthen ties by demonstrating that peaceful cooperation can yield tangible benefits to all involved.

PROGRAM DESCRIPTION

Objectives

- Improve the economic and social conditions of Palestinians in the West Bank and Gaza
- Support public sector development and help meet basic needs
- Assist in private sector development to improve economic conditions and employment opportunities in the territories
- Encourage Israeli-Arab cooperation through science and technology exchanges

Status

Since 1975, the U.S. has provided over \$130 million in assistance to the West Bank and Gaza program which is implemented by private voluntary organizations (PVO's). The program supports health, sanitation, agricultural development, water supply, and community and private sector development projects. Continuing regional cooperation projects between Israel and Egypt include training in arid lands agriculture, technology exchanges in agriculture, study of marine sciences and research on infectious diseases.

FY 1992 REQUEST

The proposed FY 92 ESF program will focus on efforts to maintain economic growth, expand employment and the private sector, improve health and welfare services in the West Bank and Gaza, and to encourage regional cooperation.

MOROCCO

POLICY CONSIDERATIONS

The United States and Morocco have a long history of friendship and cooperation. Located at the Strait of Gibraltar, Morocco shares many U.S. security concerns. The 1982 Transit and Access Agreement facilitates defense of U.S. interests in the Mediterranean, Middle East and Africa, and is used in regular combined exercises. Morocco hosts major Voice of America facilities near Tangier.

Morocco was among the first Arab states to condemn Iraq's invasion of Kuwait, fully enforces U.N. sanctions against Iraq, and sent 1,500 troops to the multinational force in Saudi Arabia and 3,500 troops to the UAE. However, since the January 1991 outbreak of hostilities, there has been widespread popular sympathy and support for Iraq. The King has long advocated moderation in Arab and African fora, actively worked to end the fighting in Lebanon, and urged a moderate Arab approach to achieve an Arab-Israeli peace settlement. Morocco previously sent troops to help defend Zaire against incursions from Angola.

King Hassan II exercises wide-ranging governmental powers, and is the traditional spiritual leader of the country. The constitution gives the National Assembly some powers over legislation and the budget. A national referendum in late 1989 approved the postponement of parliamentary elections from September 1990 until 1992 in the hope that by then, a U.N.-arranged referendum would make the Western Sahara a part of Morocco. King Hassan II has pledged to strengthen democracy, correct human rights deficiencies, and accept the results of a U.N.-arranged referendum on the status of the Western Sahara.

Morocco's private sector grew throughout the 1980s, but remains dependent on phosphates, tourism and remittances from workers abroad. Economic growth has not kept up with the employment needs of a rapidly growing population. The rise in imports and higher oil prices hurt the economy, although the Arab Gulf states have provided much economic assistance. Morocco has continued market-oriented economic reforms and efforts to reduce illegal narcotics trafficking.

The security assistance program strengthens the security and stability of a helpful, steadfast friend in a volatile and critically important region. It contributes to economic and social development, including improved human rights.

PROGRAM DESCRIPTION

Objectives

- Assure continued access to transit, communication, training, and emergency space shuttle landing sites
- Improve force readiness, maintenance and transportation
- Enhance military technical skills and professionalism
- Support market-oriented economic reform, investment, and improve trade opportunities for U.S. business
- Encourage further improvements of human rights, and democratic practices and institutions

Status

Since 1985, the FMF program has focused on sustaining previously provided U.S. weapons systems. Morocco needs to replace aging weaponry and modernize its force structure while supporting its troops in the Gulf. Morocco has already expressed interest in obtaining as excess defense articles F-16A/B aircraft, jeeps, trucks, and engineering and construction equipment. This provides a rare, cost effective opportunity to help modernize Moroccan equipment. Morocco will have to divert national funds from other modernization programs to integrate such equipment and weapons systems.

The ESF program helps Morocco continue a politically and socially sensitive program of economic structural adjustment and liberalization. Morocco has made impressive progress by improving investment incentives, particularly in export industries; liberalizing trade has brought growth and diversified exports. Morocco also began privatizing 112 of some 700 state-owned enterprises, devalued the dirham, and launched a new austerity program to meet IMF budget deficit targets. ESF remains important to Morocco's effort to deal with serious un/underemployment, especially among its youth (62 percent of Moroccans are under 25). Lack of employment opportunity presents major social and political problems.

FY 1992 REQUEST

The proposed FY 92 FMF program will support improved maintenance and logistics for existing U.S.-origin equipment. It will continue to support radio equipment for the navy, and provide spare and repair parts for C-130 and F-5 aircraft, and CH-47 helicopters. The possible acquisition of excess U.S. defense equipment will assist force structure modernization.

ESF will help Morocco to reduce its heavy foreign debt, further liberalize its economy, attract foreign investment, and open its markets to competition and free trade.

IMET will provide professional military education, management and technical training. It will also expose Moroccans to U.S. concepts of democracy, human rights, and a military subordinate to an elected civilian government.

MOROCCO
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	40,000
INTL MIL EDUCATION & TRNG PROG	1,150
ECONOMIC:	
ECONOMIC SUPPORT FUND	12,000
DEVELOPMENTAL ASSISTANCE	23,000
P.L. 480	36,759
PEACE CORPS	1,382
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 114,291
 STUDENTS TRAINED UNDER IMET	 103

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>42,815</u>	<u>43,000</u>	<u>40,000</u>
 TOTAL	 42,815	 43,000	 40,000
 ECONOMIC SUPPORT FUND	 19,914	 20,000	 12,000
 IMET	 1,394	 1,050	 1,150
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 12,863

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	45,251
DEFENSE ARTICLES/SERVICES	45,251
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	2,671
 ESTIMATED FMS AGREEMENTS FY 1991:	 100,000
DEFENSE ARTICLES/SERVICES	100,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	14,558
 ESTIMATED FMS AGREEMENTS FY 1992:	 70,000
DEFENSE ARTICLES/SERVICES	70,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	8,735

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	17,715	20,231	21,924	n/a
PER CAPITA GDP**	780	868	917	n/a
TOTAL BUDGET	5,253	5,662	n/a	n/a
TOTAL DEBT	17,830	20,094	19,923	n/a
FMF DEBT	308	306	318	339
PERCENTAGE OF FMF TO TOTAL DEBT	2%	2%	2%	0%
DEBT SERV RATIO	13%	11%	12%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	346,418	201,448	547,866
FY 1991	35,720	18,797	54,517
FY 1992	27,314	12,399	39,713
FY 1993	28,987	10,001	38,988
FY 1994	22,846	7,737	30,583
FY 1995	24,588	4,400	28,988
FY 1996	26,404	5,530	31,934
FY 1997	17,547	2,413	19,960
FY 1998	10,699	1,210	11,909
FY 1999	6,886	370	7,256
FY 2000	1,600	60	1,660
TOTAL	549,009	264,365	813,374

MOZAMBIQUE

POLICY CONSIDERATIONS

Mozambique, located in southern Africa is noteworthy for its key transport links for several landlocked African countries make. In 1990, the government opened talks with RENAMO guerrillas to negotiate a settlement to its internal conflict and moved in a pro-Western direction. The country also adopted a multi-party system and a revised constitution that provides for basic human rights, though much must still be done to implement these provisions. Earlier in July 1989, the governing FRELIMO party abandoned Marxism at a national party congress, allowed considerably freer public and press debate and improved religious tolerance.

In recent years, Mozambique has supported U.S. regional initiatives in Angola and Namibia and pushed a moderate line in the politically influential grouping of African Front Line States. In other regional fora, it adopted moderate positions on issues of interest to the United States. Mozambique's improved ties with Pretoria have contributed to South Africa's renewed interest in cooperating with its neighbors. Mozambique also supported the U.N. resolutions condemning Iraq's invasion of Kuwait and enforces U.N. sanctions.

Also in 1990, Mozambique expanded economic reforms begun in 1987, significantly devalued the currency in a move toward free market exchange rates, cut budget deficits, and reduced state-ownership in the economy. The economy began to grow noticeably as a result of these reforms, although the civil war hampered development in many areas. We are encouraging the government to follow more private sector oriented policies.

The United States wants to promote and encourage these positive trends, enhance Mozambican military support for the peace process, and lay the groundwork for a post-war professional national army. We allocated a small amount of IMET funds in FY 91 to establish a program that directly furthers these U.S. goals and objectives.

PROGRAM DESCRIPTION

The proposed IMET program would provide professional military education and technical training. Students would also receive English language training. The program will promote professionalism, respect for democratic government, human rights, and focus on post-war national rehabilitation and reconciliation.

NAMIBIA

POLICY CONSIDERATIONS

Namibia became Africa's newest sovereign state in 1990 and is one of the few multi-party democracies on the continent. The United States is strongly identified with the Namibian independence process, having mediated the agreements which made possible implementation of U.N. Security Council Resolution 435/78.

Namibia is largely undeveloped and sparsely populated, but with important natural resources. After seventy years of South African domination, Namibia's economy is closely intertwined with that of its former metropole.

U.S. national interests will be well served by helping Namibia, through economic assistance, to cope with the challenge of independence and to maintain respect for basic human rights as provided in its constitution. Consideration also may be given to providing a modest amount of FMF assistance for civic action projects through the proposed Africa Regional Military Assistance Program.

PROGRAM DESCRIPTION

Objectives

- Encourage political moderation and equitable social and economic development programs
- Provide training in basic skills, including those leading to food self-sufficiency and improved health care
- Promote stability and market-oriented economic development

Status

The new ESF program has focused on providing sorely needed budgetary support to the new government.

FY 1992 REQUEST

The proposed FY 92 ESF program will respond to pressing needs jointly identified by the U.S. and Namibian governments as priorities. The proposed IMET program will provide technical training in basic seamanship, logistics and engineering skills.

NEPAL

POLICY CONSIDERATIONS

Nepal made dramatic strides during 1990 in shifting from absolute monarchy towards a government emphasizing political freedom and human rights. A new constitution establishing a constitutional monarchy and multi-party parliamentary democracy was promulgated on November 9, and party-based elections are scheduled for the spring of 1991. From the outset, the United States actively supported progress towards democracy with public statements and Democratic Pluralism Initiatives program funding for constitutional reform and election support.

Nepal remains one of the poorest and least developed countries in the world with grim economic prospects. It will need large amounts of outside aid for many years to come; however, the greatly improved political situation should promote trade and the stability needed to develop agriculture and tourism, the latter a key economic resource.

Nepal plays a moderating role in the non-aligned movement, most notably during its recent two year term on the U.N. Security Council. Nepal condemned Iraqi aggression in Kuwait and implemented U.N. sanctions against Iraq. Nepal regularly contributes forces to international peacekeeping operations and has troops with the U.N. Interim Force in Lebanon (UNIFIL).

PROGRAM DESCRIPTION

Objectives

- Encourage further democratic development
- Support Nepal's international peacekeeping activities

Status

The IMET program enhances the Royal Nepalese Army's operational and professional capabilities and supports its peacekeeping role. IMET also exposes students to U.S. traditions of democracy, human rights, and elected government control of the military. The United States and the RNA completed a joint communications exercise in November 1990. The RNA indicated strong interest in future joint exercises.

FY 1992 REQUEST

The proposed FY 92 FMF program would provide spare parts and limited modernization for U.S. origin equipment. IMET will provide well-established command and staff, advanced combat, management and technical training. The Government of Nepal continues to place returning officers as instructors. Former returnees advance well through the Nepalese military.

NEPAL
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	500
INTL MIL EDUCATION & TRNG PROG	185
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	15,000
P.L. 480	0
PEACE CORPS	2,174
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 17,859
 STUDENTS TRAINED UNDER IMET	 24

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>0</u>	<u>500</u>
 TOTAL	 0	 0	 500
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 123	 125	 185
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	284
DEFENSE ARTICLES/SERVICES	284
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	0
 ESTIMATED FMS AGREEMENTS FY 1991:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,674
 ESTIMATED FMS AGREEMENTS FY 1992:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,004

*Less than \$500.

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	2,379	2,653	2,911	2,752
PER CAPITA GDP**	139	151	162	149
TOTAL BUDGET	446	510	586	542
TOTAL DEBT	741	981	1,164	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	8%	8%	9%	0%

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

NETHERLANDS

POLICY CONSIDERATIONS

The United States and the Netherlands have traditionally had a close bilateral relationship. The Dutch participate vigorously in NATO activities. Through the port of Rotterdam, the Netherlands serves as a vital link in the support of U.S. forces in Europe. In November 1985, the Netherlands demonstrated its commitment to NATO by agreeing to the future stationing of cruise missiles on its territory. These missiles were not deployed because of the INF Treaty. The Dutch continue to provide a signal company to the Multinational Force and Observers (MFO) in the Sinai and dispatched a contingent of troops to the U.N. peacekeeping force stationed in Namibia before that country's independence.

In 1990, the Netherlands sent two frigates and one supply ship to the multinational force in the Persian Gulf. In early 1991, it deployed two Patriot missile units to Turkey and one to Israel to augment the defenses of those countries against possible Iraqi aggression. In 1990, the Dutch gave \$50 million in direct aid to Turkey, Egypt and Jordan and disbursed \$45 million of a \$63 million pledge to the Gulf Cooperation Council.

The Netherlands is committed to a strong defense establishment, the transatlantic partnership and NATO as the cornerstone of European security in post-Cold War Europe. The Dutch favor maintaining North Atlantic security ties, particularly through NATO armaments cooperation. The Dutch armed forces are committed to forward defense in NATO's central region and to the defense of Dutch national territory. The Dutch army maintains an armored division headquarters with its support troops and an armored brigade in Germany. In the 1980s, the Netherlands made significant progress in modernizing its armed forces, contributing to the Alliance's conventional defense improvement program.

PROGRAM DESCRIPTION

Objectives

- Enhance NATO interoperability and standardization through modernization and replacement of obsolescent equipment
- Support the purchase of modern air defense systems, various missiles, support equipment and training
- Strengthen defense industrial cooperation and cooperative projects, including coproduction of weapons and ammunition

Status

The security assistance program consists of FMS cash and direct commercial sales to support Dutch defense efforts. The Netherlands is a partner in coproduction programs for the F-16, M-109 howitzer, Stinger missile and 155mm ammunition. In the 1980s, Dutch purchases included: howitzers, radars, torpedoes, various missiles and supporting items. Past programs primarily modernized and replaced obsolescent equipment rather than expanded force structure.

Future Dutch purchases of major weapons systems will be increasingly influenced by offset participation in coproduction and licensing agreements. The Dutch defense budget fell by 1.4 percent in real terms in 1990 compared to 1989. As the Defense Ministry joins other ministries in significant budgetary cutbacks, its 1991 budget will probably drop by another 2 percent.

FY 1992 REQUEST

The proposed FY 92 program of FMS cash and commercial sales will assist the Netherlands to enhance its armed forces' capabilities through sales of new training systems, upgrading and modernizing of current systems and associated training and support, and co-production of ammunition. The Netherlands will continue to participate in the F-16 aircraft co-production program. Other purchases are expected to include electronic warfare equipment, air defense systems, air-to-air missiles, F-16 pilot training, and participation in full-scale development of F-16 A/B mid-life update modification kits.

NEW ZEALAND

POLICY CONSIDERATIONS

New Zealand has adhered historically to a defense strategy based on collective security through participation in the Australia-New Zealand-United States (ANZUS) Security Treaty of 1951. However, since 1984, New Zealand has adopted policies and passed legislation that require, as a condition for port access by warships, a determination by its government that visiting ships are neither nuclear-powered nor nuclear-armed. This requirement conflicts with the U.S. Government global security policy of neither confirming nor denying the presence or absence of nuclear weapons aboard a specific ship or aircraft, and makes U.S. ship visits to New Zealand ports impossible. The U.S. Government, in consultation with Australia, determined that New Zealand's anti-nuclear policies were incompatible with full military cooperation. United States security obligations to New Zealand, under the terms of the ANZUS Alliance, were suspended in August 1986.

The U.S.-New Zealand defense relationship is now based on New Zealand's current status as a friendly, but non-allied country, with which we share important security interests. We are interested in helping New Zealand to maintain its existing military equipment and regain the capability to play a role in regional security. New Zealand participates in the Five-Power Defense Arrangement for Malaysia and Singapore. New Zealand enforces UN sanctions against Iraq, provided emergency relief to the Middle East, and sent two C-130 transport aircraft and two military medical teams to join the multinational forces.

PROGRAM DESCRIPTION

Objectives

- Help New Zealand to acquire equipment compatible with its non-allied status to sustain a credible defense capability
- Support maintenance of existing U.S.-origin defense systems

Status

New Zealand acquired a significant portion of its defense systems and equipment from the United States. New Zealand participates with Australia in several joint defense programs, including the development and procurement of at least two new light patrol frigates containing U.S.-made/co-produced equipment.

FY 1992 REQUEST

The proposed FMS sales program supports maintenance of New Zealand's U.S.-origin equipment, including A-4, P-3, and C-130 aircraft spare parts, and TOW-2 anti-tank weapons. Purchases of defense systems available to friendly, but non-allied countries, will be given favorable consideration.

NICARAGUA

POLICY CONSIDERATIONS

The February 1990 election victory of Violeta Chamorro and her April inauguration as President put Nicaragua in the ranks of the democratizing countries in Latin America and Eastern Europe. Chamorro's triumph also marked a major step forward for the Central American peace process; all countries in the region now have democratically-elected governments committed to good relations with their neighbors. The Chamorro election immediately improved the climate for peaceful demobilization and resettlement of the Nicaraguan Resistance forces, human rights and freedom of expression in Nicaragua, and Central American talks on demilitarization. But ongoing Sandinista Army (EPS) support for the FMLN in El Salvador violated both Nicaraguan law and the Esquipula Accords.

The newly democratic Nicaraguan Government faces formidable challenges. While many conscripts began informally demobilizing shortly after Chamorro's election victory and the new government gradually reduced the army's size to 28,000 by the end of 1990, the army remains the third largest in the region and imposes a heavy economic burden. The army and large police and security forces remain under Sandinista influence and control. In early January 1991, Sandinista leaders admitted that elements of the armed forces had sold Soviet SA-14 and SA-7 surface-to-air missiles to the FMLN in El Salvador. The Chamorro administration was successful in obtaining the return of 17 SAMs from the FMLN on February 3.

While Contra demobilization was peaceful, resettlement problems continue to give rise to unrest in the countryside. Some resettlement difficulties result from normal competition for scarce farmland in this poverty-stricken country with few rural employment opportunities. But Sandinista police caused some resettlement problems by harassing resistance members and their families. President Chamorro has steadfastly pursued a policy of national reconciliation, but some of her own supporters are critical of what they claim is an overly-conciliatory stance toward the Sandinistas.

In 1990, President Chamorro began market-based economic reforms that greatly enhance Nicaragua's long-term prospects for equitable growth and expanded trade. The new government inherited a shipwrecked economy: basic industries were largely decapitalized; a decade of statist policies and civil war nearly strangled all segments of the economy; and, 300 state enterprises absorbed virtually all of the meager capital made available by the nationalized banking system. The Sandinistas strongly resisted the new economic program, slowing its implementation with two major street demonstrations and strikes in force in June and July 1990.

To strengthen democracy and support free market reforms in Nicaragua, it is critical that we help the new government demonstrate to the Nicaraguan people that democracy brings real political and economic benefits. The security assistance program is designed to support the Chamorro Government's goals of political pluralism, human rights, market-based economic growth, social justice, reintegration of all segments of Nicaraguan society, and demilitarization of the army and security forces.

PROGRAM DESCRIPTION

Objectives

- Bolster democratic processes and institutions
- Foster national reconciliation and human rights
- Strengthen improving U.S.-Nicaraguan political, economic and cultural relations
- Encourage economic liberalization, privatization of state-owned enterprises, and private sector growth

Status

In FY 90, we provided \$336 million in ESF to help Nicaragua begin major structural economic reforms, address short-term education, health, and employment needs, and shore up the foundations of Nicaragua's fledgling democratic institutions. In FY 91, we allocated another \$150 million in ESF and \$50 million in other economic aid to continue the reform and reconstruction process.

