



DEPARTMENT OF STATE

ACTION MEMORANDUM

81 JUN -8 P8:15

ASIS 6/6

June 6, 1981

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- 1052

5 USC 552

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TO: T - Mr. Buckley

FROM: H - Richard Fairbanks R7
PM - Richard Burt P3SUBJECT: Floor Strategy for Senate Debate on Security
Assistance Legislation in Mid-JuneISSUE 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.

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Date: NOV 15 2017

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81 JUN -8 P8:15

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- 2 -

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

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Chief, Records & Declass Div, WHS
Date: NOV 15 2017

Option 1

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

Approve _____

Disapprove JB 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 JB 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 JB

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 _____

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(As fall back)

* As fall back -

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-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 concessional nature 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.

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-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

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-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 JB 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 JB Disapprove _____

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-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

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6/8/81

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-7-

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 JB

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 JB

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.

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

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-8-

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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 _____

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-9-

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

[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]*

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Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

19 May 1981

MEMORANDUM FOR THE RECORD

SUBJECT: Status of Security Assistance Authorization Legislation

The following comparison of the Administration's request with the HFAC and SFRC versions of the International Security and Development Cooperation Act of 1981 highlights potential conference issues and required action. Both the House and Senate may amend their respective bills during passage. The Senate is expected to begin floor action in mid-June, and the House probably will wait until Senate action is complete.

BUDGET AUTHORITY (\$ Millions)

<u>Program</u>	<u>Admin Request -</u>	<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
IMET	47.7	47.7	41.7	6.0	Support Senate floor amend to restore (Hayakawa-Glenn); support House in conference.
MAP					
Admin	31.4	31.0	31.4	.4	Support Senate in conference.
SRF	100.0	25.0	0	25.0	See item #14a below.
Grant	0	248.375 <u>1/</u>	0	248.375	Develop Admin position(#3 below)
Direct Credits	1,481.4	550 <u>2/</u>	990.9 <u>3/</u>	490.9	Develop Admin position(#3 below)
FMS Credit Ceiling	4,054.4	3,819.525 <u>4/</u>	4,076.4 <u>4/</u>	254.875	Develop Admin position(#3b below)
SDAF	0	150	0	150	See item #13c below.
ESF (SRF)	2,631.5 <u>5/</u> (250) <u>6/</u>	2,538.0 (100)	2,473.5 <u>5/</u> (42)	64.5 (58.0)	Develop Admin position.
Peacekeeping Opns	19.0	19.0	19.0	0	None required.

- 1/ Represents conversion of 25% of concessional direct credits (3%) to MAP.
- 2/ Includes \$50M increase for Israel above Administration's request.
- 3/ Represents \$500M for Israel (repayment forgiven) plus conversion of 50% of concessional direct credits (3%) to repayment forgiven.
- 4/ Includes additional \$20M in guaranteed credits for Greece (accepted by Administration) and \$2M for Lebanon.
- 5/ Includes \$100M in Economic Support Funds (ESF) for Pakistan.
- 6/ Includes \$42M earmarked to repay Egypt and Israel for funds reprogrammed in FY 81.

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

2

ADMINISTRATION INITIATIVES

<u>Administration</u>	<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
1. Add Japan, Australia, and New Zealand to Presidential waiver of nonrecurring R&D costs (NRC). Sec 21(e)(2), AECA	Adopted	Adopted	None	None required.
2. Eliminate Presidential waiver of NRC for co-production arrangements Sec 21(e)(2), AECA	Not adopted	Not adopted	None	Develop Senate floor amendment in order to preserve as conference issue.
3. Concessional direct credits (3%)	Substituted 75% FMS guaranteed credits and 25% MAP	Substituted 50% FMS guaranteed credits and 50% direct credits w/ repayment forgiven	(a) Percentage grant (b) MAP vs forgiveness as method for providing necessary grant.	Develop Admin position. Support Senate floor amendment, if necessary.
4. Delete Greece, Sudan and Somalia from eligibility for extended repayment terms for FMS guaranteed loans.	Retained terms for Greece.	Retained terms for Greece, Sudan and Somalia.	Terms for Sudan and Somalia.	Develop Admin position, function of #3 above.
5. Remove reporting requirement and Congressional veto on FMS arms sales to NATO, NATO countries, Japan, Australia and New Zealand Sec 36(b), AECA.	Retained reporting requirement.	Retained reporting requirement and Congressional veto but reduced review period from 30 to 15 days and eliminated informal requirement for 20 day advance notification.	(a) Congressional veto (b) Review period of 0 versus 15 days.	Support House in conference.
6. Remove reporting requirement and Congressional veto on 3rd country transfers to NATO, Japan-ANZUS area (Sec 3(d), AECA).	Retained reporting requirement.	Retained reporting requirement and Congressional veto but reduced review period from 30 to 15 days.	(a) Congressional veto (b) Review period of 0 versus 15 days.	Support House in conference.

