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U.S. Security And Military Assistance: Programs And Related Activities

This report provides information and annual statistics on security and military assistance provided to foreign countries between fiscal years 1977 and 1983. It also includes data on the financial arrangements and incentives used by the Department of Defense to facilitate foreign military sales and the major commercial firms involved in supplying military hardware to foreign countries.



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INTERNATIONAL DIVISION

B-207575

The Honorable William Proxmire
Vice Chairman, Subcommittee on
International Trade, Finance, and
Security Economics
Joint Economic Committee

Dear Mr. Chairman:

In your letter of March 11, 1982, and during subsequent discussions with your office, it was requested that we provide you with information on the annual costs for each of the military- and security-related aid programs including grants, loans, sales, leases, and commercial sales. This report includes information for fiscal years 1977 through 1983, including statistics by individual country. (See app. I.)

Our report contains information on the five major security assistance programs proposed by the administration and funded through congressional appropriations. (See app. II.) We have also included information on activities which can be considered security and military assistance related. Some of these related activities require congressional authorizations and appropriations while others only require congressional review and oversight. (See app. III.) The report also includes information on financial arrangements used to facilitate the sale of military equipment (see app. IV); activities which help develop foreign economies and defense industries (see app. V); and, as you requested, the top 25 companies supplying military equipment through foreign military sales and commercial channels (see app. VI). In addition, appendix VII lists our previous reports concerning foreign military sales.

As you can see, there are numerous programs and activities involved and, as previously discussed with your office, we could not complete a detailed study of all such assistance provided to other countries in a short time frame. However, the report contains information requested by your office on military assistance and activities other than that authorized and funded under the

usual foreign assistance programs. We have not attempted to combine these various programs and activities into totals for each country since it must be recognized that certain figures are not quantifiable and others may not reflect in all instances the real cost to the United States.

The data was developed from records of the Departments of Defense and State and information provided by officials of these agencies. We were not able in all cases to verify its accuracy and, as requested by your office, we did not obtain comments from the Departments of Defense and State on the contents of this report.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies to the Chairmen, House and Senate Committees on Appropriations, House Committee on Government Operations, Senate Committee on Governmental Affairs; the Director, Office of Management and Budget; the Secretaries of State and Defense; the Director, Defense Security Assistance Agency; the Administrator, Agency for International Development; and other interested parties.

Sincerely yours,



Frank C. Conahan
Director

C o n t e n t s

<u>APPENDIX</u>		<u>Page</u>
I	March 11, 1982, Letter From The Vice Chairman, Subcommittee On International Trade, Finance, And Security Economics Joint Economic Committee	1
II	SECURITY ASSISTANCE PROGRAMS	3
	FMS Financing Program	3
	Direct Credits Forgiven	14
	Guaranty Reserve Fund	16
	Economic Support Fund Program	18
	Military Assistance Program	22
	International Military Education and Training Program	27
	Peacekeeping Operations Program	33
III	SECURITY AND MILITARY ASSISTANCE RELATED ACTIVITIES	36
	Foreign Military Sales Cash Program	36
	Leases of Equipment	42
	Loans of Equipment	45
	Sale of U.S. Navy Ships to Foreign Governments	46
	Excess Defense Articles	54
	Stockpiling of Defense Articles for Foreign Countries	58
	Overseas Military Program Management	59
	Construction Costs for Overseas Bases	63
	Support of International Military Activities	65
	Air Base Construction in Israel	66
IV	FINANCIAL ARRANGEMENTS USED IN THE SALE OF MILITARY EQUIPMENT	67
	FMS Waivers	68
	"Cash Flow" Method of Financing	71
	Dependable Undertakings	73
	FMS Defaults and Debt Reschedulings	75
	Export-Import Bank Special Loans Outstanding	78
V	ACTIVITIES WHICH SUPPORT OTHER COUNTRIES	79
	Coproduction Arrangements	80
	Offset Arrangements	82
	Purchasing Foreign Products With FMS Funds	85
VI	COMMERCIAL EXPORTS AND LISTING OF TOP MILITARY EQUIPMENT MANUFACTURERS	87
	Commercial Exports Licensed Under the AECA	88
	Top 25 Companies Supplying Military Equipment Under FMS and Commercial Export Sales, Fiscal Year 1981	94
	Foreign Military Sales - Top 25 Companies	95
	Commercial Export Sales - Top 25 Companies	96

APPENDIX

Page

VII

PREVIOUS GAO REPORTS CONCERNING FOREIGN
MILITARY SALES

97

ABBREVIATIONS

AECA	Arms Export Control Act
DOD	Department of Defense
DSAA	Defense Security Assistance Agency
ESF	Economic Support Fund
FAA	Foreign Assistance Act
FFB	Federal Financing Bank
FMS	Foreign Military Sales
GAO	General Accounting Office
IMET	International Military Education and Training
MAP	Military Assistance Program
NATO	North Atlantic Treaty Organization
PKO	Peacekeeping Operations

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WASHINGTON, D.C. 20510

March 11, 1982

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The Honorable Charles A. Bowsher
 Comptroller General of the United
 States
 General Accounting Office
 441 G Street
 Washington, D.C. 20548

Dear Mr. Comptroller General:

In 1971, GAO provided to the Joint Economic Committee at my request a series of tables concerning U.S. military assistance to foreign governments. This information was extremely valuable because it brought together for the first time an overview of the diverse forms of military and security related aid activities. The Committee held hearings on this subject in 1971 and partly as a result of the information made public, several policy changes were adopted including the decision to phase out military assistance grants.

I would like to develop a similar overview of the military aid program and request that you provide me with a series of tables showing annual costs for each of the military aid and security related programs including grants, if any, loans, sales, leases, commercial sales, and any other activities, governmental or private. The tables should cover each of the Fiscal Years 1977 through 1982 plus estimates for 1982. In addition to the annual totals, I would like to see breakdowns by individual country recipients. I would also like to see a breakdown of the 25 largest firms involved in supplying military equipment and services with respect to both governmental and commercial transfers.

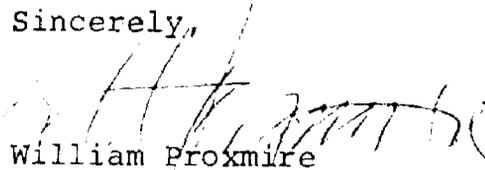
At this time, I would like to have only the tables and other relevant factual information without any analysis or evaluation. I understand that GAO is already doing work in the area of military loan programs and related areas. This work is of great interest to me and relevant to this inquiry. I would expect that your ongoing work would be useful as a follow-up to the information I am now requesting and look forward to the results of these efforts.

The Honorable Charles A. Bowsher
March 11, 1982
Page Two

I would like to have as much of the information as can be developed by June 1, 1982, as it will be useful to me in my work as Ranking Minority Member of the Senate Appropriations Committee as well as in my capacity on the Joint Economic Committee.

Your assistance would be deeply appreciated.

Sincerely,



William Proxmire

Vice Chairman

Subcommittee on International Trade,
Finance, and Security Economics

SECURITY ASSISTANCE PROGRAMS

There are five major security assistance programs through which the United States provides defense articles, military training, and other assistance and defense-related services to eligible foreign countries. These programs include the Foreign Military Sales (FMS) Financing Program, the Economic Support Fund (ESF) Program, the Military Assistance Program (MAP), the International Military Education and Training (IMET) Program, and the Peacekeeping Operations (PKO) Program. Also, as part of the FMS Financing Program this appendix discusses "Direct Credits Forgiven" and the Guaranty Reserve Fund. The Foreign Assistance Act (FAA) of 1961, as amended, (22 U.S.C. § 2151 et. seq.) is the primary implementing legislation, except for the FMS Financing Program which is authorized under the Arms Export Control Act (AECA) (22 U.S.C. § 2751 et. seq.).

On an annual basis, the executive branch submits to the Congress a program description, along with recommended program levels for each of the major programs. Many programs require congressional authorization and appropriation and, as such, have a direct impact on the budget. FMS guaranteed loans financed through the Federal Financing Bank (FFB) do not require appropriations and are therefore off-budget. Within each program, we identify the specific authorizing legislation, and the purpose, scope, and operations which apply to its conduct and administration. Following is a description of each program and, where applicable, the funds appropriated by country, on an annual basis since 1977.

FMS FINANCING PROGRAM

Sections 23 and 24 of the AECA authorize the President to help finance the purchase of defense articles and services by friendly foreign governments and international organizations. The FMS Financing Program consists of direct credit and guaranteed loans.

Funds for the Department of Defense (DOD) direct credit and guaranteed loans are authorized and appropriated annually by the Congress and, when repaid, are done so with interest and returned to the general account of the Treasury. Interest for credit sales is set by section 23 of the AECA at,

" * * * a rate equivalent to the current average interest rate, as of the last day of the month preceeding the financing of such procurement, that the United States Government pays on outstanding marketable obligations of comparable maturity, unless the President certifies to Congress that the national interest requires a lesser rate of interest * * * ."

Direct credit and guaranteed loans

Under direct credit, DOD finances procurement of defense articles out of funds specifically appropriated for AECA financing programs. In fiscal year 1982 only Israel and Egypt participated in the direct credit program. Special authority contained in section 31 of the AECA relating to debt forgiveness (see p. 15) releases Israel from repayment of \$550 million and Egypt from repayment of \$200 million authorized as part of their respective credit programs. The administration proposed that an additional 19 countries participate in the direct credit program for fiscal year 1983.

Under DOD's guaranteed loan program, loans are made by the FFB to the foreign government. The outstanding balance of the loan is "guaranteed" repayment by a special guaranty reserve established for that purpose. Some 32 countries are projected to participate in the fiscal year 1983 guaranteed loan program.

Usually, countries must repay loans within 12 years. However the AECA also authorizes special repayment terms for the Governments of Israel, Egypt, Sudan, Greece, Turkey, and Somalia. These countries generally are given a 30-year term--a 10-year grace period on repayment of principal, followed by 20 years repayment.

FOREIGN MILITARY SALES FINANCING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>Worldwide:</u>	<u>10,169,577</u>	<u>1,911,025</u>	<u>2,101,000</u>	<u>5,673,000</u>	<u>1,950,000</u>	<u>3,046,187</u>	<u>24,850,790</u>	<u>3,833,500</u>	<u>5,667,800</u>
Payment Waived	2,450,000	500,000	500,000	500,000	500,000	500,000	4,950,000	750,000	950,000
DOD Direct	3,436,919	28,000	17,500	8,000	-	-	3,490,419	-	789,000
DOD Guaranty	4,282,659	1,383,025	1,583,500	5,165,000	1,450,000	2,546,187	16,410,371	3,083,500	3,928,800
<u>East Asia and Pacific:</u>	<u>1,282,164</u>	<u>296,525</u>	<u>403,000</u>	<u>310,100</u>	<u>252,000</u>	<u>304,900</u>	<u>2,848,688</u>	<u>328,500</u>	<u>413,500</u>
DOE Direct	451,588	-	-	-	-	-	451,588	-	50,000
DOD Guaranty	830,576	296,525	403,000	310,100	252,000	304,900	2,397,100	328,500	363,500
<u>Australia</u>	<u>115,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,586</u>	<u>-</u>	<u>-</u>
DOE Direct	115,586	-	-	-	-	-	115,586	-	-
<u>Indonesia</u>	<u>31,600</u>	<u>23,100</u>	<u>40,000</u>	<u>32,000</u>	<u>30,000</u>	<u>30,000</u>	<u>186,700</u>	<u>40,000</u>	<u>50,000</u>
DOD Direct	3,500	-	-	-	-	-	3,500	-	-
DOD Guaranty	28,100	23,100	40,000	32,000	30,000	30,000	183,200	40,000	50,000
<u>Japan</u>	<u>34,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,772</u>	<u>-</u>	<u>-</u>
DOD Direct	34,772	-	-	-	-	-	34,772	-	-
<u>Korea</u>	<u>431,958</u>	<u>152,425</u>	<u>275,000</u>	<u>225,000</u>	<u>129,000</u>	<u>161,500</u>	<u>1,374,883</u>	<u>166,000</u>	<u>210,000</u>
DOD Direct	61,700	-	-	-	-	-	61,700	-	-
DOD Guaranty	370,258	152,425	275,000	225,000	129,000	161,500	1,313,183	166,000	210,000
<u>Malaysia</u>	<u>75,910</u>	<u>36,000</u>	<u>16,500</u>	<u>7,500</u>	<u>7,000</u>	<u>10,000</u>	<u>152,910</u>	<u>10,000</u>	<u>12,500</u>
DOE Direct	38,071	-	-	-	-	-	38,071	-	-
DOE Guaranty	37,838	36,000	16,500	7,500	7,000	10,000	114,838	10,000	12,500
<u>New Zealand</u>	<u>1,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,492</u>	<u>-</u>	<u>-</u>
DOE Direct	1,492	-	-	-	-	-	1,492	-	-
<u>Philippines</u>	<u>40,000</u>	<u>20,000</u>	<u>18,500</u>	<u>15,600</u>	<u>50,000</u>	<u>50,000</u>	<u>194,100</u>	<u>50,000</u>	<u>50,000</u>
DOD Direct	8,600	-	-	-	-	-	8,600	-	-
DOE Guaranty	31,400	20,000	18,500	15,600	50,000	50,000	185,500	50,000	50,000

FOREIGN MILITARY SALES FINANCING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
Singapore	17,221	-	-	-	-	-	17,221	-	-
DOD Guaranty	17,221	-	-	-	-	-	17,221	-	-
Taiwan	489,226	35,000	23,500	-	-	-	547,726	-	-
DOD Direct	187,866	-	-	-	-	-	187,866	-	-
DOD Guaranty	301,360	35,000	23,500	-	-	-	359,860	-	-
Thailand	44,399	30,000	29,500	30,000	36,000	53,400	223,299	62,500	91,000
DOD Direct	-	-	-	-	-	-	-	-	50,000
DOD Guaranty	44,399	30,000	29,500	30,000	36,000	53,400	223,299	62,500	41,000
<u>Near East and South</u>									
<u>Asia:</u>	7,033,021	1,155,000	1,139,000	4,874,500	1,137,000	2,085,500	17,424,021	2,517,000	3,660,000
Payment Waived	2,450,000	500,000	500,000	500,000	500,000	500,000	4,950,000	750,000	950,000
DOD Direct	2,082,649	-	-	-	-	-	2,082,649	-	130,000
DOD Guaranty	2,500,372	655,000	639,000	4,374,500	637,000	1,585,500	10,391,372	1,767,000	2,630,000
Egypt	-	-	-	1,500,000	b/	550,000	2,050,000	900,000	1,300,000
Payment Waived	-	-	-	-	-	-	-	200,000	400,000
DOD Direct	-	-	-	-	-	-	550,000	-	-
DOD Guaranty	-	-	-	1,500,000	-	550,000	2,050,000	700,000	900,000
India	27,310	-	-	-	-	-	27,310	-	-
DOD Direct	27,310	-	-	-	-	-	27,310	-	-
Iran	496,407	-	-	-	-	-	496,407	-	-
DOD Direct	175,705	-	-	-	-	-	175,705	-	-
DOD Guaranty	320,701	-	-	-	-	-	320,701	-	-
Israel	5,904,244	a/ 1,000,000	1,000,000	3,200,000	b/ 1,000,000	1,400,000	13,504,244	1,400,000	1,700,000
Payment Waived	2,450,000	500,000	500,000	500,000	500,000	500,000	4,950,000	550,000	500,000
DOD Direct	1,667,103	-	-	-	-	-	1,667,103	-	-
DOD Guaranty	1,787,142	500,000	500,000	2,700,000	500,000	900,000	6,887,142	850,000	1,200,000

FOREIGN MILITARY SALES FINANCING PROGRAM
(Dollars in Thousands)

	<u>FY 1950</u> <u>to</u> <u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1950</u> <u>to</u> <u>FY 1981</u>	<u>Estimated</u> <u>FY 1982</u>	<u>Proposed</u> <u>FY 1983</u>
Jordan	179,840	75,000	71,000	67,000	50,000	42,100	484,940	50,000	75,000
DOD Direct	55,703	-	-	-	-	-	55,703	-	-
DOD Guaranty	124,137	75,000	71,000	67,000	50,000	42,100	429,237	50,000	75,000
Lebanon	9,168	25,000	-	42,500	22,000	20,000	118,668	10,000	15,000
DOD Direct	9,168	-	-	-	-	-	9,168	-	-
DOD Guaranty	-	25,000	-	42,500	22,000	20,000	109,500	10,000	15,000
Morocco	116,430	30,000	43,000	45,000	25,000	33,400	292,830	30,000	100,000
DOD Direct	68,830	-	-	-	-	-	68,830	-	50,000
DOD Guaranty	47,600	30,000	43,000	45,000	25,000	33,400	224,000	30,000	50,000
7 Oman	-	-	-	-	25,000	25,000	50,000	30,000	40,000
DOD Direct	-	-	-	-	-	-	-	-	-
DOD Guaranty	-	-	-	-	25,000	25,000	50,000	30,000	40,000
Pakistan	7,633	-	-	-	-	-	7,633	-	275,000
DOD Direct	5,786	-	-	-	-	-	5,786	-	-
DOD Guaranty	1,847	-	-	-	-	-	1,847	-	275,000
Saudi Arabia	254,167	-	-	-	-	-	254,167	-	-
DOD Direct	65,222	-	-	-	-	-	65,222	-	-
DOD Guaranty	188,945	-	-	-	-	-	188,945	-	-
Sri Lanka	308	-	-	-	-	-	308	2,000	-
DOD Direct	308	-	-	-	-	-	308	-	-
DOD Guaranty	-	-	-	-	-	-	-	2,000	-
Tunisia	37,514	25,000	25,000	20,000	15,000	15,000	137,514	85,000	140,000
DOD Direct	7,514	-	-	-	-	-	7,514	-	70,000
DOD Guaranty	30,000	25,000	25,000	20,000	15,000	15,000	130,000	85,000	70,000
Yemen	-	-	-	-	-	-	-	10,000	15,000
DOD Direct	-	-	-	-	-	-	-	-	10,000
DOD Guaranty	-	-	-	-	-	-	-	10,000	5,000

FOREIGN MILITARY SALES FINANCING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>Europe and Canada:</u>	<u>870,550</u>	<u>367,000</u>	<u>435,000</u>	<u>435,000</u>	<u>468,000</u>	<u>546,500</u>	<u>3,122,049</u>	<u>793,000</u>	<u>1,235,000</u>
DOD Direct	388,550	-	-	-	-	-	388,550	-	375,000
DOD Guaranty	482,000	367,000	435,000	435,000	468,000	546,500	2,733,500	793,000	860,000
Austria	15,713	-	-	-	-	-	15,713	-	-
DOD Direct	15,713	-	-	-	-	-	15,713	-	-
Belgium	7,793	-	-	-	-	-	7,793	-	-
DOD Direct	7,793	-	-	-	-	-	7,793	-	-
France	80,392	-	-	-	-	-	80,392	-	-
DOD Direct	80,392	-	-	-	-	-	80,392	-	-
Greece	450,500	122,000	140,000	140,000	145,100	176,500	1,174,100	280,000	280,000
DOD Direct	158,500	-	-	-	-	-	158,500	-	-
DOD Guaranty	292,000	122,000	140,000	140,000	145,100	176,500	1,015,600	280,000	280,000
Italy	292	-	-	-	-	-	292	-	-
DOD Direct	292	-	-	-	-	-	292	-	-
Netherlands	2,200	-	-	-	-	-	2,200	-	-
DOD Direct	2,200	-	-	-	-	-	2,200	-	-
Portugal	-	-	-	-	-	-	-	45,000	90,000
DOD Direct	-	-	-	-	-	-	-	-	75,000
DOD Guaranty	-	-	-	-	-	-	-	45,000	15,000
Spain	2,300	120,000	120,000	120,000	120,000	120,000	602,300	125,000	400,000
DOD Direct	2,300	-	-	-	-	-	2,300	-	-
DOD Guaranty	-	120,000	120,000	120,000	120,000	120,000	600,000	125,000	400,000
Turkey	309,971	125,000	175,000	175,000	202,900	250,000	1,237,871	343,000	465,000
DOD Direct	119,971	-	-	-	-	-	119,971	-	300,000
DOD Guaranty	190,000	125,000	175,000	175,000	202,900	250,000	1,117,900	343,000	165,000
Yugoslavia	1,388	-	-	-	-	-	1,388	-	-
DOD Direct	1,388	-	-	-	-	-	1,388	-	-

FOREIGN MILITARY SALES FINANCING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
Africa:	<u>138,720</u>	<u>53,500</u>	<u>52,000</u>	<u>26,200</u>	<u>74,570</u>	<u>78,000</u>	<u>422,990</u>	<u>132,600</u>	<u>234,000</u>
Payment Waived	-	-	-	-	-	-	-	-	50,000
DOD Direct	81,234	28,000	17,500	8,000	-	-	134,734	-	160,000
DOD Guaranty	57,486	25,500	34,500	18,200	74,570	78,000	288,256	132,600	24,000
Botswana	-	-	-	-	-	500	500	500	5,000
DOD Direct	-	-	-	-	-	-	-	-	-
DOD Guaranty	-	-	-	-	-	500	500	500	5,000
Cameroon	-	-	5,000	2,000	1,000	4,400	12,400	1,500	10,000
DOD Direct	-	-	-	-	-	-	-	-	-
DOD Guaranty	-	-	5,000	2,000	1,000	4,400	12,400	1,500	10,000
Djibouti	-	-	-	-	-	-	-	1,000	1,500
DOD Guaranty	-	-	-	-	-	-	-	1,000	1,500
Ethiopia	36,000	-	-	-	-	-	36,000	-	-
DOD Direct	36,000	-	-	-	-	-	36,000	-	-
Cabo Verde	2,000	2,000	2,000	-	-	2,600	8,600	2,600	3,000
DOD Direct	2,000	-	-	-	-	-	2,000	-	-
DOD Guaranty	-	2,000	2,000	-	-	2,600	6,600	2,600	3,000
Kenya	35,000	15,000	27,000	10,000	20,000	6,000	113,000	22,000	35,000
DOD Direct	-	-	-	-	-	-	-	-	35,000
DOD Guaranty	35,000	15,000	27,000	10,000	20,000	6,000	113,000	22,000	-
Liberia	6,551	500	500	1,200	2,470	4,700	15,921	7,000	15,000
DOD Direct	4,851	-	-	-	-	-	4,851	-	15,000
DOD Guaranty	1,700	500	500	1,200	2,470	4,700	11,070	7,000	-
Mali	48	-	-	-	-	-	48	-	-
DOD Direct	48	-	-	-	-	-	48	-	-

FOREIGN MILITARY SALES FINANCING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
Niger	-	-	-	-	-	2,300	2,300	2,000	5,000
DOE Direct	-	-	-	-	-	-	-	-	5,000
DOD Guaranty	-	-	-	-	-	2,300	2,300	2,000	-
Nigeria	335	-	-	-	-	-	335	-	-
DOE Direct	335	-	-	-	-	-	-	-	-
Rwanda	-	-	-	-	-	1,500	1,500	1,500	1,500
DOD Direct	-	-	-	-	-	-	-	-	-
DOE Guaranty	-	-	-	-	-	1,500	1,500	1,500	1,500
Senegal	-	8,000	-	-	-	-	8,000	2,000	5,000
DOE Direct	-	-	-	-	-	-	-	-	5,000
DOD Guaranty	-	8,000	-	-	-	-	8,000	2,000	-
Somalia	-	-	-	-	20,000	20,000	40,000	10,000	30,000
DOE Direct	-	-	-	-	-	-	-	-	30,000
DOE Guaranty	-	-	-	-	20,000	20,000	40,000	10,000	-
Sudan	1,327	-	-	5,000	25,000	30,000	61,327	75,000	100,000
Payment Waived	-	-	-	-	-	-	-	-	50,000
DOD Direct	-	-	-	-	-	-	-	-	50,000
DOD Guaranty	1,327	-	-	5,000	25,000	30,000	61,327	75,000	-
Zaire	57,459	28,000	17,500	8,000	6,100	6,000	123,059	7,500	20,000
DOE Direct	38,000	28,000	17,500	8,000	-	-	91,500	-	20,000
DOE Guaranty	19,459	-	-	-	6,100	6,000	31,559	7,500	-
Zimbabwe	-	-	-	-	-	-	-	-	3,000
DOD Guaranty	-	-	-	-	-	-	-	-	3,000

