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#113

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
Date: 21 Sep 2017 Authority: EO 13526
Declassify: X Deny in Full: _____
Declassify in Part: _____
Reason: _____
MDR: 17 M- 2196

+ 50 USC 8552

13 JUN 1975

In reply refer to:
1-6273/75

300-6

MEMORANDUM FOR THE UNDER SECRETARY FOR SECURITY ASSISTANCE
DEPARTMENT OF STATE

THE DIRECTOR, BUREAU OF POLITICAL-MILITARY
AFFAIRS
DEPARTMENT OF STATE

THE ASSISTANT TO THE SECRETARY FOR NATIONAL
SECURITY AFFAIRS
DEPARTMENT OF TREASURY

SUBJECT: Request for the Use of FY 1975 FMS Credit Funds
for the Government of Uruguay (U)

40+ It is requested that the use of FY 1975 FMS credit
funds in the amount of \$750,000 be approved for the purpose
of financing a \$7.5 million dollar sale of defense articles and
services to the Government of Uruguay through the Federal
Finance Bank.

(U) Additional background/justification data is attached.

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Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: SEP 01 2017

Enclosure
as stated

(Signed)
Robert Ellsworth
Assistant Secretary of Defense

cc: Mr. Shaw, OMB
Mr. Filegold, ACDA

Prep by: John Billings/DSAA(TS)/10 June 1975/mmg
4B662/79324

Distr: Orig & 1 cc
2 addressee
2 cc
ASD:IS Cy
PDASD Cy
Lt Gen Fish Cy

ISA Region
ISA Reading
R&C
TS-S Subj/Combr
TS Chron
TS-S Chron

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1211 Uruguayan

13 June 1975

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JUSTIFICATION FOR A PROPOSED CREDIT SALE
GOVERNMENT OF URUGUAY

1. Country: Uruguay
2. Major Items and Estimated Cost:

<u>Item</u>	<u>Estimated Cost</u> (\$ Million)	
<u>Air Force</u>		
8 A37B Aircraft	\$ 5.20	\$ 5.20
<u>Army</u>		
Vehicles & Maintenance Equipment	.72	
Weapons & Riot Control Equipment	.38	
Misc Field Equipment	.30	
		\$ 1.40
<u>Navy</u>		
Commo Equipment	.43	
Navigational Aids	.40	
Teaching Aids	.02	
		\$.85
Ministry of Defense Hospital Equipment	.05	.05
Total:		7.50

3. Financing:

This will be a USG guaranteed credit from the Federal Financing Bank. Terms of repayment will be determined at the time of negotiation of the loan. The interest rate will be determined after final drawdown of the credit. The commitment period is 24 months from the date of signature of the loan agreement.

4. Military Justification:

a. Does the sale meet a military requirement derived from a U.S. approved force goal?

There is no U.S. approved force goal for Uruguay.

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b. Are there other military justifications?

The items being provided will increase the capability of the Uruguayan armed forces in maintaining internal security.

c. If there is a Grant military assistance program, how does the sale relate to the program?

The Grant materiel program is designed to support equipment already in Uruguay. This program is complementary to the sales program but is insufficient for the acquisition of major items.

d. Does a major item under consideration represent an important advance in weapons sophistication?

No.

e. Is this a multi-year program?

The funds requested for the A37B aircraft will complete the payments due on aircraft sold in 1974, which were partially funded from FY 1974 credit. The other items are single year programs.

5. Political Justification:

a. What are the relevant policy considerations affecting the sale?

Urban and rural terrorist groups in Uruguay, assisted by infiltration from Argentina, pose a threat to the democratic government and a handicap to economic development. Materiel furnished under this credit will contribute to the capability of the Uruguayan armed forces in the internal security field.

b. How does the sale support U.S. objectives in the country and in the region?

This sale is consistent with the U.S. objective of maintaining political stability and democratic institutions in Uruguay.

c. Will the sale affect the regional arms balance or contribute to an arms race?

No.

d. Is this the sale of a sophisticated weapons system within the meaning of the Conte Amendment?

No.

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e. Is the country run by a military dictatorship which denies social progress to its citizens?

No.

6. Economic Justification:

a. Is there a demonstrable need for credit assistance?

Yes. Uruguayan financial resources are not adequate to cover the force modernization program without the provision of credit.

b. Is the purchasing country on the "green list"?

Yes.

c. If a sale, how large is the annual repayment obligation in relation to available foreign exchange resources? Will it place an undesirable burden on these resources?

Uruguay is experiencing balance of payment problems resulting from the increased price of oil. However, it is believed that the Government of Uruguay will be able to make the necessary adjustments to enable it to meet the payments on this credit.

d. What is the value of other arms purchases that Uruguay is making or expected to make?