Page determined to be Unclassified
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 IAW EO 13526, Section 3.5
 Date: NOV 15 2017

3

<u>Administration</u>	<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
1. Create threshold on reporting 3rd country transfers of \$14M for MDE and \$50M for defense articles.	Adopted	Adopted	None	None required.
8. Increase various arms sales reporting and veto thresholds from \$7M to \$14M for MDE and \$25M to \$50M for defense articles.	Adopted less Sec 28, P&A Reports	Adopted	Sec 28, P&A Reports	Support Senate Initiative (#6 below) which repeals Sec 28; eliminates issue.
9. Add 10 days to quarterly P&A report suspense.	Adopted	Adopted	None	None required.
10. Remove Congressional veto over commercial arms sales.	Not adopted	Not adopted.	None	None. There's no Congressional constituency strong enough to move a floor amendment.
11. Delete Sec 39, AECA ref Agents Fees.	Not adopted	Repealed reporting requirement only.	Reporting requirement	Develop Admin position for conference.
12. Permit "extraordinary" or entertainment expenses for MAAGs, etc. to be charged against the FMS administrative fund.	Adopted	Adopted	None	None required.

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 IAW EO 13526, Section 3.5
 Date: NOV 15 2017

<u>Administration</u>	<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
Establish Special Defense Acquisition Fund to procure defense articles				Support Senate version in conference.
a. in advance of future sales	Adopted	Adopted	None	
b. with a revolving fund	Not adopted	Adopted	Revolving fund	
c. capitalized with selected receipts from foreign sales	Substituted authorization of an appropriation of \$150M. Would establish annual report on acquisitions and sales of SDAF and impact on defense production and readiness.	Adopted with annual authorization of size of fund and any appropriations. Would require annual CPD report estimating likely procurements for use in setting fund ceiling.	Capitalization thru appropriations vs receipts and authorized appropriations. Nature of annual report.	
a. MAP Special Requirements Fund	Authorized appropriation of \$25M.	Not adopted; substituted \$50M increase in President's emergency authority to drawdown DOD stocks (Sec 506(a), FAA).	\$25M MAP vs emergency drawdown authority	Seek Senate floor amendment to add at least \$25M in MAP SRF.
b. Repeal Sec 516, FAA which terminates MAP authority.	Adopted	Not adopted	Continuation or termination of MAP authority.	Seek as part of above floor amendment.
Authorize transfer of \$100M in defense articles to WRSACorea in FY 82.	Adopted	Adopted	None	None required.

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IAW EO 13526, Section 3.5
Date: NOV 15 2017

5

<u>Administration</u>	<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
<ul style="list-style-type: none"> Revise military assistance and sales management law to enhance President's authority: <ul style="list-style-type: none"> a. to increase number of personnel in country after notified Congress. b. over functions to be performed by overseas military personnel. Revise Symington amendment on nuclear transfers, Sec 669, FAA to make Presidential waiver authority comparable to national security waiver of Glenn amendment, Sec 670 FAA (less restrictive) Repeal prohibition on assistance to Argentina. Sec 620B, FAA Repeal Clark amend prohibiting covert assistance in Angola Authorization to appropriate for FY 83. 	<ul style="list-style-type: none"> Retained limitation of 6 per country w/ specific exceptions but w/Presidential waiver if Congress provided a 30 day notification. Lists specific functions Not adopted pending Admin action on a total Pakistan aid package. Adopted but requires Presidential report certifying (a) significant progress with human rights (b) aid is in US national interest. Not adopted. 	<ul style="list-style-type: none"> Adopted w/report House provision language in which Administration agreed to honor objection of Committees under normal circumstances to personnel increases notified. Adopted Provides President Senate provision w/Pakistan specific waiver and \$100M ESF, but require a report by 1 Oct 81 on plan to assist Pakistan and Admin's nuclear non-proliferation policy. Similar to House Adopted, but require Presidential report before any assistance stating (a) reasons for aid and (b) description of aid and recipients. Not adopted 	<ul style="list-style-type: none"> House provision House provision None Repeal and report FY 83 	<ul style="list-style-type: none"> Support Senate in conference. Develop Admin position after U/Sec Buckley returns from Pakistan. Develop Admin position. If acceptable, no action required. Develop Admin position toward floor amend or supporting Senate in conference. Support House in conference.