FOREIGN MILITARY SALES FINANCING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>American Republics:</u>	822,014	39,000	72,000	27,200	18,430	31,287	1,009,931	62,400	125,300
DOD Direct	409,788	-	-	-	-	-	409,788	-	74,000
DOD Guaranty	412,226	39,000	72,000	27,200	18,430	31,287	600,143	62,400	51,300
Argentina	175,879	-	-	-	-	-	175,879	-	-
DCE Direct	63,240	-	-	-	-	-	63,240	-	-
DCE Guaranty	112,639	-	-	-	-	-	112,039	-	-
Bahamas	-	-	-	-	-	-	-	1,000	-
DCE Guaranty	-	-	-	-	-	-	-	1,000	-
Barbados	-	-	-	-	-	-	-	2,000	-
DOD Guaranty	-	-	-	-	-	-	-	2,000	-
Bolivia	17,000	-	-	6,000	-	-	23,000	-	-
DCE Direct	8,000	-	-	-	-	-	8,000	-	-
DOD Guaranty	9,000	-	-	6,000	-	-	15,000	-	-
Brazil	264,618	-	-	-	-	-	264,618	-	-
DOD Direct	111,303	-	-	-	-	-	111,303	-	-
DOD Guaranty	153,315	-	-	-	-	-	153,315	-	-
Chile	62,524	-	-	-	-	-	62,524	-	-
DOD Direct	58,490	-	-	-	-	-	58,490	-	-
DOD Guaranty	4,034	-	-	-	-	-	4,034	-	-
Colombia	41,823	-	51,000	12,500	-	-	105,323	12,000	12,000
DOD Direct	22,223	-	-	-	-	-	22,223	-	-
DOD Guaranty	19,600	-	51,000	12,500	-	-	83,100	12,000	12,000
Costa Rica	-	5,000	-	-	-	-	5,000	-	-
DOD Guaranty	-	5,000	-	-	-	-	5,000	-	-
Dominican Republic	1,498	1,000	-	500	3,200	3,000	9,198	4,000	9,500
DOD Direct	500	-	-	-	-	-	500	-	3,700
DOD Guaranty	998	1,000	-	500	3,200	3,000	8,698	4,000	5,800

FOREIGN MILITARY SALES FINANCING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
Eastern Caribbean c/	-	-	-	-	-	-	-	2,600	5,500
DOE Direct	-	-	-	-	-	-	-	-	4,500
DOD Guaranty	-	-	-	-	-	-	-	2,600	1,000
Ecuador	10,636	15,000	10,000	-	3,000	4,000	42,636	4,500	6,000
DOE Direct	638	-	-	-	-	-	638	-	-
DOD Guaranty	9,998	15,000	10,000	-	3,000	4,000	41,998	4,500	6,000
El Salvador	3,373	-	-	-	5,700	10,000	19,073	16,500	60,000
DOE Direct	3,373	-	-	-	-	-	3,373	-	50,000
DOE Guaranty	-	-	-	-	5,700	10,000	15,700	16,500	10,000
Guatemala	10,718	-	-	-	-	-	10,718	-	-
DOE Direct	9,327	-	-	-	-	-	9,327	-	-
DOD Guaranty	1,391	-	-	-	-	-	1,391	-	-
Haiti	-	500	500	200	-	300	1,500	300	300
DOE Direct	-	-	-	-	-	-	-	-	300
DOD Guaranty	-	500	500	200	-	300	1,500	300	-
Honduras	5,500	2,500	2,500	2,000	3,530	8,400	24,430	9,000	14,500
DOE Direct	3,000	-	-	-	-	-	3,000	-	9,000
DOE Guaranty	2,500	2,500	2,500	2,000	3,530	8,400	21,430	9,000	5,500
Jamaica	-	-	-	-	-	1,587	1,587	1,000	6,500
DOE Direct	-	-	-	-	-	-	-	-	6,500
DOD Guaranty	-	-	-	-	-	1,587	1,587	1,000	-
Mexico	4,298	-	-	-	-	-	4,298	-	-
DOD Direct	4,298	-	-	-	-	-	4,298	-	-
Nicaragua	5,500	2,500	-	-	-	-	8,000	-	-
DOD Guaranty	5,500	2,500	-	-	-	-	8,000	-	-

FOREIGN MILITARY SALES FINANCING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
Panama	-	2,500	-	1,000	-	-	3,500	5,000	5,000
DOD Guaranty	-	2,500	-	1,000	-	-	3,500	5,000	5,000
Paraguay	707	-	-	-	-	-	707	-	-
DOD Direct	318	-	-	-	-	-	318	-	-
DOD Guaranty	389	-	-	-	-	-	389	-	-
Peru	75,040	10,000	8,000	5,000	3,000	4,000	105,040	4,500	6,000
DOD Direct	20,978	-	-	-	-	-	20,978	-	-
DOD Guaranty	54,062	10,000	8,000	5,000	3,000	4,000	84,062	4,500	6,000
Uruguay	18,349	-	-	-	-	-	18,349	-	-
DOD Direct	8,349	-	-	-	-	-	8,349	-	-
DOD Guaranty	10,000	-	-	-	-	-	10,000	-	-
Venezuela	124,551	-	-	-	-	-	124,551	-	-
DOD Direct	95,751	-	-	-	-	-	95,751	-	-
DOD Guaranty	28,800	-	-	-	-	-	28,800	-	-
<u>International Organi-</u>									
<u>zations</u>	23,110	-	-	-	-	-	23,110	-	-
DOD Direct	23,110	-	-	-	-	-	23,110	-	-

*Less than \$500.

a/Includes \$500 million for Israel authorized by P.L. 91-441 and appropriated by P.L. 91-665 (Supplemental Appropriations Act, January 8, 1971) and \$2,182,664 pursuant to P.L. 93-199 (Emergency Security Assistance Act, December 26, 1973).

b/Includes \$1,500,000 for Egypt and \$2,200,000 for Israel authorized by P.L. 96-35 (Special International Security Assistance Act of 1979) and appropriated by P.L. 96-38 (Supplemental Appropriations Act, July 25, 1979).

c/Eligible countries included in Eastern Caribbean are: Antigua, Barbados, Barbuda, Dominica, Montserrat, St. Kitts-Nevis, St. Lucia and St. Vincent, and the Grenadines.

Note: As of September 30, 1981.

Totals may not add due to rounding.

The data and footnotes on this chart were obtained from DOD records.

DIRECT CREDITS FORGIVEN

The FMS Financing Program is authorized under sections 23 and 24 of the AECA. Under the Act, the President can authorize direct credit or guaranteed loans to help foreign governments and international organizations purchase U.S. defense articles and services. The Act also allows the United States to forgive repayment of credit sales and guaranteed loans to certain countries.

Over the years, the bulk of direct credits have been provided to Israel, and more recently Egypt. Since 1977, Israel has received at least \$500 million a year in FMS direct credits. More significant though, as the following table shows, Israel has been relieved from repayment of this debt to the United States. ^{1/} Recently, repayment of Egypt's direct credits were forgiven; and Egypt and Sudan are also seeking debt forgiveness for fiscal year 1983.

^{1/}Direct credits were first forgiven for Israel in FY 1974; from FY 1974 through FY 1976 \$2.4 billion in direct credits were forgiven.

DIRECT CREDITS FORGIVEN

	<u>FY1977</u>	<u>FY1978</u>	<u>FY1979</u>	<u>FY1980</u>	<u>FY1981</u>	<u>Estimated</u> <u>FY1982</u>	<u>Proposed</u> <u>FY1983</u>	<u>Direct</u> <u>Credits</u> <u>Forgiven</u> <u>FY1977</u> <u>FY1983</u>
	----- (Dollars in Millions) -----							
<u>Israel</u>								
Total	1,000	1,000	3,200	1,000	1,400	1,400	1,700	-
DOD Guaranty	500	500	2,700	500	900	850	1,200	-
Direct credits forgiven	500	500	500	500	500	550	500	<u>3,550</u>
<u>Egypt</u>								
Total	-	-	1,500	-	500	900	1,300	-
DOD Guaranty	-	-	1,500	-	500	700	900	-
Direct credits forgiven	-	-	-	-	-	200	400	<u>600</u>
<u>Sudan</u>								
Total	-	-	5	25	30	75	100 <u>1/</u>	-
DOD Guaranty	-	-	5	25	30	75	-	-
Direct credits forgiven	-	-	-	-	-	-	50	<u>50</u>

1/This figure includes all direct credits, of which only \$50 million will be forgiven.

GUARANTY RESERVE FUND

The Guaranty Reserve Fund, a revolving fund administered by DOD, is used to guaranty FMS loans extended by the FFB and commercial lending institutions. Missed payments from FMS customers with guaranteed loans are withdrawn from the Guaranty Reserve Fund when the lender demands payment for defaults that are 10 days overdue. The amounts withdrawn from the fund are converted to new DOD loans with a separate repayment schedule, the proceeds of which are repaid directly to the Guaranty Reserve Fund. The remaining payments for the original loans guaranteed by DOD are continued with the FFB or lending institution in accordance with the original repayment schedule or the schedule pursuant to international debt rescheduling agreements.

Until December 16, 1980, the Congress appropriated 10 percent (25 percent prior to fiscal year 1975) of the annual FMS guaranteed loan program for defaults on loans made by the FFB. The International Security and Development Cooperation Act of 1980 (P.L. 96-533) amended the provision of the AECA regarding the reserve fund by eliminating the requirement for an appropriation of FMS financing in the amount of 10 percent of the face value of guaranteed loans; authorizing use of the balance of funds existing in the Guaranty Reserve Fund as of December 16, 1980, for future payment of claims; providing for a Presidential report to the Congress when the payment of claims reduces the Guaranty Reserve Fund to less than \$750 million; allowing for replenishment of the reserve fund, and requiring an annual report on the amount and adequacy of the Guaranty Reserve Fund.

GUARANTY RESERVE FUND

<u>Fiscal year</u>	<u>Cash balance of fund</u> ---(Dollars in Thousands)---	<u>Cumulative contingent liability</u>	<u>Percent</u>
1977	\$ 389,430	\$ 3,894,300	10.0
1978	547,780	5,477,800	10.0
1979	1,064,800	10,642,800	10.0
1980	1,170,403 <u>a/</u>	12,092,800	9.6
1981	1,060,445 <u>b/</u>	13,233,000	8.0
1982	960,445 <u>c/</u>	15,666,000 <u>c/</u>	6.1
1983	860,445 <u>c/</u>	18,910,000 <u>c/</u>	4.6

a/The balance of the fund after all outlays as of December 16, 1980. This total represented 25 percent of the outstanding loans issued in FY 1974 and prior and 10 percent of outstanding loans issued subsequent to 1974. After December 16, 1980, Public Law 96-533 was passed and no new appropriations were authorized.

b/Declines are the result of agreed to debt reschedulings for Turkey and Liberia.

c/Estimated.

ECONOMIC SUPPORT FUND PROGRAM

The ESF is authorized by Chapter 4, Part II of the FAA of 1961, as amended. The program, administered by the Agency for International Development, is designed to promote economic or political stability in areas where the United States has special security interests and it is determined that economic assistance can be useful in helping to secure peace or to avert major economic or political crises.

Funds are made available on a loan or grant basis and can be used for a variety of purposes, including balance of payments support, financing infrastructure and other capital projects, and support for development projects which benefit the poor. Although a substantial amount of the ESF goes for balance of payments type aid, it also provides for programs aimed at primary needs in health, education, agriculture, and family planning. While the ESF is earmarked for specific countries, over one-half of the ESF total proposed for 1983 is designated for the Middle East in support of continuing efforts to achieve peace in the region. Also, a Special Requirements Fund has been requested to permit quick U.S. response to unforeseen needs for economic assistance.

ECONOMIC SUPPORT FUND PROGRAM
(Dollars in Thousands)

	<u>FY 1977a/</u>	<u>FY 1978a/</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>Estimated FY 1982</u>	<u>Proposed FY 1983</u>
Worldwide Total	<u>1,766,400</u>	<u>2,224,437</u>	<u>1,954,146</u>	<u>2,158,141</u>	<u>2,199,295</u>	<u>2,564,000</u>	<u>2,886,000</u>
<u>East Asia and Pacific:</u>							
Philippines	-	-	-	20,000	30,000	50,000	50,000
Thailand	-	-	-	2,000	2,000	5,000	10,000
South Pacific Region	-	-	-	-	-	500	-
Regional Total	-	-	-	<u>22,000</u>	<u>32,000</u>	<u>55,500</u>	<u>60,000</u>
<u>Near East and South Asia:</u>							
Bahrain	400	-	-	-	-	-	-
Egypt	699,300	750,750	835,000	865,000	829,000	771,000	750,000
Israel	735,000	785,000	785,000	785,000	764,000	806,000	785,000
Jordan	70,000	93,000	93,000	69,000	10,000	15,000	20,000
Lebanon	-	20,000	-	500	5,000	6,000	8,000
Oman	-	-	-	5,000	-	15,000	15,000
Pakistan	-	-	-	-	-	100,000	175,000
Syria	80,000	90,000	90,000	-	-	-	-
Tunisia	-	-	-	-	-	5,000	-
Middle East Regional Cooperation	-	-	50	-	6,950	11,000	15,000
Program Support and Private Voluntary Organizations	-	28	3,207	3,716	-	-	-
Middle East Special Requirements Fund	16,100	11,451	11,599	-	-	-	-
Sinai Support Mission	-	11,686	-	-	-	-	-
Regional Total	<u>1,600,800</u>	<u>1,761,915</u>	<u>1,817,856</u>	<u>1,728,216</u>	<u>1,614,950</u>	<u>1,729,000</u>	<u>1,768,000</u>
<u>Europe:</u>							
Cyprus	17,500	15,000	15,000	15,000	14,000	15,000	-
Malta	9,500	9,500	-	-	-	-	-
Poland	-	-	-	-	-	5,000	-
Portugal	65,000	300,000	-	40,000	25,000	20,000	20,000
Spain	10,000	7,000	-b/	7,000	7,000	17,000	12,000
Turkey	-	-	50,000	198,000	200,000	300,000	350,000
Yugoslavia	-	-	10,000	-	-	-	-
Regional Total	<u>102,000</u>	<u>331,500</u>	<u>75,000</u>	<u>260,000</u>	<u>246,000</u>	<u>357,000</u>	<u>382,000</u>

ECONOMIC SUPPORT FUND PROGRAM
(Dollars in Thousands)

	<u>FY 1977a/</u>	<u>FY 1978a/</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>Estimated FY 1982</u>	<u>Proposed FY 1983</u>
<u>Africa:</u>							
Botswana	10,000	15,070	11,100	13,000	10,860	10,000	10,000
Djibouti	-	-	-	-	2,000	2,000	2,000
Kenya	-	-	-	14,500	5,500	10,000	30,000
Lesotho	-	5,345	-	-	-	-	-
Liberia	-	-	5,000	5,200	32,000	16,000	32,000
Mauritius	-	-	-	-	-	2,000	2,000
Niger	-	-	-	-	-	-	5,000
Senegal	-	-	-	-	-	-	10,000
Seychelles	-	-	-	-	-	2,000	2,000
Somalia	-	-	-	5,000	-	20,000	25,000
Sudan	-	-	-	40,000	50,000	100,000	70,000
Swaziland	-	12,666	-	-	-	-	-
Uganda	-	-	3,000	-	-	-	-
Zaire	20,000	9,999	-	-	-	-	15,000
Zambia	20,000	30,000	20,000	24,000	20,576	20,000	20,000
Zimbabwe	-	-	-	22,900	24,996	75,000	75,000
Southern African Regional Require- ments Fund	<u>4,000</u>	<u>37,597</u>	<u>13,900</u>	<u>8,099</u>	<u>17,039</u>	<u>19,750</u>	<u>27,000</u>
Regional Total	<u>54,000</u>	<u>110,677</u>	<u>53,000</u>	<u>132,699</u>	<u>162,971</u>	<u>276,750</u>	<u>325,000</u>
<u>American Republics:</u>							
Costa Rica	-	-	-	-	-	20,000	60,000
Eastern Caribbean c/	-	-	-	4,000	-	20,000	30,000
El Salvador	-	-	-	9,100	44,900	40,000	105,000
Haiti	-	-	-	1,000	-	-	-
Honduras	-	-	-	-	-	-	25,000
Jamaica	-	11,013	-	-	41,000	40,000	55,000
Nicaragua	-	-	8,000	1,125	56,574	20,000	-
Surinam	-	-	-	-	-	-	1,000
Central American Regional Program (ROCAP)	-	-	-	-	900	-	-
Regional Total	-	<u>11,013</u>	<u>8,000</u>	<u>15,225</u>	<u>143,374</u>	<u>140,000</u>	<u>276,000</u>

ECONOMIC SUPPORT FUND PROGRAM
(Dollars in Thousands)

	<u>FY 1977a/</u>	<u>FY 1978a/</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>Estimated</u> <u>FY 1982</u>	<u>Proposed</u> <u>FY 1983</u>
<u>Other:</u>							
Inter-Regional Program							
Support	-	231	290	-	-	-	-
UN Forces in Cyprus	9,600	9,100	-	-	-	-	-
Special Requirements							
Fund	-	-	-	-	-	5,750 d/	75,000 e/
Non-Regional Total	<u>9,600</u>	<u>9,331</u>	<u>290</u>	<u>-</u>	<u>-</u>	<u>5,750</u>	<u>75,000</u>

*Less than \$500.

a/Originally funded under Security Supporting Assistance. The International Security Assistance Act of 1978 repealed the legislative authorities for Security Supporting Assistance and provided authority for the ESF and PKC. See appendix II, Footnote 1, page 33.

b/Funded under PKC. See page 35.

c/Eligible countries included in Eastern Caribbean are: Antigua, Barbados, Barbuda, Dominica, Montserrat, St. Kitts-Nevis, St. Lucia and St. Vincent and the Grenadines.

d/Includes \$5 million for the Special Requirements Fund and \$750,000 for transfer to IMEI.

e/Includes \$50 million earmarked for the Caribbean Basin initiatives.

Note: As of September 30, 1981.

Totals may not add due to rounding.

MILITARY ASSISTANCE PROGRAM

MAP is carried out under authority of Chapter 2 of Part II of the FAA of 1961, as amended, and has been used to loan or give military equipment, facilities, and technical assistance to friendly countries. Initially, the program's purpose was to strengthen the mutual defense and collective security of the non-communist world. However, as time progressed, MAP was justified on several new grounds including retaining U.S. military base rights; maintaining regional arms balances; encouraging greater military self-reliance on the part of certain nations; and promoting tangible evidence of U.S. support.

Congressional interest in this program is reflected in the long list of restrictions on the use of grant military assistance. The Congress has indicated that this program should be phased out and replaced by credit and cash sales to the extent possible. Originally, MAP was scheduled to terminate at the end of fiscal year 1981 although the legislative authority for the program remained intact. The program is authorized annually for administrative costs associated with prior years' programs and for unforeseen circumstances where U.S. national security interests and the recipient's economic conditions require grant aid.

MILITARY ASSISTANCE PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>WORLDWIDE</u>	<u>53,009,563</u>	<u>235,221</u>	<u>217,073</u>	<u>227,975</u>	<u>279,473</u>	<u>268,128</u>	<u>54,237,432</u>	<u>269,212</u>	<u>92,909</u>
<u>East Asia and Pacific:</u>	<u>28,470,594</u>	<u>47,034</u>	<u>40,589</u>	<u>30,179</u>	<u>161,088</u>	<u>125,491</u>	<u>28,874,975</u>	<u>5,185</u>	<u>950</u>
Burma	72,134	-	-	-	-	-	72,134	-	-
Indochina	708,977	-	-	-	-	-	708,977	-	-
Indonesia	162,681	14,121	14,128	1,997	1,840	417	195,184	123 b/	100
Japan	810,276	-	-	-	-	-	810,276	-	-
Kampuchea	1,177,370	-	-	-	-	-	1,177,370	-	-
Korea a/	5,109,659	1,047	511	11,040	122,037	99,705	5,343,998	60 b/	50
Laos a/	1,460,076	-	-	-	-	-	1,460,076	-	-
Philippines a/	508,477	16,240	18,325	15,647	25,332	25,000	609,023	456 b/	750
Taiwan	2,554,446	28	83	8	45	10	2,554,621	10 c/	-
Thailand	1,132,646	15,599	7,541	1,488	11,835	359	1,169,467	4,536	50
Vietnam a/	14,773,851	-	-	-	-	-	14,773,851	-	-
<u>Near East and South</u>									
<u>Asia:</u>	<u>1,992,511</u>	<u>52,091</u>	<u>54,885</u>	<u>41,804</u>	<u>28,311</u>	<u>1,428</u>	<u>2,171,029</u>	<u>1,965</u>	<u>903</u>
Afghanistan	2	-	-	-	-	-	2	-	-
India	90,199	35	9	10	-	-	90,254	-	-
Iran	766,733	-	-	-	-	-	766,733	-	-
Iraq	45,208	-	-	-	-	-	45,208	-	-
Jordan	315,311	52,025	54,867	41,790	28,301	1,425	493,717	964 b/	900
Lebanon	13,585	-	-	-	-	-	13,585	-	-
Libya	12,624	-	-	-	-	-	12,624	-	-
Morocco	29,600	-	-	-	-	-	29,600	-	-
Nepal	1,678	-	-	-	-	-	1,678	-	-
Pakistan	650,280	-	-	-	-	-	650,280	-	-
Saudi Arabia	23,868	-	-	-	-	-	23,868	-	-
Sri Lanka	3,167	-	-	-	-	-	3,167	-	-
Tunisia	40,257	31	9	3	10	3	40,313	1 b/	3
Yemen	-	-	-	-	-	-	-	1,000	-

MILITARY ASSISTANCE PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>Europe and Canada:</u>	<u>18,451,648</u>	<u>73,355</u>	<u>73,445</u>	<u>107,987</u>	<u>38,188</u>	<u>56,118</u>	<u>18,800,740</u>	<u>70,217</u>	<u>2,968</u>
Austria	96,310	-	-	-	-	-	96,310	-	-
Belgium	1,203,784	-	-	-	-	-	1,203,784	-	-
Denmark	587,274	-	-	-	-	-	587,274	-	-
France	4,045,066	-	-	-	-	-	4,045,066	-	-
Germany	884,774	-	-	-	-	-	884,774	-	-
Greece	1,583,026	28,585	34,056	31,754	612	399	1,678,431	885 b/	868
Italy	2,243,742	-	-	-	-	-	2,243,742	-	-
Luxembourg	7,753	-	-	-	-	-	7,753	-	-
Netherlands	1,178,056	-	-	-	-	-	1,178,056	-	-
Norway	862,177	-	-	-	-	-	862,177	-	-
Portugal	313,470	31,243	24,787	26,926	29,862	51,000	477,288	11,385	1,000
Spain	615,054	13,527	14,497	43,063	3,939	3,600	693,682	228 b/	500
Turkey	3,128,736	-	104	6,243	3,776	1,119	3,139,979	57,719	600
United Kingdom	1,012,855	-	-	-	-	-	1,012,855	-	-
Yugoslavia	689,570	-	-	-	-	-	689,570	-	-
<u>Africa:</u>	<u>217,006</u>	<u>572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,691</u>	<u>220,270</u>	<u>53,026</u>	<u>175</u>
Benin	55	-	-	-	-	-	55	-	-
Cameroon	239	-	-	-	-	-	239	-	-
Ethiopia	182,638	569	-	-	-	-	183,207	-	-
Guinea	810	-	-	-	-	-	810	-	-
Ivory Coast	54	-	-	-	-	-	54	-	-
Kenya	-	-	-	-	-	-	-	10,000	-
Liberia	5,289	3	-	-	-	991 e/	6,282	5,000	-
Mali	1,865	-	-	-	-	-	1,865	-	-
Niger	52	-	-	-	-	-	52	-	-
Senegal	2,646	-	-	-	-	-	2,646	-	-
Somalia	-	-	-	-	-	-	-	10,000	-
Sudan	-	-	-	-	-	1,700	1,700	25,026	175
Upper Volta	57	-	-	-	-	-	57	-	-
Zaire	23,302	-	-	-	-	-	23,302	3,000	-

MILITARY ASSISTANCE PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>American Republics:</u>	<u>664,722</u>	<u>2,830</u>	<u>207</u>	<u>75</u>	<u>75</u>	<u>23,179</u>	<u>691,089</u>	<u>67,519</u>	<u>4</u>
Argentina	34,020	-	-	-	-	-	34,020	-	-
Bolivia	30,103	2,229	135	41	63	-	32,572	-	-
Brazil	207,163	-	-	-	-	-	207,163	-	-
Chile	80,468	-	-	-	-	-	80,468	-	-
Colombia	83,161	-	-	-	-	-	83,161	-	-
Costa Rica	930	-	-	-	-	-	930	-	-
Cuba	8,552	-	-	-	-	-	8,552	-	-
Dominican Republic	21,548	6	3	8	*	-	21,565	1,000	-
Ecuador	31,995	-	-	-	-	-	31,995	-	-
El Salvador	4,816	9	3	4	*	23,176 e/	28,009	63,500 e/	-
Guatemala	16,241	6	1	2	*	*	16,250	1	1
Haiti	2,427	-	-	-	-	-	2,427	-	-
Honduras	5,577	27	6	5	2	*	5,618	1,001	1
Jamaica	1,053	-	-	-	-	-	1,053	1,000	-
Mexico	7	-	-	-	-	-	7	-	-
Nicaragua	7,560	54	15	4	-	-	7,631	-	-
Panama	4,273	202	13	4	3	*	4,495	1 b/	1
Paraguay	9,034	277	32	8	6	2	9,357	4 b/	1
Peru	74,952	-	-	-	-	-	74,952	-	-
Uruguay	40,813	20	-	-	-	-	40,833	-	-
Venezuela	33	-	-	-	-	-	33	-	-
Eastern Caribbean	-	-	-	-	-	-	-	1,012 d/	-
<u>International Organizations</u>	<u>1,601,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,601,449</u>	<u>-</u>	<u>-</u>

MILITARY ASSISTANCE PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>General and Regional Costs</u>	1,611,634	59,337	47,947	47,930	51,811	59,221	1,877,879	71,300	37,900
<u>Special Requirements Fund</u>	-	-	-	-	-	-	-	-	50,000

*Less than \$500.

a/During the period FY 1966 - FY 1975, grant aid funding in support of activities in Southeast Asia was a part of the regular DOD appropriation and was identified for programming purposes as Military Assistance Service Funded programs. The funds were used for providing military equipment and related services and training to those countries engaged in the hostilities in Southeast Asia, i.e., Korea, Laos, Philippines, Thailand and Vietnam. Also included are transfers to Korea under Section 3, P.L. 91-652 during FY 1971 and FY 1972 and Section 23 of P.L. 95-384, dated September 26, 1978, as well as the transfer of ammunition to Thailand under Section 24 of P.L. 96-92, dated October 29, 1979.

b/Program phase out costs under Section 516(b) of the FAA, including supply operations.

c/Supply operations only for delivery of previously MAP-funded materiel in pipeline. MAP for Taiwan ended in FY 1975.

d/Tentative distribution is as follows: \$253,000 each to Barbados, Dominica, St. Lucia and St. Vincent and the Grenadines.

e/Includes following program amounts under Section 506(a) which allows the drawdown of defense articles from DOD stocks. In FY 1981, \$1.0 million for Liberia and \$25.0 million for El Salvador; in FY 1982, \$55.0 million for El Salvador.

