



DEPARTMENT OF STATE

ACTION MEMORANDUM

#25
8117634

81 JUN -8 P8:15 ✓

June 6, 1981

IG:FAIM
PIES:

~~CONFIDENTIAL~~

TO: T - Mr. Buckley

FROM: H - Richard Fairbanks
PM - Richard Burt

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: NOV 15 2017

SUBJECT: Floor Strategy for Senate Debate on Security
Assistance Legislation in Mid-June

ISSUE FOR DECISION

Whether to approve the recommended approach on specific issues in the security assistance bill during Senate floor action, scheduled to begin June 22. Similar strategy will be followed subsequently in the House and during House-Senate conference. Your decisions will permit us to coordinate with DSAA, OMB and AID to develop a unified Executive Branch approach and specific action plans on each issue.

ESSENTIAL FACTORS

The SFRC modified several of our requested changes in the FY 1982 security assistance bill and added several country specific restrictions. The committee modifications were made for both budgetary and policy reasons. While we can accept some of the changes, we believe we need to develop an Administration position on key issues in order to obtain the most advantageous Senate bill. This will strengthen our hand in the House-Senate conference if not on the House floor.

OMB has informed us that since the Administration plans to oppose any additional funding for the Exim Bank there is room within the reconciliation section of the First Budget Resolution pertaining to the 150 Function for restoration of the entire original Administration request for security assistance. This memorandum is predicated, unless otherwise noted, on the assumption that Exim Bank add-ons will be successfully opposed and that we will have adequate budgetary latitude to push for our initial request. While in principle we support our original substantive and budgetary proposals in all cases, this memorandum seeks your decision on floor amendments we should generate, taking into account political realities.

~~CONFIDENTIAL~~
~~GDS 6/5/81~~

~~CONFIDENTIAL~~

- 2 -

DECLASSIFIED IN FULL

Authority: EO 13526

Chief, Records & Declass Div, WHS

Date: NOV 15 2017

A possible complicating factor is the need to maintain some cushion in the 150 Function to provide funds for our proposed Multinational Peacekeeping Force and Observers (MFO) in the Sinai. This could be as much as \$150 million in FY 1982.

The specific issues we believe should be addressed on the Senate floor follow, each with a short status summary and recommended action.

1) Economic Support Fund (ESF) and Military Assistance Program (MAP - Special Requirements Funds (SRF))

We requested \$208 million in unallocated ESF assistance and \$100 million in MAP assistance so as to be able to respond to unforeseen requirements without having to go through time consuming supplemental requests or to reprogram funds vitally needed elsewhere. The Senate deleted our SRF requests as part of its \$900 million reduction to meet the Senate Budget Reconciliation order. The House reduced our ESF request to \$100 million and the MAP request to \$25 million. We would like to restore our entire requests if possible. If not, we may wish to settle for HFAC levels rather than expend political capital unnecessarily. DOD believes that the Armed services Committee will support restoration of \$100 for MAP and there is a chance for success.

RECOMMENDATIONS

Option 1

That we seek full restoration of the \$100 million MAP request and only \$100 million in ESF, the HFAC level.

Approve _____

Disapprove JLB 6/8/81

Option 2

Alternatively, if not feasible, that we seek the HFAC level of \$25 million MAP and \$100 million in ESF, thus making it non-conferenceable.

Approve _____

Disapprove JLB 6/8/81

Option 3

That we seek the full \$208 million in unallocated ESF assistance and inform the committees that we would expect to reprogram \$100 million for PKO. We would seek \$100 million MAP.

6/8/81 Approve JLB

Disapprove _____

Alternatively, that we seek \$100 million ESF and \$100 million MAP and also seek to increase the PKO request by \$100 million.

6/8/81 Approve * JLB

Disapprove _____

~~CONFIDENTIAL~~

(As fall back)

* As fall back -

~~CONFIDENTIAL~~

-3-

2) Foreign Military Sales (FMS) Direct Credit Financing

In order to reduce its budgetary impact, both the SFRC and HFAC reconfigured in different ways our request that \$981.8 million in budget authority be provided as concessional (3 percent) credits to fifteen recipients experiencing severe economic difficulties. The HFAC approved a 25 percent grant/75 percent guaranteed loan formula while the SFRC chose a 50 percent forgiven credit/50 percent loan mix. Our preliminary calculations indicate the Senate formula is approximately equal to the concessionalism of our original request. We are currently reviewing this in detail.