CONGRESSIONAL INITIATIVES

6

<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
1. Requires President to periodically review US Munitions List for items to be removed, and report to Congress 30 days before removal of items.	No comparable provision	House provision	Develop Admin position
2. Remove authority to lease DOD defense articles to a foreign country from 10 USC 2667 and place in a new Chapter 6, AECA	Adopted comparable provision	None	DOD is opposed. Both SASC and HASC are investigating a "point-of-order" removal from bill. Continue to provide information as required and monitor situation.
3. Requires Presidential report by 15 Jan 82 on ability of Egypt, Israel, and Turkey to meet international debt obligations (e.g. US assistance programs) and stabilize economics.	No comparable provision	House provision	Develop Admin position.
4. Requires Presidential certification concerning murder of 6 US citizens and a certification on 3 of 5 conditions some of progress on 5 conditions every 6 months and prior to the extension of credits, guarantees, grant obligations, LOA's or assignment of US military to El Salvador. Failure to certify requires suspension of assistance.	Adopted similar provision but with measure of progress on 3 of 5 conditions somewhat less stringent.	House's preamble supporting GOES and Duarte's efforts and qualifies on 3 of 5 conditions.	Develop Admin position and possible Senate floor amendment.

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 IAW EO 13526, Section 3.5
 Date: NOV 15 2017

<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
5. Sense of Congress that aid to El Salvador should be used to encourage 7 conditions.	No comparable provision	House provision	Develop Admin position
6. No comparable provision	Adopted provision that repeals or consolidates numerous reporting requirements of FAA and AECA.	Senate provision	Support Senate position in conference.
7. No comparable provision	Eliminate ceiling on commercial sales (currently on sale of MDE over \$100M must go FMS).	Senate provision	Develop Admin position.
8. No comparable provision	Revised Presidential report required when US lives endangered by hostilities to (a) eliminate "significant" as a criteria, (b) add terrorist acts, and (c) limit report to number of people endangered vice location, activities and likelihood of involvement.	Senate provision	Develop Admin position



DEFENSE SECURITY ASSISTANCE AGENCY

WASHINGTON, D.C. 20301

MAY 7 1981

In reply refer to:
I-1894/81

Honorable Charles H. Percy
Chairman, Committee on Foreign
Affairs
United States Senate
Washington, D.C. 20510

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Dear Mr. Chairman:

Since the markup of the security assistance provisions of S.976 was not completed this week and I must leave with Assistant Secretary-Designate West on a three-week trip to the Middle East, I thought it might be helpful for me to give you my comments on a number of the amendments appearing in the May 6, 1981, committee print. I regret very much that I will not be able to be present for the remaining sessions of the markup, but I hope this letter may be of some help in the Committee's deliberations.

The MAP Special Requirements Fund is essential if the President is to provide the leadership necessary to deal with urgent needs of our economically hard-pressed friends and allies. While the additional emergency draw-down authority proffered by the Committee is welcome, it is not an adequate substitute in contingencies short of an emergency. US leadership was tested and found wanting when, earlier this year, Jamaica urgently requested trucks to help maintain order during its elections but the US was unable to respond for lack of resources.

The International Military Education and Training (IMET) Program is a vital and highly cost effective component of security assistance. IMET forges relations with the military establishments of allies and friends that are the key to close defense cooperation and improved collective security. A cut of \$6 million (13%) will weaken the program significantly and prevent us from achieving our goal of restoring the number of students to the approximate level of FY 1975. With nearly twice as many countries participating, it is important to expose as many foreign military personnel as practical both to our professional military standard and to our free and democratic way of life.

