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**AMENDMENT TO APPROPRIATIONS REQUESTS**

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**COMMUNICATION**

**FROM**

**THE PRESIDENT OF THE UNITED STATES**

**TRANSMITTING**

**AN AMENDMENT TO THE FISCAL YEAR 1994 REQUEST FOR AP-  
PROPRIATIONS FOR THE AGENCY FOR INTERNATIONAL DEVEL-  
OPMENT, PURSUANT TO 31 U.S.C. 1107**



**JUL 1993**  
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**JUNE 8, 1993.—Referred to the Committee on Appropriations and ordered  
to be printed**

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**U.S. GOVERNMENT PRINTING OFFICE**

**THE WHITE HOUSE,  
Washington, June 7, 1993.**

**THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.**

**SIR:** I ask Congress to consider requests for FY 1993 appropriations for the Agency for International Development and the Department of Defense. In addition, I am submitting an FY 1994 budget amendment for the Agency for International Development. These proposals would provide funds for assistance to Russia and the other new independent states of the former Soviet Union.

This package also includes an FY 1994 budget amendment for the Department of Labor that makes a technical adjustment in the State Unemployment Insurance and Employment Service Operations account.

As required by the Defense Production Act, I also hereby notify Congress of the intent of the Department of Defense to make purchases and purchase commitments under the Defense Production Act. This notification is consistent with my Administration's emphasis on maintaining the United States national security while increasing America's global competitiveness. No additional budgetary resources are required. My determinations that these purchases and purchase commitments meet the requirements of the Defense Production Act are enclosed.

The details of these requests are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Sincerely,

**WILLIAM J. CLINTON.**

**Enclosure.**



THE DIRECTOR

**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503**

June 7, 1993

**The President**

**The White House**

Submitted for your consideration are requests for FY 1993 supplemental appropriations for the Agency for International Development (AID) and the Department of Defense, and an amendment to your FY 1994 request for AID.

These funding proposals would provide urgently needed funds for assistance to Russia and the other new independent states of the former Soviet Union and would finance a portion of the international package of assistance that was agreed upon by the G-7 Ministers during their recent meeting in Tokyo. These funds would aid the Russian and other governments in furthering their efforts to promote democracy and market economies. The requests reflect the high national security priority that you have placed on promoting such political and economic liberalization.

The amounts requested are as follows:

- o For the Agency for International Development, \$630 million in budget authority for FY 1993 and \$200 million for FY 1994 to be used for economic and related assistance.
- o For the Department of Defense, \$979 million in budget authority for FY 1993 to support a range of assistance programs to Russia and the other new independent states of the former Soviet Union that will increase U.S. national security.

In addition, this package includes an FY 1994 technical budget amendment that corrects a misclassification of administrative costs associated with the extension of the Emergency Unemployment Compensation Program. These discretionary costs were misclassified as mandatory in the FY 1994 Budget.

This package also includes the Presidential notification and determinations required by P.L. 101-165, the Defense Production Act (DPA), before the Department of Defense can use existing funds to make purchases and purchase commitments under the DPA. The Department of Defense will use DPA authority to encourage private companies to work with the Department on three projects designed to address industrial resource

shortfalls. Use of the DPA authority is consistent with your strong emphasis on maintaining our national security while investing in technologies that will increase America's global competitiveness.

Use of the DPA authority will not increase budget authority or outlays above the levels included in the FY 1994 Budget. Your signature on the enclosed letter, which formally transmits these documents to the Congress, will signal your approval of the notification and determinations required by the DPA.

I have carefully reviewed these proposals and am satisfied that they are necessary at this time. Therefore, I join Secretary Aspin, Secretary Christopher, and AID Administrator Atwood in recommending that these proposals be transmitted to the Congress.

Sincerely,



Leon E. Panetta  
Director

Enclosures

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## DEPARTMENT OF DEFENSE

## OPERATION AND MAINTENANCE

## Operation and Maintenance, Defense Agencies

For an additional amount for "Operation and maintenance, Defense Agencies", \$979,000,000, to be available upon enactment and to remain available until September 30, 1994: Provided, That the Secretary of Defense may transfer such funds to other appropriations available to the Department of Defense for the purposes of providing assistance to the independent states of the former Soviet Union: Provided further, That the Secretary of Defense may transfer such funds to appropriations available to the Department of State and other agencies of the United States Government for the purposes of providing assistance for the independent states of the former Soviet Union for programs that the President determines will increase the national security of the United States: Provided further, That the amounts transferred shall be available subject to the same terms and conditions as the appropriations to which transferred: Provided further, That the authority to make transfers pursuant to this provision is in addition to any other transfer authority of the Department of Defense.

This supplemental request would provide \$979 million to Russia and the other new independent states of the former Soviet Union for assistance programs that will increase U.S. national security. Together with an FY 1993 supplemental appropriation and an FY 1994 budget amendment proposed for the Agency for International Development, this would finance the \$1.8 billion package of special assistance proposed by the United States in Tokyo this spring in coordination with our G-7 partners.

**FUNDS APPROPRIATED TO THE PRESIDENT  
INTERNATIONAL DEVELOPMENT ASSISTANCE  
Agency for International Development  
Assistance for the new independent states  
of the former Soviet Union**

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Budget  
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A-241

For an additional amount for "Assistance for the new independent states of the former Soviet Union," \$630,000,000, to be available upon enactment and to remain available until expended, of which not to exceed \$500,000,000 may be made available for a special privatization and restructuring fund: Provided, That the United States contribution for such fund shall not exceed one-quarter of the aggregate amount being made available for such fund by all countries: Provided further, That the provisions of section 498B(j) of the Foreign Assistance Act of 1961 shall apply to funds appropriated by this paragraph.