Note: As of September 30, 1981.

Totals may not add due to rounding.

The data and footnotes on this chart were obtained from DOD records.

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM

The IMET program, authorized by Chapter 5 Part II of the FAA of 1961, as amended, was established to provide instruction and training in military skills and U.S. military doctrine to foreign military and related civilian personnel. IMET training and education complements various national security and foreign policy objectives, including improved readiness, standardization of weapons, and better access to key military personnel and policymakers in foreign countries. The purposes of IMET training are to help foreign countries develop the necessary skills to operate and maintain equipment acquired from the United States; to foster indigenous training capabilities by the foreign country; to promote rapport among U.S. and foreign armed forces; and to promote a better understanding of the United States, its people, and its political system.

To achieve the objectives of the IMET program, the U.S. military departments make available a wide range of courses in the United States and abroad, including professional military education at the war colleges, technical and maintenance training, and flight training. In essence, foreign students are taught to fly airplanes, drive tanks, and steer ships; install, test, calibrate, and repair equipment; and manage information systems, fill requisitions, and devise and implement operational plans and strategies. Since grant military training began in 1950, the United States has trained over one-half million foreign personnel from about 100 countries.

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>WORLDWIDE</u>	<u>1,868,425</u>	<u>23,854</u>	<u>27,931</u>	<u>26,835</u>	<u>25,084</u>	<u>29,289</u>	<u>2,001,418</u>	<u>38,488</u>	<u>53,700</u>
<u>EAST ASIA AND PACIFIC</u>	<u>790,954</u>	<u>6,121</u>	<u>6,541</u>	<u>5,739</u>	<u>4,427</u>	<u>4,768</u>	<u>818,552</u>	<u>6,770</u>	<u>9,150</u>
Burma	4,253	-	-	-	30	31	4,313	150	200
Fiji	-	-	-	-	-	-	-	-	55
Indochina	598	-	-	-	-	-	598	-	-
Indonesia	21,015	2,427	2,649	1,960	1,636	1,823	31,509	2,200	2,625
Japan	44,589	-	-	-	-	-	44,589	-	-
Kampuchea	14,603	-	-	-	-	-	14,603	-	-
Korea a/	151,966	1,172	1,077	1,759	1,136	1,212	158,322	1,400	1,850
Laos a/	42,814	-	-	-	-	-	42,814	-	-
Malaysia	2,355	271	594	516	283	300	4,319	500	850
Papua New Guinea	-	-	-	-	13	8	21	20	20
Philippines a/	32,560	594	713	645	540	591	35,644	1,000	1,300
Singapore	-	-	-	-	-	7	7	50	50
Taiwan	102,162	457	545	-	-	-	103,164	-	-
Thailand a/	71,898	1,199	964	860	789	795	76,506	1,450	2,200
Vietnam a/	302,142	-	-	-	-	-	302,142	-	-
<u>NEAR EAST AND ASIA</u>	<u>140,734</u>	<u>3,031</u>	<u>6,000</u>	<u>6,328</u>	<u>4,760</u>	<u>4,855</u>	<u>165,708</u>	<u>8,330</u>	<u>11,100</u>
Afghanistan	5,191	173	251	-	-	-	5,616	-	-
Bangladesh	-	44	211	230	121	131	738	175	225
Egypt	-	-	183	394	848	792	2,217	2,000	2,000
India	5,413	165	300	450	280	4	6,611	80	200
Iran	67,442	-	-	-	-	-	67,442	-	-
Iraq	1,487	-	-	-	-	-	1,487	-	-
Jordan	5,500	918	1,248	1,585	999	849	11,097	1,325	2,000
Lebanon	1,518	32	460	544	376	326	3,254	575	750
Libya	2,795	-	-	-	-	-	2,795	-	-
Morocco	11,446	785	1,062	963	932	1,006	16,194	1,100	1,600
Nepal	328	29	64	51	26	63	561	75	75
Oman	-	-	-	-	10	8	18	100	100

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>NEAR EAST AND ASIA (CONTD.)</u>									
Pakistan	23,236	310	547	463	-	-	24,556	600	800
Saudi Arabia	12,456	-	-	-	-	-	12,456	-	-
Sri Lanka	166	6	62	28	24	80	366	100	150
Syria	56	-	-	-	-	-	56	-	-
Tunisia	3,460	358	929	1,059	638	663	7,106	1,000	1,700
Yemen	242	211	684	561	506	934	3,137	1,200	1,500
<u>EUROPE AND CANADA</u>	<u>533,934</u>	<u>4,078</u>	<u>6,326</u>	<u>4,505</u>	<u>6,571</u>	<u>7,252</u>	<u>562,665</u>	<u>7,735</u>	<u>11,035</u>
Austria	1,292	24	50	50	24	23	1,463	45	45
Belgium	33,889	-	-	-	-	-	33,889	-	-
Denmark	30,451	-	-	-	-	-	30,451	-	-
Finland	156	12	37	24	43	37	310	40	40
France	107,987	-	-	-	-	-	107,987	-	-
Germany (FRG)	16,173	-	-	-	-	-	16,173	-	-
Greece	43,360	934	1,964	-	1,200	1,144	48,602	1,200	1,700
Iceland	-	17	-	19	4	-	40	20	20
Italy	46,566	-	-	-	-	-	46,566	-	-
Luxembourg	494	-	-	-	-	-	494	-	-
Netherlands	39,100	-	-	-	-	-	39,100	-	-
Norway	31,652	-	-	-	-	-	31,652	-	-
Portugal	12,404	1,122	2,503	2,344	1,801	1,820	21,995	1,800	2,600
Spain	33,397	1,969	1,771	1,742	2,109	2,550	43,537	2,000	3,000
Turkey	111,102	-	-	327	1,353	1,651	114,433	2,500	3,500
United Kingdom	21,624	-	-	-	-	-	21,624	-	-
Yugoslavia	4,286	-	-	-	36	27	4,349	130	130
<u>AFRICA</u>	<u>35,681</u>	<u>2,828</u>	<u>2,654</u>	<u>2,976</u>	<u>2,715</u>	<u>4,037</u>	<u>50,891</u>	<u>6,015</u>	<u>8,735</u>
Benin	27	-	-	-	-	-	27	-	-
Botswana	-	-	-	-	70	22	93	70	125
Burundi	-	-	-	-	-	-	-	-	30
Cameroon	38	-	-	-	44	50	133	50	150
Cape Verde	-	-	-	-	-	-	-	30	35

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>AFRICA (CONTD.)</u>									
Congo	-	-	-	-	-	-	-	30	35
Djibouti	-	-	-	-	-	-	-	75	100
Equatorial Guinea	-	-	-	-	-	-	-	30	50
Ethiopia	22,506	199	-	-	-	-	22,705	-	-
Gabon	-	-	-	-	51	49	100	60	100
Ghana	548	83	233	211	191	200	1,466	300	450
Guinea	89	-	-	-	-	-	89	-	35
Guinea-Bissau	-	-	-	-	-	-	-	35	35
Ivory Coast	104	-	-	-	13	24	142	30	50
Kenya	1,297	193	374	399	501	518	3,282	1,050	1,500
Liberia	3,348	94	187	248	232	600	4,708	600	800
Madagascar	-	-	-	-	-	-	-	-	20
Malawi	-	-	-	-	18	21	39	40	60
Mali	982	-	-	70	101	109	1,262	75	125
Mauritania	-	-	-	-	-	27	27	30	50
Niger	11	-	-	-	-	210	221	375	450
Nigeria	1,507	-	-	-	-	-	1,507	-	-
Rwanda	-	-	-	-	52	33	85	40	75
Senegal	228	30	53	111	167	246	835	300	450
Sierra Leone	-	-	-	-	-	-	-	25	25
Somalia	-	-	-	-	-	380	380	350	550
Sudan	718	83	211	290	416	580	2,299	1,150	1,500
Tanzania	-	-	-	-	-	-	-	30	75
Togo	-	23	-	-	30	32	84	50	75
Uganda	-	-	-	-	-	26	26	50	50
Upper Volta	33	-	-	115	85	74	307	75	135
Zaire	4,243	2,124	1,597	1,531	743	836	11,074	1,000	1,300
Zambia	-	-	-	-	-	-	-	-	150
Zimbabwe	-	-	-	-	-	-	-	65	150

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>AMERICAN REPUBLICS</u>	<u>173,222</u>	<u>7,422</u>	<u>6,285</u>	<u>3,187</u>	<u>2,473</u>	<u>4,069</u>	<u>196,657</u>	<u>9,386</u>	<u>13,335</u>
Argentina	12,086	721	-	-	-	-	12,806	-	50
Bahamas	-	-	-	-	-	-	-	-	60
Barbados	-	-	-	6	59	50	116	b/	b/
Belize	-	-	-	-	-	-	-	26	100
Bolivia	12,503	581	628	371	147	-	14,229	-	100
Brazil	16,236	46	-	-	-	-	16,283	30	50
Chile	16,847	-	-	-	-	-	16,847	-	50
Colombia	12,983	697	1,116	449	261	284	15,791	500	860
Costa Rica	901	-	-	-	-	35	936	50	150
Cuba	2,023	-	-	-	-	-	2,023	-	-
Dominica	-	-	-	-	-	26	26	b/	b/
Dominican Republic	8,925	527	608	468	249	430	11,205	450	750
Eastern Caribbean	-	-	-	-	-	-	-	235	280
Ecuador	11,048	393	703	455	227	345	13,171	475	700
El Salvador	5,278	565	-	-	253	1,264	7,359	1,000	1,300
Guatemala	7,005	490	-	-	-	-	7,494	-	250
Guyana	-	-	-	-	-	24	24	40	50
Haiti	869	93	130	177	120	123	1,513	250	415
Honduras	6,898	631	692	248	438	535	9,441	650	800
Jamaica	13	-	-	-	-	74	87	75	200
Mexico	2,255	118	115	191	127	120	2,927	200	245
Nicaragua	10,552	658	384	7	-	-	11,600	-	-
Panama	3,484	456	439	393	275	378	5,426	400	500
Paraguay	5,718	386	587	-	-	-	6,691	15	50
Peru	17,276	986	781	422	291	317	20,073	485	700
St. Lucia	-	-	-	-	-	7	7	b/	b/
St. Vincent & Grenadine	-	-	-	-	-	16	16	b/	b/
Surinam	-	-	-	-	26	33	60	60	75
Uruguay	6,621	-	-	-	-	-	6,621	15	50
Venezuela	13,702	73	101	-	-	8	13,885	30	50
Panama Canal Area Military School	-	-	-	-	-	-	-	4,400	5,500

INTERNATIONAL MILITARY EDUCATION AND TRAINING PROGRAM
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Proposed FY 1983
<u>INTERNATIONAL ORGANIZATIONS</u>	<u>278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278</u>	<u>-</u>	<u>-</u>
<u>GENERAL COSTS</u>	<u>193,622</u>	<u>375</u>	<u>126</u>	<u>4,100</u>	<u>4,137</u>	<u>4,307</u>	<u>206,667</u>	<u>252</u>	<u>345</u>

*Less than \$500.

a/Includes IMET and Military Assistance Service Funded programs. See Footnote a/
Appendix II, page 26.

b/Included in Eastern Caribbean.

Note: As of September 30, 1981.
Totals may not add due to rounding.

PEACEKEEPING OPERATIONS PROGRAM

PKO is authorized by Chapter 6 of Part II of the FAA. ^{1/} In past years, this included the U.S. contribution to the United Nations Forces in Cyprus and the Sinai Support Mission.

United Nations Forces in Cyprus

In recent years the U.S. contribution to the United Nations Forces in Cyprus has been \$9 million a year. The United Nations Forces in Cyprus presently has about 2,400 military and civilian personnel stationed in Cyprus provided by Australia, Canada, Denmark, Finland, Ireland, Sweden, and the United Kingdom. As of December 30, 1981, total Force costs since its inception in 1974 were estimated at \$384 million.

Multinational Force and Observers

Multinational Force and Observers came into being on August 3, 1981, and replaces the Sinai Support Mission. Under the original plan the Mission was established (by Executive Order 11896 on January 13, 1976) to fulfill the U.S. commitment to build and operate an early warning system to verify the operations of Israeli and Egyptian electronic surveillance stations in the buffer zone. As a result of the March 1979 peace treaty between Israel and Egypt and Executive Order 12150 of July 23, 1979, the role of the Sinai Support Mission was extended through January 1980. However, Egypt and Israel requested that the United States supervise the implementation of certain security arrangements from February 1980 to Israel's final withdrawal from the Sinai in April 1982. From its inception in 1976 through the April 1982 phase-out the total cost of the Sinai peacekeeping operations is estimated to be about \$103 million.

The establishment of the Multinational Force and Observers, marks the first time U.S. military units have been introduced into the peace process. The expected costs to the United States will greatly exceed that incurred in the operation of the Sinai Support Mission. According to U.S. side letters to the Protocol establishing the Multinational Force and Observers, the U.S. contribution will be at least \$170 million over the first 2-1/2 years.

^{1/}The International Security Assistance Act of 1978 repealed the legislative authorities for Security Supporting Assistance and provided authority for an ESF and the PKO fund in order to make a more explicit differentiation between politically important economic and peacekeeping assistance.

Under the negotiated agreement, the costs of the Multinational Force and Observers will be shared by the United States, Egypt, and Israel. As shown in the following table, total start-up and operating costs through 1983 are estimated at \$330 million.

<u>Country</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>Total</u>
	----- (Dollars in Millions) -----			
United States	\$10	\$125	\$ 35	\$170
Egypt	20	25 a/	35	80
Israel	<u>20</u>	<u>25 a/</u>	<u>35</u>	<u>80</u>
Total	<u>\$50</u>	<u>\$175</u>	<u>\$105</u>	<u>\$330</u>

a/Egypt and Israel are actually required to contribute \$45 million in 1982, but they will receive credit for the \$20 million payments advanced in 1981. The table reflects only the additional \$25 million which will be paid out in 1982.

Peacekeeping Operations costs

The PKO program costs since inception are shown in the following table.

PEACEKEEPING OPERATIONS PROGRAM
(Dollars in Thousands)

	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>Estimated FY 1982</u>	<u>Proposed FY 1983</u>
Spain <u>a/</u>	\$ 7,000	\$ -	\$ -	\$ -	\$ -
Sinai Support Mission	11,700	16,000	14,928 <u>b/</u>	5,000	-
UN Forces in Cyprus	8,700	9,000	9,000	9,000	9,000
Multinational Force and Observers	-	-	-	125,000	34,474
Chad Peacekeeping Operation	-	-	-	12,000 <u>c/</u>	-
Total	<u>\$27,400</u>	<u>\$25,000</u>	<u>\$23,928</u>	<u>\$151,000</u>	<u>\$43,474</u>

*Less than \$500.

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- a/ Funded as PKO in fiscal year 1979 and as ESF in fiscal years 1980 and 1981.
b/ \$1.0 million from Sinai Support Mission reprogrammed to fund start up of the Multinational Force and Observers.
c/ \$12.0 million transferred from ESF to PKO under Section 610(a) of the FAA of 1961, as amended. These funds were used in responding to the request for assistance by African nations contributing to the Organization for African Unity peacekeeping force for Chad.

Note: As of September 30, 1981.
Totals may not add due to rounding.

SECURITY AND MILITARY ASSISTANCE
RELATED ACTIVITIES

In addition to the five major programs discussed in appendix II, there are related activities which can be considered security and military assistance. These include FMS cash program, leases and loans of equipment, sale of ships, providing excess defense articles, stockpiling of defense articles for foreign countries, overseas military program management, construction costs for overseas bases, support of international military activities, and air base construction in Israel.

While some of the activities require congressional authorizations and appropriations on an annual basis others only require congressional review and oversight. The support of international military activities, for example, is included in the DOD budget and is identified as "Support of Other Nations" and "NATO Infrastructure" which are related to security and military assistance. Additionally, construction cost for overseas bases which is included in the DOD budget, is a related program since title to the facilities reverts to the host country when construction is completed or when no longer required by U.S. forces depending on the negotiated agreements.

Although the FMS cash program, leases and loans of equipment, sale of ships, providing of excess defense articles, and stockpiling of defense articles for foreign countries do not involve any appropriations of funds at the time of the transaction, there are congressionally mandated limits, ceilings, dollar values and notification requirements associated with these activities. For example, defense articles added to stockpiles come from existing U.S. military stocks, which in turn are generally funded by annual appropriations provided to the military departments. Additionally, any transfer of equipment to a foreign country at less than its actual value is a form of grant aid.

FOREIGN MILITARY SALES CASH PROGRAM

The FMS cash program is carried out under the AECA and enables eligible foreign governments to purchase defense articles, services, and training from the U.S. Government. Normally, the foreign government signs a sales agreement, commonly known as the "Letter of Offer and Acceptance" with the U.S. Government. The terms of the sale and delivery of the items or services are worked out as part of the agreement. Also, the purchasing government is responsible for paying all costs associated with the sale. We have issued numerous reports showing that DOD does not recover full cost. (See app. VII.)

Under this program, DOD can fill orders by providing the items or services from DOD stocks in accordance with Section 21 of the AECA or procuring the items from U.S. firms in accordance with Section 22 of the Act. When the source of supply is new procurement, the U.S. Government agency or military department assigned cognizance for the procurement enters into a contractual arrangement with industry to provide the item or service requested. Sales under the cash program comprise the largest volume of U.S. arms transfer. The following table identifies actual cash sales as of April 7, 1982.

FMS CASH PROGRAM
(Dollars in Thousands)

<u>COUNTRY</u>	FY 1950 to FY 1976	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	FY 1950 to FY 1982
GRAND TOTAL	<u>52,896,544</u>	<u>5,886,395</u>	<u>7,890,661</u>	<u>10,629,137</u>	<u>12,364,614</u>	<u>7,659,742</u>	<u>8,708,821</u>	<u>106,035,914</u>
Argentina	104,098	12,656	4,618	-	-	-	-	121,372
Australia	1,677,591	122,568	334,829	139,066	450,149	456,989	2,683,861	5,865,053
Austria	86,273	6,279	3,338	54,468	17,381	7,384	3,686	178,809
Bahrain	41	76	24	28	6,029	62	-	6,260
Barbados	-	-	-	-	-	15	-	15
Belgium	2,002,796	6,198	12,166	19,877	11,638	41,539	10,345	2,104,559
Benin	-	*	-	-	-	-	-	*
Bolivia	1,853	140	-	78	28	-	-	2,099
Brazil	88,925	12,841	13,538	311	3,178	4,398	4,616	127,807
Brunei	1	9	-	-	-	172	-	182
Burma	2,719	575	602	563	816	585	1,069	6,929
Cameroon	-	-	-	3	-	-	-	3
Canada	1,277,941	67,192	99,850	73,872	131,952	141,719	155,256	1,947,782
Chile	150,750	235	-	-	-	-	-	150,985
Colombia	16,205	2,246	213	1,710	4,011	5,233	11,269	40,887
Costa Rica	1,157	7	-	10	-	-	-	1,174
Cuba	4,510	-	-	-	-	-	-	4,510
Denmark	1,066,545	13,499	21,330	36,584	14,747	28,125	5,897	1,186,727
Dominican Republic	2,185	*	-	112	111	2	-	2,410
Ecuador	21,442	13,888	22,870	9,659	2,107	11,232	5,373	86,571
Egypt	62,518	35	2,060	6,093	71,166	87,566	13,943	243,381
El Salvador	2,865	179	29	*	371	9,082	2,753	15,279
Ethiopia	83,367	6	-	-	-	-	-	83,375
Fiji	137	-	-	-	1	1,364	1	1,502
Finland	18	5	1	-	*	158	-	182
France	294,675	1,981	6,143	6,140	59,407	13,161	33,860	415,367
Gabon	145	-	-	-	-	-	-	145
Germany	5,848,881	339,404	400,533	627,257	430,965	246,257	103,189	7,996,486
Ghana	255	136	-	-	126	145	-	662
Greece	523,104	191,809	96,281	155,995	102,734	109,162	63,956	1,243,041
Guatemala	14,196	5,654	3,147	1,949	10	4	-	24,960
Haiti	857	190	-	48	12	-	-	1,107
Honduras	6,087	312	308	193	3,392	971	273	11,536
Iceland	503	13	20	4	3	-	-	543
India	64,163	1,441	1,677	6,494	1,211	233	306	75,525
Indochina	8,542	-	-	-	-	-	-	8,542

FMS CASH PROGRAM
(Dollars in Thousands)

<u>COUNTRY</u>	FY 1950	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	FY 1950
	to							to
	<u>FY 1976</u>							<u>FY 1982</u>
Indonesia	47,743	7,766	2,755	35,735	6,919	39,663	26,170	166,751
Iran	9,857,047	1,948,161	453,193	35,513	-	-	-	12,293,914
Iraq	13,152	-	-	-	-	-	-	13,152
Ireland	531	39	69	52	22	27	38	778
Israel	134,953	29,199	824,858	210,371	404,027	127,985	26,007	1,757,400
Italy	741,182	23,135	6,242	16,977	24,453	206,984	72,286	1,091,259
Jamaica	157	*	3	-	-	-	-	160
Japan	451,464	43,556	342,098	479,406	437,045	622,253	98,137	2,473,959
Jordan	552,455	90,250	54,399	33,526	228,035	357,880	30,189	1,346,734
Kenya	1	2,742	2,109	2,550	11,787	22,799	1,204	43,190
Korea	490,716	182,581	294,027	214,540	271,689	369,740	1,053,706	2,876,999
Kuwait	573,502	19,163	70,891	10,831	127,372	45,933	80,924	928,616
Lebanon	15,345	-	238	1,390	10,429	32,103	53	59,558
Liberia	857	21	8	45	-	407	-	1,338
Libya	29,594	-	-	-	-	-	-	29,594
Luxembourg	2,778	2	11	240	225	434	759	4,449
Madagascar	-	-	-	-	*	*	-	*
Malaysia	11,669	5,044	1,951	31,810	5,969	31,863	155	88,459
Mali	106	-	-	-	-	-	-	106
Morocco	15,015	156	1,973	91	15	107,593	6,025	130,868
Nepal	73	-	-	-	-	-	-	73
Netherlands	1,986,641	32,407	66,975	469,202	158,702	513,315	297,219	3,524,461
New Zealand	124,609	5,485	8,373	11,692	16,515	19,261	9,924	195,859
Nicaragua	4,330	575	11	-	1	-	-	4,917
Niger	8	-	-	-	-	-	-	8
Nigeria	11,733	5,408	9,248	8,026	22,581	6,583	1,331	64,910
Norway	1,578,860	15,244	45,337	27,160	20,214	53,874	19,837	1,760,526
Oman	1,832	764	-	50	21	21,541	19,924	44,132
Pakistan	251,206	142,184	44,643	22,694	29,148	59,802	1,600,783	2,150,460
Panama	3,261	191	64	139	264	422	196	4,537
Paraguay	113	227	40	9	96	33	92	610
Peru	111,395	9,606	5,344	4,816	3,124	4,858	537	139,680
Philippines	78,984	67,861	29,013	15,807	9,331	6,583	6,544	214,123
Portugal	13,837	1,143	738	1,316	23,514	21,277	6,615	68,440
Qatar	-	-	-	-	84	262	74	420
Rwanda	-	-	-	-	-	747	-	747