Two years ago the Congress removed the ceiling on the number of armed forces personnel that can be permanently assigned overseas to manage security assistance programs. Reimposition of the ceiling would place restrictions on the President with the same effect as those that resulted in a fourteen month delay in staffing the Office of Military Cooperation in Cairo so that it would be adequate to manage the \$1.5 billion Egyptian program authorized by Congress.

Committee members have expressed strong interest in reducing encumbrances on the President's authority to administer security assistance programs. The technical amendment to limit the use of FMS administrative funds for representational activities to \$100,000 annually and the amendment to place an annual limit of \$350 million on the increase in the size of the Special Defense Acquisition Fund are two such encumbrances. Congress receives and reviews reports on such activities annually, and the imposition of specific annual restrictions by law does not appear necessary for adequate congressional oversight.

Recalling our two previous meetings on the Administration's program, I have tried in the foregoing comments to highlight departures from the Administration's recommendations which would particularly affect execution of the program by the Department of Defense. I hope that the Committee will provide the President and the Departments of the Executive Branch the flexibility which is clearly needed in these dangerous times if the security assistance program is to make the optimum contribution to our foreign policy and national security objectives.

Sincerely,

Ernest Graves

ERNEST GRAVES
LIEUTENANT GENERAL, USA
DIRECTOR
DEFENSE SECURITY ASSISTANCE AGENCY

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FMS Credit Ceiling	4,054.4	3,819.525 <u>4/</u>	4,076.4 <u>4/</u>	254.875	Develop Admin position(#3b below)
SDAF	0	150	0	150	See Item #13c below.
ESF (SRF)	2,631.5 <u>5/</u> (250) <u>6/</u>	2,538.0 (100)	2,473.5 <u>5/</u> (42)	64.5 (58.0)	Develop Admin position.
Peacekeeping Opns	19.0	19.0	19.0	0	None required.

1/ Represents conversion of 25% of concessional direct credits (3%) to MAP.

2/ Includes \$50M increase for Israel above Administration's request.

3/ Represents \$500M for Israel (repayment forgiven) plus conversion of 50% of concessional direct credits (3%) to repayment forgiven.

4/ Includes additional \$20M in guaranteed credits for Greece (accepted by Administration) and \$2M for Lebanon.

5/ Includes \$100M in Economic Support Funds (ESF) for Pakistan.

6/ Includes \$42M earmarked to repay Egypt and Israel for funds reprogrammed in FY 81.

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

2

ADMINISTRATION INITIATIVES

<u>Administration</u>	<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
1. Add Japan, Australia, and New Zealand to Presidential waiver of nonrecurring R&D costs (NRC). Sec 21(e)(2), AECA	Adopted	Adopted	None	None required.
2. Eliminate Presidential waiver of NRC for co-production arrangements Sec 21(e)(2), AECA	Not adopted	Not adopted	None	Develop Senate floor amendment in order to preserve as conference issue.
3. Concessional direct credits (3%)	Substituted 75% FMS guaranteed credits and 25% MAP	Substituted 50% FMS guaranteed credits and 50% direct credits w/ repayment forgiven	(a) Percentage grant (b) MAP vs forgiveness as method for providing necessary grant.	Develop Admin position. Support Senate floor amendment, if necessary.
4. Delete Greece, Sudan and Somalia from eligibility for extended repayment terms for FMS guaranteed loans.	Retained terms for Greece.	Retained terms for Greece, Sudan and Somalia.	Terms for Sudan and Somalia.	Develop Admin position, function of #3 above.
5. Remove reporting requirement and Congressional veto on FMS arms sales to NATO, NATO countries, Japan, Australia and New Zealand Sec 36(b), AECA.	Retained reporting requirement.	Retained reporting requirement and Congressional veto but reduced review period from 30 to 15 days and eliminated informal requirement for 20 day advance notification.	(a) Congressional veto (b) Review period of 0 versus 15 days.	Support House in conference.
5. Remove reporting requirement and Congressional veto on 3rd country transfers to NATO, Japan-ANZUS area (Sec 3(d), AECA).	Retained reporting requirement.	Retained reporting requirement and Congressional veto but reduced review period from 30 to 15 days.	(a) Congressional veto (b) Review period of 0 versus 15 days.	Support House in conference.