As noted, the budget resolution now appears sufficient to restore the Administration's request for \$982 million in concessional credits. A floor amendment to add \$490 million to the SFRC bill will require strong committee leadership support and a major lobbying effort.

Many of the larger recipients - Egypt and Turkey particularly - are very concerned by the overwhelming interest payments they would have to pay if the forgiven portion is less. In addition to Egyptian and Turkish concerns about interest payments on additional FFB loans, the Pakistanis have indicated they could not accept grants or forgiven credits because this would imply a "client" relationship. The immediate budgetary savings from grant will be eaten up quickly in future years as virtually all recipients seek grant and make this a "test" of our bilateral relationships and their relative standing with us. Base negotiations with Spain, Portugal, Greece and the Philippines will also result in demands for large amounts of grant which we will have great difficulty providing. Over the long haul, maintaining a sales rather than grant program will be more sustainable on the Hill because it is not a "giveaway," principal and some interest will be repaid, and requests for arms and financing will be less inflated.

If we cannot obtain the necessary SFRC or floor support for direct credits, or it appears that the \$490 million cannot be accommodated under the budget resolution, we may need to fall back and accept the SFRC 50/50 forgiven credit formula. As noted, budget resolution availability depends on Administration success in opposing the Exim add-on of over \$600 million which is strongly supported by Banking Committee Chairman Garn.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-4-

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: NOV 15 2017

RECOMMENDATION

Option 1

That we seek SFRC leadership sponsorship to restore FMS direct credit on the floor and fall back to the 50/50 formula if necessary. (PM and H support; DoD agrees in principle, but, would prefer to not seek direct credits and expend political capital because it believes the funds will not be available under the budget resolution.)

6/8/81 Approve JMB Disapprove _____

Option 2

Alternatively, do not seek to restore direct credits and accept the SFRC 50/50 formula.

Approve _____ Disapprove _____

3) IMET Program

The SFRC reduced our request by \$6 million for budgetary reasons. We have reason to believe the SFRC is prepared to restore this amount in view of the additional amount available under the first Budget Resolution.

RECOMMENDATION

That we work with the SFRC to restore the \$6 million IMET cut.

6/8/81 Approve JMB Disapprove _____

4) Pakistan Aid - Symington Amendment

We proposed that the waiver authority in the Symington Amendment (Section 669 of the FAA), which prohibits security assistance to recipients of nuclear enrichment materials or technology, be amended to conform with that in the Glenn

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-5-

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: NOV 15 2017

Amendment (Section 670) in order to provide greater Presidential flexibility and to facilitate assistance to Pakistan. The HFAC withheld action until we provided details on the Pakistan aid program and on our nuclear non-proliferation policy. The SFRC voted to waive the Symington prohibition in the case of Pakistan, but only if the President determines it is in the national interest and before October 1, 1981 provides program and non-proliferation policy details. It then authorized and earmarked \$100 million in ESF aid to Pakistan as we requested. We propose to accept the SFRC position and seek to maintain it in conference.

RECOMMENDATION

That we accept the SFRC language on the Pakistan exception to Symington and not seek full conformance with the Glenn Amendment.

6/8/81 Approve JRB Disapprove _____

5) Clark Amendment on Angola

We requested that Section 118 of the 1980 International Security and Development Cooperation Act be repealed as it was a unique and all encompassing restriction on U. S. policy actions toward a specific country. The HFAC voted to maintain the prohibition while the SFRC voted to repeal but required prior Presidential determination to Congress that military and paramilitary assistance to groups in Angola is in the national interest and providing detailed reasons for and recipients of such assistance. We propose to seek a floor amendment that would repeal the Clark Amendment without conditions.

RECOMMENDATION

That we work for and support an amendment on the floor repealing the Clark Amendment without conditions.

6/8/81 Approve JRB Disapprove _____

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-6-

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: NOV 15 2017

6) Termination of Syrian Aid

Stressing the sensitive nature of the Habib mission, we succeeded in persuading Boschwitz and Proxmire to delay introduction of an amendment to cut aid to Syria. We are thereby committed to a policy of upholding the House version of the FY 1982 foreign aid authorization bill which prohibits the commitment of undisbursed funds in the Syria program beyond those already committed as of April 9, 1981. It appears highly likely, if not inevitable, that Boschwitz and Proxmire will once again seek to cut aid once the bill reaches the floor. Before this time, however, Habib will meet with selected members, as requested by Proxmire, in an effort to clarify and strengthen our position.