The ESF program supports efforts to restore productive capacity to agriculture, industry and commerce, help clear the government's arrears to international financial institutions (IFIs), and support health, democratic initiatives, education and private sector expansion projects. Equally important, it also aims to facilitate reintegration of the Nicaraguan Resistance and refugees into the society and foster their full participation in democracy and economic reform.

FY 1992 REQUEST

The proposed FY 92 ESF program will support major economic structural reforms, such as privatization, recapitalization of the agricultural sector, and enhanced access to vital capital imports, restore credit worthiness with international financial institutions, and strengthen democratic institutions.

NICARAGUA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	0
INTL MIL EDUCATION & TRNG PROG	0
ECONOMIC:	
ECONOMIC SUPPORT FUND	150,000
DEVELOPMENTAL ASSISTANCE	22,000
P.L. 480	32,000
PEACE CORPS	659
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 204,659
 STUDENTS TRAINED UNDER IMET	 0

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL	 0	 0	 0
ECONOMIC SUPPORT			
FUND	295,000	150,000	150,000
IMET	0	0	0
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	0
DEFENSE ARTICLES/SERVICES	0
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	0
 ESTIMATED FMS AGREEMENTS FY 1991:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	5
 ESTIMATED FMS AGREEMENTS FY 1992:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	3

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	4,462	6,774	n/a	n/a
PER CAPITA GDP**	1,320	1,935	n/a	n/a
TOTAL BUDGET	2,339	n/a	575	n/a
TOTAL DEBT	6,181	7,322	8,052	11
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF				
TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	10%	11%	50%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	5,039	789	5,828
FY 1991	375	14	389
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	5,414	803	6,217

NIGER

POLICY CONSIDERATIONS

Niger is an economically and militarily vulnerable state bordering on Libya. President Saibou continues to support United States policies in the region, the U.N. and other international fora. In 1990, Niger sent an infantry battalion to the multinational force in Saudi Arabia opposing Iraq's invasion of Kuwait.

The government recently announced its intention to amend the constitution to permit a multi-party political system. Drought and falling prices for its principal exports, uranium and cotton, have devastated Niger's economy. The government has taken significant steps, supported by the international financial institutions and donor community, towards economic reforms and is in good standing with the IMF.

The security assistance program helps Niger to maintain its stability and pursue moderate domestic and foreign policies. The IMET program provides important access to the military as Niger begins the move toward political pluralism. IMET exposes Nigeriens to U.S. values of democracy, human rights and civilian government control of the military.

PROGRAM DESCRIPTION

Objectives

- Provide materiel to improve readiness and sustainability
- Maintain access to the military government and expose the military to U.S. society and institutions

Status

Niger's army and the air squadron provide a military presence throughout the country to preserve internal and border stability. Security assistance has supported two C-130s, vehicles, and training for pilots, mechanics and ground personnel. In recent years, the program emphasized support for army parachute and other units involved in border protection.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide training aids, C-130 support, physical training equipment and vehicle support. IMET will continue to provide professional military education and technical training.

NIGER
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	500
INTL MIL EDUCATION & TRNG PROG	300
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	26,000
P.L. 480	0
PEACE CORPS	3,479
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 30,279
 STUDENTS TRAINED UNDER IMET	 17

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL GRANT	0	0	0
	<u>1,893</u>	<u>500</u>	<u>500</u>
 TOTAL	 1,893	 500	 500
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 309	 275	 300
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	1,834
DEFENSE ARTICLES/SERVICES	1,834
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	123
 ESTIMATED FMS AGREEMENTS FY 1991:	 2,000
DEFENSE ARTICLES/SERVICES	2,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	136
 ESTIMATED FMS AGREEMENTS FY 1992:	 1,500
DEFENSE ARTICLES/SERVICES	1,500
EST VALUE OF COMMERCIAL EXP DELIVERIES	82

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	1,699	1,898	2,132	n/a
PER CAPITA GDP**	270	292	319	n/a
TOTAL BUDGET	n/a	n/a	n/a	n/a
TOTAL DEBT	1,447	1,696	1,742	n/a
FMF DEBT	5	5	5	5
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	34%	28%	37%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	1,052	1,634	2,686
FY 1991	866	740	1,606
FY 1992	556	378	934
FY 1993	684	314	998
FY 1994	571	245	816
FY 1995	596	188	784
FY 1996	267	136	403
FY 1997	198	110	308
FY 1998	0	100	100
FY 1999	35	99	134
FY 2000	35	96	131
TOTAL	4,860	4,040	8,900

NIGERIA

POLICY CONSIDERATIONS

With 110 million people, Nigeria is Africa's most populous country, one of its largest economies, and a major oil exporter to the United States and the West. Nigeria's development and political stability significantly influence its important role in regional and international affairs. President Babangida's program to return Nigeria to democratic, civilian rule in 1992 and the viability of the new government will be heavily influenced by the outcome of one of Africa's most significant structural economic adjustment programs. Security assistance helps to sustain economic reform and favorably influence the transition to and viability of restored civilian government. The program parallels our dialogue with Nigeria on political and other issues.

PROGRAM DESCRIPTION

Objectives

- Reinforce the transition to viable civilian rule, including respect for human rights
- Support economic reforms, including the structural adjustment program, and promote private sector development
- Demonstrate to other bilateral and multilateral donors the U.S. commitment to the success of Nigerian reform efforts
- Maintain access to the military establishment guiding Nigeria's political and economic reform

Status

The ESF program has supported major economic structural adjustments and helped to improve primary health care. IMET exposes current and future military leaders to democratic institutions and respect for human rights and augments local training. Nigeria also has used its national funds for FMS cash and commercial purchases of a variety of technical and other training for its three armed forces and to obtain spare and repair parts for its C-130 and other U.S.-origin equipment.

FY 1992 REQUEST

The proposed IMET program would continue to provide appropriate professional military education and management training. Nigeria also is expected to continue purchasing other training, as well as spare parts and maintenance support for its transport aircraft and other U.S.-origin equipment.

NORWAY

POLICY CONSIDERATIONS

Norway is the northern anchor for NATO and shares a sensitive border with the Soviet Union. Our bilateral defense relations complement Norway's NATO membership, enhance Norway's ability to support Alliance objectives in Northern Europe, increase regional stability, and improve interoperability and standardization within NATO. Norway also has an important role in U.N. peacekeeping forces and maintains an infantry battalion plus supporting troops in Lebanon. In 1990, Norway sent a coast guard patrol ship to the multinational naval force in the Persian Gulf, and gave \$14 million worth of aircraft fuel to the U.S. Navy. Norway also gave \$35 million in economic aid to Turkey, Egypt and other front-line countries to help them cope with dislocations caused by Iraq's invasion of Kuwait, and indicated it would provide further such aid in 1991.

A major defense review to examine Norway's defense needs in light of the changed security situation in Europe is now underway and is expected to be completed in 1992. From 1982 to 1988, Norway increased its defense budget over 3 percent in real terms annually. In 1989 and 1990, this rate dropped to 2.5 and 1.4 percent, respectively. The 1991 budget currently projects no real growth for the defense budget, with little expectation of a significant change through 1993.

PROGRAM DESCRIPTION

Objectives

- Improve overall air defense capabilities through purchase of various radars and missile systems
- Support operation and maintenance of U.S.-origin equipment through follow-on spare parts, supplies and training
- Continue participation in F-16 co-production program
- Support other military modernization efforts

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 co-production program. The U.S.-Norway Memorandum of Understanding provided for prepositioning equipment for a U.S. Marine Expeditionary Brigade, elements of which regularly participated in NATO exercises during the 1980s.

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. In the 1980s, FMS sales focused on replacing older weapons systems (mostly MAP), acquiring various aircraft, missile systems and radars, anti-armor systems, and purchasing logistic and training support for U.S. origin equipment. 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 1992 REQUEST

The proposed FY 92 program will assist Norway to acquire surface-to-air and air-to-air missiles, participate in full-scale development of F-16 mid-life update modification kits and possibly acquire U.S.-origin infantry fighting vehicles and light helicopters. Norway will continue to purchase training and logistic support for U.S. systems at an annual rate of approximately \$30 million.

OMAN

POLICY CONSIDERATIONS

Oman's location on the Strait of Hormuz makes it crucial to United States interests in the Persian Gulf. The 1980 Access Agreement with Oman granted the U.S. limited peacetime and contingency use of Omani military facilities. Important to U.S. operations during the Iran-Iraq War, this access is essential to Operation Desert Storm's defense against Iraq's invasion of Kuwait. On December 1, 1990, the U.S. and Oman renewed the agreement for an additional ten years. Oman was a steadfast and helpful friend in dealing with challenges in the Gulf in the 1980s.

Oman's traditional government is headed by the Sultan, an absolute monarch, who formed a State Consultative Council in 1981 to advise on economic and social issues. Omanis have access to local governors and tribal leaders and can petition them for redress of grievances. Islamic law prevails in Oman's very conservative society. Our security assistance program enhances our ability to discuss broad human rights issues with the Omanis.

Almost totally undeveloped before 1970, Oman has developed its limited oil and natural gas resources into a medium-sized petrochemical industry on which the government remains very dependent. Oman also has modernized its small fishing and agriculture industries and is committed to diversifying the economy's private sector. Oman provides many social services for its citizens, but on a less extensive scale than elsewhere in the Gulf. With renewal of the Access Agreement, the U.S. pledged a best effort to provide a significant level of ESF to help Oman diversify its economy and its commercial links with the U.S. Oman maintains a small but effective defense force with a still important British and other expatriate element. Oman is particularly concerned with defending its Gulf coastline and its border with Yemen.

PROGRAM DESCRIPTION

Objectives

- Support the political efforts of an important member of the international coalition opposing Iraqi aggression
- Maintain U.S. access to air, naval and support facilities
- Support military modernization programs to enhance Oman's defense capabilities
- Encourage improved regional defense cooperation
- Maintain and provide training in the use of U.S.-origin military equipment
- Diversify economic development and increase opportunities for U.S. firms to participate in Oman's economy

Status

Oman's small defense forces participate in the Gulf Cooperation Council (GCC) Peninsula Shield Force headquartered at King Khaled Military City in Saudi Arabia. FMS cash sales of M60 tanks, C-130 aircraft, and AIM 9-P Sidewinder missiles, in addition to maintenance and training, strengthened Omani defense capabilities. Oman requested information on the HMMV and the Multiple Launch Rocket System (MLRS). Oman is the least wealthy of the Gulf states and needs U.S. assistance to obtain some modern defense systems as well as excess defense articles required to build a more credible deterrent force.

The ESF program supports water resources development, fisheries, school construction, and teaching, including primary education for girls. This complements Oman's own efforts to diversify its economy, improve social services and build infrastructure in its rugged countryside.

The IMET program provides essential training in the efficient operation and maintenance of U.S.-origin equipment. IMET facilitates the Sultan's policy of replacing expatriates in the defense forces with Omanis.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide support and spare parts for U.S. origin equipment already in Oman's inventory and help it to obtain other weapons systems and equipment for its modernizing defense forces. ESF will promote a more diversified economy, greater participation by the Omani private sector, and U.S.-Omani commercial ties. ESF will be allocated to the development of primary education, water resources, fisheries and agriculture. IMET will provide professional military education, management and technical training.

OMAN
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	5,000
INTL MIL EDUCATION & TRNG PROG	100
ECONOMIC:	
ECONOMIC SUPPORT FUND	15,000
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 20,100
 STUDENTS TRAINED UNDER IMET	 17

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>500</u>	<u>5,000</u>
 TOTAL	 0	 500	 5,000
 ECONOMIC SUPPORT FUND	 12,546	 15,000	 15,000
 IMET	 178	 100	 100
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	71,241
DEFENSE ARTICLES/SERVICES	71,241
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	324
 ESTIMATED FMS AGREEMENTS FY 1991:	 60,000
DEFENSE ARTICLES/SERVICES	60,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	4,431
 ESTIMATED FMS AGREEMENTS FY 1992:	 10,000
DEFENSE ARTICLES/SERVICES	10,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	2,658

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	7,282	7,900	7,682	n/a
PER CAPITA GDP**	5,645	5,940	5,566	n/a
TOTAL BUDGET	4,127	3,500	3,576	n/a
TOTAL DEBT	2,959	2,850	2,940	n/a
FMF DEBT	114	95	58	30
PERCENTAGE OF FMF TO TOTAL DEBT	4%	3%	2%	0%
DEBT SERV RATIO	11%	14%	0%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	108,691	49,047	157,738
FY 1991	6,553	1,143	7,696
FY 1992	9,220	1,042	10,262
FY 1993	6,552	556	7,108
FY 1994	1,219	63	1,282
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	132,235	51,851	184,086

PAKISTAN

POLICY CONSIDERATIONS

A democratic and stable Pakistan with firm political and economic ties to the United States, is a key element in U.S. regional policy toward South Asia in the post-Cold War era. Our long-standing partnership with Pakistan has been a cornerstone of U.S. South Asia policy. Although U.S. assistance is currently suspended pending certification for Pakistan under Section 620E(e) of the Foreign Assistance Act (the Pressler Amendment), the prospect of a security assistance program is a positive incentive in addressing the nuclear issue, thereby furthering our goals of non-proliferation and stability in a volatile region. U.S. aid has been, and will continue to be, very important in encouraging democracy, strengthening Pakistan's democratic institutions, fostering market-oriented economic development, and improving Pakistan's effectiveness in fighting illicit narcotics.

Pakistan played a principal role in bringing about the 1989 withdrawal of Soviet troops from Afghanistan. Pakistan's continued cooperation remains essential to our objective of finding an acceptable political solution that ensures an Afghan government at peace with its neighbors and leads to the return of 3.2 million Afghan refugees in Pakistan to their homes. Tensions between India and Pakistan over Kashmir have diminished since their flare-up in early 1990. In January 1991, Pakistan and India exchanged formal ratification instruments to bring into force an agreement signed in 1988 not to attack each other's nuclear facilities, an important confidence building measure to reduce regional tensions.

In 1990 and 1991, Pakistan contributed over 11,000 troops to the multinational force in Saudi Arabia and implemented U.N. sanctions against Iraq for invading Kuwait, despite suffering serious economic hardship as a result of lost expatriate worker remittances and higher oil prices. Its well-trained military, history of defense cooperation with the Saudis, and status as an Islamic, non-Arab country, give Pakistan the potential to play a significantly greater role in ensuring stability and peace in the Gulf region.

Pakistan held parliamentary elections in October 1990. The elections, recognized as generally free and fair, resulted in a government led by the Islamic Democratic Alliance (known as the IJI). The economic policy of IJI meshes with the goals of the current ESF assistance package: liberalization of Pakistan's economy; rationalization of administration and management; and, enhancement of the private sector. Pakistan still faces major national, regional and local political, economic and social problems, some of which have been worsened by the Gulf crisis. U.S. assistance will continue to play a key role in reinforcing progress in these sectors, building on Pakistan's important achievements in the 1980s in the areas of agriculture, rural development, energy resource development, rationalization of prices, and distribution of goods and services.

PROGRAM DESCRIPTION

Objectives

- Promote non-proliferation and regional confidence building measures
- Strengthen democratic institutions
- Contribute to economic development and support economic reform

- Continue modernization of Pakistan's armed forces
- Improve force readiness through military training

Status

On October 1, 1990, the U.S. suspended economic and military assistance to Pakistan under Section 620E(e) of the Foreign Assistance Act (the Pressler Amendment), pending Presidential certification that Pakistan does not possess a nuclear weapon, and that continued U.S. assistance reduces the risk that it will possess one. This issue remains under discussion between the Administration and the Government of Pakistan. U.S. assistance strengthens the case against nuclear weapons for Pakistan, primarily by helping to strengthen Pakistan's conventional forces.

Pakistan continues to modernize all three of its armed services using national funds. The FMF program has been reduced from forecasts of \$290 million when the current six-year program began in FY 88 to an actual level of \$229 million in FY 90. In recent years, the army has focused on anti-armor modernization. The navy's eight leased Brooke/Garcia frigates will require long-term technical assistance to maintain their advanced systems. The air force continues to modernize its 37 F-16 fighter aircraft through a logistics support program. Eleven replacement F-16s are scheduled for delivery in the Spring of 1992, and 60 more aircraft are scheduled for delivery between 1993-96.

The ESF program has provided essential help in the key sectors of agriculture, rural development, and energy. There has been significant progress toward rationalizing prices, overcoming distributional barriers, and increasing participation of private enterprises and non-government organizations (NGOs). U.S. programs have also had a growing, positive effect in the areas of health and primary education.

FY 1992 REQUEST

Assuming Pakistan can be certified under the Pressler Amendment requirements, FY 92 would be the fifth year of the mutually agreed FY 88-93 follow-on assistance program. Economic assistance would constitute 60 percent of the program, with the remaining 40 percent in military aid. This balanced approach allows Pakistan to meet its defense needs while simultaneously pursuing economic development and structural adjustment of its economy. FMF would support the F-16 program, assist in mechanizing ground forces, provide new artillery and help to maintain U.S.-origin equipment.

ESF will focus on community-based rural development and counter-narcotics related activities, agriculture sector policy reform, private sector development and agribusiness. ESF will be used extensively in education, training, health and population growth programs to address Pakistan's severe social problems such as illiteracy, low life expectancy and high infant and child mortality rates.

PAKISTAN
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	113,556
INTL MIL EDUCATION & TRNG PROG	915
ECONOMIC:	
ECONOMIC SUPPORT FUND	100,000
DEVELOPMENTAL ASSISTANCE	25,000
P.L. 480	20,000
PEACE CORPS	886
INTERNATIONAL NARCOTICS CNTRL	<u>7,500</u>
 TOTAL FOREIGN ASSISTANCE	 267,857
 STUDENTS TRAINED UNDER IMET	 123

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	83,500	6,961
GRANT	<u>229,011</u>	<u>8,400</u>	<u>106,595</u>
 TOTAL	 229,011	 91,900	 113,556
 ECONOMIC SUPPORT FUND	 229,011	 100,000	 100,000
 IMET	 960	 915	 915
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 99,585

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	264,119
DEFENSE ARTICLES/SERVICES	264,119
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	3,535
 ESTIMATED FMS AGREEMENTS FY 1991:	 100,000
DEFENSE ARTICLES/SERVICES	100,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	843,854
 ESTIMATED FMS AGREEMENTS FY 1992:	 200,000
DEFENSE ARTICLES/SERVICES	200,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	506,312

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	29,942	32,779	37,222	37,659
PER CAPITA GDP**	350	353	361	362
TOTAL BUDGET	6,983	7,325	8,884	8,758
TOTAL DEBT	14,886	16,692	14,027	n/a
FMF DEBT	1,174	1,428	1,565	827
PERCENTAGE OF FMF				
TO TOTAL DEBT	8%	9%	11%	0%
DEBT SERV RATIO	16%	17%	18%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	952,269	577,478	1,529,747
FY 1991	32,739	48,325	81,064
FY 1992	70,240	42,657	112,897
FY 1993	98,274	38,225	136,499
FY 1994	105,074	32,202	137,276
FY 1995	96,540	23,920	120,460
FY 1996	113,608	22,172	135,780
FY 1997	105,074	13,741	118,815
FY 1998	94,548	7,622	102,170
FY 1999	55,667	2,991	58,658
FY 2000	22,127	720	22,847
TOTAL	1,746,160	810,053	2,556,213

PANAMA

POLICY CONSIDERATIONS

Panama emerged from a brutal military dictatorship on December 20, 1989, when, as a consequence of Operation Just Cause, the freely-elected President, Guillermo Endara, was at last permitted to take office. One year later, Panama is on the difficult road to political, social and economic recovery. Human rights and freedom of expression are again respected. The new democratic National Assembly is legislating competently and a complete overhaul of the judicial system has begun. Noriega's Panama Defense Forces (PDF) were disbanded and replaced by a police force under civilian authority. The Canal Treaty relationship is again generally cooperative and Panama is moving forward on planning for the 1999 transition. The new government concluded some counter-narcotics agreements with the United States (other agreements remain under negotiation) and showed some interdiction capability.