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

3

<u>Administration</u>	<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
7. Create threshold on reporting 3rd country transfers of \$14M for MDE and \$50M for defense articles.	Adopted	Adopted	None	None required.
8. Increase various arms sales reporting and veto thresholds from \$7M to \$14M for MDE and \$25M to \$50M for defense articles.	Adopted less Sec 28, P&A Reports	Adopted	Sec 28, P&A Reports	Support Senate Initiative (#6 below) which repeals Sec 28; eliminates issue.
9. Add 10 days to quarterly P&A report suspense.	Adopted	Adopted	None	None required.
0. Remove Congressional veto over commercial arms sales.	Not adopted	Not adopted.	None	None. There's no Congressional constituency strong enough to move a floor amendment.
1. Delete Sec 39, AECA ref Agents Fees.	Not adopted	Repealed reporting requirement only.	Reporting requirement	Develop Admin position for conference.
2. Permit "extraordinary" or entertainment expenses for MAAGs, etc. to be charged against the FMS administrative fund.	Adopted	Adopted	None	None required.

Page determined to be Unclassified
 Reviewed Chief, RDD, WHS
 IAW EO 13526, Section 3.5
 Date: NOV 15 2017

4

<u>Administration</u>	<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
13. Establish Special Defense Acquisition Fund to procure defense articles				Support Senate version in conference.
a. in advance of future sales	Adopted	Adopted	None	
b. with a revolving fund	Not adopted	Adopted	Revolving fund	
c. capitalized with selected receipts from foreign sales	Substituted authorization of an appropriation of \$150M. Would establish annual report on acquisitions and sales of SDAF and impact on defense production and readiness.	Adopted with annual authorization of size of fund and any appropriations. Would require annual CPD report estimating likely procurements for use in setting fund ceiling.	Capitalization thru appropriations vs receipts and authorized appropriations. Nature of annual report.	
4. a. MAP Special Requirements Fund	Authorized appropriation of \$25M.	Not adopted; substituted \$50M increase in President's emergency authority to drawdown DOD stocks (Sec 506(a), FAA).	\$25M MAP vs emergency drawdown authority	Seek Senate floor amendment to add at least \$25M in MAP SRF.
b. Repeal Sec 516, FAA which terminates MAP authority.	Adopted	Not adopted	Continuation or termination of MAP authority.	Seek as part of above floor amendment.
5. Authorize transfer of \$100M in defense articles to WRSA-Korea in FY 82.	Adopted	Adopted	None	None required.

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

5

<u>Administration</u>	<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
16. Revise military assistance and sales management law to enhance President's authority:				Support Senate in conference.
a. to increase number of personnel in country after notified Congress.	Retained limitation of 6 per country w/ specific exceptions but w/Presidential waiver if Congress provided a 30 day notification.	Adopted w/report language in which Administration agreed to honor objection of Committees under normal circumstances to personnel increases notified.	House provision	
b. over functions to be performed by overseas military personnel.	Lists specific functions	Adopted	House provision	
17. Revise Symington amendment on nuclear transfers, Sec 669, FAA to make Presidential waiver authority comparable to national security waiver of Glenn amendment, Sec 670 FAA (less restrictive)	Not adopted pending Admin action on a total Pakistan aid package.	Provides President Senate provision w/Pakistan specific waiver and \$100M ESF, but require a report by 1 Oct 81 on plan to assist Pakistan and Admin's nuclear non-proliferation policy.		Develop Admin position after U/Sec Buckley returns from Pakistan.
18. Repeal prohibition on assistance to Argentina. Sec 620B, FAA	Adopted but requires Presidential report certifying (a) significant progress with human rights (b) aid is in US national interest.	Similar to House	None	Develop Admin position. If acceptable, no action required.
9. Repeal Clark amend prohibiting covert assistance in Angola	Not adopted.	Adopted, but require Presidential report before any assistance stating (a) reasons for aid and (b) description of aid and recipients.	Repeal and report	Develop Admin position toward floor amend or supporting Senate in conference.
0. Authorization to appropriate for FY 83.	Adopted	Not adopted	FY 83	Support House in conference.