Uruguay has not made any other large arms purchases.

e. Will the U.S. refusal to make this transfer result in Uruguay's turning to other sources of supply? What then will be the economic implications?

Uruguay has already purchased the A37B aircraft for which funds are being requested. It is doubtful that Uruguay would turn to other sources of supply for the remainder of the items proposed herein.

7. Congressional Implications:

No adverse Congressional reaction to this sale is anticipated.

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OASD/ISA INTRAOFFICE CONTROL SHEET				DATE 10 June 1975		LOG NO. 1.6273/75	
SUBJECT: Request for the Use of FY 1975 FMS Credit Funds for the Government of Uruguay (U)				NAME, DIRECTORATE, EXTENSION, AND SIGNATURE OF ORIGINATING OFFICIAL: Mr. Billings/DSAA(TS)/79324 <i>John Billings</i>			
		INITIAL	DATE			INITIAL	DATE
4	ASSISTANT SECRETARY	S			DASD NE, AF&SA AFF	N	
3	EXECUTIVE OFFICER	XO			DIR, NE&SA REG	NE	
	ASST FOR ADMINISTRATION	AO			DIR, AFRICAN REG	NA	
	RECORDS & CONTROL	RC					
	DEP FOR MC&TO	TO			DASD-P/PL&NSC AFF	P	
	PRINCIPAL ASSISTANT	SA			DIR, P/PL&NSC AFF	PD	
	SP ADV (POW AFF)	PW			NSC COORD	PN	
	CONF ASST TO ASD	CA			DIR, MBFR TF	PF	
	DIR, LAW OF SEA TF	LS					
	SPEC ASST (NUCLEAR POLICY)	RS					
	PRINCIPAL DASD	D			DASD FOR SA	M	
	MILITARY ASST	DM			DIR, SA PLANS & POLICY	MD	
	SPEC ASST FOR CONG REL	DS			PLANS & PROGRAMS DIV	MP	
	SPEC ASST TO PDASD	DT			POLICY DIV	MN	
	DASD FOR EA&PAC AFF	A			DEF SCTY ASST AGCY		
	DIR, EA&PAC REG	AD		2	DIRECTOR	T	
					DEP DIR <i>W</i>	TD	
					SPEC ASST	TB	
	DASD EUR&NATO AFF	E		X	COMPTROLLER	TC	<i>S</i> 11 Jun 75
	DIR, EUR&NATO AFF	ED			DIR FOR MIL ASST	TM	
				1	DIR FOR SALES NEG	TS	<i>W</i> 11 Jun 75
	DASD I-A, FTD&MR AFF	I					
X	DIR, I-A REGION	IA	<i>W</i> 6/10/75		DASD - INT'L ECON AFFAIRS	B	
	DIR, FMR AFFAIRS	IF			DIRECTOR, IEA	BD	
	DIR, ST&D	IT					
COORDINATION OUTSIDE ISA							
	ACTIVITY	NAME AND TITLE			INITIAL	DATE	
X	GENERAL COUNSEL	Mr. Hero			<i>W</i>	6/10/75	
	THE JOINT STAFF						
	DEPT OF STATE						
REMARKS (Including Coordination Outside ISA Not Shown Above) <div style="text-align: center; margin-top: 20px;"> Request signature of Mr. Ellsworth (Signed) Robert Ellsworth Assistant Secretary of Defense 13 JUN 1975 </div> <div style="float: right; text-align: center; margin-top: 20px;"> DECLASSIFIED IN FULL Authority: EO 13526 Chief, Records & Declass Div, WHS Date: SEP 01 2017 </div> <div style="clear: both;"></div> <div style="float: right; border: 1px solid black; padding: 5px; margin-top: 20px;"> SUSPENSE DATE </div> <div style="clear: both;"></div>							

045

27 FEB 1975

In reply refer to:
I-2124/75

1217 August

MEMORANDUM FOR THE DEPARTMENT OF THE ARMY
ATTN: CASE 121
PAYOR, NEW MEXICO

SUBJECT: Cash Payment - Drugway

The attached copy of letter and check in the amount of \$13,572.34
Receipt 4 from the Government of Drugway is a partial cash payment
against case 121-72. The balance of case 121 will be paid out of
the 1972 Credit Agreement.

SIGNED

Ernest R. West
Acting Chief, Financial
Policy & Control Division

DISTR: RC
TC RF (2)
FPAC Mag
FPAC Subj

Prepd: HBS/10/27 Feb 75
48742 275326

27 Feb 1975

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: SEP 01 2017