The United States provided Panama with an unprecedented total of \$461 million in various kinds of economic assistance in FY 90 (for use during FY 90-91) to help "jump-start" the country's once robust economy and mitigate the need for large assistance programs later. The United States also made available trade benefits, export guarantees and insurance valued at over \$500 million. Thanks to our aid and renewed business confidence brought about by democracy, the economy is recovering. Panama's 1990 GDP growth rate of 4 to 5 percent was the highest in the hemisphere (but has not overcome the 17 percent contraction which occurred in the 1987-89 Noriega crisis). Unemployment fell from over 35 percent to 20 percent, but is still unacceptably high. There was significant capital repatriation, evidenced by a 26 percent rise in bank deposits.

We also worked closely with the new government to help it transform the corrupt PDF into an increasingly honest, effective, respected civilian police force—the Public Force (PF). If this critical effort fails, all of the other impressive strides Panama made in 1990 will be lost. While it allowed many former PDF officers into the PF, the new government showed its resolve to clean up PF ranks by retiring over 142 former PDF personnel. The PF personnel remaining are in need of training in civilian law enforcement methods, investigative techniques and respect for human rights.

The backlog of 17,000 criminal cases shows the court system is still paralyzed by a lack of resources, leadership, and prison guards and antiquated judicial procedures. Public administration and public finance reform are critical to further economic recovery. The government also must begin to address Panama's serious environmental concerns and intensify its fight against narcotics trafficking and smuggling.

PROGRAM DESCRIPTION

Objectives

- Improve and expand civilian police training
- Support judicial reform and modernization
- Accelerate reform of public administration, public sector financial management, and local government institutions
- Improve education with scholarships and vocational training

- Promote protection of the Canal watershed and natural resource management
- Encourage economic diversification and export promotion

Status

In the immediate aftermath of Operation Just Cause, we provided Panama with \$41 million in emergency humanitarian assistance to provide food, temporary - and later permanent - housing, and medical care for those displaced by combat; create emergency jobs; fund urgent public works; and aid small businesses ruined by looting. We later provided \$420 million in ESF for use in FY 90-91 to support priority public sector investments; revitalize the private sector; establish civilian police training; begin public administration and policy reform projects; launch democratic initiatives; and provide education and training. This aid included funds to help Panama clear its arrears with the international financial institutions (IFIs), making Panama eligible for new IFI loans.

In FY 92, the ESF program will shift from stimulating the economy to developing a civilian, professional police force. In FY 92, we propose that \$20 million in Development Assistance replace initial ESF support to improve public administration, strengthen democratic institutions, fund scholarships and education programs, improve protection of the Canal watershed and natural resource management, and promote economic diversification and export development. ESF-started, DA-continued programs include the Administration of Justice program and the Central American Peace Scholarships (CAPS).

FY 1992 REQUEST

The proposed FY 92 ESF program will provide training by the International Criminal Investigative Training Assistance Program (ICITAP) to help develop a civilian, apolitical, professional police force. The funds would be transferred to the U.S. Department of Justice to cover the costs of training and in-kind assistance under the ICITAP program.

PANAMA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	0
INTL MIL EDUCATION & TRNG PROG	0
ECONOMIC:	
ECONOMIC SUPPORT FUND	10,000
DEVELOPMENTAL ASSISTANCE	17,000
P.L. 480	0
PEACE CORPS	838
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 27,838
 STUDENTS TRAINED UNDER IMET	 0

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL GRANT	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	0	0	0
ECONOMIC SUPPORT FUND	412,000	0	10,000
IMET	0	0	0
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	6,426
DEFENSE ARTICLES/SERVICES	6,426
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	48
 ESTIMATED FMS AGREEMENTS FY 1991:	 2,000
DEFENSE ARTICLES/SERVICES	2,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	6,741
 ESTIMATED FMS AGREEMENTS FY 1992:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	4,045

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	5,145	5,309	4,517	n/a
PER CAPITA GDP**	2,307	2,339	1,947	n/a
TOTAL BUDGET	1,725	1,763	n/a	n/a
TOTAL DEBT	4,933	5,302	5,620	n/a
FMF DEBT	17	15	15	15
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	8%	6%	1%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	7,093	6,719	13,812
FY 1991	8,033	3,951	11,984
FY 1992	1,444	550	1,994
FY 1993	1,449	382	1,831
FY 1994	450	223	673
FY 1995	957	179	1,136
FY 1996	957	133	1,090
FY 1997	957	83	1,040
FY 1998	957	36	993
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	22,297	12,256	34,553

PANAMA CANAL AREA MILITARY SCHOOLS (PACAMS)

POLICY CONSIDERATIONS

The Panama Canal Area Military School (PACAMS) now consists only of the U.S. Navy Small Craft Instruction and Technical Training School (SCIATTS) at Rodman Naval Station on the Pacific coast. To date, SCIATTS has trained over 3,200 students from throughout the hemisphere in a program that enhances security, cooperation and inter-American military relationships. SCIATTS is a cost-effective alternative for the participating countries which would either have to duplicate the same training facilities on a smaller, more costly scale, or do without much-needed training with a resulting reduction in their naval and coast guard effectiveness.

SCIATTS provides tactical and technical training, conducted primarily in Spanish, tailored to the unique requirements of the countries of the region. The training helps Latin American countries improve their ability to protect their national interests including combating narcotics and other smuggling, enforcing controls on environmental pollution and poaching by foreign 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, the key to reducing the ability of narcotics traffickers and other smugglers to evade interdiction efforts. Improved cooperation also complements efforts by DEA and other agencies to help the Latin Americans improve their customs, harbor and other anti-smuggling efforts.

PROGRAM DESCRIPTION

The proposed IMET program is designed to complement and supplement the training provided by the Latin American countries and to help them improve their own training capabilities. The training also helps the participating countries to improve their ability to maintain U.S.-origin equipment. During FY 92, approximately 180 students from 21 countries are expected to be trained in small craft operations, navigation and maintenance skills. The training is essential for these countries to improve their coastal and riverine drug interdiction capabilities.

PAPUA NEW GUINEA

POLICY CONSIDERATIONS

Papua New Guinea, a vigorous democracy with a federal and parliamentary government, is the largest most populous nation in the South Pacific region. The country has a pro-Western foreign policy, and exerts a moderating influence in the region. All four transfers of power since independence in 1975 have been peaceful, in keeping with the constitution.

The country is richly endowed with natural resources, but very rugged terrain and the high cost of building infrastructure hampers development. The market-oriented economy is a mixture of modern, largely foreign-owned extractive industry, some state-owned and many local private sector enterprises, and widespread traditional subsistence farming and fishing. The U.S., Australia and other countries provide essential aid for a variety of development projects.

During the 1980s, the United States developed a wide range of military cooperation programs with Papua New Guinea. In March 1990, we signed a Memorandum of Understanding on joint and combined military activities. Papua New Guinea has in recent years faced serious threats to its internal stability. The military is fully responsive to civilian government control. Military engineer and other units engage in some road repair, construction and other civic action projects.

The IMET program provides command and staff training to the national defense forces at the highest levels, and offers specialty courses not otherwise available. These courses increase the overall effectiveness of the Papua New Guinea military and build strong bonds between our two countries. IMET training also helps to instill respect for democracy and human rights, and opens up valuable opportunities for joint training exercises in a unique physical setting.

PROGRAM DESCRIPTION

The proposed IMET program will provide advanced engineer officer, ranger and basic military tactical intelligence training, as well as the U.S. Army Command and General Staff College and the Internal Defense and Development (IDAD) course.

PARAGUAY

POLICY CONSIDERATIONS

The United States supports the transition to democracy in Paraguay that began on February 2, 1989, when General Andres Rodriguez overthrew the 34 year-old dictatorship of General Alfredo Stroessner. On May 1, 1989, in what observers judged were relatively free and fair elections, President Rodriguez received a mandate to guide Paraguay's transition to democracy, though the military and the ruling Colorado Party continue to dominate the government. The new government took significant steps to improve human rights by allowing political exiles to return home, lifting restrictions on opposition political parties and the press, and allowing the judiciary more freedom. Municipal elections are scheduled for May 1991.

The U.S. wants to encourage further democratic development in Paraguay, greater respect for human rights, and broader private sector-led economic growth to improve the low standard of living in a country dependent on agriculture and livestock raising. The U.S. also wants to help the new government to develop and implement effective counter-narcotics activities to prevent narcotics production, processing and trafficking from expanding to the scale afflicting Bolivia. The U.S. lifted long-standing prohibitions on sales of military equipment and services to Paraguay as a result of the change in government in 1989 and Paraguay's 1989 ratification of the International Convention on Human Rights. Paraguay's lack of funds has prevented it from purchasing repair parts for its aged military equipment.

The IMET program is designed to further the process of developing professional, non-political armed forces which respect human rights and democratic government. A modest FMF program would help Paraguay maintain the river-patrol boats, light aircraft, helicopters and vehicles needed for counter-narcotics operations in the difficult terrain of this large, sparsely peopled country.

PROGRAM DESCRIPTION

Objectives

- Support democratic processes and institutions and encourage greater respect for human rights
- Enhance counter-narcotics efforts including interdiction, reduction of money laundering and anti-drug education
- Encourage greater professionalism among the officer corps to make it more supportive of civilian authority
- Improve military medical care by providing medical equipment, clothing, and furniture

Status

Paraguay does not have the resources to carry out a significant counter-narcotics effort on its own. The army and police lack such basic equipment as uniforms, boots and radios. The Paraguayan military medical service, which provides medical services for rural civilians, lacks basic medical supplies and equipment. The air force has antiquated C-47, DC-6 and T-5 aircraft, and UH-1 helicopters. The navy's patrol boats are operable most of the time.

FY 1992 REQUEST

The proposed FY 92 FMF program would provide the basic equipment to outfit and transport a 33-man army counter-narcotics strike team. FMF would also provide some basic medical equipment for the military medical services. IMET would provide training in counter-narcotics, technical and maintenance skills, and command and staff courses for army and air force officers.

PARAGUAY
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	500
INTL MIL EDUCATION & TRNG PROG	175
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	2,061
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 2,736
 STUDENTS TRAINED UNDER IMET	 18

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>0</u>	<u>500</u>
TOTAL	0	0	500
ECONOMIC SUPPORT FUND	0	0	0
IMET	217	175	175
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	10
DEFENSE ARTICLES/SERVICES	10
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	0
ESTIMATED FMS AGREEMENTS FY 1991:	1,500
DEFENSE ARTICLES/SERVICES	1,500
EST VALUE OF COMMERCIAL EXP DELIVERIES	543
ESTIMATED FMS AGREEMENTS FY 1992:	1,500
DEFENSE ARTICLES/SERVICES	1,500
EST VALUE OF COMMERCIAL EXP DELIVERIES	326

ECONOMIC DATA

DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	5,404	4,533	6,240	n/a
PER CAPITA GDP**	1,418	1,156	1,545	n/a
TOTAL BUDGET	135	104	113	n/a
TOTAL DEBT	2,092	2,492	2,493	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	28%	22%	20%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

PERU

POLICY CONSIDERATIONS

Since 1979, Peru has had a freely elected democratic government with a civilian president. However, Peru produces approximately 60 percent of the world's coca leaf. Violent and terrorist-like insurgencies, narcotics trafficking and economic extremes all threaten democracy. The Sendero Luminoso (Shining Path) and other groups are bankrolling themselves by narcotics activities. Peru has had generally good relations with the United States since the early 1980s. Against this very troubled and troubling backdrop, the United States seeks to help Peru consolidate and extend democracy, eliminate coca production and trafficking, promote economic development and improve the observance of human rights.

As outlined in the President's Andean Strategy and confirmed by the 1990 Declaration of Cartagena, the U.S. supports both law enforcement measures against traffickers and economic measures to develop legal alternatives to narcotics activities for rural and urban Peruvians. We also encourage Peru to commit its armed forces to counter-narcotics efforts in the context of sound economic policies and with greater respect for human rights. Military operations are needed to provide security for law enforcement and economic measures to have a real opportunity to succeed. After his inauguration in late July 1990, President Fujimori rejected our offer of \$35.9 million in FY 90 FMF for counter-narcotics operations, as had his predecessor President Garcia earlier in the year. However, President Fujimori expressed his desire to develop an integrated approach to combat narcotics trafficking that includes economic support and law enforcement assistance, in accordance with the Declaration of Cartagena. We continue to discuss with President Fujimori the possibility of a major increase in military counter-narcotics operations.

U.S. support of the Peruvian armed forces is essential to help them protect the democratic process, and to improve government control of the military. While continuing to concentrate their scarce military resources on combatting insurgents, President Fujimori and the military are interested in pursuing counter-narcotics activities, but need substantial assistance to be effective. The armed forces need aircraft, patrol boats and logistic support to interdict illegal air and river traffic into and out of the Upper Huallaga Valley, the major coca-producing area. Peruvian anti-narcotics police forces need equipment and training to combat increasingly heavily armed traffickers and insurgents. Human rights training and judicial reform programs also are needed to reduce serious human rights violations by Peruvian military and police.

PROGRAM DESCRIPTION

Objectives

- Support a democracy threatened by narcotics, terrorism and subversion
- Reduce the major source of coca, from which a high percentage of U.S. cocaine is derived
- Support military operations which provide security for anti-narcotics and counter-terrorist activities conducted by Peruvian law enforcement agencies
- Encourage governmental institutions, particularly the armed forces, to respect democratic norms, including human rights

- Support economic adjustment programs to alleviate the poverty which feeds violence, terrorism and trafficking
- Improve military maintenance, logistics and field mobility including regular food and uniform needs of units stationed in coca-producing areas

Status

Peru's army, navy, and air force are organized primarily for conventional defense and increasingly for counter-insurgency. All branches of the armed forces and the anti-narcotics police have significant equipment deficiencies. FMF would be used to improve maintenance, logistics, field mobility, and combat capabilities against narcotics traffickers and two violent insurgent groups. IMET exposes students to U.S. traditions of democracy, human rights, and civilian control of the military, while improving technical and tactical capabilities.

ESF would provide balance of payments support and necessary funding for alternative economic development and other counter-narcotics activities, as well as other market-oriented economic reforms. Peru would lose considerable amounts of assistance should it not make and fulfill a commitment to reduce narcotics trafficking and illegal coca cultivation. As coca processing accounts for an estimated 20-30 percent of Peru's GDP, the country will need ongoing strong support from the U.S. and other international donors to carry out its alternative development program. ESF also would fund Administration of Justice programs to strengthen the troubled judicial system as it struggles to reduce corruption, and military and police human rights abuses, while coping with terrorist threats from both traffickers and insurgents.

FY 1992 REQUEST

The proposed FY 92 FMF program will provide individual troop equipment, small arms and heavy weapons and ammunition, communications equipment, vehicles, river patrol boats and spare parts for previously-provided aircraft and helicopters. ESF will provide balance of payments support and fund alternative development activities in coca-growing areas and judicial reform activities. IMET will provide professional military education, technical, management, and special police anti-narcotics training, and training to improve military and police human rights practices.

PERU
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	39,000
INTL MIL EDUCATION & TRNG PROG	900
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	15,700
P.L. 480	72,000
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 127,600
 STUDENTS TRAINED UNDER IMET	 68

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL GRANT	0	0	0
	<u>1,000</u>	<u>34,000</u>	<u>39,000</u>
 TOTAL	 1,000	 34,000	 39,000
 ECONOMIC SUPPORT FUND	 3,286	 0	 0
 IMET	 458	 900	 900
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	208
DEFENSE ARTICLES/SERVICES	208
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	231
 ESTIMATED FMS AGREEMENTS FY 1991:	 10,000
DEFENSE ARTICLES/SERVICES	10,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	6,905
 ESTIMATED FMS AGREEMENTS FY 1992:	 10,000
DEFENSE ARTICLES/SERVICES	10,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	4,143

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	26,259	44,286	34,169	n/a
PER CAPITA GDP**	1,299	2,136	1,607	n/a
TOTAL BUDGET	4,173	6,446	4,154	n/a
TOTAL DEBT	15,986	18,118	18,579	n/a
FMF DEBT	39	35	32	29
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	18%	13%	9%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY A/O 30 SEPT 90	104,422	41,355	145,777
FY 1991	12,914	6,692	19,606
FY 1992	3,878	1,283	5,161
FY 1993	2,934	963	3,897
FY 1994	2,934	677	3,611
FY 1995	2,934	416	3,350
FY 1996	1,952	185	2,137
FY 1997	1,067	56	1,123
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	133,035	51,627	184,662

PHILIPPINES

POLICY CONSIDERATIONS

A stable, prosperous and democratic Philippines, engaged in a close security relationship with the United States, contributes greatly to the peace and stability of Southeast Asia and to broad U.S. strategic interests. President Aquino is making slow but certain gains against the Communist New People's Army and against right-wing coup plotters, both of which have undermined stability, investor confidence and economic growth. U.S. support remains essential to the Philippine Government's efforts to counter the insurgency, consolidate democratic processes and institutions, promote economic development and generate international investment.

The proposed security assistance program is important to an agreement on new basing arrangements with the Philippines within the framework of the broader Philippine-American Cooperation Talks. U.S. military facilities at Clark Air Base and Subic Naval Base remain important to Philippine security and the stability of the Asia-Pacific region. The bases facilitate U.S. power projection and provide major logistic and training support for our forces in the western Pacific and the Indian Ocean. The Philippines fully supported and enforced the U.N. sanctions against Iraq and sent a government-sponsored 300-person volunteer medical team to support Operation Desert Storm. Government economic policies in recent years have slowly reduced poverty in many areas, developed the agricultural sector, expanded light industry and domestic trade, and addressed foreign debt issues.

PROGRAM DESCRIPTION

Objectives

- Support democracy in the face of an active Communist insurgency and destabilizing activities by right-wing elements
- Demonstrate U.S. reliability as a partner and ally of the Philippines
- Enhance AFP operational and maintenance capabilities to counter the Communist insurgency and right-wing rebels
- Accelerate improvement in AFP professionalism, including respect for the constitutional process and human rights
- Improve living conditions for rural Filipinos, most of whom live in poverty
- Promote free-market-based economic reforms to sustain private sector growth, investment, and expanded trade

Status

The FMF program provides critical assistance to the Armed Forces of the Philippines (AFP) in its efforts to check and reverse an entrenched Communist insurgency. Sustained FMF support significantly enhanced the AFP's counter-insurgency capabilities. The army continues to upgrade its mobility, tactical communications, and counter-insurgency training. The air force is increasing air mobility and further

improving maintenance so it can participate more actively in counter-insurgency operations. The navy has wide-ranging responsibilities for island patrol and anti-smuggling efforts in a nation of 7,000 islands. It has improved its logistic and transport capabilities, but requires extensive support for its continued development.

The ESF program supports reforms designed to reduce the economic deprivation on which the insurgency feeds. It focuses on agriculture and rural development projects which generate employment and sustain growth. This is especially important because of higher prices for imported oil and other heavy burdens imposed by the Gulf crisis on the Philippine economy. In addition, our assistance helps encourage assistance from Japan and other nations.

The IMET program encourages military professionalism, improves operational effectiveness, and promotes respect for human rights and the democratic process. This has increased public confidence and support for the AFP and reduced the potential for coup attempts.

FY 1992 REQUEST

The proposed FY 92 FMF program will help the AFP meet basic requirements. We will continue to require that contracts for materiel be on a government-to-government basis. This ensures JUSMAG participation in a "total package approach"—from planning to post-delivery inspections—directed at countering the insurgency. FMF helps avoid the purchase of costly commercial equipment that may be ill-suited to counter-insurgency efforts and difficult to maintain.

ESF will continue to support projects that promote rural and infrastructure development. It may also continue to be used for financing debt or debt service reduction programs.

IMET will enhance the AFP's tactical mobility (air and ground), tactical communications, troop care and logistic capabilities. IMET will provide professional military education (including military ethics), technical and management training.