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This supplemental request would provide \$630 million in economic and related assistance to Russia and the other new independent states of the former Soviet Union. Together with an FY 1993 supplemental appropriation proposed for the Department of Defense and an FY 1994 budget amendment, this would finance the \$1.8 billion package of special assistance proposed by the United States in Tokyo this spring in coordination with our G-7 partners.

**FUNDS APPROPRIATED TO THE PRESIDENT  
INTERNATIONAL DEVELOPMENT ASSISTANCE  
Agency for International Development**

1994 Budget Appendix Page	Heading	1994 Budget Request Pending	1994 Proposed Amendment	1994 Revised Request
A-241	Assistance for the new independent states of the former Soviet Union	\$703,820,000	\$200,000,000	\$903,820,000

This budget amendment would provide \$200 million in economic and related assistance to Russia and the other new independent states of the former Soviet Union. Together with two supplemental appropriations proposed for FY 1993, this would finance the \$1.8 billion package of special assistance proposed by the United States in Tokyo this spring in coordination with our G-7 partners.

DEPARTMENT OF LABOR  
EMPLOYMENT AND TRAINING ADMINISTRATION

NOTIFICATION

1994 Budget Appendix Page	Heading	1994 Budget Request Pending	1994 Proposed Amendment	1994 Revised Request
A-788	State Unemployment Insurance and Employment Service Operations	\$3,279,253,000	\$39,856,000	\$3,319,109,000

(In the appropriations language under the above heading, delete \$307,416,000 and substitute \$347,272,000.)

This request would correct a misclassification of FY 1994 administrative costs associated with the March 5, 1993, extension of the Emergency Unemployment Compensation program (P.L. 103-6). These discretionary costs were misclassified as mandatory in the FY 1994 Budget. Because these costs were included in the overall budget totals, net outlays would not be affected.

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Attachment

**NOTIFICATION REQUIRED BY P.L. 101-165, THE DEFENSE PRODUCTION ACT**  
**DEPARTMENT OF DEFENSE**

Of the funds available from the Defense Production Act Purchases account, \$25,000,000 will be available for purchase or commitments to purchase gallium arsenide; \$5,000,000 will be available for the purchase or commitments to purchase burners capable of operating with diesel fuel; and \$5,000,000 will be available for purchase or commitments to purchase open architecture machine tool controllers.

The Department of Defense will use Defense Production Act (DPA) authority to encourage private companies to work with the Department on the three projects detailed in the attachment to address industrial resource shortfalls. All three projects meet the criteria specified by the DPA.

Use of the DPA authority will not increase budget authority or outlays above the levels included in the FY 1994 Budget. As required by the DPA, the Department will take no action until 60 days have elapsed.

The President's determinations that these purchases or purchase commitments meet the requirements of the DPA are attached.

**Attachment**

## TITLE III PROJECT DETERMINATIONS

1. The industrial resource is essential to the national defense.

Gallium Arsenide is a critical material in a variety of military electronic systems and is essential for radiation hardened systems.

Babington Burners are the only burners that can heat or cook using diesel fuel, which is the only fuel used by NATO armies in field operations. The burners are able to operate under the extremely adverse conditions in which military operations are often conducted.

Open Architecture Controllers are key components for controlling machine tools used in the production of a broad range of critical, high performance defense systems.

2. Without Presidential action, U.S. industry cannot reasonably be expected to provide the capability for the needed industrial resource in a timely manner.

Gallium Arsenide. Domestic producers are leaving the market because of tough competition from abroad. Slower than expected market growth and a low profit margin have decreased the ability of U.S. producers to make the large capital investments needed to compete. Without action, domestic firms will continue to exit the market.

Babington Burners. There is currently no domestic manufacturing capability for these burners. U.S. firms are reluctant to open plants because of the risks involved in setting up a manufacturing facility.

Open Architecture Controllers. Large foreign producers have eroded the sales of the small domestic controller manufacturers and now dominate both the U.S. and world markets. This domination is hampering the commercial industry and preventing small domestic controller manufacturers from changing their production methods to meet DoD needs.

3. Purchases, purchase commitments, or other actions are the most cost-effective, expedient, and practical alternative methods for meeting the need.

Gallium Arsenide. Purchase commitments and purchases for qualification purposes are the most efficient methods for ensuring that the domestic industry will invest in improvements to increase the output of high quality material. Other methods, such as subsidies or restrictions

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on foreign-made material, would have severe economic and trade-related disadvantages, and would not result in improvements that would enable domestic producers to compete effectively in international markets.

Babington Burners. Establishing a domestic source through the use of purchase guarantees is more cost-effective, expedient, and practical than other methods such as developing a Government-owned, Government-controlled facility to manufacture these burners.

Open Architecture Controllers. Purchase commitments will mitigate the risks of investing in new production capacity and thereby give the existing small domestic producers a chance of regaining viability. Other methods, such as using the Manufacturing Technology Program, stockpiling, and import restrictions, would not result in the improvements necessary for domestic firms to overcome the domination of the market by their large foreign competitors.

4. The combination of the U.S. national defense demand and foreseeable non-defense demand for the industrial resource or critical technology items is not less than the output of the domestic industrial capability, including the output to be established through purchases, purchase commitments, or other actions.

Gallium Arsenide. It is estimated that the domestic production capacity for semi-insulating gallium arsenide in 1997 will be 1.3 million square inches (MSI). Defense and non-defense demand in 1997 is expected to be 6.4 MSI.

Babington Burners. There is currently no domestic production capacity for these burners. DoD's demand for these burners is expected to be for at least 20,000 through 1997.

Open Architecture Controllers. The current domestic production capacity for controllers is 5,000. The total demand for controllers is currently 25,800.