RECOMMENDATION

Our strategy must depend upon the situation in the Middle East when the bill reaches the floor:

If the Habib mission is still in the field, we should once again seek a delay.

If the mission has concluded favorably, we may succeed in assembling sufficient support for the previously authorized level of aid.

If the mission is unsuccessful, we may not be able to avoid a deobligation of funds.

We should however, seek to alter the House language to avoid violating legal commitments and to provide for orderly termination consistent in Section 617.

RECOMMENDATION

That we work to forestall a floor amendment deobligating funds for Syria, if the Halib mission is still in the field.

Approve

DB

Disapprove

6/8/81

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-7-

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: NOV 15 2017

Alternatively, if it is not, that we seek to minimize the impact of such an amendment on our relations with Syria.

6/8/81 Approve JW Disapprove _____

7) Certification Requirements on Military Assistance to El Salvador

The SFRC required as a condition for US military support to El Salvador that the President, 30 days after enactment and every six months thereafter, certify that the Government of El Salvador is meeting five specific tests relating to human rights, control over the armed forces, economic and political reforms, free elections and willingness to negotiate a political solution with opponents who forswear military activity. Also required is a one-time certification of "good faith" efforts to identify and prosecute those guilty for the assassination of Americans. As permanent law, the six-month certification requirement would have to be met as long as assistance continues to El Salvador. Full repeal of the conditions would require top level White House engagement.

RECOMMENDATION

That if the President is not to be personally engaged in support of full repeal, that we work to amend the certification requirement to be one time only applying to FY '82 in place of permanent and periodic.

6/8/81 Approve JW Disapprove _____

8) Argentina

The SFRC repealed the Humphrey/Kennedy arms export prohibition with the proviso that the President must make a one-time certification that the human rights situation has improved and that such transactions are in the national interest. In making such certification, "particular attention" should be paid to accounting for the disappeared and the release or trial of those currently under executive detention.

~~CONFIDENTIAL~~

* If full repeal not possible, seek to eliminate rolling certification for individual transactions.

x If full repeal not possible, seek to eliminate rolling certification for individual transactions.

~~CONFIDENTIAL~~

-8-

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: NOV 15 2017

The "particular attention" features referring to the "disappeared" and those in executive detention are not binding and do not require specific actions by the Government of Argentina. As such they should not prevent our making the required one-time certification.

The SFRC version includes Pell language contemplating a listing of those disappeared known by the GOA to have died. Although not dispositive, the language is an irritant in our relations with Argentina.

RECOMMENDATION

That we work up a Senate floor amendment, removing the Pell language. This would have the advantage of conforming to the HFAC version and making the issue non-conferenceable.

6/8/81 Approve JMB Disapprove _____

9) Chile

Fearing to overload the circuits and endanger repeal of Humphrey-Kennedy on Argentina, we made no attempt in Committees to repeal the parallel Kennedy Amendment prohibiting arms transfers to Chile. Instead we planned a conforming amendment for Chile after the Argentina repealer had passed on the Senate floor. Now, in view of the certification requirements on Argentina, (which might be impossible to meet for the Letelier case) it would be dangerous to seek fully parallel treatment for Chile.

RECOMMENDATION

If it appears unwise to seek a full repealer accompanied by a certification requirement, we be prepared to support on the Senate floor either a "national interest" waiver or a partial repealer for spare parts and safety items only.

6/8/81 Approve JMB Disapprove _____

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-9-

[Handwritten signature]
Drafted: H:GMartin:JMcBride/PM/SSP:RMantel:blo/#1185A
6/5/81, Ext. 28728 *[Handwritten initials]*

Clearances: H: ADrischler *[Handwritten mark]*
OMB: JEisenhour
ACDA:EFinegold
PM/SAS:EKelly
NEA/RA:GLambrakis
L/PM:RSloan
DOD/DSAA:AWilhelm
AF/I:PLyman
ARA/RPP:FLee *[Handwritten mark]*

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: NOV 15 2017

Office of the Secretary of Defense
Chief, RDD, ESD, WHIS
Date: 15 Nov 2017 Authority: EO 13526
Declassify: X Deny in Full: _____
Declassify in Part: _____
Reason: _____
MDR: 17 -M- 2051

+ 5 USC 5552

~~CONFIDENTIAL~~