PHILIPPINES
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	200,000
INTL MIL EDUCATION & TRNG PROG	2,800
ECONOMIC:	
ECONOMIC SUPPORT FUND	120,000
DEVELOPMENTAL ASSISTANCE	40,000
P.L. 480	33,428
PEACE CORPS	884
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 397,112
 STUDENTS TRAINED UNDER IMET	 364

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>140,395</u>	<u>200,000</u>	<u>200,000</u>
 TOTAL	 140,395	 200,000	 200,000
 ECONOMIC SUPPORT FUND	 124,020	 120,000	 120,000
 IMET	 2,589	 2,600	 2,800
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	118,535
DEFENSE ARTICLES/SERVICES	118,535
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	737
 ESTIMATED FMS AGREEMENTS FY 1991:	 130,000
DEFENSE ARTICLES/SERVICES	130,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	51,145
 ESTIMATED FMS AGREEMENTS FY 1992:	 150,000
DEFENSE ARTICLES/SERVICES	150,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	30,687

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	30,887	34,537	39,286	n/a
PER CAPITA GDP**	552	602	669	n/a
TOTAL BUDGET	4,060	5,290	5,997	7,644
TOTAL DEBT	28,330	30,052	29,448	n/a
FMF DEBT	228	222	224	224
PERCENTAGE OF FMF				
TO TOTAL DEBT	1%	1%	1%	0%
DEBT SERV RATIO	26%	31%	27%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	181,553	88,370	269,923
FY 1991	30,099	18,773	48,872
FY 1992	28,652	17,109	45,761
FY 1993	26,250	14,580	40,830
FY 1994	32,861	12,038	44,899
FY 1995	34,432	9,047	43,479
FY 1996	23,807	6,327	30,134
FY 1997	24,767	4,221	28,988
FY 1998	16,156	2,303	18,459
FY 1999	7,631	1,255	8,886
FY 2000	7,631	542	8,173
TOTAL	413,839	174,565	588,404

POLAND

POLICY CONSIDERATIONS

Poland made major progress in developing democratic processes and institutions in 1990, culminating in the November election of Lech Walesa as the country's first non-communist President since the 1930s. Poland took steps down the difficult road to a private sector, market economy, although much remains to be done. Higher oil prices brought on by the Gulf crisis and dislocations in the Soviet Union worsened Poland's economic situation. Poland supports U.N. sanctions against Iraq and sent a 200 person military hospital staff and a fully equipped hospital ship to Operation Desert Storm.

The United States has supported Poland's move to democracy since it began. President Bush proposed and Congress passed the SEED Act in 1989 to help the countries of East-Central Europe transition to democracy and market economies. The Polish-American Enterprise Fund is helping the latter effort.

In 1992, a carefully developed IMET program would support the continuing emergence of democracy in Poland by training Ministry of Defense civilians in democratic over-sight of the armed forces. IMET would contribute to the development of democratic institutions and political pluralism characterized by the establishment of non-partisan military, security and police forces. IMET would expose Polish participants to U.S. military professionalism, and democratic values of elected civilian government control of the military, and respect for individual human rights and the rule of law. IMET is timely in view of Poland's changing relationship with the Warsaw Pact, and growing Polish concern for security arrangements and confidence building practices in the broader European sense.

PROGRAM DESCRIPTION

Objectives

- Teach the skills necessary to civilian management and oversight of the military
- Establish friendships and channels of communication with the Polish Ministry of National Defense and military

Status

A small amount of IMET funds was allocated in FY 91 to develop a program for Poland to complement our economic aid.

FY 1992 REQUEST

The proposed IMET program would give defense management and technical training to MOD civilians and armed forces personnel.

PORTUGAL

POLICY CONSIDERATIONS

Portuguese willingness and ability to maintain its close military cooperation with the United States and permit broad access to their military facilities at Lajes Air Base in the Azores, are vital to U.S. global mobility for NATO and out-of-NATO-area activities. Continued U.S. access to Lajes—located in the eastern mid-Atlantic, 900 miles west of the Portuguese mainland—permits Allied control of strategic sea lanes vital to reinforcement of Europe and the Middle East in the event of war or crisis. Lajes's value as a transit point for non-NATO contingencies was demonstrated during Operations Desert Shield and Desert Storm when U.S. forces there conducted crucial refueling operations. Portugal immediately granted blanket permission to use Lajes as well as mainland overflight clearance for the operations. Portugal values its ties to the U.S. and routinely gives strong, public support to U.S. foreign policy initiatives.

In 1983, U.S. base rights at Lajes were extended until February 4, 1991. Portugal has made clear its desire for a continued U.S. military presence at Lajes. Negotiations on a new agreement began in January 1991 and may continue through much of the year. A one-year grace period has extended the validity of the current agreement until February 1992, and the U.S. retains access to Lajes after that 1992 date as long as negotiations continue. In 1988, Portugal requested "special consultations," under the terms of the 1983 base agreement, to discuss security assistance levels. The U.S. and Portugal successfully concluded these consultations in January 1989, agreeing on a military equipment package that will enhance Portugal's anti-submarine warfare and air defense capabilities. This package includes 20 F-16s and radars to be financed through a combination of FMS credits and equipment transfers under the Southern Region Amendment.

Portugal is gradually implementing a program to develop a leaner, more modern armed forces with emphasis on air and sea defense. This is reorienting the military away from their colonial war experience to a more modern force better able to fulfill NATO commitments and national defense requirements. Its emerging partnership with the U.S. will help Portugal to exercise a greater defense role in the eastern Atlantic, the "strategic triangle" between the mainland, Madeira and the Azores, which controls access to the western Mediterranean. Modernization will improve Portugal's tactical air support of maritime operations and establish a limited air defense capability based on one F-16 squadron. The program also will upgrade Portugal's Special Forces brigade into a quick reaction force able to reinforce the Azores and other NATO areas. Portugal is continuing economic restructuring and reforms begun in 1988 to privatize state-owned enterprises, encourage domestic investment, reduce inflation and cut the public sector deficit. In recent years, its market-oriented, mixed economy made a sustained recovery from a mid-1980s recession. Light industry and services are growing, but unemployment remains a problem.

PROGRAM DESCRIPTION

Objectives

- Support the P-3 and MEKO frigate ASW programs
- Support F-16 aircraft and an air defense package
- Upgrade the Special Forces Brigade

- Improve military and professional skills
- Promote Azorean economic development

Status

The FMF program provides essential support to the armed forces' efforts to acquire F-16 fighter and A-7 attack aircraft, sonars for ASW helicopters, Stinger missiles, upgrade P-3B ASW aircraft, mechanize the NATO-committed composite brigade, and support the U.S. content (weapons, propulsion and other equipment) of three MEKO ASW frigates.

The ESF program enhances Portugal's Atlantic orientation, promotes a positive attitude toward the U.S. in the Azores, and fosters U.S.-Portuguese commercial and cultural ties through the Luso-American Development Foundation.

FY 1992 REQUEST

The proposed FY 92 FMF program is consistent with our "best efforts" commitments made in the 1983 negotiations and in the special consultations concluded in January 1989. To do less would hinder Portugal's force modernization efforts and complicate negotiations for a new Lajes base agreement.

FMF will provide follow on support for existing F-16, MEKO frigate, P-3 and ASW and helicopter sonar programs. It also will provide mobility, communications, combat support, anti-armor equipment and program management. IMET will provide professional military education, technical, management and flight training.

ESF will support development programs in the Azores and increase the endowment of the Luso-American Development Foundation, which is well on the way to achieving its goal of a self-sustaining capitalization of \$150 million.

PORTUGAL
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	125,000
INTL MIL EDUCATION & TRNG PROG	2,850
ECONOMIC:	
ECONOMIC SUPPORT FUND	40,000
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 167,850
 STUDENTS TRAINED UNDER IMET	 62

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL GRANT	0	0	22,000
	<u>84,635</u>	<u>100,000</u>	<u>103,000</u>
TOTAL	84,635	100,000	125,000
ECONOMIC SUPPORT FUND	40,002	42,000	40,000
IMET	2,390	2,650	2,850
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			1,727

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	36,299
DEFENSE ARTICLES/SERVICES	36,299
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	4,475
 ESTIMATED FMS AGREEMENTS FY 1991:	 400,000
DEFENSE ARTICLES/SERVICES	400,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	55,524
 ESTIMATED FMS AGREEMENTS FY 1992:	 20,000
DEFENSE ARTICLES/SERVICES	20,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	33,314

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	29,534	36,755	40,764	n/a
PER CAPITA GDP**	2,893	3,586	3,916	n/a
TOTAL BUDGET	13,651	16,198	n/a	n/a
TOTAL DEBT	16,653	18,346	17,168	n/a
FMF DEBT	241	238	230	215
PERCENTAGE OF FMF TO TOTAL DEBT	1%	1%	1%	0%
DEBT SERV RATIO	31%	31%	25%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	47,501	66,156	113,657
FY 1991	21,233	15,856	37,089
FY 1992	23,466	14,129	37,595
FY 1993	23,633	12,307	35,940
FY 1994	23,799	10,373	34,172
FY 1995	19,140	8,723	27,863
FY 1996	13,716	7,429	21,145
FY 1997	7,949	6,553	14,502
FY 1998	7,949	5,992	13,941
FY 1999	3,483	5,512	8,995
FY 2000	3,483	5,114	8,597
TOTAL	195,352	158,144	353,496

QATAR

POLICY CONSIDERATIONS

Qatar, located on a sparsely populated peninsula in the Persian Gulf, is an important oil and natural gas producer with improving ties to the United States. Qatar joined the other members of the Gulf Cooperation Council (GCC) in opposing the Iraqi invasion and occupation of Kuwait. In August 1990, Qatar welcomed U.S. military deployments for Operation Desert Shield, and later accepted units from other friendly countries contributing to the multinational force. In October 1990, Qatar unilaterally canceled the debts of developing countries.

Qatar's traditional government is headed by the Amir according to the 1970 basic law. He normally consults with an Advisory Council of Notables on major decisions; citizens can petition for redress of grievances. A highly conservative society in which Islamic law prevails and human rights are restricted, Qatar has the highest ratio of foreign workers to citizens of the Gulf States. The economy is the least diversified in the Gulf, based on the state-owned oil industry, though privately-owned retail trade and services are modernizing. Qatar's resources provide extensive social services for its citizens and fund the small defense force.

PROGRAM DESCRIPTION

Objectives

- Support Qatar's participation in the international coalition opposing Iraqi aggression
- Strengthen military cooperation with U.S. armed forces
- Support military modernization programs to enhance Qatar's defense capabilities
- Encourage improved regional defense cooperation

Status

Qatar's small defense force participates in the GCC Peninsula Shield Force headquartered at King Khaled Military City in Saudi Arabia. Qatar's forces have a mixture of generally older West European equipment, which was not upgraded as much as that of the other Gulf states in recent years. Both forces and equipment need further improvement to become a more credible deterrent.

In August 1990, Qatar told us that it had disposed of the Stinger missile equipment which it had earlier obtained from an unknown source. Congress then repealed the ban on the sale of defense articles and services to Qatar; the provision was signed into law on November 5, 1990.

FY 1992 REQUEST

In FY 92 and beyond, Qatar and the U.S. will seek to build on the common experience of Operation Desert Storm and the improvement in our relationship. The Qataris have expressed a need to upgrade their air defense system with FMS cash or commercial purchases of U.S. equipment.

RWANDA

POLICY CONSIDERATIONS

Rwanda is a politically moderate African nation which has recently announced its intentions to move toward democratic pluralism. Rwanda is friendly to the United States, generally supporting U.S. views in international fora. The United States has encouraged Rwanda to allow greater popular participation in the political process and increase respect for basic human rights. The government continues to pursue liberal policies towards trade and investment, but the economy is dependent on a few agricultural commodity exports and limited food production.

The IMET program will be used to continue basic training for Rwandan officers and noncommissioned officers in U.S. military schools to increase their professional skills. IMET also exposes the trainees to U.S. democratic values.

PROGRAM DESCRIPTION

The proposed IMET program will allow four officers to attend professional development courses with emphasis on basic infantry and engineering skills.

SAO TOME AND PRINCIPE

POLICY CONSIDERATIONS

Since 1984, Sao Tome and Principe has taken steps to diversify its relationships away from Cuba and the USSR, free its economy from state-control, and move toward a multi-party political system. Multi-party presidential and legislative elections are scheduled to take place in 1991. The government has also sought closer ties with the West, including seeking assistance for its move toward democratic pluralism. Besides continuing a 1988 IMF/World Bank sponsored economic adjustment program, which included a devaluation of the currency, the government has turned over management of nationalized plantations to private companies.

Two U.S. Navy West Africa Training Cruise (WATC) ship visits in recent years, the signing of an IMET agreement, and accreditation of a nonresident U.S. Defense Attache all indicate Sao Tome's interest in cooperating with the United States. Continuing the IMET program will encourage present and future members of the government to carry on these initiatives. The IMET program helps the small armed forces to better patrol the country's fishing grounds, an important source of food and employment for this impoverished island state. IMET trainees also are exposed to the U.S. democratic system and U.S. civil-military relations.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military and technical training. Emphasis will be placed on coastal patrol and small boat maintenance.

SAUDI ARABIA

POLICY CONSIDERATION

Saudi Arabia is at the center of Operation Desert Storm and the international response to the Gulf crisis caused by Iraq's August 1990 invasion of Kuwait. With Iraqi forces massing on their border, the Saudis turned to the United States and others for help. The Saudi Arabian National Guard (SANG) rushed forces to the border in August, but it was obvious that the Saudi armed forces alone would be unable to prevent Iraq from invading and seizing Saudi and Gulf state assets. The Saudis welcomed U.S. forces in 1990. Now they are fighting alongside us to liberate Kuwait.

U.S.-Saudi military relations, which date to the 1940s, have been a pillar of U.S. policy to promote peace and stability in the Gulf region. Although Saudi defense expenditures since 1973 have risen along with its oil revenues, less than 20 percent of its approximately \$60 billion in FMS purchases were for weapons. Most purchases were for construction of infrastructure—bases, command and control facilities, maintenance, spare parts and training.

The ongoing Operation Desert Storm demonstrates the important mutual advantages of our longstanding defense relationship. U.S. and Saudi forces are jointly using U.S.-constructed bases, similar U.S. weaponry and U.S. training. The ability of U.S. and Saudi forces to operate together effectively contributes greatly to the success of the operation. Of all their defense forces, the Royal Saudi Air Force (RSAF) and the SANG have had the closest affiliation with us and have been the most combat ready and reliable during the current crisis. Saudi Arabia pledged more than \$5 billion in 1990 to support U.S. Operation Desert Shield deployment costs and to assist countries disadvantaged by sanctions compliance. Saudi Arabia announced another \$13.5 billion in assistance in January 1991. The Saudis have made it clear that they do not intend to be caught again in the vulnerable position in which they found themselves during August 1990. In coming years, they will modernize and strengthen their armed forces to increase their deterrent capability. The Saudis would prefer to do this in concert with the United States, but if this is not possible, they will seek other partners.

Saudi Arabia traditionally has promoted stability and political moderation in the Middle East. The Saudis actively worked for a settlement of the civil war in Lebanon and played a crucial role in achieving the withdrawal of Soviet forces from Afghanistan. For many years, Saudi Arabia has given large amounts of development and disaster aid to Islamic Asian and African countries. Saudi Arabia retains the traditional monarchy it has had since the country was unified in 1932. The King appoints all senior officials, and the royal family retains its traditional rights and responsibilities. The latter include listening to Saudi citizens express their concerns directly in frequent open door audiences and through petitions for redress of grievances. In November 1990, King Fahd authorized formation of national and regional consultative councils to advise on economic and social issues. Islamic law prevails in this very conservative society. The FMS program enhances our ability to engage the Saudis in a human rights dialogue. We do not associate Saudi armed forces with human rights violations.

Saudi Arabia alone possesses at least 25 percent of proven world oil reserves and over 65 percent of Persian Gulf reserves. In the last two decades, the Saudis used their wealth to diversify the economy, which is largely privately owned. A middle class of technocrats and businessmen has developed, accompanied by rapid urbanization with millions of foreign workers doing most unskilled and many skilled jobs. Saudi Arabia provides an extensive array of social services, housing and education for its citizens.

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 less accessible 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-Kuwait invasion crisis period

Status

After Iraq's invasion of Kuwait, the United States quickly sold Saudi Arabia a package that included F-15 aircraft, M60 tanks, depleted uranium tank ammunition and Stinger missiles. A larger, follow-on package was divided in two parts: phase I completed the Congressional notification process in late October 1990; notification of phase II has been delayed until the current crisis is resolved. Phase I included M1 tanks and other armored vehicles, Apache helicopters, TOW II and Patriot missiles and launchers, Multiple Launch Rocket Systems (MLRS), UH-60 Medical Evacuation helicopters and about 10,000 trucks. The composition of the phase II package remains to be determined.

Earlier in 1990, the Saudis purchased a package of 315 M1A2 tanks and the Congress approved the sale of 1,117 Light Armored Vehicles (LAVs) for the SANG through FMS. In recent years, Saudi Arabia purchased a large variety of U.S. equipment including HAWK, Redeye and Stinger air defense missiles, M60 tanks, F-5 and F-15 fighters, RF-5E reconnaissance aircraft, E-3A AWACs, KE-3 tankers, and C-130 transport aircraft.

FY 1992 REQUEST

The proposed FY 92 security assistance program consists entirely of FMS and commercial sales on a cash basis. Saudi purchases, even for new systems, build on past programs.

SENEGAL

POLICY CONSIDERATIONS

Senegal continues its moderate foreign policy, with an influence in international fora disproportionate to its population or resource base. The security assistance program supports this pluralist, pro-Western democracy by encouraging the preservation of the strictly military role of the Senegalese armed forces and greater respect for human rights.

Senegal played an important role in supporting the U.S. naval force deployed to Liberia in mid-1990, welcoming U.S. ships and aircraft visits on short notice. Also in 1990, Senegal sent an infantry battalion to the multinational force deployed in defense of Saudi Arabia. Senegal has for years provided a space shuttle emergency landing site, a staging area for Chad airlifts, and a stopover point for supply, surveillance and research operations.

PROGRAM DESCRIPTION

Objectives

- Ensure continued access to port and airfield facilities
- Maintain pro-U.S. orientation of armed forces
- Promote economic recovery and market-oriented development

Status

The Senegalese armed forces include a well-trained army, a small navy that concentrates on defense of territorial waters and control of the offshore economic zone, as well as an air force that concentrates on transport, reconnaissance and ground support. FMF provides basic military needs, such as troop clothing, equipment, and motor transport. ESF provides critical support to Senegal's economic reform program, which is designed to promote domestic stability by supporting employment generating development. IMET exposes Senegalese students to U.S. values of democracy, human rights, and civilian government control of the military.

FY 1992 REQUEST

The proposed FY 92 ESF program will support continued economic reform. FMF would support previously supplied U.S. equipment and provide some new basic troop equipment. IMET will provide professional military education and technical training to approximately 25 personnel.

SENEGAL
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	1,000
INTL MIL EDUCATION & TRNG PROG	525
ECONOMIC:	
ECONOMIC SUPPORT FUND	3,000
DEVELOPMENTAL ASSISTANCE	20,000
P.L. 480	8,200
PEACE CORPS	2,542
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 35,267
 STUDENTS TRAINED UNDER IMET	 31

SECURITY ASSISTANCE RESOURCES

	ACTUAL	ESTIMATED	PROPOSED
	FY 1990	FY 1991	FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>1,853</u>	<u>0</u>	<u>1,000</u>
 TOTAL	 1,853	 0	 1,000
ECONOMIC SUPPORT			
FUND	0	1,000	3,000
 IMET	 529	 525	 525
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	202
DEFENSE ARTICLES/SERVICES	103
CONSTRUCTION/DESIGN	99
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	4
 ESTIMATED FMS AGREEMENTS FY 1991:	 1,000
DEFENSE ARTICLES/SERVICES	1,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	63
 ESTIMATED FMS AGREEMENTS FY 1992:	 800
DEFENSE ARTICLES/SERVICES	800
EST VALUE OF COMMERCIAL EXP DELIVERIES	38

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	3,737	4,598	4,979	n/a
PER CAPITA GDP**	565	677	700	n/a
TOTAL BUDGET	635	772	819	777
TOTAL DEBT	3,005	3,711	3,617	n/a
FMF DEBT	9	9	8	8
PERCENTAGE OF FMF				
TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	16%	19%	19%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	2,803	5,238	8,041
FY 1991	1,629	857	2,486
FY 1992	943	653	1,596
FY 1993	760	581	1,341
FY 1994	645	523	1,168
FY 1995	412	473	885
FY 1996	412	441	853
FY 1997	254	403	657
FY 1998	97	388	485
FY 1999	97	380	477
FY 2000	97	372	469
TOTAL	8,149	10,309	18,458

SEYCHELLES

POLICY CONSIDERATIONS

Seychelles is important to the United States because it continues to permit unhindered operation of the U.S. Air Force tracking station on Mahe Island. The station has played an important role in U.S. national security for twenty-seven years. Victoria port welcomes visits by our naval ships as part of our security strategy in the Indian Ocean.