Page determined to be Unclassified
 Reviewed Chief, RDD, WHS
 IAW EO 13526, Section 3.5
 Date: NOV 15 2017

CONGRESSIONAL INITIATIVES

6

<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
1. Requires President to periodically review US Munitions List for items to be removed, and report to Congress 30 days before removal of items.	No comparable provision	House provision	Develop Admin position
2. Remove authority to lease DOD defense articles to a foreign country from 10 USC 2667 and place in a new Chapter 6, AECA	Adopted comparable provision	None	DOD is opposed. Both SASC and HASC are investigating a "point-of-order" removal from bill. Continue to provide information as required and monitor situation.
3. Requires Presidential report by 15 Jan 82 on ability of Egypt, Israel, and Turkey to meet international debt obligations (e.g. US assistance programs) and stabilize economics.	No comparable provision	House provision	Develop Admin position.
4. Requires Presidential certification concerning murder of 6 US citizens and a certification on 3 of 5 conditions some of progress on 5 conditions every 6 months and prior to the extension of credits, guarantees, grant obligations, LOA's or assignment of US military to El Salvador. Failure to certify requires suspension of assistance.	Adopted similar provision but with measure of progress US citizens and a certification on 3 of 5 conditions some of progress on 5 conditions every 6 months and prior to the extension of credits, guarantees, grant obligations, LOA's or assignment of US military to El Salvador. Failure to certify requires suspension of assistance.	House's preamble supporting GOES and Duarte's efforts and qualifies on 3 of 5 conditions.	Develop Admin position and possible Senate floor amendment.

Page determined to be Unclassified
 Reviewed Chief, RDD, WHS
 IAW EO 13526, Section 3.5
 Date: NOV 15 2017

7

<u>HFAC</u>	<u>SFRC</u>	<u>Conference Issue</u>	<u>Next Step</u>
5. Sense of Congress that aid to El Salvador should be used to encourage 7 conditions.	No comparable provision	House provision	Develop Admin position
6. No comparable provision	Adopted provision that repeals or consolidates numerous reporting requirements of FAA and AECA.	Senate provision	Support Senate position in conference.
7. No comparable provision	Eliminate ceiling on commercial sales (currently on sale of MDE over \$100M must go FMS).	Senate provision	Develop Admin position.
8. No comparable provision	Revised Presidential report required when US lives endangered by hostilities to (a) eliminate "significant" as a criteria, (b) add terrorist acts, and (c) limit report to number of people endangered vice location, activities and likelihood of involvement.	Senate provision	Develop Admin position

Page determined to be Unclassified

Reviewed Chief, RDD, WHS

IAW EO 13526, Section 3.5

Date: NOV 15 2017

Assistance and Sales for Argentina

(House § 715 and Senate § 708)

The House bill would repeal the section 620B (FAA) prohibition on assistance and sales to Argentina and establish a requirement for the submission of a Presidential report certifying that "the Government of Argentina has made significant progress in complying with internationally recognized principles of human rights" and that the provision of such assistance is in the US national interest (excerpt attached).

The Senate bill contains similar language (excerpt attached).

DoD Position:

DoD believes that section 620B must be repealed and that no conditions be substituted in its place.

620B has become a symbol to both human rights groups and to the Argentines. The former see repeal as a US retreat from human rights worldwide. To the latter, it is a symbol of US intervention and paternalism and a rallying point for those elements opposed in any way to cooperation with the US.

In terms of US security interests, the potential contribution of Argentine facilities and forces in protecting the South Atlantic SLOCs is strategically important. The primary route for the flow of Persian Gulf oil to the US and Western Europe is via the Cape of Good Hope. In the event of war in Europe, unimpeded access to Persian Gulf oil is essential to NATO. To ensure this access, we need Argentine support and cooperation. This will not be possible until section 620B is repealed.

72

1 of Lebanon once again becoming a peaceful, viable
2 democracy.

3 (b) It is, therefore, the sense of the Congress that the
4 President should continue diplomatic efforts to implement a
5 comprehensive and coordinated policy with respect to Leba-
6 non that provides for—

7 (1) an immediate cease fire by all parties;

8 (2) reaffirmation of the historic United States-Leb-
9 anon relationship and our longstanding commitment to
10 the restoration of the freedom, sovereignty, and integ-
11 rity of Lebanon in a manner that will permit the
12 deeply rooted Christian, Moslem, Druze, Armenian,
13 and Jewish communities to live together peacefully and
14 securely as they and their forbearers did prior to the
15 intervention of outside forces;

16 (3) restoration of Lebanon's sovereignty free from
17 outside domination or occupation; and

18 (4) support for a free and open national election,
19 now scheduled for mid-1982.