FMS CASH PROGRAM
(Dollars in Thousands)

40

<u>COUNTRY</u>	<u>FY 1950</u> <u>to</u> <u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1950</u> <u>to</u> <u>FY 1982</u>
Saudi Arabia	16,890,739	1,679,462	3,373,295	5,832,439	4,521,992	2,140,236	1,616,715	36,054,878
Senegal	9	-	-	-	-	-	-	9
Singapore	45,435	112,352	12,528	7,740	120,522	42,357	9,131	350,065
Somalia	-	-	-	-	-	1,100	-	1,100
South Africa	3,149	-	-	-	-	-	-	3,149
Spain	698,702	16,871	42,649	36,767	418,322	107,228	6,714	1,327,253
Sri Lanka	4	-	-	-	-	-	-	4
Sudan	-	86,149	-	908	18	2,189	105	89,369
Surinam	-	1	-	-	-	-	-	1
Sweden	68,540	26,452	5,687	1,902	6,868	28,985	5,552	143,986
Switzerland	549,032	76,521	37,577	58,270	119,943	318,142	3,722	1,163,207
Syria	1	-	-	-	-	-	-	1
Taiwan	757,819	147,581	337,926	544,704	493,670	267,044	57,037	2,605,781
Thailand	192,059	46,570	93,051	359,570	192,266	150,002	70,693	1,104,211
Trinidad - Tobago	94	-	-	-	-	15	-	99
Tunisia	3,272	1,220	1,611	2,317	3,210	8,068	116,453	136,151
Turkey	82,345	*	268	4,980	29,923	75,613	100,874	294,003
United Arab Emirates	2,177	268	36	2,836	154	18,418	10	23,899
United Kingdom	2,070,752	184,131	508,832	260,853	2,943,113	337,758	152,445	6,457,884
Uruguay	7,366	281	61	17	574	638	129	9,066
Venezuela	120,190	1,942	4,207	2,199	3,426	72,453	990	205,407
Vietnam	1,167	-	-	-	-	-	-	1,167
Yemen	133,243	1,895	1,252	167,776	1,523	17,755	16,975	340,419
Yugoslavia	12,145	179	1,114	470	28,193	11,507	6,512	60,120
Zaire	6,163	265	420	174	27	881	501	8,431
Country Totals	<u>52,295,897</u>	<u>5,814,624</u>	<u>7,708,702</u>	<u>10,058,424</u>	<u>12,006,871</u>	<u>7,440,169</u>	<u>8,622,940</u>	<u>103,698,617</u>

FMS CASH PROGRAM
(Dollars in Thousands)

INTERNATIONAL ORGANIZATIONS a/	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1950 to FY 1982
CENTO	5	-	-	-	-	-	-	5
ICAO	5	-	-	-	-	-	-	5
NAMFI	16,451	45	40	9	53	-	-	16,598
NAMMA	-	167	9	100	831	-	-	1,106
NAMSA-F-104	792	1,499	560	281	297	-	-	3,429
NAMSA GENERAL	285,759	36,654	149,519	67,047	46,655	47,601	38,435	671,670
NAMSA-HAWK	53,582	2,507	3,379	5,101	14,291	11,951	6,682	97,493
NAMSA	-	-	-	482	9,445	8,615	108	18,650
NAPMO	-	-	-	491,953	164	288	369	492,774
NATO	109,367	4,527	562	559	13,899	83,642	4,331	216,887
NATO AEW&C Ground Environment Interface	-	-	-	-	-	1,187	-	1,187
NATO AEW&C Operations and Support	-	-	-	-	-	11,420	23,881	35,302
NATO Headquarters	150	-	-	-	9	-	10	169
NATO SEA SPARROW	-	-	19,796	1,474	3,319	16,214	6,590	47,394
NICSMA	-	1	17	14	22	20	8	82
OAS	240	573	928	844	976	521	-	4,081
SACLANT	-	-	-	8	-	-	-	8
SHAPE	5,838	2,292	62	57	85	179	355	8,868
UNITED NATIONS	6	-	-	-	-	-	-	6
Organization Totals	472,195	48,265	174,872	567,929	90,046	181,638	80,769	1,615,714

* Less than \$500.

a/ ABBREVIATIONS

AEW&C - Aircraft Early Warning and Control
 CENTO - Central Treaty Organization
 ICAO - International Civil Defense Organization
 NAMFI - Nato Missile Firing Installation
 NAMMA - Nato Multi-Role Combat Aircraft
 NAMSA - Nato Maintenance and Supply Agency
 NAPMO - NATO Airborne Early Warning and Control Program Management Office
 NATO - North Atlantic Treaty Organization
 NICSMA - NATO Intergrated Communications System Management Agency
 OAS - Organization of American States
 SACLANT - Supreme Allied Commander Atlantic
 SHAPE - Supreme Headquarters U.S. Allies Europe

Note: As of September 30, 1981.

Totals may not add due to rounding.

LEASES OF EQUIPMENT

Military equipment has been transferred to foreign countries through sales made under the AECA, on a grant basis under the FAA and, until recently, military equipment has been leased to foreign countries under Title 10 of the United States Code, Section 2667. Leasing of defense articles to foreign countries or international organizations is now included under Chapter 6 of the AECA.

The International Security and Development Cooperation Act of 1981, passed December 29, 1981, provides that (1) 10 U.S.C. 2667 can no longer be used to lease military equipment to a foreign country or international organization, and (2) military equipment, with a few exceptions, 1/ can no longer be leased to a foreign country or international organization on a rent-free or nominal-rent basis. Prior to December 1981, DOD used 10 U.S.C. § 2667 to lease defense equipment to foreign governments. More significantly, it was leasing the equipment on a rent-free or nominal-rent basis. In essence, this was tantamount to grant aid which, over the years, cost the United States millions of dollars in lost revenue.

We have issued three reports identifying defense equipment transferred to foreign countries on a rent-free or nominal-rent basis. The most recent report, issued April 27, 1981, to the Senate Foreign Relations Committee is entitled "Appropriateness of Procedures For Leasing Defense Property To Foreign Governments" (ID-81-36). We recommended that the Congress amend 10 U.S.C. § 2667 to prohibit rent-free or nominal-rent leases of defense property to foreign governments. Our report was used as the basis for the legislation which was passed by the Congress in December 1981.

Property leased rent free

During the period 1977-1980, the United States entered into 48 lease arrangements for military equipment having a total property value of about \$80.0 million; \$52.5 million being provided on a rent-free basis. The following table shows the value of these leases made each year for calendar years 1977-1980.

1/The requirement does not apply to leases involving cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three-quarters of its normal service life.

APPENDIX III

APPENDIX III

	<u>Value of property leased rent-free</u>	<u>Value of property leased with rent payable</u>	<u>Total value of property leased</u>
1977	\$ 0	\$ 361,824	\$ 361,824
1978	20,000	1,167,178	1,187,178
1979	3,975,786	21,547,245	25,523,031
1980	<u>48,498,652</u>	<u>5,221,084</u>	<u>53,719,736</u>
Total	<u>\$52,494,438</u>	<u>\$28,297,331</u>	<u>\$80,791,769</u>

In addition to these leases, there were 11 leases initiated during calendar year 1981. The value of the property in these leases totals about \$17.3 million, of which over \$15.5 million was provided on a rent-free basis. These 11 leases are shown in the following table.

LEASES TO FOREIGN GOVERNMENTSCALENDAR YEAR 1981

<u>Country</u>	<u>Items</u>	<u>Date</u>	<u>Duration</u>	<u>Total rent</u>	<u>Lessor</u>	<u>Value</u>
Norway	84 ea. TER-9A, Bomb Racks	1/1/81	2 years	\$6,810	AF	\$ 84,000
El Salvador	2 ea. UH-1H Helicopters	1/14/81	1 year	None	Army	\$2,238,470
El Salvador	4 ea. UH-1H Helicopters	1/16/81	1 year	None	Army	\$3,700,000
Turkey	Destroyer	2/20/81	5 years	None	Navy	\$7,900,000
Netherlands	4 ea. AGM-65B Trng. Missles	4/1/81	4 months	\$20,908	AF	\$ 630,000
Israel	I-Hawk Shipping Containers	6/1/81	6 months	\$36,291	Army	\$1,088,751
Turkey	Landing Ship (Tank)	9/23/81	5 years	None	Navy	\$ 400,000
Turkey	Landing Ship (Tank)	9/23/81	5 years	None	Navy	\$ 400,000
Turkey	Non-self Propelled Barracks Barge	9/23/81	5 years	None	Navy	\$ 397,500
Turkey	Non-self Propelled Barracks Barge	9/23/81	5 years	None	Navy	\$ 472,500
Saudi Arabia	12 ea. GFL 940 MCL Light Tables and 12 ea. Bausch & Lomb Zoom 70 Optics	10/25/81	1 year	\$1,536	AF	Not available

LOANS OF EQUIPMENT

The loan of military equipment to foreign countries is authorized under Section 503 of the FAA of 1961, as amended. This method of furnishing defense articles is restricted to MAP recipients and the equipment may not be loaned without prior DOD approval. A written loan agreement is concluded between the lending agency and the borrowing government prior to the commencement of the loan, and agreement is reached on the terms and conditions under which the loan is authorized, including all fees to be paid.

Since 1977 only Portugal and Greece have participated in this program. Following is a listing of the military equipment loaned to these two countries.

<u>Country</u>	<u>Items</u>	<u>Loan period</u>	<u>Loan fees</u>	<u>Acquisition costs</u>
Portugal	T-38 aircraft, 6 each	1/77 - 9/78	\$197,843	Not available
	Jet engines model J85-5, 4 each			Not available
	Support equipment, (includes 11 items)			\$ 131,736
Greece	T-37B aircraft, 8 each	7/78 - 6/83	\$283,800	\$1,318,832

SALE OF U.S. NAVY SHIPS TO FOREIGN GOVERNMENTS

The transfer by any means of certain ships, such as destroyers and submarines, to another government is governed by 10 U.S.C. § 7307. That section provides that if the ship is less than 20 years old or weighs more than 3,000 tons it may not be transferred unless Congress enacts a law authorizing its transfer. Any other naval vessel may be transferred only after (1) notice provisions to congressional committees are complied with, and (2) the Chief of Naval Operations certifies that the ship is not essential to the defense of the United States. The purpose of the ships transfer program is to strengthen the friendly navies of small countries and make them more self-reliant.

The U.S. Navy has sold 182 ships to foreign governments between January 1977 and February 1982. In each case, the sales price cited was based on scrap value. The total sales price for these ships equalled \$33.8 million, which represents 4.56 percent of the total U.S. acquisition cost of \$723.6 million. The following table shows the sale of ships on an annual basis.

<u>Year</u>	<u>Number of ships</u>	<u>Sales price</u> ---(Dollars in Thousands)---	<u>Acquisition cost</u>
1977	70	\$12,147	\$338,870
1978	57	7,733	175,691
1979	13	2,666	30,882
1980	35	9,242	119,959
1981	5	1,384	41,265
Feb. 1982	<u>2</u>	<u>723</u>	<u>17,005</u>
Total	<u>182</u>	<u>\$33,895</u>	<u>\$723,672</u>

Following is a listing of the individual sales of U.S. Navy ships to foreign governments between January 1977 and February 1982.

SALES OF EXCESS U.S. NAVY SHIPS TO FOREIGN GOVERNMENTS: 1 JAN 1977 - PRESENT

SHIP	COUNTRY	SALE DATE	SALE PRICE	ACQUISITION COST	YEAR USN ACQUIRED	HOT SHIP TRANSFER 1/	PREVIOUS LOAN/LEASE 2/	AUTHORITY 3/
HEERMANN (DD 532)	Argentina	1-77	\$ 125,000	\$ 8,297,390	7-43	NO	LO 8/61	PL 94-457 5 OCT 76
STEMBEL (DD 644)	Argentina	1-77	\$ 125,000	\$ 7,610,226	7-43	NO	LO 8/61	PL 94-457 5 OCT 76
DORTCH (DD 670)	Argentina	1-77	\$ 125,000	\$ 7,516,096	8-43	NO	LO 8/61	PL 94-457 5 OCT 76
SATYR (ARL 23)	Philippines	1-77	\$ 180,000	\$ 1,259,963	11-44	NO		PL 94-457 5 OCT 76
WHITEMARSH (LSD 8)	Rep of China	1-77	\$ 270,000	\$ 6,857,392	1-44	NO	LO 11/60	PL 94-457 5 OCT 76
ARD 9	Rep of China	1-77	\$ 400,000	\$ 3,032,150	9-43	NO	LE 10/67	PL 94-457 5 OCT 76
POWELL (DD 686)	Korea	1-77	\$ 200,000	\$ 7,361,485	10-43	NO	LO 4/68	PL 94-457 5 OCT 76
ERBEN (DD 631)	Korea	1-77	\$ 200,000	\$ 7,816,077	5-43	NO	LO 5/63	PL 94-457 5 OCT 76
HICKOX (DD 673)	Korea	1-77	\$ 200,000	\$ 7,516,096	9-43	NO	LO 11/68	PL 94-457 5 OCT 76
LARSON (DD 830)	Korea	1-77	\$ 200,000	\$ 7,858,562	4-45	NO	LO 10/72	PL 94-457 5 OCT 76
CHEVALIER (DD 805)	Korea	1-77	\$ 200,000	\$ 7,887,219	1-45	NO	LO 7/72	PL 94-457 5 OCT 76
MINOTAR (ARL 15)	Korea	1-77	\$ 200,000	\$ 1,259,963	9-44	NO	LO 10/55	PL 94-457 5 OCT 76
47 SUMMIT COUNTY (LST 1146)	Ecuador	2-77	\$ 200,000	\$ 1,419,522	5-45	NO		NOTIFICATION
YFB 82	Paraguay	2-77	\$ 18,000	\$ 127,783	4-44	NO	LE 6/70	NOTIFICATION
YFB 86	Paraguay	2-77	\$ 18,000	\$ 127,505	9-43	NO	LE 6/70	NOTIFICATION
AFDL 26	Paraguay	2-77	\$ 100,000	\$ 639,150	6-44	NO	LE 3/65	NOTIFICATION
YTL 211	Paraguay	2-77	\$ 18,000	\$ 94,467	9-42	NO	LE 3/65	NOTIFICATION
YTL 567	Paraguay	2-77	\$ 18,000	\$ 171,978	10-45	NO	LO 4/74	NOTIFICATION
YR 37	Paraguay	2-77	\$ 25,000	\$ 575,947	5-42	NO	LE 3/65	NOTIFICATION
NEW (DD 818)	Korea	2-77	\$ 250,000	\$ 8,416,672	4-46	NO		PL 94-457 5 OCT 76
RICHARD E. KRAUS (DD 849)	Korea	2-77	\$ 250,000	\$ 7,858,562	5-46	NO		PL 94-457 5 OCT 76
HALE (DD 642)	Colombia	2-77	\$ 75,000	\$ 7,783,830	6-43	NO	LO 1/61	PL 94-457 5 OCT 76
AMPHION (AR 13)	Iran	3-77	\$ 450,000	\$ 9,658,714	1-46	NO	LO 10/71	PL 94-457 5 OCT 76
ARCO (ARD 29)	Iran	3-77	\$ 400,000	\$ 3,032,150	6-44	NO	LO 9/71	PL 94-457 5 OCT 76
GURKE (DD 783)	Greece	3-77	\$ 320,000	\$ 8,122,273	5-45	NO		PL 94-457 5 OCT 76
TERRELL COUNTY (LST 1157)	Greece	3-77	\$ 200,000	\$ 7,792,500	3-53	NO		PL 94-457 5 OCT 76
WHITEFIELD COUNTY (LST 1169)	Greece	3-77	\$ 200,000	\$ 8,236,300	9-54	NO		PL 94-457 5 OCT 76
RINGOLD (DD 500)	W. Germany	3-77	\$ 150,000	\$ 8,061,676	12-42	NO	LO 7/59	PL 94-457 5 OCT 76
CLAXTON (DD 571)	W. Germany	3-77	\$ 150,000	\$ 8,976,527	12-42	NO	LO 12/59	PL 94-457 5 OCT 76
WADSWORTH (DD 516)	W. Germany	3-77	\$ 150,000	\$ 7,836,063	3-43	NO	LO 10/59	PL 94-457 5 OCT 76

Source: Office of Chief of Naval Operations , April 30, 1982.

SHIP	COUNTRY	SALE DATE	SALE PRICE	ACQUISITION COST	YEAR USN ACQUIRED	HOT SHIP TRANSFER <u>1/</u>	PREVIOUS LOAN/LEASE <u>2/</u>	AUTHORITY <u>3/</u>
DYSON (DD 572)	W. Germany	3-77	\$ 150,000	\$ 8,994,080	12-42	NO	LO 2/60	PL 94-457 5 OCT 76
FORT MARION (LSD 22)	Rep of China	4-77	\$ 250,000	\$ 5,682,177	1-46	NO		PL 94-457 5 OCT 76
BRADFORD (DD 545)	Greece	4-77	\$ 320,000	\$ 8,764,507	6-43	NO	LO 9/62	PL 94-457 5 OCT 76
BROWN (DD 546)	Greece	4-77	\$ 320,000	\$ 8,723,241	7-43	NO	LO 9/62	PL 94-457 5 OCT 76
AULICK (DD 569)	Greece	4-77	\$ 320,000	\$ 9,093,842	10-42	NO	LO 8/59	PL 94-457 5 OCT 76
CHARRETTE (DD 581)	Greece	4-77	\$ 320,000	\$ 8,042,905	6-43	NO	LO 6/59	PL 94-457 5 OCT 76
CONNER (DD 582)	Greece	4-77	\$ 320,000	\$ 7,900,901	6-43	NO	LO 10/59	PL 94-457 5 OCT 76
HALL (DD 583)	Greece	4-77	\$ 320,000	\$ 8,256,686	7-43	NO	LO 2/60	PL 94-457 5 OCT 76
EPPERSON (DD 719)	Pakistan	4-77	\$ 229,500	\$12,003,472	3-49	NO		PL 94-457 5 OCT 76
WILTSIE (DD 716)	Pakistan	4-77	\$ 229,500	\$ 8,947,809	1-46	NO		PL 94-457 5 OCT 76
48 R. B. ANDERSON (DD 786)	Rep of China	6-77	\$ 250,000	\$ 8,122,273	10-45	NO		NOTIFICATION
ROWAN (DD 782)	Rep of China	6-77	\$ 250,000	\$ 8,122,273	3-45	NO		NOTIFICATION
GIBBS (AGOR 1)	Greece	5-77	\$ 105,000	\$ 6,015,317	3-44	NO	LE 12/71	NOTIFICATION
YTL 426	Argentina	6-77	\$ 16,000	\$ 183,724	9-44	NO	LE 3/69	NOTIFICATION
YTL 441	Argentina	6-77	\$ 16,000	\$ 135,462	2-45	NO	LE 3/69	NOTIFICATION
YTL 443	Argentina	6-77	\$ 16,000	\$ 135,462	4-45	NO	LE 3/65	NOTIFICATION
YTL 444	Argentina	6-77	\$ 16,000	\$ 135,462	5-45	NO	LE 3/65	NOTIFICATION
YTL 445	Argentina	6-77	\$ 16,000	\$ 139,009	8-44	NO	LE 3/69	NOTIFICATION
YTL 448	Argentina	6-77	\$ 16,000	\$ 139,100	11-44	NO	LE 3/65	NOTIFICATION
BORDELON (DD 881)	Iran	7-77	\$ 250,000	\$ 8,144,019	6-45	NO		NOTIFICATION
SARFIELD (DD 837)	Rep of China	10-77	\$ 275,000	\$ 7,858,562	7-45	YES		NOTIFICATION
POWER (DD 839)	Rep of China	10-77	\$ 275,000	\$ 7,858,562	9-45	YES		NOTIFICATION
CHOWANOC (ATF 100)	Ecuador	10-77	\$ 195,000	\$ 2,323,000	2-44	YES		NOTIFICATION
CAPITaine (SS 336)	Italy	12-77	\$ 130,000	\$ 4,948,329	1-45	NO	LO 3/66	NOTIFICATION
VOLADOR (SS 490)	Italy	12-77	\$ 160,000	\$ 6,312,090	10-48	NO	LO 8/72	NOTIFICATION
PICKEREL (SS 524)	Italy	12-77	\$ 160,000	\$ 5,964,958	4-49	NO	LO 8/72	NOTIFICATION
MARLETA (AN 82)	Venezuela	12-77	\$ 16,000	\$ 1,038,387	6-45	NO	LE 2/62	NOTIFICATION
TUNXIS (AN 90)	Venezuela	12-77	\$ 16,000	\$ 1,136,318	6-45	NO	LE 8/63	NOTIFICATION
WAXSAW (AN 91)	Venezuela	12-77	\$ 16,000	\$ 1,136,318	3-45	NO	LE 8/63	NOTIFICATION
ARD 13	Venezuela	12-77	\$ 320,000	\$ 3,032,150	5-45	NO	LO 1/62	NOTIFICATION

Source: Office of Chief of Naval Operations, April 30, 1982.

SHIP	COUNTRY	SALE DATE	SALE PRICE	ACQUISITION COST	YEAR USN ACQUIRED	HOT SHIP TRANSFER 1/	PREVIOUS LOAN/LEASE 2/	AUTHORITY 3/
QUIRINUS (ARL 39)	Venezuela	12-77	\$ 165,000	\$ 1,159,210	11-43	NO	LE 6/62	PL 94-457 5 OCT 76
UTINA (ATF 163)	Venezuela	12-77	\$ 165,000	\$ 2,086,261	6-45	NO	LE 9/71	PL 94-457 5 OCT 76
VERNON COUNTY (LST 1161)	Venezuela	12-77	\$ 280,000	\$ 7,857,000	5-53	NO	LE 6/73	PL 94-457 5 OCT 76
YTM 193	Venezuela	12-77	\$ 75,000	\$ 290,035	9-42	NO	LE 8/65	NOTIFICATION
YTM 385	Venezuela	12-77	\$ 75,000	\$ 348,927	5-44	NO	LE 8/65	NOTIFICATION
YTM 778	Venezuela	12-77	\$ 100,000	\$ 482,794	12-45	NO	LE 3/65	NOTIFICATION
YR 48	Venezuela	12-77	\$ 25,000	\$ 167,937	1-44	NO	LE 7/61	NOTIFICATION
GRAPPLE (ARS 7)	Rep of China	12-77	\$ 250,000	\$ 2,867,248	12-43	YES		NOTIFICATION
HELIOS (ARB 12)	Brazil	12-77	\$ 185,000	\$ 1,080,430	2-45	NO	LE 1/62	NOTIFICATION
49 YFN 903	Brazil	12-77	\$ 17,000	\$ 36,343	3-45	NO	LE 1/62	NOTIFICATION
HALE (DD 642)	Colombia	2-78	\$ 70,000	\$ 7,783,830	6-43	NO	LE 1/61	NOTIFICATION
LEONARD F. MASON (DD 852)	Rep of China	3-78	\$ 250,000	\$ 8,572,430	6-46	NO		NOTIFICATION
GRASP (ARS 24)	Korea	3-78	\$ 245,000	\$ 2,515,481	8-44	YES		NOTIFICATION
KALMIA (ATA 184)	Colombia	3-78	\$ 180,000	\$ 886,848	11-44	NO	LE 7/71	NOTIFICATION
CHOCTAW (ATF 70)	Colombia	3-78	\$ 195,000	\$ 2,319,852	4-43	NO	LE 12/60	NOTIFICATION
RUCHAMKIN (I-PR 89)	Colombia	3-78	\$ 75,000	\$ 3,530,272	9-45	NO	LE 11/69	NOTIFICATION
YFND 6	Colombia	3-78	\$ 26,000	\$ 35,500	11-42	NO	LE 12/60	NOTIFICATION
YFR 443	Colombia	3-78	\$ 56,000	\$ 376,690	11-43	NO	LE 7/63	NOTIFICATION
YTL 231	Colombia	3-78	\$ 16,000	\$ 64,500		NO	LE 5/63	NOTIFICATION
YFND 19	Rep of China	4-78	\$ 30,000	\$ 64,500	8-44	NO	LE 6/71	NOTIFICATION
LCU 1212	Rep of China	4-78	\$ 25,000	\$ 120,394	1945	NO	LO 11/59	NOTIFICATION
LCU 1218	Rep of China	4-78	\$ 25,000	\$ 120,394	1945	NO	LO 12/59	NOTIFICATION
LCU 1244	Rep of China	4-78	\$ 25,000	\$ 131,198	1945	NO	LO 12/59	NOTIFICATION
LCU 1367	Rep of China	4-78	\$ 25,000	\$ 117,497	1945	NO	LO 12/59	NOTIFICATION
LCU 1397	Rep of China	4-78	\$ 25,000	\$ 124,123	1945	NO	LO 12/59	NOTIFICATION
LCU 1429	Rep of China	4-78	\$ 25,000	\$ 120,560	1945	NO	LO 12/59	NOTIFICATION
LCU 1452	Rep of China	4-78	\$ 25,000	\$ 116,015	1945	NO	LO 12/59	NOTIFICATION
GREEN (DD 711)	Spain	5-78	\$ 200,000	\$ 8,947,809	6-45	NO	LO 8/72	PL 94-457 5 OCT 76
NOA (DD 841)	Spain	5-78	\$ 200,000	\$ 7,858,562	11-45	NO	LO 10/73	PL 94-457 5 OCT 76

Source: Office of Chief of Naval Operations, April 30, 1982.