Although Seychelles is a socialist one-party state, its enforcement of economic policies has been pragmatic, and it has a mixed economy. We want to continue to encourage the Seychellois to move toward a greater reliance on market forces, private initiative, democratic pluralism, and increased respect for human rights.

PROGRAM DESCRIPTION

Objectives

- Preserve continued operation of the USAF tracking station
- Strengthen Seychelles Government links to the West
- Assist infrastructure development and private enterprise oriented economic reforms
- Encourage greater popular participation in the political process and greater respect for human rights

Status

The ESF program supplements the lease agreement with the Defense Department for the tracking station and supplies hard currency for petroleum imports essential for the local economy. Local currency derived from this program is used for infrastructure development. Projects have included the upgrading of roads and water systems on less-developed islands. IMET trainees are exposed to the U.S. democratic system where they observe civil-military relations at work.

FY 1992 REQUEST

The proposed FY 92 ESF program would continue to be used for petroleum imports and to generate local currency for modest development projects. IMET would provide professional military education, management and technical training with emphasis on developing a cadre of professional officers.

SEYCHELLES
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	0
JNTL MIL EDUCATION & TRNG PROG	100
ECONOMIC:	
ECONOMIC SUPPORT FUND	3,300
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	351
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 3,751
 STUDENTS TRAINED UNDER IMET	 14

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>65</u>	<u>0</u>	<u>0</u>
 TOTAL	 65	 0	 0
 ECONOMIC SUPPORT FUND	 1,991	 3,300	 3,300
 IMET	 23	 100	 100
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	225
DEFENSE ARTICLES/SERVICES	225
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	0
 ESTIMATED FMS AGREEMENTS FY 1991:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	0
 ESTIMATED FMS AGREEMENTS FY 1992:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	0

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	200	236	266	n/a
PER CAPITA GDP**	2,864	3,375	3,797	n/a
TOTAL BUDGET	n/a	n/a	n/a	n/a
TOTAL DEBT	139	161	159	n/a
FHF DEBT	0	0	0	0
PERCENTAGE OF FHF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	7%	6%	7%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FHF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

SIERRA LEONE

POLICY CONSIDERATIONS

Sierra Leone has supported United States views in the region and in various international fora. Moreover, the government facilitated U.S. naval operations off the Liberian coast during the 1990 civil war in that country. Public discussion of political pluralism and constitutional reform is ongoing in Sierra Leone. The military acts as a stabilizing influence in an environment marked by widespread economic hardship and dislocations caused by the civil war in neighboring Liberia.

The IMET program promotes military professionalism and enhances the small navy's ability to protect the country's economically important fishing resources. IMET also serves to familiarize future Sierra Leonean military leaders with U.S. society and democratic institutions, and the role of the military in a pluralistic political system.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education and technical training with emphasis on seamanship skills to support coastal security missions.

SINGAPORE

POLICY CONSIDERATIONS

Singapore is a staunch supporter of the United States presence in Asia and of our policies in the region. Singapore's location at the crossroads of major shipping and air routes gives it great importance to U.S. global interests. In November 1990, the United States and Singapore signed a Memorandum of Understanding to enhance access to the island's airfields and port facilities by U.S. military aircraft and ships. This is a vital contribution to the effectiveness of our military commitments in Southeast Asia and the Indian Ocean. We will not pay rent or make reimbursement for improvements to the facilities we use.

Singapore has a stable parliamentary government. Its vibrant free-market economy has raised its people's living standards. Singapore welcomes U.S. investment and trade. The country passed a milestone in November 1990 when Lee Kuan Yew retired after serving as Prime Minister since 1959. A fellow People's Action Party member, his deputy Goh Chok Tong, succeeded him. Singapore strongly supports U.N. resolutions on the crisis in the Persian Gulf, enforced sanctions against Iraq, and provided some assistance to refugees in Jordan.

Singapore values highly the professional military training obtained through the IMET program, and desires its continued availability. By providing such training, the U.S. maintains continued contact with Singapore's military officers, helping to ensure that U.S. interests in the region are understood.

PROGRAM DESCRIPTION

Objectives

- Enhance the capability of Singapore's armed forces to deter external threats and protect vital regional sea lanes
- Support recent upgrades of major weapons systems

Status

FMS sales helped Singapore obtain U.S., rather than European, high-tech weapons such as F-16 fighter aircraft, E-2C airborne warning and control aircraft, and Harpoon and I-Hawk missiles. IMET exposes students to U.S. traditions of democracy, human rights and civilian control of the military.

FY 1992 REQUEST

The proposed IMET program will provide professional military education and technical training to increase military professionalism, enhance interoperability with the U.S., and sustain technical capabilities to support U.S. equipment.

SOLOMON ISLANDS

POLICY CONSIDERATIONS

The Solomon Islands is a parliamentary democracy with a constitution adopted at independence in 1978 under which it has held three national elections. The country, situated in the southwestern Pacific, has a pro-Western foreign policy and plays an influential role in regional affairs.

The Solomon Islands are rich in undeveloped mineral natural resources. The private sector economy is based on subsistence farming, fishing, forestry, and local trade. The country is still suffering from a long-term decline of the copra and fishing industries, growing foreign debt, and rapid population increase. The United States, U.K., Australia and other countries provide essential aid for a variety of development projects.

The IMET program complements other assistance to a friendly democratic nation which supports a U.S. presence in the region and accepts U.S. naval ship visits. The country's British-model national Police Force is responsible for defense issues and has important search and rescue, rural patrol, and riot and hostage responsibilities. The government and police share our armed services' view that the program has been a success in training present and future leaders in a range of technical and management skills. Recent IMET graduates are having a significant impact in this small island nation in such diverse areas as disaster preparedness and fire-fighting capability.

PROGRAM DESCRIPTION

The proposed IMET program would continue to provide leadership, logistics and management training.

SOMALIA

POLICY CONSIDERATIONS

Somalia's location along the Horn of Africa makes it important to the United States. Prior to the civil war, ended by a January 1991 coup, we urged the Siad Barre government to improve human rights, undertake political reform and promote national reconciliation. We made it clear that the government must demonstrate real progress in these areas before we could resume the security assistance program.

Despite the adverse impact of the civil war and coup on U.S.-Somali relations, our interests in the region remain the same. The new Somali government has expressed an interest in resuming bilateral relations, and may be willing to undertake several democratic reforms which we support.

If relations can be resumed, the proposed IMET program would again bring up-and-coming Somali officers to the United States for training to improve their professionalism and military skills. It would also expose them to U.S. values of democracy, human rights and civilian government control of the military.

PROGRAM DESCRIPTION

If an IMET program can be resumed, it would provide English language training in the U.S. to prepare for follow-on courses stressing basic technical skills and professional military education for officers at all grade levels.

SOUTH PACIFIC TUNA TREATY

POLICY CONSIDERATIONS

Frustration with United States tuna policy in the 1980's threatened vital U.S. security interests in the region, and prompted island states to look at issues such as ship access and support for U.S. positions in international fora as a means of expressing their discontent with the U.S. position. The 1987 Regional Fisheries Treaty successfully removed this major irritant in our relations with the sixteen island nations of the South Pacific Forum. We enjoy friendly relations with all of the countries of the region, as demonstrated during the President's successful Summit with Pacific Island leaders in Hawaii in October 1990

The treaty provides access for the U.S. tuna fleet to the region's fisheries and lays the foundation for a long-term positive fisheries relationship. This promotes economic and environmental cooperation on issues such as drift-net fishing and fisheries resources management. The ESF program developed in conjunction with the Treaty supports the participating island nations' efforts to improve regional self-sufficiency and reduce their long-term dependence on foreign aid. Increasing government reliance on market-led growth, and increasing private sector income from agro-marine development are key objectives in the region.

PROGRAM DESCRIPTION

Objectives

- Promote private sector, market-oriented economic development
- Maintain U.S. presence, influence, and access

Status

Full funding of the ESF program is a prerequisite for the issuance of licenses to U.S. tuna vessels under the Treaty, which, if abrogated, would not only affect U.S. access to fishing grounds but would also strain U.S. relations and jeopardize U.S. strategic interests in the region. The Treaty improved U.S.- Pacific island nation relations. It continues to reduce the island governments' tendency to view relations with us mainly in the context of their past dissatisfaction over U.S. tuna policy.

FY 1992 REQUEST

The proposed FY 92 ESF program will be the fifth and final year under the current treaty. The reauthorization of the Magnuson Fisheries Conservation and Management Act, signed into law on November 29, 1990, sets forth the intent of Congress that the treaty be extended an additional 10 years.

SPAIN

POLICY CONSIDERATIONS

Spain hosts a substantial U.S. Navy and Air Force presence at the crossroads of the Atlantic and the Mediterranean, an area vital to Alliance defense. A vibrant parliamentary democracy, Spain has made great progress in modernizing its mixed economy since joining the EC in 1986. Spain gave major help to combatting Iraq's invasion of Kuwait by granting overflight and landing clearances to U.S. forces deploying to the Gulf. Spain sent one frigate and two corvettes to the multinational force in the Persian Gulf and is contributing to the European Community's \$2 billion exceptional aid programs for Turkey, Egypt and Jordan.

The 1989 U.S.-Spain defense agreement, which runs until 1997, promotes mutually beneficial bilateral defense relations based on Spain's political and economic progress and growing role in NATO. Spanish defense policy is rapidly adjusting to its evolving role in Europe. Weapons systems modernization and force restructuring will continue in the mid-1990s to improve its support for NATO and regional defense. FMS cash and commercial sales of U.S. defense equipment and services and the IMET program promote a more comprehensive, viable, mature defense relationship. They also promote receptivity and responsiveness to U.S. foreign policy and defense concerns. IMET promotes information exchange essential to the U.S.'s adjustment to Europe's changing security environment.

PROGRAM DESCRIPTION

Objectives

- Ensure a cooperative bilateral defense relationship adapted to the new strategic equation in Europe
- Contribute to military professionalism essential to vitality of Spain's democratic government

Status

The IMET program supports Spain's defense modernization with training in the most efficient use and maintenance of U.S. origin defense systems. IMET also exposes the Spanish military to modern American life and U.S. traditions of democracy, human rights, and civilian government control of the military.

FY 1992 REQUEST

The proposed IMET program would provide professional military education, management, pilot and technical training. Spain is expected to purchase spare parts for its F-5 and C-130 aircraft, communications and other equipment.

SRI LANKA

POLICY CONSIDERATIONS

Sri Lanka is a constitutional, multi-party democracy that achieved considerable economic development until the late 1970s. In the 1980s, increasing ethnic strife between the majority Sinhalese and minority Tamils culminated in a violent Tamil separatist movement in the northeast. Later, a Maoist-oriented Sinhalese youth group in the southeast began terrorist attacks against the government and the general public. To deal with the insurgencies, India sent about 50,000 troops to Sri Lanka beginning in 1984, and Sri Lanka greatly expanded its army and police. In July 1987, India and Sri Lanka concluded a peace accord to end the Tamil conflict. India began a troop withdrawal in 1988 which was completed in 1990. Although the government defeated the violent Maoist insurgency in the south in 1989, hostilities erupted again between government and Tamil insurgents in June 1990. However, Sri Lanka held generally free and fair elections for president in December 1988 and for parliament in February 1989.

Sri Lanka's economy remains based on sugar, rubber, tea and other crops, textiles, and light industry, all of which have been hurt seriously by the insurgencies. We have encouraged Sri Lanka to promote private sector oriented economic growth to provide employment for both ethnic groups. Sri Lanka strictly complied with U.N. sanctions against Iraq, although Iraq was a major market for Sri Lankan agricultural products. Higher oil prices and the loss of remittances from Sri Lankan workers in Iraq and Kuwait will further hurt the country's economy. In December 1990, the U.N. and the World Bank acknowledged the country's special economic hardship.

The United States and Sri Lanka have enjoyed cordial relations for many years. The U.S. continues to support Sri Lanka's unity and territorial integrity, while urging all parties to the ethnic strife to pay greater respect to human rights and humanitarian concerns. The IMET program is designed to help Sri Lanka build a more effective and disciplined armed forces as it struggles with insurgents. IMET also fosters greater respect for civilian control of the military, and exposes the students to U.S. traditions of democratic pluralism and respect for minority rights.

PROGRAM DESCRIPTION

The proposed IMET program will provide professional military education, management and technical training for 17 officers. Emphasis will be on staff, advanced military and professional courses. There is also provision for a small language laboratory for in-country training of IMET students.

SUDAN

POLICY CONSIDERATIONS

The Sudanese military traditionally has favored a moderate and pro-Western Sudan. However, human rights abuses by the current military regime have been the cause of repeated expressions of concern by the United States. We suspended all military aid in 1989 because of our concerns with government actions associated with the civil war.

Military assistance is currently prohibited by Section 513 of the Foreign Operations Appropriations Act of 1990, which forbids such assistance when the military overthrows a democratically-elected government. The current government, while professing neutrality in the Gulf war, is demonstrably pro-Iraq and increasingly critical of the U.S. role in the Middle East.

Sudanese government intransigence on the eight year civil war and its unwillingness to address an impending famine which could place as many as nine million Sudanese at the risk of starvation have pushed U.S.-Sudanese relations to their lowest point since the rupture of relations in 1967. Anti-Israeli sentiment and increasing Islamic fundamentalism, including the implementation of Sharia law, also preclude a quick resumption of military aid. In default on debts owed to the U.S., Sudan is now subject to Brooke Amendment restrictions on aid.

The IMET program would only be resumed if Sudan is able to meet conditions allowing the waiver of Section 513. These conditions require improvements in the internal situation, including respect for human rights, cooperation with the United States and other donor governments to alleviate famine and to move toward a resolution of the civil war.

PROGRAM DESCRIPTION

If Sudan is able to meet the requirements for the lifting of Section 513 and Brooke restrictions, the IMET program would provide professional military education to a broad segment of the Sudanese officer corps, preserving U.S. influence within this crucial elite.

SWAZILAND

POLICY CONSIDERATIONS

Since its independence from the British in 1968, Swaziland has enjoyed good relations with the United States. It has supported U.S. efforts toward the peaceful resolution of conflicts in southern Africa. The country's free market economy is dependent on subsistence agriculture and the exports of largely foreign-owned firms.

Our security assistance relationship serves as a symbol to both friends and potential adversaries of continued U.S. willingness to play an active and constructive role in southern Africa. The IMET program encourages the Swazi government to allow greater participation in the political process and increase respect for basic human rights. The military answers to civilian authorities.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education and technical training. Emphasis will continue to be placed on building a core of professional junior and middle grade officers who will benefit from exposure to U.S. democratic systems and civil-military relations at work.

SWEDEN

POLICY CONSIDERATIONS

Sweden follows a policy of armed neutrality. The United States maintains an active dialogue with Sweden that aims to preserve a militarily strong, Western-oriented nation and gain support for bilateral and global U.S. objectives. Our relationship is becoming increasingly important as the Nordic region takes on greater importance in overall European security. Sweden plays an important role in U.N. peacekeeping efforts, maintains an infantry battalion and medical team in Lebanon, and contributed armed police to serve in the 1990 Namibia peacekeeping operation. In 1990, Sweden gave economic aid to help Turkey, Egypt and other front-line countries cope with the dislocations caused by Iraq's invasion of Kuwait.

Swedish public opinion and political leaders have begun to debate how Sweden's traditional neutrality policy should be applied in today's greatly altered East-West climate, including possible EC membership. Sweden's long-term defense goals and force structure are under review in light of the dramatic changes in the European security environment. Domestic economic pressures also have increased the importance of U.S. ties for Sweden's defense industrial base.

PROGRAM DESCRIPTION

Objectives

- Preserve an independent, militarily strong Sweden which can contribute to security on NATO's northern flank while remaining outside the Alliance structure
- Maintain contact with Swedish military leaders and close rapport with a broad cross-section of the Swedish military
- Facilitate equipment purchases and training to maintain and improve the military's credibility as an anti-invasion force

Status

The Swedish-U.S. security assistance relationship consists of FMS cash and commercial sales of missiles, anti-tank weapons, coast defense weapons, spares and aircraft technology.

FY 1992 REQUEST

Possible acquisitions during the next few years include further technical assistance for the JAS-39 Gripen aircraft and technical data on various weapons systems. The Swedes may also request components and technology for electronic countermeasures and electronic counter-countermeasures.

SWITZERLAND

POLICY CONSIDERATIONS

Switzerland protects its traditional neutrality with a high degree of military self-sufficiency and a strong, credible defense force. United States policy is to enhance Swiss defense capabilities, thereby promoting stability in Central Europe. Switzerland uses its economic strength to exert a constructive Western influence in international affairs. While remaining neutral, the Swiss in 1990 joined the international embargo against Iraq and committed to providing \$110 million in economic aid to the front-line countries affected by Iraq's invasion of Kuwait.

The U.S. and Switzerland enjoy a longstanding, cooperative military assistance relationship. In recent years, the Swiss intensified their collaboration with us, especially in technical areas. The Swiss government is reviewing whether and how to proceed with the acquisition of a new fighter aircraft in light of the sweeping changes in East-West relations. It is considering purchasing state-of-the-art missiles and electronic warfare systems. U.S. sales of modern defense articles and services enhance the effectiveness and sustainability of Switzerland's highly motivated and capable armed forces.

PROGRAM DESCRIPTION

Objectives

- Assist Switzerland to acquire modern conventional weapons
- Support F/A-18 fighter and air-to-air missiles 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 co-produced TOW II and Dragon missiles. It is modernizing its U.S.-designed howitzers, purchasing additional howitzers, as well as co-producing Stinger missiles. When the time comes (perhaps in 1992), government approval to purchase the F/A-18 would represent a transaction of up to \$2 billion in aircraft, extra engines and other sustainability items into the late 1990s.

FY 1992 REQUEST

The proposed FY 92 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. Since 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. Because Taiwan has a favorable balance of payments, budget allocations for the purchase of U.S. equipment will not hinder economic growth.

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.

FY 1992 REQUEST

In FY 92, Taiwan may acquire a variety of equipment 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.

TANZANIA

POLICY CONSIDERATIONS

Tanzania is important to stability in eastern and southern Africa as a prominent front line state. The government continues to address longstanding problems with its primarily agricultural economy, in collaboration with the IMF and the World Bank. Under President Ali Hassan Mwinyi, Tanzania is adopting a less strident and doctrinaire stance. The economic reforms begun in 1986 increased payments to farmers, began repairs to the infrastructure, and increased production overall. Nevertheless, the country remains very poor, with one of the world's highest population growth rates. In 1990, the single party political system was widely criticized and debated. The government recently undertook a review of its policies, a step which may lead to pluralism and democracy in the not too distant future.

The IMET program supports U.S. interests by fostering an appreciation of Western values among Tanzania's military leadership through exposure to U.S. civil-military relations and the democratic system. Continued assistance would encourage Tanzania on the path toward political pluralism and genuine non-alignment. The armed forces traditionally have not caused human rights abuses.

PROGRAM DESCRIPTION

The proposed IMET program would provide professional military education with emphasis on command, staff and advanced officer training.