20 ASSISTANCE AND SALES FOR ARGENTINA

21 SEC. 715. (a) Section 620B of the Foreign Assistance
22 Act of 1961 is repealed.

23 (b) Notwithstanding any other provision of law, assist-
24 ance may be provided to Argentina under chapter 2, 4, 5, or
25 6 of part II of the Foreign Assistance Act of 1961, credits

73

1 (including participations in credits) may be extended and
2 loans may be guaranteed with respect to Argentina under the
3 Arms Export Control Act, defense articles and defense serv-
4 ices may be sold to Argentina under the Arms Export Con-
5 trol Act, and export licenses may be issued to or for the
6 Government of Argentina under section 38 of the Arms
7 Export Control Act, only if the President has submitted to
8 the Speaker of the House of Representatives and the chair-
9 man of the Committee on Foreign Relations of the Senate a
10 detailed report certifying that—

11 (1) the Government of Argentina has made signifi-
12 cant progress in complying with internationally recog-
13 nized principles of human rights; and

14 (2) the provision of such assistance, credits, loan
15 guaranties, defense articles, defense services, or export
16 licenses is in the national interests of the United
17 States.

18 (c) In determining whether the requirement of para-
19 graph (1) of subsection (b) has been met, particular attention
20 shall be paid to whether—

21 (1) the Government of Argentina has made every
22 effort to account for those citizens identified as "disap-
23 peared"; and

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

74

1 (2) the Government of Argentina has either re-
2 leased or brought to justice those prisoners held at the
3 disposition of the National Executive Power (PEN).

4 ASSISTANCE FOR EL SALVADOR

5 SEC. 716. (a) The Congress finds that peaceful and
6 democratic development in Central America is in the interest
7 of the United States and of the community of American
8 States generally, that the recent civil strife in El Salvador
9 has caused great human suffering and disruption to the econ-
10 omy of that country, and that substantial external assistance
11 to El Salvador is necessary to help alleviate that suffering
12 and to promote economic recovery within a peaceful and
13 democratic process.

14 (b) It is the sense of the Congress that assistance fur-
15 nished to the Government of El Salvador, both economic and
16 military, should be used to encourage—

17 (1) full observance of internationally recognized
18 human rights in accordance with sections 116 and
19 502B of the Foreign Assistance Act of 1961;

20 (2) full respect for all other fundamental human
21 rights, including the right of freedom of speech and of
22 the press, the right to organize and operate free labor
23 unions, and the right to freedom of religion;

75

1 (3) continued progress in implementing essential
2 economic and political reforms, including land reform
3 and support for the private sector;

4 (4) a complete and timely investigation of the
5 deaths of all United States citizens killed in El Salva-
6 dor since October 1979;

7 (5) an end to extremist violence and the establish-
8 ment of a unified command and control of all govern-
9 ment security forces in this effort;

10 (6) free, fair, and open elections at the earliest
11 date; and

12 (7) increased professional capability of the Salva-
13 dorean Armed Forces in order to establish a peaceful
14 and secure environment in which economic develop-
15 ment and reform and the democratic processes can be
16 fully implemented, thereby permitting a phased with-
17 drawal of United States military training and advisory
18 personnel at the earliest possible date.

19 SAVINGS PROVISION

20 SEC. 717. Except as otherwise provided in this Act, the
21 enactment of this Act shall not affect the authorizations of
22 appropriations, limitations of authority, and other provisions
23 of law specifically applicable to fiscal year 1981 which are
24 repealed or otherwise amended by this Act.

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Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

62

(4) is committed to the holding of free elections at an early date; and

(5) has demonstrated its willingness to negotiate an equitable political resolution of the conflict with any group which renounces and refrains from further military or paramilitary opposition activity.

Each such certification shall discuss fully and completely the justification for making each of the determinations required by paragraphs (1) through (5).

(d) The President may not make the first certification under subsection (a) of this section until after he has certified to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate that he has determined that the Government of El Salvador has made good faith efforts both to investigate the murders of the six United States citizens in El Salvador in December 1980 and January 1981 and to bring to justice those responsible for those murders.

ARGENTINA

SEC. 708. (a) Section 620B of the Foreign Assistance Act of 1961, relating to Argentina, is repealed.