SHIP	COUNTRY	SALE DATE	SALE PRICE	ACQUISITION COST	YEAR USN ACQUIRED	HOT SHIP TRANSFER	PREVIOUS LOAN/LEASE	AUTHORITY
						1/	2/	3/
LEARY (DD 879)	Spain	5-78	\$ 200,000	\$ 8,144,019	5-45	NO	LO 10/73	PL 94-457 5 OCT 76
FURSE (DD 882)	Spain	5-78	\$ 200,000	\$ 8,144,019	7-45	NO	LO 8/72	PL 94-457 5 OCT 76
O'HARE (DD 889)	Spain	5-78	\$ 200,000	\$ 8,144,019	11-45	NO	LO 10/73	PL 94-457 5 OCT 76
TERREBONNE PARRISH (LST 1156)	Spain	5-78	\$ 350,000	\$14,319,700	11-52	NO	LO 10/71	PL 94-457 5 OCT 76
TOM GREEN COUNTY (LST 1159)	Spain	5-78	\$ 350,000	\$ 7,792,500	9-53	NO	LO 1/72	PL 94-457 5 OCT 76
WEXFORD COUNTY (LST 1168)	Spain	5-78	\$ 350,000	\$ 8,236,300	6-54	NO	LO 10/71	PL 94-457 5 OCT 76
TAWAKONI (ATF 114)	Rep of China	6-78	\$ 220,000	\$ 2,133,162	9-44	YES		NOTIFICATION
WILLIAM R. RUSH (DD 714)	Korea	7-78	\$ 250,000	\$ 8,947,809	9-45	YES		NOTIFICATION
RUPERIUS (DD 851)	Greece	7-78	\$ 250,000	\$ 8,572,430	3-46	NO	LO 7/73	NOTIFICATION
ARNOLD J. ISBELL (DD 869)	Greece	7-78	\$ 250,000	\$ 8,502,927	1-46	NO	LO 12/73	NOTIFICATION
TOMBIGBEE (AOG 11)	Greece	7-78	\$ 100,000	\$ 3,457,737	5-44	NO	LE 7/72	NOTIFICATION
PAGE COUNTY (LST 1076)	Greece	7-78	\$ 230,000	\$ 1,537,503	5-45	NO	LE 3/71	NOTIFICATION
YIM 767	Greece	7-78	\$ 85,000	\$ 585,179	11-45	NO	LE 5/72	NOTIFICATION
AFDL 28	Mexico	7-78	\$ 100,000	\$ 639,150	1944	NO	LE 1/73	NOTIFICATION
PARK COUNTY (LST 1077)	Mexico	7-78	\$ 200,000	\$ 1,537,503	5-45	NO	LE 9/71	NOTIFICATION
YD 156	Mexico	7-78	\$ 95,000	\$ 570,000	1945	NO	LE 12/70	NOTIFICATION
YD 157	Mexico	7-78	\$ 95,000	\$ 570,000	1945	NO	LE 12/70	NOTIFICATION
YD 180	Mexico	7-78	\$ 65,000	\$ 250,000	1949	NO	LE 8/68	NOTIFICATION
YD 183	Mexico	7-78	\$ 65,000	\$ 90,000	1943	NO	LE 7/71	NOTIFICATION
YD 203	Mexico	7-78	\$ 65,000	\$ 495,000	1954	NO	LE 8/68	NOTIFICATION
MOLALA (ATF 106)	Mexico	8-78	\$ 210,000	\$ 2,139,991	9-43	YES		NOTIFICATION
AN 27	Ecuador	7-78	\$ 16,000	\$ 789,855	11-41	NO	LE 11/65	NOTIFICATION
ENRIGHT (APD 66)	Ecuador	8-78	\$ 75,000	\$ 3,530,272	9-43	NO	LE 11/66	NOTIFICATION
CUSABO (ATF 155)	Ecuador	8-78	\$ 195,000	\$ 2,086,261	5-45	NO	LE 11/60	NOTIFICATION
FS 525	Ecuador	8-78	\$ 75,000	\$ 1,000,000	1-44	NO	LE 4/69	NOTIFICATION
EUNICE (PCE 846)	Ecuador	8-78	\$ 35,000	\$ 1,661,633	2-44	NO	LO 11/60	NOTIFICATION
PASCAGOULA (PCE 874)	Ecuador	8-78	\$ 35,000	\$ 1,614,907	12-43	NO	LO 12/60	NOTIFICATION
YR 34	Ecuador	8-78	\$ 25,000	\$ 575,947	4-42	NO	LE 7/62	NOTIFICATION
YW 131	Ecuador	8-78	\$ 44,000	\$ 508,749	9-45	NO	LE 3/63	NOTIFICATION
BOOTH (DE 170)	Philippines	8-78	\$ 95,000	\$ 3,863,672	9-43	NO	LE 12/67	NOTIFICATION

Source: Office of Chief of Naval Operations, April 30, 1982.

SHIP	COUNTRY	SALE DATE	SALE PRICE	ACQUISITION COST	YEAR USN ACQUIRED	HOT SHIP TRANSFER	PREVIOUS LOAN/LEASE	AUTHORITY	
							1/	2/	3/
NETTLE (WAK 169)	Philippines	8-78	\$ 75,000	\$ 1,000,000	1944	NO	LE 1/68	NOTIFICATION	
NIPMUC (ATF 157)	Venezuela	9-78	\$ 210,000	\$ 2,086,261	7-45	YES		NOTIFICATION	
SALINAN (ATF 161)	Venezuela	9-78	\$ 210,000	\$ 2,086,261	11-45	YES		NOTIFICATION	
HOLDER (DD 819)	Ecuador	9-78	\$ 185,000	\$ 8,416,668	5-46	NO		NOTIFICATION	
ABNAKI (ATF 96)	Mexico	9-78	\$ 210,000	\$ 2,323,001	11-43	YES		NOTIFICATION	
COCOPA (ATF 101)	Mexico	9-78	\$ 210,000	\$ 2,323,000	3-44	YES		NOTIFICATION	
HITCHITI (ATF 103)	Mexico	9-78	\$ 210,000	\$ 2,323,000	5-44	YES		NOTIFICATION	
SAMOSET (ATA 190)	Haiti	10-78	\$ 180,000	\$ 886,848	12-44	NO		NOTIFICATION	
ASKARI (ARL 30)	Indonesia	2-79	\$ 375,000	\$ 1,159,210	3-45	NO	LE 9/71	NOTIFICATION	
35' BOAT (25385)	Indonesia	2-79	\$ 1,560	\$ 18,000	11-52	NO	LE 5/72	NOTIFICATION	
CLARK COUNTY (LST 601)	Indonesia	2-79	\$ 230,000	\$ 1,691,073	3-44	NO	LE 7/70	NOTIFICATION	
IREDELL COUNTY (LST 839)	Indonesia	2-79	\$ 230,000	\$ 1,775,259	11-44	NO	LE 7/70	NOTIFICATION	
STONE COUNTY (LST 1141)	Thailand	3-79	\$ 230,000	\$ 1,297,528	4-45	NO	LE 3/70	NOTIFICATION	
CARIB (ATF 82)	Colombia	3-79	\$ 195,000	\$ 2,401,691	7-43	NO		NOTIFICATION	
HIDATSA (ATF 102)	Colombia	3-79	\$ 195,000	\$ 2,323,000	4-44	NO		NOTIFICATION	
JICARILLA (ATF 104)	Colombia	3-79	\$ 195,000	\$ 2,323,000	6-44	NO		NOTIFICATION	
BANNOCK (ATF 81)	Italy	5-79	\$ 220,000	\$ 2,401,690	6-43	NO	LE 10/62	NOTIFICATION	
UMPOUA (ATA 209)	Colombia	3-79	\$ 155,000	\$ 886,848	3-45	NO	LE 6/71	NOTIFICATION	
LIZARDFISH (SS 373)	Italy	7-79	\$ 120,000	\$ 3,945,297	12-44	NO	LO 1/60	NOTIFICATION	
DELIVER (ARS 23)	Korea	8-79	\$ 245,000	\$ 2,515,481	7-44	YES		NOTIFICATION	
MEREDITH (DD 890)	Turkey	11-79	\$ 275,000	\$ 8,144,019	12-45	NO		NOTIFICATION	
PAUL REVERÉ (LPA 248)	Spain	1-80	\$1,200,000	\$10,064,316	12-53	YES		PL 96-150 20 DEC 79	
FRANCIS MARION (LPA 249)	Spain	1-80	\$1,200,000	\$10,082,427	5-54	NO		PL 96-150 20 DEC 79	
FORT MANDAN (LSD 21)	Greece	2-80	\$ 325,000	\$ 5,951,922	10-45	NO	LE 1/71	PL 96-150 20 DEC 79	
GRANT COUNTY (LST 1174)	Brazil	2-80	\$ 400,000	\$10,960,000	12-57	NO	LE 1/73	PL 96-150 20 DEC 79	
ARD 14	Brazil	2-80	\$ 375,000	\$ 3,032,150	12-43	NO	LE 1/62	PL 96-150 20 DEC 79	
AFDL 39	Brazil	2-80	\$ 180,000	\$ 1,611,700	10-44	NO	LE 11/66	PL 96-150 20 DEC 79	
TIDEWATER (AD 31)	Indonesia	3-80	\$ 525,000	\$ 8,912,985	2-46	NO	LE 2/71	PL 96-150 20 DEC 79	
AFDL 20	Philippines	3-80	\$ 110,000	\$ 639,150	6-44	NO	LO 10/61	NOTIFICATION	
KRISHNA (ARL 38)	Philippines	3-80	\$ 375,000	\$ 1,159,210	6-45	NO	LE 10/71	NOTIFICATION	
KEYWADIN (ATA 213)	Haiti	3-80	\$ 197,600	\$ 887,000	5-45	*		NOTIFICATION	

* Haiti bought on FMS credits, but has never taken delivery and is considering cancelling the case.

Source: Office of Chief of Naval Operations, April, 1982.

SHIP	COUNTRY	SALE DATE	SALE PRICE	ACQUISITION COST	YEAR USN ACQUIRED	HOT SHIP TRANSFER 1/	PREVIOUS LOAN/LEASE 2/	AUTHORITY 3/
LST 222	Philippines	3-80	\$ 230,000	\$ 2,176,381	9-43	NO	LO 7/72	NOTIFICATION
LST 488	Philippines	3-80	\$ 230,000	\$ 2,789,292	5-43	NO	LO 7/72	NOTIFICATION
CADDO PARISH (LST 515)	Philippines	3-80	\$ 230,000	\$ 1,861,561	1-44	NO	LE 11/69	NOTIFICATION
LST 546	Philippines	3-80	\$ 230,000	\$ 1,942,998	3-44	NO	LO 7/72	NOTIFICATION
HICKMAN COUNTY (LST 825)	Philippines	3-80	\$ 230,000	\$ 1,788,141	12-44	NO	LE 11/69	NOTIFICATION
MADERA COUNTY (LST 905)	Philippines	3-80	\$ 230,000	\$ 1,723,457	1-45	NO	LE 11/69	NOTIFICATION
YC 1402	Philippines	3-80	\$ 18,000	\$ 20,000	1943	NO	LE 8/71	NOTIFICATION
YD 191	Philippines	3-80	\$ 85,000	\$ 392,300	5-52	NO	LE 8/71	NOTIFICATION
YOG 73	Philippines	3-80	\$ 50,000	\$ 589,628	11-44	NO	LE 7/67	NOTIFICATION
YTL 425	Philippines	3-80	\$ 16,000	\$ 183,724	9-44	NO	LE 8/71	NOTIFICATION
YTL 427	Philippines	3-80	\$ 16,000	\$ 183,724	9-44	NO	LE 12/69	NOTIFICATION
CHARLES P. CECIL (DD 835)	Greece	8-80	\$ 275,000	\$ 7,858,562	6-45	NO		NOTIFICATION
MYLES C. FOX (DD 829)	Greece	8-80	\$ 275,000	\$ 7,858,569	3-45	NO		NOTIFICATION
AFDL 44	Philippines	8-80	\$ 380,000	\$ 1,611,700	11-44	NO	LE 6/69	PL 95-150 20 DEC 79
KUKUI (WAK 186)	Philippines	8-80	\$ 120,000	\$ 1,780,000	1945	NO	LE 3/72	PL 96-150 20 DEC 79
AFDL 33	Peru	8-80	\$ 120,000	\$ 956,100	10-44	NO	LO 1/59	NOTIFICATION
YR 59	Peru	8-80	\$ 25,000	\$ 672,850	8-44	NO	LE 8/61	NOTIFICATION
YW 122	Peru	8-80	\$ 44,000	\$ 515,777	11-45	NO	LE 7/63	NOTIFICATION
ARD 8	Peru	8-80	\$ 375,000	\$ 3,032,150	8-43	NO	LE 2/61	PL 96-150 20 DEC 79
HENDERSON (DD 785)	Pakistan	9-80	\$ 275,000	\$ 8,122,273	8-45	YES		NOTIFICATION
DAMATO (DD 871)	Pakistan	9-80	\$ 275,000	\$ 8,502,927	4-46	YES		NOTIFICATION
SHAKORI (ATF 162)	Taiwan	9-80	\$ 220,000	\$ 2,086,261	12-45	NO		NOTIFICATION
HAMNER (DD 718)	Taiwan	12-80	\$ 275,000	\$ 8,947,809	7-46	NO		NOTIFICATION
YO 171	Peru	12-80	\$ 65,600	\$ 553,000	11-44	NO		NOTIFICATION
YW 128	Peru	12-80	\$ 65,000	\$ 509,000	7-45	NO		NOTIFICATION
JOHNSTON (DD 821)	Taiwan	2-81	\$ 275,000	\$ 8,416,666	8-46	NO		NOTIFICATION
NEWMAN K. PERRY (DD 883)	Korea	2-81	\$ 275,000	\$ 8,144,019	7-45	YES		NOTIFICATION
CORRY (DD 817)	Greece	2-81	\$ 275,000	\$ 8,416,668	2-46	YES		NOTIFICATION
DYESS (DD 880)	Greece	7-81	\$ 275,000	\$ 8,144,019	5-45	NO		NOTIFICATION
ROGERS (DD 876)	Korea	7-81	\$ 284,625	\$ 8,144,019	3-45	NO		NOTIFICATION
STEINAKER (DD 863)	Mexico	2-82	\$ 361,875	\$ 8,502,927	5-45	YES		NOTIFICATION
VOELGESANG (DD 862)	Mexico	2-82	\$ 361,875	\$ 8,502,927	4-45	YES		NOTIFICATION

Source: Office of Chief of Naval Operations, April 30, 1982.

- 1/A transfer that is made on the day the vessel is retired from active service in the U.S. Navy.
- 2/The date on which the country first assumed custody of the vessel on a lease (LE) or loan (LO) basis.
- 3/This column depicts the authority for transfer pursuant to 10 U.S.C. § 7307. The Public Law is cited for these transfers because vessel tonnage or age required approval legislation. "Notification" is cited as authority for all other transfers; the absence of congressional objection during the waiting period of 30 continuous legislative days is construed as tacit approval to proceed with the intended transfer.

ABBREVIATIONS

AD	Destroyer Tender
AFDL	Small Auxiliary Floating Drydock (non self-propelled)
AN	Net Laying Ship
AOG	Gasoline Tanker
APD	High Speed Transport
AR	Repair Ship
ARB	Battle Damage Repair Ship
ARD	Auxiliary Repair Drydock (non self-propelled)
ARL	Repair Ship, Small
ARS	Salvage Ship
ATA	Auxiliary Ocean Tug
ATF	Fleet Ocean Tug
YC	Open Lighter (non self-propelled)
YD	Floating Crane (non self-propelled)
YFB	Ferry Boat or Launch
YFN	Covered Lighter
YFND	Drydock Companion Craft (non self-propelled)
YFR	Refrigerated Covered Lighter
YOG	Gasoline Barge
YR	Floating Workshop (non self-propelled)
YTL	Small Harbor Tug
YTM	Medium Harbor Tug
YW	Water Barge
LCU	Landing Craft, Utility
LPA	Amphibious Transport
LPR	Amphibious Transport (small)
LSD	Dock Landing Ship
LST	Tank Landing Ship
DD	Destroyer
DE	Escort Ship
SS	Submarine (conventionally-powered)
FS	Army Supply Ship
PCE	Patrol Escort
WAK	Coast Guard Supply Ship

EXCESS DEFENSE ARTICLES

Defense articles no longer needed by the DOD, referred to collectively as Excess Defense Articles, in the past were used to meet some of the requirements of the MAP but now are sold under the FMS Program.

Excess defense articles are sold to eligible countries under FMS procedures. Section 31 (d) of the AECA limits the annual acquisition value to be provided to foreign governments by sales and MAP to \$250 million annually. The price of the equipment to be sold is based on the condition of the items as described in DOD Instruction 2140.1 and range from a high of 50 percent of original acquisition value for new equipment to a low of 5 percent for equipment in need of repairs. This price range applies to defense articles which are not intended to be replaced. Section 21 (a)(2) of the AECA requires the purchaser to pay the replacement cost of defense articles which are intended to be replaced. The following schedule shows the Excess Defense Articles sold under the FMS Program.

EXCESS DEFENSE ARTICLES SOLD UNDER FOREIGN MILITARY SALES
(Dollars in Thousands)

Country	FY 1977		FY 1978		FY 1979		FY 1980		FY 1981	
	Acquisition Value	Sales Value								
Worldwide Total	96,198	12,473	77,259	12,127	16,533	4,459	51,972	9,640	6,444	1,875
<u>East Asia and Pacific:</u>										
Australia	17,284	1,609	-	-	-	-	-	-	-	-
Japan	-	-	429	53	-	-	528	115	-	-
Korea	16,046	2,228	8,917	932	102	11	1,580	380	1,619	180
New Zealand	9	*	-	-	-	-	-	-	-	-
Philippines	28,641	4,268	15,504	1,656	36	5	18	4	12	7
Singapore	-	-	7,343	2,820	9,187	2,447	29,321	7,106	-	-
Taiwan	10,557	1,455	18,135	1,985	1,573	597	6,214	463	823	242
Thailand	528	44	718	345	252	125	370	20	2,237	1,097
Regional Total	73,065	9,604	51,046	7,791	11,150	3,185	38,031	8,088	4,692	1,526
<u>Near East and South Asia:</u>										
Iran	1,000	50	-	-	-	-	-	-	-	-
Israel	38	19	5,356	736	-	-	7,729	199	-	-
Jordan	-	-	340	188	-	-	-	-	-	-
Morocco	51	3	-	-	-	-	-	-	-	-
Pakistan	8	3	200	10	1	*	-	-	78	8
Tunisia	-	-	-	-	-	-	631	15	-	-
Regional Total	1,097	75	5,896	934	1	*	8,360	214	78	8

EXCESS DEFENSE ARTICLES SOLD UNDER FOREIGN MILITARY SALES
(Dollars in Thousands)

	FY 1977		FY 1978		FY 1979		FY 1980		FY 1981	
	Acquisition Value	Sales Value	Acquisition Value	Sales Value	Acquisition Value	Sales Value	Acquisition Value	Sales Value	Acquisition Value	Sales Value
<u>Europe and Canada:</u>										
Canada	135	5	-	-	-	-	103	10	854	114
Denmark	15	1	60	3	-	-	-	-	-	-
France	-	-	-	-	-	-	-	-	4	2
Germany	820	208	-	-	-	-	23	1	-	-
Greece	1,186	164	1,658	147	3,106	523	2,135	558	271	63
Iceland	416	11	630	22	400	15	-	-	-	-
Luxembourg	32	2	49	3	-	-	-	-	*	*
Norway	-	-	-	-	5	2	-	-	-	-
Portugal	1	*	1	*	-	-	-	-	52	-
Spain	72	8	-	-	-	-	832	42	406	138
Turkey	682	136	10,030	1,003	-	-	100	42	-	-
Yugoslavia	-	-	338	32	-	-	-	-	-	-
Regional Total	<u>3,359</u>	<u>535</u>	<u>12,766</u>	<u>1,210</u>	<u>3,511</u>	<u>540</u>	<u>3,193</u>	<u>653</u>	<u>1,588</u>	<u>327</u>
<u>Africa:</u>										
Ethiopia	31	4	-	-	-	-	-	-	-	-
Zaire	-	-	-	-	1,068	534	-	-	-	-
Regional Total	<u>31</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>1,068</u>	<u>534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>American Republics:</u>										
Argentina	11,280	1,128	1,862	569	-	-	-	-	-	-
Polivia	-	-	-	-	*	*	-	-	-	-
Colombia	3,073	447	1,679	782	22	1	-	-	-	-
El Salvador	13	3	-	-	-	-	-	-	-	-
Guatemala	88	32	-	-	246	123	-	-	-	-
Haiti	2,048	102	-	-	378	49	-	-	-	-
Honduras	697	137	1,179	408	-	-	900	236	-	-
Mexico	-	-	2,708	412	-	-	-	-	-	-
Nicaragua	229	80	-	-	-	-	-	-	-	-
Panama	41	6	40	5	105	17	366	39	35	5
Paraguay	77	24	83	17	40	8	426	86	52	10
Uruguay	1,100	295	-	-	-	-	453	140	-	-
Venezuela	-	-	-	-	-	-	242	184	-	-
Regional Total	<u>18,646</u>	<u>2,254</u>	<u>7,551</u>	<u>2,193</u>	<u>791</u>	<u>198</u>	<u>2,387</u>	<u>685</u>	<u>86</u>	<u>16</u>

EXCESS DEFENSE ARTICLES SOLD UNDER FOREIGN MILITARY SALES
(Dollars in Thousands)

	FY 1977		FY 1978		FY 1979		FY 1980		FY 1981	
	Acquisition Value	Sales Value								
<u>International Organizations</u>	-	-	-	-	13	3	-	-	-	-

*Less than \$500.

Note: As of September 30, 1981.
Totals may not add due to rounding.

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

Section 514(b) of the FAA of 1961, as amended sets an annual ceiling on the value of additions to stockpiles of defense articles located abroad that may be set aside, earmarked, reserved, or otherwise intended for use as war reserve stocks for allied or other foreign countries (other than those for NATO purposes). Existing legislation sets ceilings of \$130 million in fiscal year 1982 and \$125 million in fiscal year 1983 on the value of such additions. Defense articles added to stockpiles under this ceiling will come from existing stocks.

The defense articles in these stockpiles remain U.S. military service-owned stocks. As the term "war reserve" implies, these stocks are intended for use only in emergencies. All of the additions under the fiscal year 1983 ceiling would be for the Republic of Korea, and some of the stocks would be stored, under agreed arrangements, at Korean Government facilities. (The International Security Assistance Act of 1979 authorized the establishment of new stockpiles at Korean facilities.) In all cases, title to and control of the additions would remain with the U.S. Government. Any transfer to Korea is required by section 514(a), of the FAA, to be in accordance with the provisions of the security assistance legislation prevailing at that time.

Source: DOD's Congressional Presentation Document (Security Assistance Program fiscal year 1983.)