THAILAND

POLICY CONSIDERATIONS

Thailand, a treaty ally, remains the cornerstone of stability in Southeast Asia, which is crucial to U.S. interests in the region. Thai-U.S. military cooperation includes exercises and logistics programs, intelligence exchange, and Thai support for U.S. military forces' access to Thai facilities. While withdrawal of Vietnamese military forces from Cambodia reduced the primary perceived threat to Thai security, a settlement in Cambodia has not been achieved and regional instability remains. The security assistance program serves our interests by supporting Thailand's efforts to modernize its armed forces, enhance its defense capabilities, and protect refugees and displaced persons along its extensive borders with Cambodia and Laos. Since 1975, Thailand has provided first asylum to over a million people fleeing the Indo-Chinese states. A middle-income developing country with a prosperous free-enterprise economy, Thailand's citizens enjoy a wide range of civil and political liberties.

On February 23, 1991, the Thai armed forces staged a bloodless coup and overthrew the elected civilian government. We immediately suspended the security assistance program and urged the return to constitutional rule.

PROGRAM DESCRIPTION

Objectives

- Ensure the continued stability, independence and territorial integrity of Thailand
- Maintain bilateral security cooperation, including U.S. access to Thai airfields and ports for U.S. military forces
- Encourage improved Thai counter-narcotics efforts
- Support Thailand's provision of first asylum to and humane treatment of refugees and displaced persons
- Enhance logistics interoperability between U.S. and Thai forces

Status

The FMF program helped the Royal Thai Armed Forces to defend against internal and external aggression, and support rural development. Recent FMF levels were insufficient to support Thai purchases of new U.S.-equipment. FMF facilitated purchases of spare and repair parts for existing equipment. The Thai appreciate the quality of U.S. military equipment and generally prefer to purchase from U.S. sources. However, foreign assistance and equipment pricing are important elements in purchase decisions. The ESF program supports the Royal Thai Army's Affected Thai Villages Program (ATV) of direct assistance to border villages adversely affected by the presence of over 300,000 refugees and displaced persons.

FY 1992 REQUEST

We are hopeful that the Thai armed forces and political leaders will resolve the situation soon, and the country can return to elected civilian government. In the meantime, the FY 92 ESF program for the Affected Thai Villages must be held in abeyance. When IMET can be resumed, it will provide professional military education and training. Thailand will continue FMS and commercial purchases of spare parts for U.S. equipment.

THAILAND
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	0
INTL MIL EDUCATION & TRNG PROG	2,500
ECONOMIC:	
ECONOMIC SUPPORT FUND	2,500
DEVELOPMENTAL ASSISTANCE	12,300
P.L. 480	0
PEACE CORPS	3,583
INTERNATIONAL NARCOTICS CNTRL	<u>5,000</u>
 TOTAL FOREIGN ASSISTANCE	 25,883
 STUDENTS TRAINED UNDER IMET	 340

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>3,038</u>	<u>0</u>	<u>0</u>
 TOTAL	 3,038	 0	 0
 ECONOMIC SUPPORT			
FUND	2,539	2,500	2,500
IMET	2,629	2,400	2,500
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	170,463
DEFENSE ARTICLES/SERVICES	170,463
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	13,864
 ESTIMATED FMS AGREEMENTS FY 1991:	 50,000
DEFENSE ARTICLES/SERVICES	50,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	223,759
 ESTIMATED FMS AGREEMENTS FY 1992:	 60,000
DEFENSE ARTICLES/SERVICES	60,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	134,255

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	41,756	48,016	58,135	n/a
PER CAPITA GDP**	793	896	1,066	n/a
TOTAL BUDGET	8,428	8,836	9,357	n/a
TOTAL DEBT	18,554	20,707	20,530	n/a
FMF DEBT	498	478	364	259
PERCENTAGE OF FMF				
TO TOTAL DEBT	3%	2%	2%	0%
DEBT SERV RATIO	25%	18%	19%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	505,733	232,582	738,315
FY 1991	8,076	10,493	18,569
FY 1992	11,408	9,968	21,376
FY 1993	19,190	9,032	28,222
FY 1994	20,757	7,665	28,422
FY 1995	20,757	6,260	27,017
FY 1996	16,857	4,940	21,797
FY 1997	10,290	3,980	14,270
FY 1998	10,290	3,414	13,704
FY 1999	5,199	2,934	8,133
FY 2000	5,199	2,625	7,824
TOTAL	633,756	293,893	927,649

TOGO

POLICY CONSIDERATIONS

Togo is a moderate, pro-Western country with a positive record of support for United States positions in international fora. The government has played a constructive role in promoting peace and stability in West Africa. Togo also has stayed within its World Bank-supported structural adjustment program to promote growth and investment in an economy dependent upon cocoa, cotton, some phosphate mining, subsistence agriculture and coastal trade.

Specialized and advanced military training in the U.S. complements what is primarily a French training program. The IMET program enables the government to diversify its relations and gain a different perspective. It also enables the military to gain first hand exposure to democratic values and civil-military relations.

PROGRAM DESCRIPTION

The IMET program will include training in infantry and airborne techniques and English language skills. It will also allow for medical training, which should assist the Togolese military in upgrading the quality of medical services provided to its personnel.

TONGA

POLICY CONSIDERATIONS

Tonga, a constitutional monarchy which respects human rights, is one of our most steadfast friends in the South Pacific. Tonga actively supports a United States presence in the region and welcomes U.S. ship visits.

Our IMET program allows us to provide needed assistance to a reliable, friendly nation whose economy is dependent on agriculture and fishing, tourism and remittances from workers abroad. IMET is designed to enhance the military and professional skills of Defense Force personnel at both the officer and enlisted levels. It also exposes Defense Force members to the democratic values of our military and to modern American society. Tonga has been declared eligible to procure U.S. defense articles, and to receive excess defense equipment (EDA) through the FMS system, using national funds.

PROGRAM DESCRIPTION

The proposed IMET program will provide professional military education and technical training for officers and enlisted personnel. Courses of instruction are expected to include basic Marine Corps and engineer officer courses, U.S. Naval Staff College, watercraft engineer and data systems training, all important to the people living on this country's widely scattered islands.

TRINIDAD AND TOBAGO

POLICY CONSIDERATIONS

Trinidad and Tobago (T&T) has maintained the good relations with the United States that developed after the National Alliance for Reconstruction (NAR) won the 1986 election. Since T&T was considered a regional model of well-functioning democratic rule, Trinidadians and the Caribbean were stunned in July 1990, when a small band of heavily armed Muslim extremists stormed the television station and parliament building, taking the Prime Minister, several ministers and others hostage. The crisis ended five days later with the hostages' release and the hostage-takers' surrender, but not before the PM and others were beaten and wounded. During the crisis, spontaneous looting paralyzed the capital and resulted in an estimated \$47 million in damages and lost property. The crisis focused attention on the police and defense forces' lack of transportation and communications equipment.

The T&T Government is keenly interested in improving narcotics interdiction. Only seven miles from South America, with regular sea and air links to the United States and Europe, Trinidad and Tobago could play a key role in Caribbean basin counter-narcotics operations. The government also has worked to enhance military cooperation between its Defense Force (TTDF) and the Eastern Caribbean's Regional Security System (RSS). The T&T Coast Guard is the principal regional maritime force conducting extensive narcotics interdiction.

The FMF program helps to upgrade the Defense Force's transportation and communications equipment, improve its narcotics interdiction capability, and enhance TTDF ability to protect the country's democratic institutions and natural resources. FMF also supports the Coast Guard's small patrol boats and a few light aircraft, which actively patrol the coast and interdict vessels from South America. The IMET program provides technical training required for enhanced interdiction operations, and maintains a close relationship with the future leaders of the TTDF.

PROGRAM DESCRIPTION

Objectives

- Upgrade TTDF capability to protect democratic institutions
- Expand cooperation in the war on drugs
- Enhance already good relations with a strategically important Caribbean country
- Provide spare parts and maintenance for essential TTDF and Coast Guard equipment

Status

Despite a decade-long recession which forced it to adopt austerity measures to secure an IMF standby loan, T&T was again subject to "high income" restrictions on IMET funds in FY 90. Due to limited funds to pay per diem and transportation costs for the IMET program, T&T was unable to take advantage of much of the proposed training. We continue to recommend that T&T be removed from the "high income" list. Given the shock of the coup attempt, we believe the government will focus new attention

on improving the capability and professionalism of the Defense Force and Coast Guard. These services will also continue to be actively engaged in the war on drugs.

FY 1992 REQUEST

The proposed FY 92 FMF program would help fund operation and maintenance of the equipment of the Defense Force and Coast Guard, including drug interdiction equipment. IMET will provide professional military education and technical training, including specialized counter-narcotics programs.

TRINIDAD & TOBAGO

DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	500
INTL MIL EDUCATION & TRNG PROG	95
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 595
 STUDENTS TRAINED UNDER IMET	 9

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>650</u>	<u>250</u>	<u>500</u>
 TOTAL	 650	 250	 500
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 43	 95	 95
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	100
DEFENSE ARTICLES/SERVICES	100
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	23
 ESTIMATED FMS AGREEMENTS FY 1991:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	494
 ESTIMATED FMS AGREEMENTS FY 1992:	 0
DEFENSE ARTICLES/SERVICES	0
EST VALUE OF COMMERCIAL EXP DELIVERIES	296

ECONOMIC DATA DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	4,789	7,734	7,943	n/a
PER CAPITA GDP**	3,991	3,712	n/a	n/a
TOTAL BUDGET	1,819	1,719	1,545	n/a
TOTAL DEBT	1,858	1,805	1,717	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	18%	24%	10%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

TUNISIA

POLICY CONSIDERATIONS

The United States and Tunisia traditionally enjoyed close relations. Historically a voice of moderation in the Arab world, Tunisia has supported peace with Israel and hosted the U.S.-PLO dialogue until its June 1990 suspension. However, when Tunisia did not provide diplomatic, military or economic support for Operation Desert Storm, we eliminated FY 91 FMF for Tunisia and drastically reduced ESF in order to increase aid to countries opposing Iraqi aggression. Tunisia allows the Sixth Fleet to use its naval facilities, and supports our joint military exercises and consultations. Tunisia continues to view Libya as its principal threat.

The United States supports Tunisia's ongoing program of political and economic liberalization. President Ben Ali has pledged to increase political pluralism in the face of a challenge by Tunisia's indigenous Islamic movement. Despite a severe drought in 1990, Tunisia adhered to the targets of its IMF-supported structural adjustment program and made substantial progress toward a market-based, export-oriented economy.

PROGRAM DESCRIPTION

Objectives

- Encourage continued democratization, moderation in foreign policy and support for U.S. policies in the Gulf
- Improve Tunisian anti-armor, surveillance and air defense to deter Libyan subversion and aggression
- Support the economic structural adjustment program

Status

Tunisia's small army, navy and air force must try to deter larger, heavily-armed Libyan forces. The Libyan-backed raid on Gafsa in 1980 and Israel's 1985 raid on PLO headquarters in Tunis highlighted Tunisian air defense, anti-armor and surveillance weaknesses. The FMF program enabled Tunisia to acquire and support 12 F-5 aircraft, 30 M60A1 tanks and aircraft radar. The ESF program supports Tunisia's economic adjustment program. IMET exposes Tunisians to U.S. concepts of democracy, human rights and civilian control of the military.

FY 1992 REQUEST

The proposed FY 92 FMF program would support maintenance of U.S.-origin aircraft, tanks and other systems. ESF will support the economic reforms. IMET will provide professional military education, management, flight and technical training.

TUNISIA
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

SECURITY ASSISTANCE RESOURCES

		ACTUAL	ESTIMATED	PROPOSED
		FY 1990	FY 1991	FY 1992
MILITARY:				
FOREIGN MILITARY FINANCING	10,000			
INTL MIL EDUCATION & TRNG PROG	1,250			
ECONOMIC:				
ECONOMIC SUPPORT FUND	3,000			
DEVELOPMENTAL ASSISTANCE	0			
P.L. 480	10,000			
PEACE CORPS	1,008			
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>			
TOTAL FOREIGN ASSISTANCE	25,258			
STUDENTS TRAINED UNDER IMET	132			

FINANCING:				
CONCESSIONAL		0	0	0
GRANT		<u>29,871</u>	<u>0</u>	<u>10,000</u>
TOTAL		29,871	0	10,000
ECONOMIC SUPPORT FUND				
		12,446	3,000	3,000
IMET		1,492	1,450	1,250
FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990				1,500

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS AND VALUE OF COMMERCIAL EXPORTS

ECONOMIC DATA

DOLLARS IN MILLIONS

ACTUAL FMS AGREEMENTS FY 1990:	35,554				
DEFENSE ARTICLES/SERVICES	35,554				
CONSTRUCTION/DESIGN	0				
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	397				
ESTIMATED FMS AGREEMENTS FY 1991:	10,000				
DEFENSE ARTICLES/SERVICES	10,000				
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,056				
ESTIMATED FMS AGREEMENTS FY 1992:	40,000				
DEFENSE ARTICLES/SERVICES	40,000				
EST VALUE OF COMMERCIAL EXP DELIVERIES	634				
		1986	1987	1988	1989
GDP		8,866	9,706	10,124	10,103
PER CAPITA GDP**		1,188	1,272	1,296	n/a
TOTAL BUDGET		3,434	3,420	n/a	n/a
TOTAL DEBT		5,918	6,747	6,672	n/a
FMF DEBT		342	314	289	39
PERCENTAGE OF FMF					
TO TOTAL DEBT		6%	5%	4%	0%
DEBT SERV RATIO		27%	28%	23%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a=not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	450,460	222,136	672,596
FY 1991	36,857	15,314	52,171
FY 1992	38,580	12,683	51,263
FY 1993	38,580	9,444	48,024
FY 1994	38,580	6,207	44,787
FY 1995	8,664	3,639	12,303
FY 1996	8,669	3,120	11,789
FY 1997	7,998	2,612	10,610
FY 1998	4,665	2,191	6,856
FY 1999	1,220	1,942	3,162
FY 2000	1,220	1,800	3,020
TOTAL	635,493	281,098	916,581

TURKEY

POLICY CONSIDERATIONS

A key ally, Turkey provides essential, multifaceted support for U.S. strategic interests in Europe, Southwest Asia and the Middle East. Turkey remains strongly committed to NATO, and determined to meet all potential threats. Turkey guards the southeastern flank of NATO and the critical passage from the Black Sea into the Mediterranean. Even after completion of a CFE agreement, the Soviet Union will remain the dominant military threat to Turkey. The Armenian-Azerbaijani conflict, and Iraq's invasion of Kuwait highlight potential dangers from growing regional instability. Internally, a continued guerrilla insurgency in the southeast and low-level terrorist activity require increased vigilance as this parliamentary government moves to further enhance democratic processes and institutions and improve human rights.

Turkey's approval of allied use of Incirlik Air Base and other facilities gave vital support to U.S. and allied forces fighting Iraqi aggression in Operation Desert Storm. The United States strongly supported NATO's commitment of three fighter squadrons from Allied Command Europe's (ACE) Mobile Force to help defend Turkey against Iraqi threats. In 1990, Turkey promptly imposed U.N. sanctions against Iraq, a major trading partner and source of low-priced oil, despite a potential economic loss of \$2 billion annually.

The current Defense and Economic Cooperation Agreement (DECA) with Turkey provides the United States with access to airfields and intelligence and communications facilities which are vital to American and NATO security interests. Under the DECA, we pledged to exert a major and determined effort to obtain defense support for Turkey. From FY 87 through FY 90, FMF levels stagnated and Turkey's FMS debt repayments virtually matched new FMF infusions. While insufficient to meet all of Turkey's modernization requirements, FMF is a significant factor in strengthening Turkey's defense capabilities.

Although the poorest country in NATO, with serious and growing foreign debt problems, Turkey fields the Alliance's second largest army and devotes a high percentage of its budget to defense. Turkey is gradually implementing a program to improve defense capabilities and force readiness. U.S. aid is essential to Turkish modernization efforts and to help it more effectively support mutual efforts to deter aggression. Modernization's key elements are F-16 co-production; upgrading armor and artillery; and improving naval forces, maintenance and communications. In the 1980s, our aid fell far short of the level needed to bring the Turkish armed forces to NATO standards for full performance of their assigned roles and missions, and to enhance standardization and interoperability.

In the 1980s, with important though modest ESF program support, Turkey liberalized its mixed economy, giving it a strong, free market, export orientation. Industry and services expanded, but agriculture remains the most important sector. Inflation, unemployment, interest rates and public sector debt remain high. After several years of strong growth, the economy stalled in 1989. In 1990, the Gulf crisis caused higher oil prices; lost trade with Iraq severely hurt the economy. While Germany, Saudi Arabia, the Arab Gulf states and other countries gave large amounts of aid in 1990 and pledged more in 1991, Turkey's economy will suffer until the war ends, and trade and prices return to more normal levels.

PROGRAM DESCRIPTION

Objectives

- Support F-16 co-production
- Continue armored force modernization
- Support ongoing frigate weapons suite program
- Provides spare parts for older equipment
- Modernize short-range air defense capabilities
- Support artillery modernization to NATO standards
- Support ongoing private sector-oriented economic reforms

Status

The FMF program provides equipment, training and support to Turkish armed force units including those committed to NATO. Of highest priority are F-16 co-production; upgrading tanks to the M48A5 configuration; equipping modern frigates with U.S. weapons suites, engines and combat information centers; and obtaining aircraft equipment, spares and munitions. The IMET program helps the Turkish military to further improve professional military and technical skills so they can move closer to NATO standards. IMET also exposes students to U.S. traditions of democracy, human rights and elected civilian government control of the military. The ESF program provides budget support to private sector-oriented economic reforms.

FY 1992 REQUEST

The proposed FY 92 FMF program will fund major ongoing modernization projects, and a modest amount of operating and maintenance costs. ESF will provide budget support to maintain economic reforms while Turkey copes with the drastic economic impact of the Gulf crisis. IMET will provide professional military education, and management and technical training.

TURKEY
DOLLARS IN THOUSANDS

SUMMARY OF 1992 REQUEST

SECURITY ASSISTANCE RESOURCES

MILITARY:	
FOREIGN MILITARY FINANCING	625,000
INTL MIL EDUCATION & TRNG PROG	3,500
ECONOMIC:	
ECONOMIC SUPPORT FUND	75,000
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	0
INTERNATIONAL NARCOTICS CNTRL	<u>400</u>
 TOTAL FOREIGN ASSISTANCE	 703,900
 STUDENTS TRAINED UNDER IMET	 195

	ACTUAL	ESTIMATED	PROPOSED
	FY 1990	FY 1991	FY 1992
FINANCING:			
CONCESSIONAL	85,630	0	0
GRANT	<u>412,220</u>	<u>500,000</u>	<u>625,000</u>
 TOTAL	 497,850	 500,000	 625,000
 ECONOMIC SUPPORT FUND	 14,263	 50,000	 75,000
 IMET	 3,449	 3,400	 3,500
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 42,320

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	465,916
DEFENSE ARTICLES/SERVICES	465,916
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	65,581
 ESTIMATED FMS AGREEMENTS FY 1991:	 350,000
DEFENSE ARTICLES/SERVICES	350,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	374,884
 ESTIMATED FMS AGREEMENTS FY 1992:	 200,000
DEFENSE ARTICLES/SERVICES	200,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	224,931

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	58,248	68,011	70,598	n/a
PER CAPITA GDP**	1,127	1,277	1,303	n/a
TOTAL BUDGET	12,295	14,900	15,062	n/a
TOTAL DEBT	32,789	40,932	39,592	n/a
FMF DEBT	3,164	3,249	3,272	1,722
PERCENTAGE OF FMF				
TO TOTAL DEBT	10%	8%	8%	0%
DEBT SERV RATIO	28%	30%	32%	0%

*Less than \$500.