Some of the additions in fiscal years 1982 and 1983 may consist of overseas U.S. defense stocks currently identified as war reserves for U.S. Armed Forces which would be identified in fiscal years 1982 and 1983 as war reserves for Korea, but not wholly relocated into that country in these years. When relocated to Korea, their value will not be counted a second time against a limitation in section 514(b)

VALUE OF ANNUAL ADDITIONS TO WAR RESERVE STOCKS
FOR ALLIES AUTHORIZED
(Dollars in Thousands)

<u>Fiscal year</u>	<u>Amount</u>
1977	\$125,000
1978	270,000
1979	90,000
1980	95,000
1981	85,000
1982 Estimated	130,000
1983 Proposed	125,000

OVERSEAS MILITARY PROGRAM MANAGEMENT

In all but a few foreign countries where programs are extremely small and uncomplicated, supervision and coordination of U.S. military security assistance activities is accomplished by Department of Defense personnel. These personnel, responsible to the Chief of the U.S. Diplomatic Mission, maintain direct liaison with the U.S. Diplomatic Mission and the foreign defense establishment on security assistance matters; advise and assist the Chief of the U.S. Diplomatic Mission on such matters; and advise, assist and plan with the foreign defense establishment as may be appropriate. These personnel implement international defense cooperation relationships which include such interrelated activities as armaments cooperations projects to promote rationalization, standardization and interoperability, in-country management of foreign military sale cases, data exchange agreements, military exercises, memoranda of understanding, host nation support, arrangements, evaluation, and planning of the host government's military capabilities and requirements.

Proposals for fiscal year 1983 include separate organizations dedicated solely to the security assistance mission in 49 countries. In 36 other countries administration of security assistance activities is carried out by the U.S. Embassy or the Defense Attache Office. Administrative costs are reimbursed from amounts received for sales under sections 21, 22, and 29 of the AECA.

ABBREVIATIONS OF OVERSEAS PROGRAM MANAGEMENT ORGANIZATIONS

DAO	- Defense Attache Office
JUSMAAG	- Joint U.S. Military Assistance Advisory Group
JUSMAG	- Joint U.S. Military Advisory Group
JUSMAG	- Joint U.S. Military Aid Group
JUSMMAT	- Joint U.S. Military Mission for Aid to Turkey
KUSLO	- Kenya-U.S. Liaison Office
LIBMISH	- U.S. Military Mission, Liberia
MAAG	- Military Assistance Advisory Group
MAP	- Military Assistance Program, Sudan
MILGP	- Military Group
MUSLO	- Morocco-U.S. Liaison Office
ODC	- Office of Defense Cooperation
ODRP	- Office of Defense Representation, Pakistan
OMC	- Office of Military Cooperation
SAMS	- Security Assistance Management Staff
USDLG	- U.S. Defense Liaison Group
USLOK	- U.S. Liaison Office, Kuwait
USLOT	- U.S. Liaison Office, Tunisia
USMDAO	- U.S. Mutual Defense Assistance Office
USMILGP	- U.S. Military Group
USMLO	- U.S. Military Liaison Office
USMTM	- U.S. Military Training Mission
ZAMISH	- U.S. Military Mission, Zaire

OVERSEAS MILITARY PROGRAM MANAGEMENT a/
(Dollars in Thousands)

<u>Country</u>	<u>Organization</u>	<u>FY 1978 b/</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>Estimated FY 1982</u>	<u>Proposed FY 1983</u>
<u>EAST ASIA & PACIFIC:</u>							
Australia	DAO	61	59	59	83	115	124
Burma	DAO	-	2	3	3	15	20
Indonesia	USDLG	2,001	1,595	1,674	1,866	2,139	1,953
Japan	USMEAC	997	1,087	1,049	1,015	1,324	1,569
Korea	JUSMAG	6,512	6,462	6,963	7,722	10,182	11,475
Malaysia	DAO	36	28	15	104	104	92
New Zealand	-	-	2	1	2	5	7
Philippines	JUSMAG	1,641	1,382	1,517	1,633	2,009	2,286
Singapore	DAO	42	48	58	48	74	79
Taiwan	-	511	421	-	-	-	-
Thailand	JUSMAG	<u>2,317</u>	<u>1,748</u>	<u>1,794</u>	<u>2,122</u>	<u>2,932</u>	<u>5,065</u>
Regional Total		14,118	12,834	13,133	14,597	18,899	22,670
<u>NEAR EAST AND SOUTH ASIA:</u>							
Afghanistan	DAO	-	5	-	-	-	-
Bangladesh	DAO	-	2	3	10	27	8
Egypt	OMC	-	499	902	2,721	3,587	3,383
India	ODC	173	219	218	214	279	296
Iran	ARMISH/MAAC	228	191	-	-	-	-
Israel	-	-	-	-	1	3	3
Sudan	MAP	706	792	886	1,093	1,269	1,395
Kuwait	USLOK	122	82	201	93	96	104
Lebanon	DAC	-	6	89	112	127	230
Morocco	MUSLO	798	831	873	1,092	1,427	1,739
Nepal	-	-	1	2	4	13	9
Oman	OMC	-	-	124	269	347	544
Pakistan	ODRP	488	467	426	592	762	834
Saudi Arabia	USMTM	412	418	454	608	718	775
Sri Lanka	DAO	-	4	4	8	15	77
Tunisia	USLOI	376	385	491	584	694	874
United Arab Emirates	USLO	-	-	-	340	521	826
Yemen	OMC	<u>74</u>	<u>763</u>	<u>753</u>	<u>992</u>	<u>1,207</u>	<u>1,169</u>
Regional Total		3,377	4,665	5,426	8,733	11,092	12,266

OVERSEAS MILITARY PROGRAM MANAGEMENT a/
(Dollars in Thousands)

<u>Country</u>	<u>Organization</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>Estimated FY 1982</u>	<u>Proposed FY 1983</u>
<u>EUROPE:</u>							
Austria	DAO	59	88	103	138	147	176
Belgium	ODC	427	547	572	640	737	908
Denmark	ODC	257	312	361	387	465	673
Finland	-	-	-	1	2	3	3
France	ODC	449	486	564	567	588	630
Germany	ODC	804	895	1,030	870	1,022	1,081
Greece	JUSMAG	1,617	1,646	1,836	2,074	2,556	2,561
Italy	ODC	453	547	534	542	627	840
Netherlands	ODC	278	329	391	467	593	663
Norway	ODC	238	227	260	297	379	397
Portugal	MAAC	538	653	748	883	1,051	1,205
Spain	JUSMAAG	1,080	1,280	1,308	1,242	1,671	2,176
Switzerland	DAO	-	4	4	4	5	4
Turkey	JUSMMAT	3,597	3,384	3,229	4,250	5,160	5,801
United Kingdom	DAO	122	127	140	146	191	190
Yugoslavia	DAO	-	-	58	110	162	163
Regional Total		9,919	10,525	11,139	12,619	15,357	17,471
<u>AFRICA:</u>							
Chad	DAO	-	2	-	-	-	-
Ghana	DAO	5	4	5	15	20	21
Ivory Coast	-	-	-	2	2	6	6
Kenya	KUSLO	-	-	430	396	501	591
Liberia	LIEMISH	630	603	611	748	863	1,775
Nigeria	DAO	151	178	356	672	282	702
Senegal	-	-	9	12	12	11	11
Somalia	OMC	-	-	-	215	360	376
Sudan	OMC	-	242	330	495	960	1,132
Zaire	ZAMISH	717	666	855	1,185	1,361	1,939
Regional Total		1,503	1,704	2,601	3,740	4,364	6,553

OVERSEAS MILITARY PROGRAM MANAGEMENT a/
(Dollars in Thousands)

<u>Country</u>	<u>Organization</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>Estimated FY 1982</u>	<u>Proposed FY 1983</u>
<u>AMERICAN REPUBLICS:</u>							
Argentina	MILCP	511	677	823	1,163	1,376	1,649
Barbados	USMLO	-	-	18	113	151	135
Bolivia	MILGP	534	512	552	55	-	390
Brazil	SAMS	2,091	433	427	428	484	524
Chile	MILGP	429	430	-	-	-	-
Colombia	MILGP	501	542	584	789	792	825
Costa Rica	ODC	97	122	182	196	189	281
Dominican Republic	MAAG	188	248	247	354	430	464
Ecuador	USMLO	201	267	304	365	455	471
El Salvador	MILGP	265	243	304	422	673	632
Guatemala	MILGP	228	238	386	338	358	335
Haiti	DAO	27	40	40	48	70	90
Honduras	MILGP	222	292	431	479	525	584
Jamaica	USMLO	-	-	-	-	204	279
Mexico	DAO	24	30	39	51	145	222
Nicaragua	USMLO	256	189	128	215	228	421
Panama	MILGP	370	436	495	379	497	687
Paraguay	ODC	282	296	334	387	447	535
Peru	MAAG	293	281	283	325	463	530
Uruguay	ODC	263	301	412	418	520	574
Venezuela	MILCP	453	540	576	627	781	980
Regional Total		<u>7,235</u>	<u>6,117</u>	<u>6,565</u>	<u>7,152</u>	<u>8,788</u>	<u>10,608</u>
Worldwide Total		<u>36,152</u>	<u>35,845</u>	<u>38,864</u>	<u>46,841</u>	<u>58,500</u>	<u>69,568</u>
Reimbursement		28,920	28,827	31,676	28,970	39,882	45,568
Net Expense		<u>7,232</u>	<u>7,018</u>	<u>7,188</u>	<u>17,871</u>	<u>18,618</u>	<u>24,000</u>

*Less than \$500.

a/Administrative costs are reimbursed from amounts received for sales under sections 21, 22, and 29 of the AECA.
b/Statistics for fiscal year 1977 not readily available.

Note: As of September 30, 1981.
Totals may not add due to rounding.

CONSTRUCTION COSTS FOR OVERSEAS BASES

The United States continues to develop and maintain a formidable foreign military base system. The trend in base construction overseas has been for the host country to own the real property and all improvements made by the U.S. Government to that property. Once the United States completes construction of a base or makes other real property improvements the foreign government normally takes title to them, and the United States has access to the property in accordance with a signed agreement. In some instances, the United States has exclusive base rights, while in others, the base is shared with armed forces of the host country. The U.S. Government retains title to equipment, materials, relocatable structures, etc., which are not incorporated into the real property.

In situations where the United States, for whatever reason, withdraws from a base it occupies, generally all real property improvements made by the United States would revert to the host country since they have title, and thus ownership, to the property and its permanent fixtures. In some countries, notably Germany and Japan, the United States would receive compensation for improvements or new construction. However, compensation could be reduced by the amount required to restore host country-provided facilities returned by U.S. forces. As a further stimulus to the host country's economy, many agreements call for the United States to use contractors in the host country to build the facilities. This is an indirect form of assistance because local construction materials are used and it creates jobs.

Since 1977, the United States has increased its construction costs for overseas bases. U.S. construction costs of \$2.1 billion have been proposed for fiscal year 1983. The following list shows DOD's military construction appropriations in fiscal years 1977-1982.

MILITARY CONSTRUCTION APPROPRIATIONS
FOR U.S. FACILITIES OVERSEAS 1/
(Dollars in Thousands)

Country							Total
	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1977-82
Bahrain	-	-	-	-	-	1,400	1,400
Belgium	-	-	-	3,600	-	-	3,600
Canada	-	-	-	-	-	280	280
Cuba	-	-	-	210	480	5,900	6,590
Diego Garcia	-	7,300	-	-	131,877	237,740	376,917
Egypt	-	-	960	30	-	106,400	107,390
Germany	82,649	253,695	213,094	127,960	156,280	285,163	1,118,841
Greece	1,000	-	310	1,500	-	800	3,610
Greenland	495	-	-	315	-	1,600	2,410
Iceland	9,009	161	6,230	17,650	49,200	6,790	89,040
Italy	2,988	13,270	15,730	12,020	480	75,090	119,578
Japan	124	3,698	12,999	2,700	33,890	31,380	84,791
Kenya	-	22,518	21,953	30	-	30,500	75,001
Korea	16,124	-	-	1,460	107,215	118,803	243,602
Kwajalein	-	2,603	6,571	2,900	6,280	3,240	21,594
Netherlands	1,400	4,700	3,597	3,300	-	4,860	17,857
New Zealand	-	-	-	-	-	1,250	1,250
Oman	-	-	-	-	-	78,480	78,480
Panama	281	2,384	718	25,660	3,900	-	32,943
Philippines	-	-	1,086	410	13,280	29,090	43,866
Portugal	-	-	1,663	510	24,600	46,570	73,343
Puerto Rico	4,160	170	6,258	2,347	12,882	2,760	28,577
Somalia	-	-	-	-	-	24,000	24,000
Spain	-	4,200	4,050	7,700	870	9,690	26,510
Turkey	3,300	-	516	-	15,670	28,510	47,996
United Kingdom	39,832	36,550	3,190	15,300	25,060	73,105	193,037
Virgin Islands	-	-	-	-	-	564	564
Wake Island	-	-	114	-	-	14,500	14,614
Various, Europe	-	-	-	-	8,801	13,422	22,223
Various, Pacific Command	-	-	-	-	-	1,250	1,250
Guam	6,031	1,453	2,060	4,760	2,390	-	16,694
Bermuda	-	-	4,300	860	2,580	-	7,740
South West Asia	-	-	-	-	105,000	-	105,000
Seychelles	-	-	-	550	-	-	550
Australia	-	-	-	2,500	-	-	2,500
Total	<u>\$167,393</u>	<u>\$352,702</u>	<u>\$305,399</u>	<u>\$234,272</u>	<u>\$700,735</u>	<u>\$1,233,137</u>	<u>\$ 2,993,638</u>

*Less than \$500.

1/NATO infrastructure appropriations not included, see page 65.

Note: As of September 30, 1981. Totals may not add due to rounding.

SUPPORT OF INTERNATIONAL
MILITARY ACTIVITIES

The United States provides funds for numerous international military activities. The NATO Infrastructure Program is funded through the DOD Military Construction Program and pays for the U.S. share of NATO military facilities construction costs. The Support for Other Nations is funded through the annual appropriations of the military departments and pays the costs of U.S. military personnel assigned to international military organizations such as the U.S. mission to NATO and for other military activities overseas. The table below shows the amounts provided for the NATO Infrastructure Program and Support for Other Nations from fiscal year 1977 to fiscal year 1982.

<u>FISCAL YEAR</u>	<u>NATO INFRASTRUCTURE PROGRAM a/</u>	<u>SUPPORT FOR OTHER NATIONS a/</u>	<u>TOTAL</u>
	----- (Dollars in Thousands) -----		
1977	\$ 76,000	\$ 59,771	\$ 135,771
1978	81,000	79,166	160,166
1979	173,000	80,254	253,254
1980	150,000	89,254	239,254
1981	250,000	119,600	369,600
1982	<u>345,000 b/</u>	<u>138,700 b/</u>	<u>483,700</u>
Total	<u>\$1,075,000</u>	<u>\$566,745</u>	<u>\$1,641,745</u>

a/Appropriation

b/Amount requested

AIR BASE CONSTRUCTION IN ISRAEL

As a result of the Camp David Accord and the Israeli-Egyptian Peace Treaty, the United States is committed to assist Israel to construct two airfields in the Negev Desert. These airfields will replace installations in the Sinai Desert from which the Israelis withdrew as part of the peace treaty between the two countries.

The Congress appropriated \$800 million for this project for fiscal year 1979. Any additional costs above the \$800 million will be provided by the Government of Israel. Current estimates place the eventual cost of this project at \$1.077 billion.

DOD has assigned the U.S. Army Corps of Engineers the role of Construction Agent and the U.S. Air Force has the role of Program Manager and Liaison with the Israeli Government. The Corps has been responsible for the planning, design, and construction of the airfields.

FINANCIAL ARRANGEMENTS USED IN
THE SALE OF MILITARY EQUIPMENT

Financial incentives and arrangements have been established to enhance the sale of military hardware to foreign countries or to allow countries to continue buying from U.S. sources. These include: FMS waivers for non-recurring charges, "cash flow" method of financing, dependable undertakings, FMS defaults and debt rescheduling, and Export-Import bank loans.

These arrangements, except for dependable undertakings, are considered as additional forms of assistance because they either reduce the amount of cash expected to be received by the U.S. Government from a sale or may require future appropriations if countries default on existing loans. For example, while waivers do not affect the expenditure of security assistance funds in the current budget, each waiver issued represents a subsidy to the purchasing country.

Many of the countries purchasing military equipment are heavily dependent on FMS financing. Cash-flow financing and dependable undertakings in anticipation of future FMS credits commit countries and the United States to larger programs than would normally be undertaken. Additionally, such arrangements appear to commit the Congress to more support than annual appropriations would allow.

Finally, the information included under debt rescheduling and outstanding Export-Import bank credits reflects problems some countries are experiencing in repaying credits extended in prior years. Defaults on FMS and Export-Import bank loans may result in increased debt forgiveness or rescheduling at subsidized rates in the future.

FMS WAIVERS

The AECA mandates that unless a waiver is issued, DOD must charge customers for the administrative and development costs associated with producing and selling military hardware. Further, DOD policy requires the Defense Security Assistance Agency (DSAA) to charge royalty fees for U.S. technical data packages used in military hardware production outside the United States.

Recoupment of administrative surcharges, royalty fees, and non-recurring costs can be waived by DSAA when it is considered in the best interest of the United States. For example, Section 21 (e)(2) of the AECA authorizes the issuance of a waiver for the recoupment of non-recurring research and development costs when the sale would significantly advance the U.S. Government in NATO standardization, standardization with the Armed Forces of Japan, Australia, or New Zealand or provide procurement in the United States under coproduction agreements. Further, Section 27 of the AECA provides that the President may reduce or waive the charges for cooperative projects under which NATO, or one or more countries thereof, agrees to share with the United States the cost of research and development, testing, and evaluation in order to further the objectives of rationalization, standardization and interoperability of the North Atlantic Treaty Organization.

Value of waivers issued
since fiscal year 1977

DSAA estimates the value on issued waivers since fiscal year 1977 exceeds \$782 million. Of this amount, \$764.5 million are charges for non-recurring costs for research and development, \$11.8 million for royalty fees on technical data packages, and \$6.6 million for administrative surcharges. We were told by DSAA officials that determining the value of a waiver is difficult since it is issued before an FMS case is accepted and is based on either the total projected value of the "accepted" case or the number of units involved. In some instances, the countries involved cancel cases and do not realize the full value of the waiver.

Table 1 identifies the countries and estimated value of waived royalty fees on technical data packages and table 2 identifies waived charges for non-recurring research and development costs.

TABLE 1

Estimated Values of Waived Royalty Fees for
Technical Data Packages
(Dollars in Thousands)

<u>Country</u>	<u>FY1977</u>	<u>FY1978</u>	<u>FY1979</u>	<u>FY1980</u>	<u>FY1981</u>	<u>FY1982 a/</u>	<u>Total</u>
Korea	-	-	289	-	-	-	289
Spain	-	-	-	63	-	-	63
Greece	-	-	-	52	184	-	236
Germany	-	-	-	4,750	-	-	4,750
Pakistan	-	-	-	11	-	-	11
Turkey	-	-	-	*	-	-	*
Italy	-	-	-	185	-	-	185
Canada	-	-	-	4,485	-	-	4,485
Egypt	-	-	-	1,772	-	-	1,772
Denmark	-	-	-	-	-	1	1
	-	-	289	11,318	184	1	11,792

*Value not identified when the waiver was issued.

a/As of March 31, 1982.

TABLE 2

Estimated Values of Waived Charges for Non-recurring Costs
(Dollars in Thousands)

<u>Country</u>	<u>FY1977</u>	<u>FY1978</u>	<u>FY1979</u>	<u>FY1980</u>	<u>FY1981</u>	<u>FY1982</u>	<u>Total</u>
Australia	-	-	-	-	878	253	1,131
Canada	100	-	-	564	73,696	-	74,360
Denmark	-	-	-	661	-	965	1,626
Egypt	-	-	-	3,600	-	-	3,600
Germany (FRG)	-	725	-	6,654	1,250	901	9,530
France	-	-	-	688	156	-	844
Greece	-	-	1,668	2,318	-	-	3,986
Italy	-	-	-	1,533	-	-	1,533
Luxembourg	-	-	12	-	-	-	12
Netherlands	-	7,700	5,424	2,894	2,515	2,207	20,740
Norway	-	-	-	-	-	530	530
Turkey	-	-	3,741	441	3,362	1,208	8,752
United Kingdom	28,500	735	4,261	-	92,928	-	126,424
NATO (Consortium)	468,000 a/	5,585	21,627	-	2,259	-	497,471
EPG (European Participating Governments-F16)	-	14,900	-	-	-	-	14,900
Total	496,600	29,645	36,733	19,353	177,044	6,064	765,439

a/This waiver was issued for the Airborne Warning and Control System (AWACS) coproduction as provided for by congressional legislation.

"CASH FLOW" METHOD OF FINANCING

Under the normal credit program authorized for most FMS customers, orders must not exceed the amount of authorized credit. Under the so-called "cash flow" method of financing, more orders can be placed sooner than would ordinarily be possible under a normal credit system, thereby, stretching buying power.

The cash flow financing system as compared to the normal full funding FMS program works as follows. When a weapon system is purchased, a Letter of Offer and Acceptance is signed by the buyer spelling out the equipment delivery and the payment schedule. While the total cost of an item may be hundreds of millions of dollars, not all the money will be paid in the first year after the contract is signed. Major systems have a long lead time before delivery, usually several years, and payments will be spread out over this time period. Under normal FMS financing procedures with most countries, the United States requires that the buyer reserve, or set aside, the full cost of the item when the order is placed. This means that if an item costs \$100 million, FMS credits of \$100 million must be set aside when the Letter of Offer and Acceptance is signed. Under the cash flow system only the amount of money needed to meet the current fiscal year's cash requirement is set aside. That same \$100 million item, for example, may only require \$50 million the first year. So only \$50 million is set aside and the other \$50 million is available to place additional orders up to the limit of its cash requirement during that year. At this time, only Israel and Egypt are permitted to use the cash flow method of financing. We reported on the use of cash flow financing for Egypt in 1982. a/ Under this system, the United States has allowed Egypt to order \$3.5 billion of military equipment in the first 3 years of the program (1979 through fiscal year 1981), even though \$2.05 billion in credits had been allocated for Egypt. Without cash flow, Egypt could have purchased, through the end of fiscal year 1981, F-4s (\$500 million), F-16s (\$1 billion), air defense batteries (\$600 million), and nothing else. Those three programs would have used up all available credits. No money would have been available until the following year for tanks, personnel carriers, missiles, and other urgent Egyptian needs.

By authorizing this cash flow system, the United States has permitted Egypt to buy much more equipment than would ordinarily be possible. On the other hand, it has made a deeper U.S. commitment without congressional approval for future support. The FMS credit program is the only likely source of funding to meet obligations coming due for orders already placed and for which full program costs have not been set aside.

a/GAO Report to the Congress "Forging a New Defense Relationship with Egypt" (ID-82-15; Feb. 5, 1982).

We did not evaluate the cash flow financing system used for the Israel program. State and Defense officials told us that it closely parallels Egypt's system but has an even more open-ended authorization in that it does not have a total dollar ceiling.

DEPENDABLE UNDERTAKINGS

Section 22 of the AECA authorizes the use of dependable undertakings for eligible foreign governments and international organizations. Dependable undertakings is one in a number of "terms of sale" used to sell defense equipment. Dependable undertakings are generally used with new procurement contracts. With dependable undertakings the foreign government or international organization makes periodic payments in such amounts and at such times as required by the contract. The U.S. Government collects the cash in advance and makes payments to the contractor on behalf of the foreign country. This contrasts with sales from DOD stock which requires the full costs of the equipment to be paid in advance. According to DOD officials, a termination liability account is set up for each case which shields the United States against any damages or costs that may accrue from the cancellation of the contract.

A critical element to dependable undertakings is DOD's determination that the foreign government or international organization will have the economic resources to fulfill its commitment. When a determination is made, it is implied that the foreign country will be able to make its payments on schedule. The information was not readily available at DOD for us to determine which countries are using dependable undertakings; however, we have identified those eligible countries which have previously defaulted on loans (see p. 76) or had debts rescheduled (see p. 77).

Following is a list of the 76 countries and 1 international organization which were authorized dependable undertakings as of October 1981.

Africa

Botswana	Morocco
Cameroon	Nigeria
Kenya	Sudan
Liberia	Tunisia

Europe

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

Far East

Australia	New Zealand
Brunei	Philippines
Indonesia	Singapore
Japan	Taiwan
Korea	Thailand
Malaysia	

Near East and South Asia

Bahrian	Nepal
Bangladesh	Pakistan
Egypt	Oman
India	Qatar
Israel	Saudi Arabia
Jordan	The United Arab Emirates
Kuwait	Yemen Arab Republic
Lebanon	

Western Hemisphere

Bahamas	Haiti
Barbados	Honduras
Brazil	Jamaica
Canada	Mexico
Colombia	Panama
Costa Rica	Peru
Dominica	St. Lucia
Dominican Republic	St. Vincent
Ecuador	Surinam
El Salvador	Trinidad and Tobago
Guatemala	Venezuela

International Organizations

NATO (North Atlantic Treaty
Organization and its agencies)

FMS DEFAULTS AND DEBT RESCHEDULINGS

February 1982 statistics show that 13 countries were in default on FMS loans. Three countries, Bolivia, Nicaragua and Ethiopia defaulted on payments in fiscal year 1980 and eight countries, Costa Rica, El Salvador, Liberia, Senegal, Sudan, Tunisia, Turkey and Zaire defaulted in fiscal year 1981. Lebanon and Morocco, which together constitute about 67 percent of the \$28.9 million in defaulted amounts did not make required payments when due in fiscal year 1982.

We were told by DSAA officials that the listing of countries in default changes monthly and most countries do not stay in default in excess of 12 months. They said that some countries, such as Morocco, will pay the defaulted amount as soon as the United States notifies the government that future assistance will be terminated. As of April 1982 only Bolivia, Nicaragua, Ethiopia, and Zaire had not made payments for over 12 months. Ethiopia, according to DSAA officials, defaulted on over \$4 million in direct loans in December 1979 and cannot reschedule its loans due to limited diplomatic relations with the United States. However, Zaire which defaulted on \$2 million in direct loans and \$104,000 in guaranteed loans (see table 1) is undergoing debt rescheduling. In addition, we were told that Sudan and Liberia are expected to complete their debt rescheduling arrangements during fiscal year 1982.

Rescheduled loans

DOD has debt rescheduling arrangements with several FMS customers who have missed loan payments for interest and principal. These rescheduled amounts which become new loans are identified in table 2. The amounts identified include the missed payments, the principals for the new loans, and the amount of interest to be paid over the life of the loans. The rate of interest is determined from averaging the interest rates associated with the defaulted payment.

TABLE 1
COUNTRIES IN DEFAULT OF FMS GUARANTEED LOANS a/
(Dollars in Thousands)

<u>Country</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982 b/</u>	<u>Total</u>
Bolivia	8	1,653	789	2,450
Nicaragua	389	-	-	389
Costa Rica	-	4	590	594
El Salvador	-	316	637	953
Liberia	-	287	478	765
Senegal	-	789	-	789
Sudan	-	1,093	2,313	3,406
Tunisia	-	3	-	3
Turkey	-	8	-	8
Zaire	-	104	-	104
Lebanon	-	-	1,034	1,034
Morocco	-	-	18,370	18,370
Total	<u>397</u>	<u>4,257</u>	<u>24,211</u>	<u>28,865</u>

a/The only countries in default on Direct Credit Loans are Ethiopia (\$4 million) and Zaire (\$2 million).

b/As of February 1982.

TABLE 2
RESCHEDULED FMS LOANS
Rescheduled Direct Credit Loans a/

<u>Country</u>	<u>FY1978</u>	<u>FY1979</u>	<u>FY1980</u>	<u>FY1981</u>	<u>FY1982 b/</u>	<u>FY1978 to FY1982</u>	<u>Repayments b/</u>	<u>Balance due b/</u>
	----- <u>(Dollars in Thousands)</u> -----							
Liberia	-	-	-	488	-	488	0	488
Peru	-	281	281	-	-	562	59	503
Turkey	7,098	20,360	43,215	43,418	10,087	124,178	5,156	119,022
Zaire	5,098	482	12,669	2,989	-	21,238	2,517	18,721
Total Direct	<u>12,196</u>	<u>21,123</u>	<u>56,165</u>	<u>46,895</u>	<u>10,087</u>	<u>146,466</u>	<u>7,732</u>	<u>\$138,734</u>

Rescheduled Guaranty Loans a/

<u>Country</u>	<u>FY1978</u>	<u>FY1979</u>	<u>FY1980</u>	<u>FY1981</u>	<u>FY1982 b/</u>	<u>FY1978 to FY1982</u>	<u>Repayments b/</u>	<u>Balance due b/</u>
	----- <u>(Dollars in Thousands)</u> -----							
Liberia	-	-	-	963	472	1,435	0	1,435
Peru	-	4,419	4,417	-	-	8,836	881	7,955
Turkey	12,627	46,949	82,094	96,543	48,878	287,091	11,120	275,971
Zaire	10,491	-	-	-	-	10,491	4,850	5,641
Total Guaranty	<u>23,118</u>	<u>51,368</u>	<u>86,511</u>	<u>97,506</u>	<u>49,350</u>	<u>307,853</u>	<u>16,851</u>	<u>291,002</u>
Total Direct & Guaranty Loan Rescheduled	<u>35,314</u>	<u>72,491</u>	<u>142,676</u>	<u>144,401</u>	<u>59,437</u>	<u>454,319</u>	<u>24,583</u>	<u>429,736</u>

a/There was no FMS rescheduling in Fiscal Year 1977.

b/As of February 1982.

EXPORT-IMPORT BANK
SPECIAL LOANS OUTSTANDING

The Export-Import Bank of the United States was created in 1934 to provide financing support to aid U.S. export sales. Export-Import Bank direct credits may be utilized for sales of defense items only to developed countries. Section 32 of the AECA specifically prohibits the Bank from using its credit resources for the sale of defense items to economically less developed countries.

The following table shows military equipment loans outstanding as of December 31, 1981.

<u>Country</u>	<u>Amount of Loan</u> (Dollars)	<u>Outstanding Balance</u> in Thousands)	<u>Date Authorized</u>	<u>Term in years</u>	<u>Interest Rate %</u>
Iran <u>a/</u>	\$ 60,000	\$ 10,000	7-01-71	9	6
	21,429	8,571	6-29-72	9	6
	71,429	28,571	10-26-72	8	6
	60,000	40,000	6-04-73	8	6
	<u>114,286</u>	<u>85,174</u>	8-16-73	11	6
	\$327,144	\$172,316			
Spain <u>b/</u>	50,051	329	6-30-70	9	6
	<u>4,150</u>	<u>1,061</u>	6-30-70	9	7 1/2
	\$ 54,201	\$ 1,390			
New Zealand	<u>4,619</u>	<u>530</u>	6-24-72	12	6 1/2
Total	<u>\$385,964</u>	<u>\$174,236</u>			

a/The Bank accelerated these loans December 21, 1979 on the basis of defaults on scheduled repayments.

b/Loans have been amended, and final payments are due March 31, 1984.

ACTIVITIES WHICH SUPPORT OTHER COUNTRIES

This appendix includes a number of activities which increase U.S. sales of military hardware and support the defense industrial capabilities and economies of foreign countries. Specifically, these activities include equipment coproduction, procurement offset arrangements and purchasing foreign products from third countries with FMS credits. These activities receive limited congressional oversight and cannot be defined as direct assistance even though they help develop economies and defense industries of foreign countries.

According to DOD officials, coproduction and associated off-sets require congressional notification, under Sections 27(c) and 36 (b) of the AECA. These activities may have an adverse effect on the U.S. economy.

COPRODUCTION ARRANGEMENTS

The United States is involved in extensive coproduction arrangements with a variety of countries. Some are allies and industrialized countries while others are developing countries who want to establish an indigenous defense industrial sector. Twenty-one countries and one international organization are involved, with Japan and West Germany constituting over 65 percent of the projects. Although there has been a significant decline in coproduction arrangements since fiscal year 1979, the United States is still involved in bilateral arrangements valued at over \$8.6 billion.

The coproduction projects identified in this section include any programs wherein the U.S. Government, pursuant to a duly authorized government-to-government agreement enables an eligible government, international organization, or designated commercial producer to acquire the technical information and "know-how" to manufacture or assemble in whole or in part an item of U.S. defense equipment. It includes projects which have resulted from government-to-government discussions or negotiations, whether recorded in FMS Letters of Offer and Acceptance, Memorandums of Understanding, other international agreements, or exchange correspondence. It does not include projects which have been proposed by U.S. industry for purely commercial reasons, and in which the Government is involved only to the extent of providing approvals required under Section 38 of the AECA and the International Traffic in Arms Regulation.

The following presents DSAA's estimated values for coproduction arrangements between the United States and foreign governments since fiscal year 1977.

ESTIMATED VALUES OF COPRODUCTION ARRANGEMENTS a/

Country	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982 b/	FY 1977
							to FY 1982
(Dollars in Millions)							
Australia	-	-	106.0	-	-	-	106.0
Austria	-	-	198.0	-	-	-	198.0
Belgium	52.0	14.0	-	-	-	-	66.0
Germany (FRG)	534.0	2,329.0	-	-	-	-	2,863.0
Greece	14.5	39.5	4.4	110.0	30.5	-	198.9
Israel	-	.3	.3	.3	13.1	.3	14.3
Italy	-	39.3	-	32.0	-	-	71.3
Japan	62.0	2,636.0	122.0	-	-	-	2,820.0
Korea	-	35.0	653.0	-	-	-	688.0
Netherlands	.1	-	63.6	-	-	-	63.7
Philippines	-	1.0	.9	.9	.9	.9	4.6
Singapore	-	3.6	-	-	-	-	3.6
Spain	-	-	-	60.0	-	-	60.0
Switzerland	157.0	-	481.8	34.0	-	-	672.8
Taiwan	662.0	-	5.4	-	-	-	677.4
Turkey	.3	-	-	-	-	-	.3
United Kingdom	-	-	50.0	-	-	-	50.0
NATO Hawk Project	-	-	-	-	120.0	-	120.0
Total	<u>1,481.9</u>	<u>5,097.7</u>	<u>1,685.4</u>	<u>237.4</u>	<u>164.5</u>	<u>1.2</u>	<u>8,667.9</u>

a/Not all coproduction agreements are included. Although some arrangements with Canada, Norway, Greece, Korea, and Thailand have been authorized, the estimated value of the agreements have not been determined.

b/As of April 1982.

OFFSET ARRANGEMENTS

Offsets are foreign customer demands as a condition for the purchase of military equipment. Offset arrangements normally require technology transfers, investments, and/or subcontracts in a foreign country as the condition for the sale. The demand for a share of the production is becoming an increasingly common aspect of international procurement negotiations. Because of intense competition, offset concessions are reaching higher levels and causing concern relative to the weakening in the U.S. defense industrial mobilization base.

U.S. Government Offsets

In the past, DOD took the lead in negotiating offset arrangements. Presently, DOD's policy regarding offset arrangements with other nations is not to enter into such arrangements unless there is no other feasible alternative to successfully complete transactions of significant importance to U.S. national security interests. DOD believes that offsets involve business decisions better left to the private sector. Although DOD expresses its opposition to offsets, it enters into bilateral and other arrangements which tend to create offset obligations for U.S. industry. Bilateral agreements, reciprocal defense procurement, and memoranda of understanding covering some form of offsets exist between the United States and:

- | | |
|------------------|--|
| - Canada | - Italy |
| - Australia | - Switzerland |
| - United Kingdom | - Netherlands |
| - Norway | - Israel |
| - France | - Belgium, Denmark, Norway,
and the Netherlands |
| - Egypt | |

In agreements with these countries, the United States has waived the "Buy American" Act. More significant offsets have been granted by the U.S. Government in the F-5E sale to Switzerland, F-16 sale to Belgium, Norway, Denmark, and the Netherlands, NATO-Airborne Early Warning and Control Program and U.S. major weapons systems and defense equipment sales to Australia. The following table shows the extent of these offsets.

<u>Country/ Organization</u>	<u>Year</u>	<u>Program</u>	<u>Program Value (Millions)</u>	<u>Offset arrangement</u>
NATO	1978	Airborne Early Warning and Control	\$1,900	U.S. purchase of German vehicles, \$100 million in German telecommunications equipment for U.S. forces in Germany, and placement of AWACS base in Germany.
Switzerland	1975	F-5E	\$ 400	Industry to offset a minimum of 30% of the purchase price of the aircraft. The U.S. Government guaranteed the terms.
Belgium, Norway, Denmark, and the Netherlands	1975	F-16	\$2,800	Guaranteed offset of 58% of their initial F-16 purchase, while U.S. is to seek 100% offset.
Australia	1973	U.S. major weapons systems & defense equipment	All defense procure- ments	Combined U.S. industry and Government offsets up to 30% on major Australian defense purchases.

Industry offsets

According to preliminary figures obtained from the Treasury Department, U.S. firms over the past 5 years have signed defense-type coproduction agreements worth \$13.9 billion, with associated offsets totaling about \$8.6 billion. Foreign governments often insist upon offset agreements as a condition of sale. If a company were to refuse to enter such agreements, then it is likely that sales of that company would be reduced, since many military items are available from other sources, and potential foreign customers would place their orders elsewhere.

Because of competition between suppliers, offsets are often bid up and can exceed the initial value of the original contract. Such a situation has occurred in the U.S. sale of:

- F-16 fighter planes to Belgium, Denmark, Norway and the Netherlands (100-115% offset),
- Long Range Aircraft to Canada (135% offset), and
- F-18 fighter planes to Canada (115-132% offset).

In the sale of fighter planes to Canada, General Dynamics and its F-16 competed against McDonnell Douglas and Northrop and their jointly built F-18. Canada decided to purchase \$2.3 billion worth of F-18A fighter aircraft from McDonnell Douglas. In return, McDonnell Douglas offered offsets between \$2.7 billion and \$3.1 billion. As part of the offset package, Canadian firms will produce components for the F-18, DC-9, and other aircraft. In addition, McDonnell Douglas will establish non-F-18 related industrial capabilities in Canada, help encourage tourism in Canada, and market Canadian exports.

While not a part of any formal offset arrangement, DOD became involved by partially waiving the research and development costs to Canada for the F-18, in return for an increased purchase order by Canada. The research and development costs were estimated to be \$880,000 per plane. This waiver reduced the price of the planes to the Canadians by some \$70 million. While there is a provision for Defense to waive such costs, it constitutes a "subsidy" and sets a precedent for others to follow. Already the European producers of the F-16 are seeking a retroactive waiver of research and development charges and Australia is hoping to get its research and development charges reduced on F-18s it is purchasing.

Current governmental activities concerning offsets

Presently, there is active lobbying to get the U.S. Government more involved in regulating military coproduction agreements and their associated offsets. Apparently, industry would rather not use offsets but must in order to compete. Defense, among other things, is concerned about the loss of military technology and the need to protect U.S. defense subcontractors. No matter what the reasons, there are current Governmental activities to address offset arrangements including:

- DOD is forming a study group to review policy toward coproduction and offset agreements.
- The Treasury Department is conducting a survey to determine the economic effects which offset programs have had on U.S. industry, labor, and technology over the last 5 years.
- The Federal Trade Commission is planning hearings on "unconventional" trade methods such as barter and offsets.

PURCHASING FOREIGN PRODUCTS WITH FMS FUNDS

Using FMS funds to procure defense items and services outside the United States is prohibited unless a determination to permit offshore procurement is issued under Section 42(c) of the AECA. The Director, DSAA, must make a determination that procurement of defense articles and services outside the United States will not result in adverse effects on the U.S. economy or the industrial mobilization base.

According to a DSAA official, there have been 11 determinations made under Section 42(c) since 1976. It is estimated that the 11 determinations are valued at over \$3.4 billion in FMS funds. However, there is no system for identifying the cost of what is specifically procured offshore under Section 42(c) determinations. Therefore, the \$3.4 billion represents the maximum amount that could legally be purchased under the determinations. The 11 determinations are shown in the following table.

SECTION 42(c) DETERMINATIONS

<u>Country</u>	<u>Use of funds</u>	<u>Amount of funds</u>	<u>Year</u>
Israel	Procure defense articles and services for construction of air bases	\$ 200,000,000	1981
Israel	Procure defense articles and services for a ground-to-ground communications system	\$ 27,000,000	1981
Turkey	Procure sewing machines	\$ 3,000,000	1981
Liberia	Procure defense construction materials and services	\$ 490,000	1981
Egypt	Procure CH-47 helicopters from Costruzieni Aeronautiche G. Agusta, S.P.A.	\$ 63,000,000	1980
Israel	Procure defense articles and services for construction of air bases in Israel and the relocation of Israeli units	\$3,000,000,000	1979
Zaire	Procure petroleum products in Zaire and Zambia (related to Shaba invasion)	\$ 2,000,000	1978
Israel	Procure labor, material, and equipment to manufacture military equipment	\$ 107,000,000	1977
Zaire	Procure petroleum products in Zaire and Zambia	\$ 1,042,000	1977
Israel	Procure engines and spare parts for helicopters	\$ 10,400,000	1976
Israel	Procure labor, testing and engineering services to manufacture military equipment.	\$ 3,730,000	1976

COMMERCIAL EXPORTS AND LISTING OF
TOP MILITARY EQUIPMENT MANUFACTURERS

This appendix lists the commercial exports licensed under the AECA as well as the top 25 companies supplying military equipment under FMS and commercial sales for 1981. Unlike FMS, DOD does not administer commercial sales even though they are an element of security and military assistance for congressional oversight purposes. Commercial sales are licensed under authority provided in Section 38 of the AECA and controlled through the Office of Munitions Control, Department of State.

COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	Preliminary FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Estimated FY 1983
<u>WORLDWIDE</u>	<u>3,720,962</u>	<u>1,523,403</u>	<u>1,676,007</u>	<u>1,526,992</u>	<u>1,911,722</u>	<u>2,064,274</u>	<u>12,423,360</u>	<u>1,791,248</u>	<u>2,084,804</u>
<u>EAST ASIA & PACIFIC</u>	<u>701,014</u>	<u>321,567</u>	<u>405,689</u>	<u>432,257</u>	<u>500,015</u>	<u>572,156</u>	<u>2,932,698</u>	<u>544,053</u>	<u>635,553</u>
AUSTRALIA	45,557	11,012	29,305	45,421	51,131	35,244	217,661	40,000	40,000
BRUNEI	247	234	886	1,126	63	-	2,556	1,000	1,500
BURMA	680	26	632	7,986	229	203	9,756	1,000	1,000
CHINA	4	1,023	-	-	622	-	1,649	1,000	2,000
FIJI	2	-	1	*	1	-	5	-	-
FRENCH POLYNESIA	57	2	10	291	1	-	362	-	-
GILBERT ISLANDS	-	-	2	-	-	-	2	-	-
HONG KONG	2,874	3,801	12,167	16,505	17,013	19,234	71,595	30,000	20,000
INDONESIA	8,990	5,295	3,011	17,011	6,221	6,673	47,201	10,000	10,000
JAPAN	394,095	102,823	123,178	196,834	264,892	344,862	1,426,684	300,000	400,000
KAMPUCHEA	5	-	-	-	-	-	5	-	-
KOREA	25,490	77,169	74,714	60,864	41,459	28,710	308,405	25,000	25,000
LAOS	4	-	-	-	-	-	4	-	-
MACAU	12	23	4	95	19	-	153	-	-
MALAYSIA	29,389	41,500	63,150	18,209	19,016	29,522	200,785	25,000	25,000
NAURU	9	-	-	-	208	-	218	-	-
NEW CALEDONIA	229	74	103	78	2,425	79	2,989	50	50
NEW HEBRIDES	6	2	-	*	1	-	9	-	-
NEW ZEALAND	5,202	3,516	4,433	2,537	6,019	3,709	25,417	5,000	5,000
NORFOLK ISLANDS	-	-	*	-	-	-	*	-	-
PAPUA NEW GUINEA	95	188	39	189	8	4	523	3	3
PHILIPPINES	17,749	14,082	7,184	5,589	7,954	967	53,526	1,000	1,000
PITCAIRN	-	-	-	-	-	-	*	-	-
SINGAPORE	31,108	6,652	4,494	9,449	11,167	22,691	85,560	20,000	20,000
SOLOMON ISLANDS	-	-	59	46	-	-	105	-	-
TAIWAN	116,594	46,140	73,637	44,547	57,770	66,731	405,419	75,000	75,000
THAILAND	22,554	8,005	8,677	5,480	13,796	13,526	72,039	10,000	10,000
VIETNAM	66	-	-	-	-	-	66	-	-
WESTERN SAMOA	2	-	*	*	*	-	2	-	-

COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	Preliminary FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Estimated FY 1983
<u>NEAR EAST & SOUTH ASIA</u>	<u>952,806</u>	<u>451,748</u>	<u>478,496</u>	<u>372,432</u>	<u>403,251</u>	<u>304,176</u>	<u>2,962,908</u>	<u>296,800</u>	<u>315,000</u>
AFGHANISTAN	81	132	3	100	281	-	597	-	-
ALGERIA	1,555	187	5	122	-	243	2,112	200	-
BAHRAIN	498	686	126	695	224	1,171	3,400	1,000	1,000
BANGLADESH	150	808	32	16	552	474	2,034	1,000	1,000
EGYPT	652	1,266	6,628	1,258	6,530	4,052	20,385	15,000	30,000
INDIA	12,937	9,132	9,456	9,887	2,833	4,643	48,887	5,000	5,000
IRAN	282,860	138,432	132,651	109,787	7,036	-	670,767	-	-
IRAQ	29	63	139	9	1	-	241	-	-
ISRAEL	431,541	221,629	122,992	173,537	271,805	158,080	1,379,585	150,000	150,000
JORDAN	522	3,708	9,337	3,834	53,638	41,653	112,692	50,500	50,000
KUWAIT	6,068	198	2,132	3,283	232	1,307	13,220	5,000	5,000
LEBANON	4,957	2	2,095	3,451	768	1,050	12,324	1,500	1,500
LIBYA	30,595	199	303	-	221	-	31,318	-	-
MOROCCO	5,495	21,616	11,996	8,912	17,385	3,143	68,546	5,000	5,000
NEPAL	48	-	7	1	67	-	123	-	-
OMAN	1,644	1,146	1,405	639	186	661	5,682	1,500	3,000
PAKISTAN	8,160	4,877	8,521	4,334	4,670	11,108	41,669	5,000	5,000
QATAR	60	578	289	3,264	1,018	1,002	6,211	2,000	2,000
SAUDI ARABIA	160,950	44,050	166,278	44,358	28,985	71,540	516,162	50,000	50,000
SRI LANKA	19	21	*	13	33	-	86	-	-
SYRIA	323	40	831	189	1	-	1,384	0	-
TUNISIA	175	2,321	279	3,099	1,687	108	7,669	2,500	500
UNITED ARAB EMIRATES	3,485	658	2,987	1,609	5,085	3,937	17,761	2,000	5,000
YEMEN	*	1	2	35	14	4	56	100	1,000
<u>EUROPE AND CANADA</u>	<u>1,796,416</u>	<u>663,283</u>	<u>698,536</u>	<u>597,957</u>	<u>935,489</u>	<u>1,147,263</u>	<u>5,839,944</u>	<u>887,809</u>	<u>1,049,115</u>
AUSTRIA	13,112	1,278	3,244	1,242	5,543	2,260	26,677	5,000	5,000
BELGIUM	61,013	18,030	30,664	35,513	38,955	32,839	217,013	50,000	50,000
BULGARIA	1	-	-	-	-	-	1	-	-
CANADA	343,766	103,937	105,000	83,900	254,597	363,850	1,255,050	150,000	150,000
CYPRUS	25	100	40	113	-	-	279	-	-
DENMARK	31,465	11,177	13,909	7,538	8,961	12,285	85,333	10,000	10,000
FINLAND	3,752	3,898	708	1,806	692	2,342	13,196	4,000	5,000
FRANCE	100,245	31,520	23,352	23,198	31,428	37,180	246,922	35,000	35,000

COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	Preliminary FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Estimated FY 1983
<u>EUROPE & CANADA (CONT.)</u>									
GERMANY	361,034	126,572	124,920	124,536	153,400	209,489	1,099,950	180,000	200,000
GIERALTAR	5	5	14	*	1	-	24	10	10
GREECE	51,260	12,626	100,958	76,220	28,355	16,332	285,781	10,000	10,000
ICELAND	617	49	16	5	16	14	718	10	20
IRELAND	1,031	171	75	171	364	392	2,204	750	2,000
ITALY	282,813	118,724	104,282	70,047	96,713	97,229	769,808	135,000	150,000
LIECHTENSTEIN	16	3	17	20	2	-	60	25	25
LUXEMBOURG	10,226	104	74	384	233	416	11,435	1,000	2,000
MALTA	10	-	22	2	*	-	35	5	2
MONACO	18	5	2	2	2	25	55	3	3
NETHERLANDS	46,702	89,296	46,326	39,171	55,044	55,143	331,682	50,000	50,000
NORWAY	25,581	20,187	23,712	13,442	32,417	18,312	133,652	3,000	20,000
PORTUGAL	6,544	2,804	2,966	1,513	1,737	3,340	18,904	1,000	5,000
ROMANIA	1,178	200	-	-	1,181	95	2,654	1,000	50
SPAIN	96,892	33,410	28,164	26,203	39,627	61,191	285,487	50,000	50,000
SWEDEN	75,707	28,025	22,187	22,207	46,264	53,504	247,894	29,000	50,000
SWITZERLAND	34,901	6,824	8,368	8,022	22,939	13,709	94,764	15,000	15,000
TURKEY	21,017	13,970	9,077	993	1,127	2,707	48,890	10,000	10,000
UNION OF SOV SOC REP	3	7	-	-	-	-	10	-	-
UNITED KINGDOM	223,892	38,037	48,646	58,224	114,698	163,380	646,877	125,000	225,000
YUGOSLAVIA	4,559	2,327	1,792	3,488	1,195	1,231	14,590	3,000	5,000
<u>AFRICA</u>	<u>48,534</u>	<u>19,785</u>	<u>14,709</u>	<u>6,382</u>	<u>7,257</u>	<u>2,928</u>	<u>99,595</u>	<u>10,450</u>	<u>11,750</u>
ANGOLA	24	22	-	-	-	-	45	-	-
BENIN	*	-	-	-	-	-	*	-	-
BOTSWANA	171	2	25	24	24	15	261	100	150
BURUNDI	1	-	-	-	68	569	638	-	-
CAMEROON	1,089	7,732	2,838	334	82	9	12,085	2,000	2,000
CENTRAL AFRICAN EMP	57	-	-	-	-	-	57	-	-
CHAD	*	15	-	-	-	-	16	-	-
DJIBOUTI	11	-	*	-	-	-	11	-	-
EQUATORIAL GUINEA	*	-	-	-	-	-	*	-	-
ETHIOPIA	445	1,074	-	2	-	-	1,522	-	-
GABON	25	178	295	71	858	1	1,428	2,000	2,000

COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT
(Dollars in Thousands)

	<u>FY 1950</u> <u>to</u> <u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>Preliminary</u> <u>FY 1981</u>	<u>FY 1950</u> <u>to</u> <u>FY 1981</u>	<u>Estimated</u> <u>FY 1982</u>	<u>Estimated</u> <u>FY 1983</u>
<u>AFRICA (CONT.)</u>									
GAMBIA	263	-	1	1	-	-	265	-	-
GHANA	58	283	56	39	121	-	557	-	-
GUINEA	-	-	2	7	-	-	9	-	-
IVORY COAST	253	-	10	314	14	-	592	-	-
KENYA	5,613	227	346	226	197	165	6,774	300	800
LESOTHO	-	1	1	3	18	-	23	-	-
LIBERIA	317	92	36	612	264	486	1,806	500	800
MADAGASCAR	213	66	1	294	-	-	574	-	-
MALAWI	10	-	-	-	-	-	10	-	-
MALI	5	*	-	1	24	-	30	-	-
MAURITANIA	1	98	-	104	-	-	204	-	-
MAURITIUS	57	38	10	24	10	-	139	-	-
MOZAMBIQUE	448	-	-	-	-	-	448	-	-
NIGER	-	-	125	-	81	-	206	-	-
NIGERIA	27,131	1,614	4,724	2,835	4,556	1,401	42,262	5,000	5,000
REUNION	1	-	-	-	-	-	1	-	-
RWANDA	*	-	-	-	-	-	*	-	-
SENEGAL	24	197	45	6	7	-	280	-	-
SEYCHELLES	31	-	1	4	-	-	35	-	-
SIERRA LEONE	4	-	-	25	26	-	55	-	-
SOMALIA	*	-	-	-	-	-	*	-	-
SOUTH AFRICA	8,233	5,702	4,670	25	-	-	18,631	-	-
ST. HELENA	*	-	-	-	-	-	*	-	-
SUDAN	14	89	*	6	3	-	112	-	-
SWAZILAND	109	-	4	-	-	-	113	-	-
TANZANIA	635	351	423	944	598	23	2,975	50	100
TOGO	109	-	-	9	-	-	118	-	-
UGANDA	464	-	-	-	-	-	464	-	-
UPPER VOLTA	-	54	-	8	10	-	72	-	-
ZAIRE	2,535	1,733	937	424	5	45	5,679	100	500
ZAMBIA	185	216	156	39	236	28	859	200	200
ZIMBABWE	-	-	-	-	54	186	239	200	200

COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	Preliminary FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Estimated FY 1983
<u>AMERICAN REPUBLICS</u>	<u>170,015</u>	<u>46,082</u>	<u>56,531</u>	<u>58,621</u>	<u>65,711</u>	<u>37,752</u>	<u>434,710</u>	<u>44,836</u>	<u>59,586</u>
ANTIGUA	40	2	2	5	9	1	59	15	10
ARGENTINA	34,016	6,314	13,258	29,496	7,323	4,553	94,961	5,000	5,000
BAHAMAS	68	8	10	21	124	46	277	150	150
BARBADOS	53	8	5	26	10	13	115	15	15
BELIZE	61	12	16	55	73	186	405	100	100
BERMUDA	330	103	13	52	306	15	811	400	100
BOLIVIA	1,178	708	794	1,404	200	9	4,293	700	-
BRAZIL	56,713	6,055	4,793	8,174	7,575	9,901	93,212	10,000	20,000
BRITISH VIRGIN IS.	58	7	1	-	4	-	70	2	20
CAYMAN ISLANDS	70	*	178	151	2	-	400	2	5
CHILE	7,403	1,357	-	-	-	-	8,760	-	-
COLOMBIA	6,245	7,071	2,583	2,081	1,418	2,705	22,102	5,000	5,000
COSTA RICA	466	132	166	204	202	57	1,226	150	150
DOMINICA	10	*	-	-	10	-	20	-	-
DOMINICAN REPUBLIC	437	839	820	196	306	101	2,700	1,000	1,000
ECUADOR	3,824	643	16,558	529	335	1,410	23,297	1,000	2,000
EL SALVADOR	1,363	229	270	151	207	17	2,237	300	200
FALKLAND ISLANDS	-	-	*	-	-	-	*	-	-
FRENCH GUIANA	173	-	2	-	-	-	175	-	-
GREENLAND	*	2	4	6	5	4	23	6	5
GRENADA	12	2	1	7	-	-	22	1	1
GUADELOUPE	1	1	1	1	18	5	28	2	5
GUATEMALA	2,236	1,020	550	868	417	7	5,097	750	100
GUYANA	65	113	4	5	7	707	901	20	500
HAITI	1,010	451	396	17	-	6	1,881	200	50
HONDURAS	923	102	1,102	1,859	666	923	5,576	500	500
JAMAICA	380	216	157	87	48	443	1,332	200	500
MARTINIQUE	6	2	3	2	-	1	14	2	2
MEXICO	4,861	2,386	2,610	1,384	1,735	3,603	16,579	2,200	5,000
MONTSERRAT	4	*	-	-	5	-	9	-	-

COMMERCIAL EXPORTS LICENSED UNDER ARMS EXPORT CONTROL ACT
(Dollars in Thousands)

	FY 1950 to FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	Preliminary FY 1981	FY 1950 to FY 1981	Estimated FY 1982	Estimated FY 1983
<u>AMERICAN REPUBLICS (cont.)</u>									
NETH ANTILLES	934	12	13	242	7	6	1,215	10	300
NICARAGUA	2,039	1,606	597	1	-	5	4,249	50	50
PANAMA	5,009	2,571	976	828	29,241	752	39,376	1,000	1,000
PARAGUAY	895	435	212	277	640	177	2,636	300	300
PERU	13,552	5,289	4,369	1,583	843	3,352	28,989	5,000	5,000
ST. CHRIST-NEVIS	1	1	-	1	-	-	2	-	-
ST. LUCIA	6	3	2	4	1	-	19	2	3
ST. PIERRE + MIQUELON	*	-	-	-	-	-	*	-	-
ST. VINCENT + GREN.	3	-	-	-	2	-	5	-	-
SURINAM	43	8	19	11	4	18	103	15	25
TRINIDAD - TOBAGO	255	27	85	61	368	138	934	500	500
TURKS + CAICOS	*	3	-	-	-	-	3	-	-
URUGUAY	840	395	67	114	259	591	2,265	250	2,000
VENEZUELA	24,435	7,949	5,890	8,718	13,342	8,000	68,333	10,000	10,000
International Organ.	<u>51,177</u>	<u>20,938</u>	<u>22,047</u>	<u>59,343</u>	<u>56,604</u>	<u>24,778</u>	<u>234,887</u>	<u>7,300</u>	<u>13,800</u>

*Less than \$500.

Note: As of September 30, 1981.
Totals may not add due to rounding.

TOP 25 COMPANIES SUPPLYING MILITARY EQUIPMENT
UNDER FMS AND COMMERCIAL EXPORT SALES
FISCAL YEAR 1981
(Dollars in Thousands)

<u>FMS Contractors</u>	<u>Sales</u>	<u>Rank</u>	<u>Commercial Exporters</u>	<u>Sales</u>
McDonnell Douglas	\$1,211,480	1	Lockheed Corp.	\$ 198,662
United Technologies	632,465	2	Hughes Aircraft	121,373
Vinnell Corp.	409,591	3	Nissho-Iwai American	79,857
General Dynamics	377,124	4	Raytheon Co.	75,551
Al Huseini	323,890	5	Boeing Corp.	67,658
Hughes Aircraft	259,678	6	Teledyne Inc.	61,639
Westinghouse	187,907	7	Texas Instruments	47,007
Raytheon Co.	184,829	8	Olin Mathieson	45,482
General Electric	174,542	9	Singer	39,768
Northrop Corp.	164,341	10	Bendix Corp.	36,401
Lockheed Corp.	135,442	11	Nittler Forwarder	35,894
Ex Cell O Corp.	122,042	12	AVCO	29,897
Grumman Corp.	116,112	13	Electric Memories	26,717
F M C Corp.	106,049	14	Luigi Serra Inc.	25,888
Chrysler Corp.	102,170	15	Colt's Inc.	24,090
Science Applications Inc.	93,410	16	Emery Air Freight	21,929
Teledyne Inc.	86,242	17	NAPCO Industry	21,510
Sperry Rand Corp.	83,526	18	F M C Corp.	20,897
Ford Motor Co.	78,664	19	Smith & Wesson	20,455
AT&T	72,150	20	Sperry Rand Corp.	19,916
Saudi Tarmac, Ltd.	64,475	21	Sumitomo Shoji	19,892
General Motors Corp.	64,334	22	Thiokol Chemical	19,353
Saudi Maintenance Corp.	60,585	23	Northrop Corp.	19,171
Hyun Dai Construction	55,744	24	Litton Industries	17,181
E Systems Inc.	54,099	25	United Technologies	17,110
	<u>\$5,220,891</u>			<u>\$1,113,298</u>

FOREIGN MILITARY SALES
TOP 25 COMPANIES
(Dollars in Thousands)

<u>Company</u>	<u>FY 1977</u>		<u>FY 1978</u>		<u>FY 1979</u>		<u>FY 1980</u>		<u>FY 1981</u>	
	<u>Sales</u>	<u>Rank</u>								
McDonnell Douglas	446,134	2	273,857	5	638,853	1	471,238	4	1,211,480	1
United Technologies	87,102	12	115,302	11	249,058	5	749,047	3	632,465	2
Vinnell Corp.	-	-	103,726	12	110,842	9	-	-	409,591	3
General Dynamics	303,322	4	1,475,524	1	517,928	2	992,958	1	377,124	4
Al Huseini	-	-	-	-	205,622	6	-	-	323,890	5
Hughes Aircraft	156,092	7	156,188	10	86,423	14	95,533	20	259,678	6
Westinghouse	70,986	16	56,403	17	85,266	15	140,101	15	187,907	7
Raytheon Co.	149,028	8	271,046	6	132,113	8	435,468	5	184,829	8
General Electric	220,956	6	175,657	8	101,422	13	175,597	11	174,542	9
Northrop Corp.	853,022	1	266,978	7	472,282	3	859,401	2	164,341	10
Lockheed Corp.	305,226	3	297,292	4	141,812	7	148,536	13	135,442	11
Ex Cell O Corp.	-	-	-	-	-	-	-	-	122,042	12
Grumman Corp.	252,814	5	69,992	14	-	-	-	-	116,112	13
F M C Corp.	-	-	70,683	13	65,267	20	232,933	7	106,049	14
Chrysler Corp.	-	-	-	-	-	-	197,089	10	102,170	15
Science Applications, Inc.	-	-	-	-	-	-	-	-	93,410	16
Teledyne Inc.	21,241	24	26,871	25	53,237	23	108,541	19	86,242	17
Sperry Rand Corp.	-	-	-	-	75,138	16	72,705	23	83,526	18
Ford Motor Co.	42,260	17	65,642	15	-	-	-	-	78,664	19
AT&T	26,773	20	28,176	24	61,832	21	78,773	22	72,150	20
Saudi Tarmac, Ltd.	77,247	14	-	-	-	-	-	-	64,475	21
General Motors Corp.	-	-	31,969	22	50,692	25	109,071	18	64,334	22
Saudi Maintenance Corp.	-	-	-	-	-	-	128,834	17	60,585	23
Hyun Dai Const.	-	-	-	-	-	-	58,338	25	55,744	24
E Systems, Inc.	-	-	-	-	-	-	-	-	54,099	25
Other (Top 25 Companies) a/	683,074	-	1,382,226	-	936,988	-	1,277,732	-	-	-
Total	<u>\$3,695,277</u>		<u>\$4,867,532</u>		<u>\$3,984,775</u>		<u>\$6,331,895</u>		<u>\$5,220,891</u>	
Total foreign military sales	<u>\$4,449,536</u>		<u>\$5,805,480</u>		<u>\$5,329,876</u>		<u>\$8,157,571</u>		<u>\$7,590,486</u>	

a/ All the top 25 companies are not listed.

Note: As of September 30, 1981.
Totals may not add due to rounding.

COMMERCIAL EXPORT SALES
TOP 25 COMPANIES
(Dollars in Thousands)

Company	FY1977		FY1978		FY1979		FY1980		FY1981	
	Sales	Rank	Sales	Rank	Sales	Rank	Sales	Rank	Sales	Rank
Lockheed Corp.	\$102,394	1	\$ 190,503	1	\$ 49,369	6	\$133,525	1	\$ 198,662	1
Hughes Aircraft	29,925	8	78,577	4	23,489	11	52,261	6	121,372	2
Nissho-Iwai American	19,960	15	32,406	11	44,177	8	64,300	4	79,857	3
Raytheon Co.	19,204	17	81,360	3	187,049	1	47,702	7	75,551	4
Boeing Corp.	47,489	3	41,536	8	80,496	2	25,406	12	67,658	5
Teledyne Inc.	-	-	-	-	17,882	17	60,931	5	61,639	6
Texas Instruments	-	-	-	-	16,970	19	26,504	11	47,007	7
Olin Mathieson	23,869	11	38,026	10	47,589	7	25,109	13	45,482	8
Singer	10,615	23	30,868	12	21,426	12	39,689	8	39,768	9
Bendix Corp.	-	-	-	-	-	-	-	-	36,401	10
Nittler Forwarder	-	-	-	-	-	-	27,856	10	35,894	11
AVCO	23,049	13	38,338	9	27,290	10	-	-	29,897	12
Electric Memories	-	-	13,223	21	15,592	21	-	-	26,717	13
Luigi Serra Inc.	-	-	16,934	17	16,854	13	15,143	21	25,888	14
Colt's Inc.	21,617	14	-	-	20,891	-	14,845	22	24,090	15
Emery Air Freight	-	-	-	-	-	-	19,299	17	21,929	16
NAPCO Industry	-	-	-	-	-	-	-	-	21,510	17
F M C Corp.	-	-	-	-	-	-	17,112	20	20,897	18
Smith & Wesson	10,336	24	-	-	-	-	-	-	20,455	19
Sperry Rand Corp.	-	-	-	-	-	-	13,487	25	19,916	20
Sumitomo Shoji	-	-	-	-	13,783	23	14,161	23	19,892	21
Thiokol Chemical	-	-	-	-	-	-	-	-	19,353	22
Northrop Corp.	41,005	5	53,341	6	30,643	9	-	-	19,171	23
Litton Industries	-	-	-	-	-	-	-	-	17,181	24
United Technologies	40,015	-	65,772	5	52,688	4	86,059	2	17,110	25
Other (Top 25 Companies)	322,088	-	333,262	-	233,862	-	226,862	-	-0-	-
	<u>\$711,566</u>		<u>\$1,014,146</u>		<u>\$900,050</u>		<u>\$910,251</u>		<u>\$1,113,298</u>	

PREVIOUS GAO REPORTS
CONCERNING FOREIGN MILITARY SALES

We have issued numerous reports to the Congress concerning security assistance and FMS. Our reports have continued to identify a variety of program weaknesses relating to security and military assistance.

The following lists reports we issued to the Congress between 1977 and the present. The reports are divided into two categories (1) reports to the Congress concerning FMS issues in general and (2) reports to the Congress concerning FMS cost recovery and financial management. Some of the subjects covered in these reports include leasing of defense property, coproduction, FMS training, cost waivers, and improperly subsidizing the FMS program.

Reports to the Congress
concerning FMS issues

- Major Issues in Sale of AWACS to Saudi Arabia (C-ID-82-6, May 6, 1982)
- U.S. Military Coproduction Programs Assist Japan in Developing Its Civil Aircraft Industry (ID-82-23, Mar. 18, 1982) (C-ID-82-4, Mar. 4, 1982)
- Forging a New Defense Relationship With Egypt (ID-82-15, Feb. 5, 1982) (C-ID-82-1, Jan. 8, 1982)
- The Defense and Economic Cooperation Agreement--U.S. Interests and Turkish Needs (ID-82-31, May 7, 1982) (C-ID-82-2, Jan. 6, 1982)
- U.S. Defense Programs in Thailand (C-ID-82-3, Dec. 31, 1981)
- Improvements Can be Made in Military Assistance Equipment Disposals (ID-81-43, June 23, 1981)
- The Roles and Functions of Overseas Security Assistance Offices Need to be Clarified (ID-81-47, May 29, 1981)
- Appropriateness of Procedures for Leasing Defense Property to Foreign Governments (ID-81-36, Apr. 27, 1981)
- The F-16 Program: Progress, Concerns, and Uncertainties, (C-MASAD-81-10, Feb. 28, 1981)
- No Easy Choice: NATO Collaboration and the U.S. Arms Export Control Issue (ID-81-18, Jan. 19, 1981)
- Review of Selected Negotiated Contracts Under the F-16 Multi-national Aircraft Program (PSAD-81-3, Oct. 17, 1980)

- Foreign Military Sales to Egypt and Israel as a Result of Mideast Peace Treaty--Impact on U.S. Readiness Minimized (C-LCD-80-7, Aug. 1, 1980)
- Equitable Cost Sharing Questioned on NATO's Airborne Early Warning and Control Program (ID-80-47, July 1, 1980)
- Implementing the Taiwan Relations Act: Success and Problems (C-ID-80-5, May 9, 1980)
- Foreign Military Credit Sales to Zaire--Use and Maintenance of Equipment (C-ID-80-1, Feb. 25, 1980)
- The Multinational F-16 Aircraft Programs: Its Progress and Concerns (PSAD-79-63, June 25, 1979)
- Opportunities to Improve Decisionmaking and Oversight of Arms Sales (ID-79-22, May 21, 1979)
- Defense Department Is Not Doing Enough to Maximize Competition When Awarding Contracts for Foreign Military Sales Programs (PSAD-78-147, Oct. 17, 1978)
- Foreign Military Sales of Selected Weapon Systems (PSAD-78-117, Aug. 9, 1978)
- Foreign Military Sales of Defense's F-5, F-15, F-16 and F-18 Aircraft (PSAD-78-101, May 15, 1978)
- Military, Economic, and Political Factors Concerning the Sale of F-15s to Saudi Arabia, (PSAD-78-96/97, May 1, 1978)
- Management of Security Assistance Programs Overseas Needs To Be Improved (ID-78-27, Apr. 21, 1978)
- Military Sales--An Increasing U.S. Role in Africa (ID-77-61, Apr. 4, 1978)
- Perspectives on Military Sales to Saudi Arabia (ID-77-19A, Oct. 26, 1977) (C-ID-77-19, Oct. 11, 1977)
- Storage Practices of Shipment of Material Under the Foreign Military Sales Program and Charges for Customer Assistance Teams (LCD-77-238, Sept. 23, 1977)
- Foreign Military Sales--A Potential Drain on the U.S. Defense Posture (C-LCD-76-455, July 25, 1977)
- Proposed Sale of AWACS (E-3) to Iran (PSAD-77-137 to 144(S), July 15, 1977)
- Two Coproduction Programs--F-5E Aircraft in Taiwan and M-16 Rifle in the Philippines (C-ID-76-84, June 6, 1977)

- Impact of Foreign Military Sales on Department of Defense Supply Operations (LCD-77-222, May 27, 1977)
- Transportation Support Provided for the Foreign Military Sales Programs During Fiscal Years 1976 and 1977 (LCD-79-225, May 4, 1977)
- Status of the F-16 Aircraft Programs (PSAD-77-41, Apr. 1, 1977)

Reports to the Congress concerning FMS
cost recovery and financial management

- Improvements Still Needed in Recouping Administrative Costs of Foreign Military Sales (AFMD-82-10, Feb. 2, 1982)
- Defense Continues to Subsidize Sales of Secondary Items to Foreign Governments Because of Poor Pricing Policies (AFMD-81-105, Oct. 5, 1981)
- Millions in Losses Continue on Defense Stock Fund Sales to Foreign Customers (AFMD-81-62, Sept. 10, 1981)
- Better Accounting Needed For Foreign Countries' Deposits For Arms Purchases (AFMD-81-28, Jan. 30, 1981)
- Correct Balance of Defense's Foreign Military Sales Trust Fund Unknown (FGMSD-80-47, June 3, 1980)
- Improvements Needed in Accounting For Foreign Student Participation in Defense Training Programs (FGMSD-80-58, May 7, 1980)
- Statistical Data on Department of Defense Training of Foreign Military Personnel (FGMSD-80-48, Apr. 15, 1980)
- How Military Sales Trust Funds Operate: Saudi Arabian and Iranian Funds Compared (FGMSD-80-26, Jan. 28, 1980)
- Defense's Accounting For Its Contracts Has Too Many Errors-- Standardized Accounting Procedures Are Needed (FGMSD-80-10, Jan. 9, 1980)
- Financial and Legal Implications of Iran's Cancellation of Arms Purchase Agreements (FGMSD-79-47, July 25, 1979)
- Efforts to Charge for Using Government-Owned Assets for Foreign Military Sales: Marked Improvement But Additional Action Needed (FGMSD-79-36, June 1, 1979)
- Centralization: Best Long-Range Solution to Financial Management Problems of the Foreign Military Sales Program (FGMSD-79-33, May 17, 1979)

- The Department of Defense Continues to Subsidize the Foreign Military Sales Program by Not Charging for Normal Inventory Losses (FGMSD-79-31, May 15, 1979)
- Correct Balance of Navy's Foreign Military Sales Trust Fund Unknown (FGMSD-79-2, Nov. 15, 1978)
- Summary of Efforts to Recover U.S. Government Costs in Foreign Military Sales (ID-79-2, Nov. 15, 1978)
- Cost Waivers Under the Foreign Military Sales Program: More Attention and Control Needed (FGMSD-78-51, Aug. 25, 1978)
- The Department of Defense Continues to Improperly Subsidize Foreign Military Sales (FGMSD-78-51, Aug. 25, 1978)
- Budget Authority for Foreign Military Sales is Substantially Understated (PAD-78-72, July 27, 1978)
- Inadequate Methods Still Used to Account for and Recover Personnel Costs of the Foreign Military Sales Program (FGMSD-78-47, July 25, 1978)
- Army Efforts to Restore Integrity to Its Financial Management Systems (FGMSD-78-28, Apr. 27, 1978)
- Arms Sales Ceiling Based on Inconsistent and Erroneous Data (FGMSD-78-30, Apr. 12, 1978)
- The Department of Defense's Continued Failure to Charge for Using Government-Owned Plant and Equipment for Foreign Military Sales Costs Millions (FGMSD-77-20, Apr. 11, 1978)
- Loss of Accounting Integrity in Air Force Procurement Appropriations (FGMSD-77-81, Nov. 1, 1977)
- Inadequate Methods Used to Account for and Recover Personnel Costs of the Foreign Military Sales Program (FGMSD-77-22, Oct. 21, 1977)
- Cost of Training Granted to Foreign Students Under the Military Assistance Program (ID-76-79, May 17, 1977)
- Defense Action to Reduce Charges for Foreign Military Training Will Result in the Loss of Millions of Dollars (FGMSD-77-17, Feb. 23, 1977)

"C" denotes report is classified.



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