*Less than \$500,000 **In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	2,408,346	1,706,718	4,115,064
FY 1991	97,682	101,142	198,824
FY 1992	109,913	98,712	208,625
FY 1993	112,947	94,496	207,443
FY 1994	152,508	88,055	240,563
FY 1995	164,231	79,380	243,611
FY 1996	171,874	70,258	242,132
FY 1997	173,807	60,318	234,125
FY 1998	140,474	51,231	191,705
FY 1999	96,452	43,710	140,162
FY 2000	72,726	38,357	111,083
TOTAL	3,700,960	2,432,377	6,133,337

UGANDA

POLICY CONSIDERATIONS

The present Ugandan Government continued its efforts to bring political and economic stability to a country torn by fifteen years of civil strife. We recognize the Ugandan government's increasingly responsible actions, illustrated by its ongoing economic and political reforms.

Uganda has participated in an IMF-supported structural adjustment program since 1987. In 1989, the government affirmed its goal of privatizing a number of state enterprises and promoting the private sector to develop the country's substantial natural resources and largely agricultural economy, dependent on coffee exports and hurt by high inflation.

The IMET program reinforces our primary goals of seeking greater stability and security for Uganda, as well as encouraging the government to move toward democratic pluralism and a greater respect for basic human rights. U.S. training is designed to help the Ugandan military meet basic needs, promote professionalism as it converts from a guerrilla force to a conventional military, and increase respect for human rights. IMET also exposes trainees to U.S. civil-military relations and the democratic system.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education and management and technical training. Emphasis will be on command, staff, and infantry officer courses, and medical and vehicle maintenance training.

UNITED ARAB EMIRATES

POLICY CONSIDERATIONS

The United Arab Emirates (UAE), a federation of seven emirates of diverse wealth and small population, is a major oil-producing country on the southwestern coast of the Persian Gulf. The United States has enjoyed friendly relations and close economic ties with the UAE since they became independent 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 security relationship with the United States that would be mutually beneficial.

The UAE actively assisted U.S. and allied deployments for Operation Desert Storm, and gave substantial economic aid to help with the Operation's costs. The UAE also gave large amounts of economic aid to offset the front line states' economic burdens and helped countries hurt by lost trade from the enforcement of sanctions against Iraq.

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.

The UAE's 1971 constitution governs federal defense, foreign and economic affairs. The seven Amirs' traditional governments have extensive control of local affairs. The Amirs and their families are accessible in varying degrees to citizens who express concerns in numerous "majlis" or private assemblies and can petition for redress of grievances. The emirates are a mixture of conservative and more progressive societies, with some nearly as open to diverse social and cultural elements as in Bahrain, though human rights are limited. The UAE shares the wealth of its richer emirates among those with few oil or natural gas resources. The UAE's open economy is based on oil and gas, although it has recently diversified into finance, light industry and other services. The UAE's resources provide extensive social services to its citizens and a small defense force.

PROGRAM DESCRIPTION

Objectives

- Support the UAE's participation in the international coalition opposing Iraqi aggression
- Maintain 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 Khaled Military City in Saudi Arabia. UAE forces are equipped largely with modern, but somewhat older French and British equipment. The UAE wants to upgrade and expand its army and air forces into a more credible deterrent force. There is an ongoing U.S. program for I-Hawk surface-to-air batteries for which UAE has purchased the PIP III upgrade. Congress was notified in January 1991 of the planned sale of AH-64 Apache helicopters and Hellfire missiles. The UAE also has requested price information on the Bradley Fighting Vehicle, M1A1 and M1A2 tanks, and electronics capability.

FY 1992 REQUEST

We expect that the UAE will continue to be interested in enhancing its defense capabilities, particularly in the air. Purchases would be on either an FMS or commercial sales basis.

UNITED KINGDOM

POLICY CONSIDERATIONS

The United Kingdom makes a strong, wide-ranging contribution to western security. The U.K.'s political stability, support for the Alliance, diverse industrial base, and geographic position make it a key NATO member. Britain shares our commitment to a flexible, relevant NATO as the cornerstone of its defense, and a continuing North American military presence in Europe. The British Army of the Rhine's 55,000 well equipped soldiers and the 10,000 RAF personnel in Germany play a vital role in maintaining NATO deterrence. The United States supports U.K. retention of its independent nuclear deterrent. The U.K. also cooperates closely with us on security matters outside the NATO area, including in the Regional Security System (RSS) for the Eastern Caribbean which enhances stability and counter-narcotics operations there.

The U.K. made the most substantial European contribution - approximately 33,000 troops, 100 aircraft, 200 main battle tanks and nearly 20 ships - to the multinational force assembled in the Gulf region to counter Iraqi aggression. Britain was the first European nation to commit its forces to the military effort to free Kuwait. In Saudi Arabia, the United Kingdom deployed an armored division with ground troops, tanks, heavy artillery and helicopters. Six squadrons of fighters and fighter/bombers are operating from several locations in the region. Several British destroyers, frigates and minesweepers are patrolling the Gulf. The British regard their primary contribution to the Gulf effort as military and do not plan to make a major financial contribution. In 1990, the U.K. did give \$5 million for refugee assistance and \$123 million through the EC to Turkey, Egypt and other frontline states.

The United Kingdom, like the United States, is adapting to new realities in Europe and coping with domestic budgetary pressures. Britain is assessing its post-CFE defense posture and is likely to make significant cuts in equipment and forces, subject to consultations within the Alliance and implementation of the CFE Treaty. We want to continue our close defense cooperation with the U.K. to promote NATO rationalization, standardization and interoperability. We also want the U.K. to maintain major army and RAF units in Germany, albeit somewhat smaller units than at present, until after the Soviet Union completes its announced army and air force withdrawal from Germany at the end of 1994. We intend to continue our close, productive, cost-effective defense production and R&D programs with Britain for ground, air and naval weapons systems and supporting equipment.

PROGRAM DESCRIPTION

Objectives

- Support modernization of the U.K.'s nuclear and conventional military capabilities to adapt to new circumstances in Europe and outside the NATO area
- Provide advanced defense weapons such as air-to-air missiles and airborne warning systems
- Continue acquisition of Trident submarine system
- Modernize anti-armor capability with anti-tank missiles, artillery ammunition, and Multiple Launch Rocket System

Status

The United States and United Kingdom have long enjoyed a strong cooperative military assistance relationship. The U.K. obtains a variety of defense articles, services and spares through FMS cash and commercial purchases. These sales include C-130 aircraft and parts, TOW anti-tank missiles, surface-to-air missiles, Harpoon and Sidewinder missiles, and support equipment. Britain participates in several bilateral and NATO co-production programs including the MLRS program. Our defense sales ensure that the U.K. has a reliable source of modern weapons for its NATO and out-of-area readiness efforts. The sales are an important means of promoting greater Alliance standardization and interoperability. The sales also facilitate U.S. access to British weapons and technology, such as the Harrier jet, which well serve the U.S. armed services.

FY 1992 REQUEST

The proposed FY 92 program continues support for the U.K. modernization program. Purchases of missile systems, ammunition, spare parts and support equipment will improve U.K. defensive capabilities and help deter aggression.

URUGUAY

POLICY CONSIDERATIONS

The March 1, 1990, inauguration of President Lacalle as the elected successor of President Sanguinetti completed Uruguay's return to its democratic tradition. Lacalle's ambitious economic reform program, based on free market principles and fiscal austerity, has had a significant adverse effect on Uruguay's military. Likewise, Uruguay has implemented U.N. sanctions on trade with Iraq despite the resulting substantial increase in fuel prices, loss of a large market for its mutton and beef and a sharp acceleration in its rate of inflation. The security assistance program is designed to help with necessary modernization and further professional development of the armed forces while the government continues its important economic reform program.

PROGRAM DESCRIPTION

Objectives

- Support continued professionalism in the armed forces, including respect for civilian control of the military
- Provide needed spare parts and supplies to maintain, overhaul or replace U.S.-origin equipment
- Enhance the capability of the armed forces to detect and intercept narcotics trafficking

Status

Prior to the aid cut-off which followed the institution of military rule, the U.S. provided most of Uruguay's military equipment. In 1982, a limited IMET program was restored and small amounts of FMS funds were provided in FY 87 and FY 89. The armed forces' continuing lack of spare parts has limited their ability to maintain aged U.S. equipment and participate in yearly joint regional exercises. A modest FMF program would help to refurbish and modernize essential equipment and encourage the armed forces to engage in counter-narcotics operations. The IMET program is designed to help the professional development of future military leaders and to expose them to U.S. traditions of democracy, civilian control of the military and human rights.

FY 1992 REQUEST

The proposed FY 92 FMF program would provide spare parts for existing equipment and help to acquire new equipment to maintain the armed forces operational and logistics capabilities. IMET would provide training for approximately 45 students in technical and managerial courses.

URUGUAY
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	1,000
INTL MIL EDUCATION & TRNG PROG	325
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	0
P.L. 480	0
PEACE CORPS	647
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 1,972
 STUDENTS TRAINED UNDER IMET	 24

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>0</u>	<u>0</u>	<u>1,000</u>
 TOTAL	 0	 0	 1,000
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 198	 200	 325
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	1,524
DEFENSE ARTICLES/SERVICES	1,524
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	517
 ESTIMATED FMS AGREEMENTS FY 1991:	 2,000
DEFENSE ARTICLES/SERVICES	2,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	1,539
 ESTIMATED FMS AGREEMENTS FY 1992:	 2,000
DEFENSE ARTICLES/SERVICES	2,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	923

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	6,454	7,734	7,943	n/a
PER CAPITA GDP**	2,130	2,544	2,596	n/a
TOTAL BUDGET	150	424	445	n/a
TOTAL DEBT	3,906	4,271	3,825	n/a
FMF DEBT	0	0	0	0
PERCENTAGE OF FMF TO TOTAL DEBT	0%	0%	0%	0%
DEBT SERV RATIO	23%	26%	30%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	0	0	0
FY 1991	0	0	0
FY 1992	0	0	0
FY 1993	0	0	0
FY 1994	0	0	0
FY 1995	0	0	0
FY 1996	0	0	0
FY 1997	0	0	0
FY 1998	0	0	0
FY 1999	0	0	0
FY 2000	0	0	0
TOTAL	0	0	0

VANUATU

POLICY CONSIDERATIONS

Vanuatu, a small democratic country, has followed a rigorously non-aligned policy in the past which has entailed maintaining arms-length relations with the United States and flirtations with radical "non-aligned" countries such as Libya and Cuba. More recently, however, it has assumed a more Western-oriented stance, showing interest in developing closer ties and in receiving training from the United States. The first Peace Corps volunteers arrived in Vanuatu in January 1990 and a U.S. Presidential delegation attended Vanuatu's 10th anniversary celebrations in July. Human rights are generally unrestricted. The economy is based on tourism, fishing and agriculture.

In June 1990, Vanuatu formally accepted a Memorandum of Understanding (MOU) committing it to abide by the requirements of U.S. law related to IMET training. The introduction of IMET training would help instill professional values in the small Vanuatu security forces, and expose them to U.S. society and institutions.

PROGRAM DESCRIPTION

The proposed IMET program for Vanuatu will provide professional military education, management and technical training.

VENEZUELA

POLICY CONSIDERATIONS

Venezuela has a tradition of strong, stable democracy and shares our goal of strengthening representative government throughout the hemisphere. Venezuela is an important petroleum products supplier to the world market and it increased production after Iraq's invasion of Kuwait. Venezuela provides petroleum at discounted rates and other economic aid to Central America, complementing U.S. efforts. Since President Carlos Andres Perez again took office in February 1989, the government has pursued a major economic restructuring to liberalize the economy, open up its private sector, and reduce its dependence on oil export revenues.

The United States and Venezuela have long enjoyed close and friendly relations. The IMET program helps the military address mutual concerns. U.S.-Venezuelan military-to-military relations are a long-standing model of mutually beneficial cooperation for Latin American countries. Recently, we have focused on reducing narcotics transiting Venezuela to the United States, and reducing smuggling of Venezuelan chemicals used to process cocaine in Colombia, Bolivia and Peru.

PROGRAM DESCRIPTION

Objectives

- Assist further military professional development and continue Venezuelan exposure to U.S. military doctrine
- Help improve Venezuelan counter-narcotics operations and maintain its excellent human rights practices
- Support equipment modernization and military logistics

Status

The United States maintains a high level of military-to-military contact with Venezuela through FMS cash and commercial sales. Venezuela purchases advanced avionics and weapons systems for its F-16 and other aircraft. After President Perez expressed concern about narcotics, the Air Force increased its counter-narcotics operations using OV-10 light aircraft for border patrols and surveillance. The army is purchasing communications equipment, individual weapons and vehicles. Navy purchases will enhance its coastal patrol capabilities and aviation support.

FY 1992 REQUEST

The proposed IMET program will provide professional military education and technical and management training.

YEMEN

POLICY CONSIDERATIONS

The Republic of Yemen (ROY), formed by merger of the Yemen Arab Republic (YAR) and the Peoples' Democratic Republic of Yemen (PDRY) on May 22, 1990, borders Saudi Arabia and Oman and commands the Bab al-Mandeb Strait, between the Arabian Peninsula and the Horn of Africa. A stable, economically progressing Yemen would contribute to stability in a volatile area of the world vital to United States interests.

Although Yemen is now an oil-producing nation, oil revenues have not been sufficient to offset dramatic declines in official remittances particularly following the mass exodus of Yemenis from Saudi Arabia since September 1990. The ROY relies on outside assistance, which has diminished significantly as a result of the Gulf crisis. Yemen's current pro-Iraq stance has resulted in the cessation of our military assistance program.

The highly-regarded U.S. equipment in Yemen's military inventory requires continued maintenance and training support. Our support had reinforced the westward orientation and U.S. credibility with the military, from which all (YAR) Yemeni presidents since 1962 have come. It is likely that the influence we had built up with this crucial institution will end with the termination of our military programs.

PROGRAM DESCRIPTION

The program was terminated for political reasons. Yemen's general political stance since the onset of the Gulf crisis, exemplified by its negative vote on a key UNSC resolution (resolution 678) caused us to cut out military and other assistance programs.

Status

The former YAR requested U.S. assistance when it was attacked by the former PDRY in 1979. With Saudi support, the U.S. delivered \$400 million worth of F-5s, M-60 tanks and other military hardware which will likely deteriorate rapidly.

YUGOSLAVIA

POLICY CONSIDERATIONS

Yugoslavia is trying to make the difficult transition to democracy and a free market economy, both of which would be of immeasurable value to all of its ethnic groups. Yugoslavia's importance to the United States and NATO declined in the post-Cold War Europe, but remains significant. However, traditional ethnic tensions in Yugoslavia, aggravated by continuing economic problems, revived in recent years and could trigger regional instability in the event of a breakdown of the political process. A leader of the non-aligned movement (NAM), Yugoslavia played a key role in ensuring NAM support for UNSC resolutions against Iraq's aggression against Kuwait.

The United States firmly supports Yugoslavia's unity, and peaceful democratic change, improved respect for human rights, and more private sector-led, free market-oriented economic reform. The IMET program is an important vehicle for exposing current and future Yugoslav military leaders to American life and values, including a professional, non-political military subordinate to elected civilian government and respectful of human rights. Yugoslav defense procurement policies emphasize domestic production of all but the most sophisticated equipment, and import diversification. The Soviet Union long was Yugoslavia's prime supplier of imported equipment. In the 1980s, Yugoslavia turned gradually to the Western suppliers, including the United States. We continue to review each sales request on a case by case basis to ensure it serves U.S. interests.

PROGRAM DESCRIPTION

Objectives

- Promote peaceful change in Yugoslavia and greater respect for the human rights of all Yugoslavs by the military
- Enhance U.S.-Yugoslav defense cooperation
- Diversify Yugoslavia's sources of defense supply

Status

In the past five years, IMET helped to broaden some aspects of our relations with Yugoslavia and encouraged it to purchase publications and spare parts for U.S. equipment.

FY 1992 REQUEST

The proposed IMET program will provide professional military education and technical training to promote a better mutual understanding between the U.S. and Yugoslav military. Yugoslavia is expected to make only modest defense purchases.

ZAIRE

POLICY CONSIDERATIONS

Zaire has been a staunch supporter of United States and Western policies for over two decades. It contributed troops in 1981 and 1984 to African peacekeeping efforts to counter Libyan aggression in Chad, and more recently played a role in mediating a cease-fire in Angola. Zaire's size, population, economic importance, resources and location make it a focus of U.S. interests in the region. But Zaire has a record of serious human rights abuses and economic mismanagement.

In 1990, the Zairian government began a process that it announced would lead to a new constitution and a transition to new government reforms. During 1990, press freedom improved significantly, aspiring political parties sprang up, a leading opposition figure was released from house arrest, and the ability of workers to form independent unions was enhanced. However, the President retains dominant political power.

The U.S. is interested in a stable and responsible government in Zaire which favorably influences the stability and foreign and domestic policies of its nine bordering states. We continue to encourage Zaire to increase respect for human rights, promote the rule of law, and adopt humane internal practices. We actively encourage Zaire's announced plans to open its political system to multi-party activity and process. We supported Zaire's previous IMF and World Bank supported structural adjustment program. We hope the government will return to an economic reform program and will continue free market oriented policies to expand the private sector and create the basis for future development.

PROGRAM DESCRIPTION

Objectives

- Support C-130 transport aircraft by providing contractor technical services and sustaining spare parts inventories
- Enhance military mobility through supply of vehicle spare parts and communications equipment
- Support private sector, market-oriented economic reform
- Encourage political pluralism and respect for human rights

Status

Congress mandated the suspension of security assistance to Zaire in FY 91 in response to questions raised concerning reported corruption and human rights violations. In recent years, FMF has provided maintenance support for C-130 aircraft and spare parts for vehicles. IMET has provided professional military and technical training.

FY 1992 REQUEST

If Zaire takes sufficient action to permit resumption of security assistance, the FY 92 FMF program would resume support for its current inventory of C-130 aircraft and provide spare parts and maintenance for U.S. provided small patrol boats, jeeps and trucks. IMET would provide professional military education and technical training to improve professionalism and technical capabilities.

ZAIRE
DOLLARS IN THOUSANDS

SUMMARY OF FY 1992 REQUEST

MILITARY:	
FOREIGN MILITARY FINANCING	3,000
INTL MIL EDUCATION & TRNG PROG	300
ECONOMIC:	
ECONOMIC SUPPORT FUND	0
DEVELOPMENTAL ASSISTANCE	23,000
P.L. 480	10,600
PEACE CORPS	3,245
INTERNATIONAL NARCOTICS CNTRL	<u>0</u>
 TOTAL FOREIGN ASSISTANCE	 40,145
 STUDENTS TRAINED UNDER IMET	 12

SECURITY ASSISTANCE RESOURCES

	ACTUAL FY 1990	ESTIMATED FY 1991	PROPOSED FY 1992
FINANCING:			
CONCESSIONAL	0	0	0
GRANT	<u>2,987</u>	<u>0</u>	<u>3,000</u>
 TOTAL	 2,987	 0	 3,000
 ECONOMIC SUPPORT FUND	 0	 0	 0
 IMET	 644	 5	 300
 FOREIGN MILITARY FINANCING APPLIED TO COMMERCIAL PURCHASES IN FY 1990			 0

FOREIGN MILITARY AND CONSTRUCTION SALES AGREEMENTS
AND VALUE OF COMMERCIAL EXPORTS

ACTUAL FMS AGREEMENTS FY 1990:	2,561
DEFENSE ARTICLES/SERVICES	2,561
CONSTRUCTION/DESIGN	0
ACTUAL VALUE OF COMMERCIAL EXP DELIVERIES	44
 ESTIMATED FMS AGREEMENTS FY 1991:	 2,000
DEFENSE ARTICLES/SERVICES	2,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	62
 ESTIMATED FMS AGREEMENTS FY 1992:	 1,000
DEFENSE ARTICLES/SERVICES	1,000
EST VALUE OF COMMERCIAL EXP DELIVERIES	37

ECONOMIC DATA
DOLLARS IN MILLIONS

	1986	1987	1988	1989
GDP	3,412	2,909	2,425	n/a
PER CAPITA GDP**	108	90	72	n/a
TOTAL BUDGET	n/a	n/a	n/a	n/a
TOTAL DEBT	6,999	8,571	8,475	n/a
FMF DEBT	128	131	133	141
PERCENTAGE OF FMF TO TOTAL DEBT	2%	2%	2%	0%
DEBT SERV RATIO	18%	15%	14%	0%

*Less than \$500.

*Less than \$500,000

**In dollars n/a-not available

CONSOLIDATED FMF DEBT REPAYMENT

	PRINCIPAL	INTEREST	TOTAL
CUM SCHEDULED REPAY			
A/O 30 SEPT 90	44,605	35,678	80,283
FY 1991	30,269	23,111	53,380
FY 1992	18,363	12,337	30,700
FY 1993	17,721	10,706	28,427
FY 1994	18,497	9,179	27,676
FY 1995	16,301	7,314	23,615
FY 1996	7,828	6,468	14,296
FY 1997	2,816	5,808	8,624
FY 1998	2,816	5,524	8,340
FY 1999	2,816	5,284	8,100
FY 2000	2,816	5,024	7,840
TOTAL	164,848	126,433	291,281

ZIMBABWE

POLICY CONSIDERATIONS

The Mugabe government recently decided to discontinue its efforts to change Zimbabwe into a *de jure* one-party state. A Zimbabwe which remains democratic, racially harmonious, and economically successful, while increasing its respect for basic human rights, can contribute to the stability of southern Africa and serve as an example to the other states in the region. Zimbabwe has strong economic ties with the West. The government recently announced a program to reduce state economic controls and encourage investment, although land ownership problems persist.

The IMET program is an important military-to-military relationship that strengthens U.S.-Zimbabwe contacts. Zimbabwe has made excellent use of all of the IMET funding made available each year and continues to graduate students at or near the top of their U.S. classes. It is in the U.S. interest to maintain some measure of influence with the Zimbabwe military, a key element in the power structure of the country. IMET also exposes trainees to U.S. civil-military relations and the democratic system. U.S. assistance complements the training provided by Great Britain.

PROGRAM DESCRIPTION

The proposed IMET program includes professional military education, management, and technical training. Emphasis will be placed on command and staff courses, basic and advanced army officer training, and air force logistics and technical training.

**SELECTED COMPONENTS OF
PROPOSED FY 1992 U.S. ECONOMIC AND MILITARY ASSISTANCE**

(DOLLARS IN THOUSANDS)

	DA	ESF	PL480-I	PL480-II & III	INTL NARC	PEACE CORPS	PKO	FMF CONCESS.	GRANT	IMET	TOTAL
AFRICA:											
AFRICA ECON POLICY REFORM	60,000	0	0	0	0	0	0	0	0	0	60,000
AFRICA REGIONAL	116,960	10,000	0	0	0	0	0	0	10,000	0	136,960
BENIN	8,000	0	0	1,274	0	1,656	0	0	0	125	11,055
BOTSWANA	7,000	0	0	0	0	3,198	0	0	1,000	400	11,598
BURKINA FASO	3,000	0	0	5,501	0	0	0	0	0	100	8,601
BURUNDI	18,000	0	0	0	0	851	0	0	0	200	19,051
CAMEROON	24,000	0	0	0	0	3,854	0	0	0	325	28,179
CAPE VERDE	3,000	0	0	0	0	0	0	0	0	100	3,100
CENTRAL AFRICAN REPUBLIC	4,000	0	0	0	0	2,341	0	0	0	255	6,596
CHAD	15,000	0	0	1,400	0	1,518	0	0	2,000	380	20,298
COMOROS	700	0	0	0	0	480	0	0	0	75	1,255
CONGO	1,000	0	2,000	0	0	639	0	0	0	105	3,744
COTE D'IVOIRE	7,000	4,000	10,000	0	0	1,224	0	0	0	200	22,424
DJIBOUTI	0	3,000	0	0	0	0	0	0	2,000	175	5,175
EQUATORIAL GUINEA	1,000	0	0	0	0	640	0	0	0	100	1,740
ETHIOPIA	0	0	0	11,200	0	0	0	0	0	0	11,200
GABON	0	0	0	0	0	2,464	0	0	0	150	2,614
GAMBIA	8,000	0	0	1,157	0	1,030	0	0	0	125	10,312
GHANA	28,000	0	0	10,152	0	1,942	0	0	0	175	40,269
GUINEA	26,000	0	0	7,000	0	1,252	0	0	0	175	34,427
GUINEA-BISSAU	5,000	0	0	562	0	1,682	0	0	0	150	7,394
KENYA	26,000	0	0	8,018	0	2,416	0	0	4,000	1,100	41,534
LESOTHO	7,000	0	0	0	0	1,749	0	0	0	75	8,824
LIBERIA	0	0	0	0	0	0	0	0	0	100	100
MADAGASCAR	28,000	0	0	7,220	0	0	0	0	0	100	35,320
MALAWI	34,000	0	0	7,095	0	1,829	0	0	1,000	250	44,174
MALI	30,000	0	0	2,238	0	3,664	0	0	0	175	36,077
MAURITANIA	0	0	0	3,060	0	2,035	0	0	0	0	5,095

**SELECTED COMPONENTS OF
PROPOSED FY 1992 U.S. ECONOMIC AND MILITARY ASSISTANCE (CONTINUED)**

(DOLLARS IN THOUSANDS)

	DA	ESF	PL480-I	PL480-II & III	INTL NARC	PEACE CORPS	PKO	FMF CONCESS.	GRANT	INET	TOTAL
AFRICA (CONT):											
MAURITIUS	1,500	0	0	0	0	0	0	0	0	100	1,600
MOZAMBIQUE	36,000	0	0	21,499	0	0	0	0	0	100	57,599
NAMIBIA	7,000	5,000	0	0	0	1,590	0	0	0	180	13,770
NIGER	26,000	0	0	0	0	3,479	0	0	500	300	30,279
NIGERIA	11,000	0	0	0	0	804	0	0	0	500	12,304
RWANDA	20,000	0	0	0	0	811	0	0	0	100	20,911
SAO TOME & PRINCIPE	300	0	0	0	0	418	0	0	0	125	843
SENEGAL	20,000	3,000	0	8,200	0	2,542	0	0	1,000	525	35,267
SEYCHELLES	0	3,300	0	0	0	351	0	0	0	100	3,751
SIERRA LEONE	540	0	5,000	1,805	0	2,185	0	0	0	200	9,730
SOMALIA	0	0	0	0	0	0	0	0	0	300	300
SOUTH AFRICA REPUBLIC	40,000	0	0	0	0	0	0	0	0	0	40,000
SOUTHERN AFRICA REGIONAL	50,000	0	0	0	0	0	0	0	0	0	50,000
SUDAN	0	0	0	1,015	0	0	0	0	0	300	1,315
SWAZILAND	6,000	0	0	0	0	1,345	0	0	0	100	7,445
TANZANIA	30,000	0	0	2,800	0	1,094	0	0	0	150	34,044
TOGO	10,000	0	0	2,687	0	2,442	0	0	0	150	15,279
UGANDA	38,000	0	0	8,900	0	644	0	0	0	200	47,744
ZAIRE	23,000	0	0	10,600	0	3,245	0	0	3,000	300	40,145
ZAMBIA	10,000	0	0	6,600	0	0	0	0	0	0	16,600
ZIMBABWE	10,000	0	0	0	0	631	0	0	0	300	10,931
REGIONAL TOTAL	800,000	28,300	17,000	129,983	0	58,045	0	0	24,500	9,145	1,066,973
AMERICAN REPUBLICS:											
ANDEAN NARCOTICS INITVE	0	250,000 a/	0	0	0	0	0	0	0	0	250,000
ANTIGUA-BARBUDA*	0	0	0	0	0	0	0	0	900	100	1,000

**SELECTED COMPONENTS OF
PROPOSED FY 1992 U.S. ECONOMIC AND MILITARY ASSISTANCE (CONTINUED)**

(DOLLARS IN THOUSANDS)

	DA	ESF	PL480-I	PL480-II & III	INTL MARC	PEACE CORPS	PKO	FMF CONCESS.	GRANT	IMET	TOTAL
AMERICAN REPUBLICS (CONT):											
ARGENTINA	0	0	0	0	0	0	0	0	1,000	200	1,200
BAHAMAS	0	0	0	0	1,200	0	0	0	0	125	1,325
BARBADOS*	0	0	0	0	0	0	0	0	1,000	100	1,100
BELIZE	7,500	0	0	0	0	1,632	0	0	500	125	9,757
BOLIVIA	22,500	25,000	0	33,295	15,700	1,262	0	0	40,000	900	138,657
BRAZIL	0	0	0	0	3,500	0	0	0	0	150	3,650
CHILE	400	0	0	0	0	700	0	0	1,000	150	2,250
COLOMBIA	0	0	0	0	20,000	0	0	0	58,000	2,300	80,300
COSTA RICA	8,000	20,000	10,000	0	0	2,187	0	0	2,360	230	42,777
DOMINICA*	0	0	0	0	0	0	0	0	400	100	500
DOMINICAN REPUBLIC	13,000	5,000	10,000	4,306	0	2,213	0	0	2,000	900	37,419
EASTERN CARIBBEAN	20,800	3,000	0	0	0	2,651	0	0	0	0	26,451
ECUADOR	15,000	0	0	0	3,000	2,486	0	0	5,000	800	26,286
EL SALVADOR	55,000	120,000	30,000	2,812	0	0	0	0	85,000	1,400	294,212
GRENADA*	0	0	0	0	0	0	0	0	545	100	645
GUATEMALA	28,225	30,000	15,000	8,909	0	2,560	0	0	2,000	400	87,094
GUYANA	0	2,000	5,000	0	0	638	0	0	0	50	7,688
HAITI	38,750	24,000	0	25,810	0	1,428	0	0	2,200	665	92,853
HONDURAS	41,000	50,000	0	17,432	0	3,645	0	0	19,100	1,100	132,277
JAMAICA	16,500	15,000	30,000	3,600	1,500	2,346	0	0	3,000	450	72,396
LATIN AMERICA REGIONAL	66,825	9,900	0	0	27,000	0	0	0	0	0	103,725
MEXICO	0	0	0	0	26,000	0	0	0	0	430	26,430
NICARAGUA	22,000	150,000	25,000	7,000	0	659	0	0	0	0	204,659
PACAMS	0	0	0	0	0	0	0	0	0	1,000	1,000
PANAMA	17,000	10,000	0	0	0	838	0	0	0	0	27,838
PARAGUAY	0	0	0	0	0	2,061	0	0	500	175	2,736
PERU	15,700	0	0	72,000	0	0	0	0	39,000	900	127,600
ROCAP	18,000	0	0	0	0	0	0	0	0	0	18,000

**SELECTED COMPONENTS OF
PROPOSED FY 1992 U.S. ECONOMIC AND MILITARY ASSISTANCE (CONTINUED)**

(DOLLARS IN THOUSANDS)

	DA	ESF	PL480-I	PL480-II & III	INTL NARC	PEACE CORPS	PKO	FMF CONCESS.	GRANT	IMET	TOTAL
AMERICAN REPUBLICS (CONT):											
ST. KITTS AND NEVIS*	0	0	0	0	0	0	0	0	500	100	600
ST. LUCIA*	0	0	0	0	0	0	0	0	500	100	600
ST. VINCENT & GRENADINES*	0	0	0	0	0	0	0	0	400	100	500
TRINIDAD & TOBAGO	0	0	0	0	0	0	0	0	500	95	595
URUGUAY	0	0	0	0	0	647	0	0	1,000	325	1,972
VENEZUELA	0	0	0	0	2,000	0	0	0	0	175	2,175
REGIONAL TOTAL	406,200	713,900	125,000	175,164	99,900	27,953	0	0	266,405	13,745	1,828,267
EAST ASIA & PACIFIC:											
APRE REGIONAL	13,712	0	0	0	0	0	0	0	0	0	13,712
ASSN S.E. ASIAN NATIONS	3,300	0	0	0	0	0	0	0	0	0	3,300
CAMBODIA	20,000	0	0	2,531	0	0	0	0	0	0	22,531
CAMBODIAN RESISTANCE	0	5,000	0	0	0	0	0	0	0	0	5,000
FIJI	0	300	0	0	0	1,579	0	0	300	50	2,229
INDONESIA	45,250	5,000	0	5,792	0	0	0	0	0	2,300	58,342
KOREA	0	0	0	0	0	0	0	0	0	800	800
LAOS	0	0	0	0	2,000	626	0	0	0	0	2,626
MALAYSIA	0	0	0	0	0	0	0	0	0	1,100	1,100
MICRONESIA	0	0	0	0	0	1,873	0	0	0	0	1,873
MONGOLIA	4,000	0	0	0	0	610	0	0	0	0	4,610
PAPUA NEW GUINEA	0	0	0	0	0	1,942	0	0	0	80	2,022
PHILIPPINES	40,000	120,000	20,000	13,428	0	884	0	0	200,000	2,800	397,112
S. PACIFIC TUNA TREATY	0	10,000	0	0	0	0	0	0	0	0	10,000
SINGAPORE	0	0	0	0	0	0	0	0	0	15	15
SOLOMON ISLANDS	0	0	0	0	0	929	0	0	0	50	979
SOUTH PACIFIC REGIONAL	9,250	0	0	0	0	1,359	0	0	0	0	10,609

**SELECTED COMPONENTS OF
PROPOSED FY 1992 U.S. ECONOMIC AND MILITARY ASSISTANCE (CONTINUED)**

(DOLLARS IN THOUSANDS)

	DA	ESF	PL480-I	PL480-II & III	INTL NARC	PEACE CORPS	PKO	CONCESS.	FMF GRANT	IMET	TOTAL
<u>EAST ASIA & PACIFIC (CONT):</u>											
THAILAND	12,300	2,500	0	0	5,000	3,583	0	0	0	2,500	25,883
TONGA	0	0	0	0	0	716	0	0	0	50	766
TUVALU	0	0	0	0	0	95	0	0	0	0	95
VANUATU	0	0	0	0	0	134	0	0	0	50	184
WESTERN SAMOA	0	0	0	0	0	1,019	0	0	0	0	1,019
REGIONAL TOTAL	147,812	142,800	20,000	21,751	7,000	15,349	0	0	200,300	9,795	564,807
<u>EUROPE & CANADA:</u>											
BULGARIA	0	0	0	0	0	936	0	0	0	0	936
CYPRUS	0	3,000	0	0	0	0	0	0	0	0	3,000
CZECHOSLOVAKIA	0	0	0	0	0	1,478	0	0	0	75	1,553
GREECE	0	0	0	0	0	0	0	285,000	65,000	500	350,500
HUNGARY	0	0	0	0	0	1,902	0	0	0	75	1,977
MALTA	0	0	0	0	0	77	0	0	0	65	142
POLAND	0	0	0	0	0	1,933	0	0	0	75	2,008
PORTUGAL	0	40,000	0	0	0	0	0	22,000	103,000	2,850	167,850
ROMANIA	0	0	0	0	0	669	0	0	0	0	669
SPAIN	0	0	0	0	0	0	0	0	0	1,200	1,200
TURKEY	0	75,000	0	0	400	0	0	0	625,000	3,500	703,900
YUGOSLAVIA	0	0	0	0	0	0	0	0	0	100	100
REGIONAL TOTAL	0	118,000	0	0	400	6,995	0	307,000	793,000	8,440	1,233,835
<u>NEAR EAST & SOUTH ASIA:</u>											
AFGHAN HUMANITARIAN	30,000	30,000	0	19,365	0	0	0	0	0	0	79,365

**SELECTED COMPONENTS OF
PROPOSED FY 1992 U.S. ECONOMIC AND MILITARY ASSISTANCE (CONTINUED)**

(DOLLARS IN THOUSANDS)

	DA	ESF	PL480-I	PL480-II & III	INTL NARC	PEACE CORPS	PKO	CONCESS.	FMF GRANT	IMET	TOTAL
NEAR EAST & SOUTH ASIA (CONT):											
ALGERIA	0	0	0	0	0	0	0	0	0	150	150
BANGLADESH	62,000	0	0	74,524	0	0	0	0	0	350	136,874
EGYPT	0	815,000	150,000	0	0	0	0	0	1,300,000	1,800	2,266,800
INDIA	22,000	0	0	77,583	0	0	0	0	0	345	99,928
ISRAEL	0	1,200,000	0	0	0	0	0	0	1,800,000	0	3,000,000
JORDAN	0	30,000	0	0	0	0	0	0	25,000	2,000	57,000
LEBANON	4,000	2,000	0	10,766	0	0	0	0	0	400	17,166
MALDIVES	0	0	0	0	0	0	0	0	0	70	70
MIDDLE EAST REGIONAL	19,209	6,000	0	0	2,000	0	0	0	0	0	27,209
MOROCCO	23,000	12,000	35,000	1,759	0	1,382	0	0	40,000	1,150	114,291
NEPAL	15,000	0	0	0	0	2,174	0	0	500	185	17,859
OMAN	0	15,000	0	0	0	0	0	0	5,000	100	20,100
PAKISTAN	25,000	100,000	20,000	0	7,500	886	0	6,961	106,595	915	267,857
SRI LANKA	19,300	0	5,000	21,600	0	671	0	0	0	200	46,771
TUNISIA	0	3,000	10,000	0	0	1,008	0	0	10,000	1,250	25,258
WEST BANK/GAZA	0	12,000	0	2,085	0	0	0	0	0	0	14,085
YEMEN	3,000	0	0	0	0	740	0	0	0	0	3,740
REGIONAL TOTAL	222,509	2,225,000	220,000	207,682	9,500	6,861	0	6,961	3,287,095	8,915	6,194,523
TOTAL COUNTRY PROGRAMS	1,576,521	3,228,000	382,000	534,580	116,800	115,203	0	313,961	4,571,300	50,040	10,888,405
NON-REGIONAL:											
ADMINISTRATIVE COSTS	0	0	0	0	0	0	0	200	28,700	0	28,900
CENTRAL BUREAUS	720,696 b/	0	0	0	0	0	0	0	0	0	720,696

**SELECTED COMPONENTS OF
PROPOSED FY 1992 U.S. ECONOMIC AND MILITARY ASSISTANCE (CONTINUED)**

(DOLLARS IN THOUSANDS)

	DA	ESF	PL480-I	PL480-II & III	INTL NARC	PEACE CORPS	PKO	CONCESS.	FMF GRANT	IMET	TOTAL
GENERAL COSTS	0	0	0	0	0	0	0	0	0	2,460	2,460
MULTINATL FORCE & OBSERV	0	0	0	0	0	0	19,500	0	0	0	19,500
NON-COUNTRY PROGRAMS	0	0	83,647	401,620	0	0	0	0	0	0	485,267
OFF FOREIGN DISASTER ASST	5,500	0	0	0	0	0	0	0	0	0	5,500
OTHER	0	0	0	0	54,700	86,388	0	0	0	0	141,088
REAPPROPRIATION	36,000	12,000	0	0	0	0	0	0	10,000	0	58,000
UN FORCE IN CYPRUS	0	0	0	0	0	0	8,500	0	0	0	8,500
NON-REGIONAL TOTAL	762,196	12,000	83,647	401,620	54,700	86,388	28,000	200	38,700	2,460	1,469,911
TOTAL PROGRAM	2,338,717	3,240,000	465,647	936,200	171,500	201,591	28,000	314,161	4,610,000	52,500	12,358,316
ADJUSTMENT FOR NON-SUBSIDY ELEMENT OF CONCESS. LOANS	0	0	-100,594	0	0	0	0	-274,161	0	0	-374,755
TOTAL BUDGET AUTHORITY	2,338,717	3,240,000	365,053	936,200	171,500	201,591	28,000	40,000	4,610,000	52,500	11,983,561

Note: Totals may not add due to rounding.

*These countries comprise the Eastern Caribbean.

a/ Provisional allocation as follows: Bolivia \$100 million, Colombia \$50 million, Peru \$100 million. Final allocations will depend on each country's performance in meeting drug program objectives.

b/ Includes Central Bureaus, AID Operating Expenses, American Schools and Hospitals Abroad, International Disaster Assistance, Operating Expenses for the AID Inspector General, Miscellaneous Trust Funds, and Trust Fund Receipts.

c/ Non-Country Programs represent reserves, ocean freight costs and receipts.