(b) Notwithstanding any other provision of law—

(1) no assistance may be furnished under chapter 2, 4, 5, or 6 of part II of the Foreign Assistance Act of 1961 to Argentina;

63

(2) no sales of defense articles or services may be made under the Arms Export Control Act, to Argentina;

(3) no credits (including participation in credits) may be extended and no loan may be guaranteed under the Arms Export Control Act with respect to Argentina; and

(4) no export licenses may be issued under section 38 of the Arms Export Control Act to or for the Government of Argentina,

unless and until the President submits to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a detailed report certifying—

(A) that the Government of Argentina has made significant progress in complying with internationally recognized principles of human rights; and

(B) that the provision of such assistance, articles, or services is in the national interest of the United States.

(c) In determining significant progress for purposes of clause (A) of subsection (b), particular attention shall be paid as to whether—

(1) the Government of Argentina has made every effort to account for those citizens listed as "disap-

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

64

1 peared" and has provided a listing of all Argentine citi-
2 zens known to the Government both to have disap-
3 peared and have died after November 6, 1974; and

4 (2) the Government of Argentina has either re-
5 leased or brought to justice those prisoners held at the
6 disposition of the National Executive Power (PEN).

7 ANGOLA

8 SEC. 709. (a) Section 118 of the International Security
9 and Development Cooperation Act of 1980, relating to
10 Angola, is repealed.

11 (b) Nothing in this section shall be construed to be an
12 endorsement by Congress of the provision of assistance for
13 the purpose, or which would have the effect, of promoting or
14 augmenting, directly or indirectly, the capacity of any nation,
15 group, organization, movement, or individual to conduct mili-
16 tary or paramilitary operations in Angola. If the President
17 determines that such assistance should be furnished in the
18 national security interests of the United States, he shall, in
19 addition to other requirements of law, under the appropriate
20 conditions of confidentiality, and prior to the furnishing of
21 such assistance, submit to the Committee on Foreign Affairs
22 of the House of Representatives and the Committee on For-
23 eign Relations of the Senate a report which includes—

24 (1) a detailed statement of the reasons supporting
25 such determination;

N 1196—rs

65

1 (2) a description of the amounts and categories of
2 assistance which he recommends to be authorized and
3 the identity of the proposed recipients of such assist-
4 ance; and

5 (3) a determination that substantial progress, in-
6 cluding an effective cease fire and preparations for in-
7 ternationally supervised elections, has been made by all
8 parties toward achieving an internationally acceptable
9 settlement for the independence of Namibia, and that
10 the provision of such assistance will not substantially
11 impair the prospects for an internationally acceptable
12 Namibia settlement.

13 (c) In determining whether the furnishing of such assist-
14 ance is in the national security interests of the United States,
15 the President shall take into account—

16 (1) the effect of such action on the national secu-
17 rity interests of the United States in other African
18 countries; and

19 (2) the political, economic, and strategic interests
20 of the United States in Angola.

21 CONSOLIDATED REPORTS: ARMS EXPORT CONTROL ACT

22 SEC. 710. Section 25 of the Arms Export Control Act
23 is amended to read as follows:

24 "SEC. 25. ANNUAL ESTIMATE AND JUSTIFICATION
25 FOR SALES PROGRAM.—(a) No later than February 1 of

N 1196—rs

Restrictions on Military Assistance and Sales to El Salvador

(House § 113, House § 716, and Senate § 707)

The House bill would require Presidential certifications pertaining to the murders of the six U.S. citizens in El Salvador and to progress by the Government of El Salvador in meeting five specified conditions. It would also establish seven objectives for the provision of assistance to El Salvador (excerpts attached).

The Senate bill contains a similar but somewhat less stringent provision with respect to the requirements for Presidential certification. It contains no comparable provision with respect to the seven objectives (excerpt attached).

DoD Position:

The DOD position is that no restrictions should be placed on security assistance and sales to El Salvador.

Specifically, the Section 113(d) requirement for Presidential certification in meeting five specified conditions should be removed prior to the passage of the bills.

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

24

INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 111. Section 542 of the Foreign Assistance Act of 1961 is amended by striking out "\$34,000,000 for the fiscal year 1981" and inserting in lieu thereof "\$47,700,000 for the fiscal year 1982 and \$51,945,000 for the fiscal year 1983".

PEACEKEEPING OPERATIONS

SEC. 112. (a) Section 552(a) of the Foreign Assistance Act of 1961 is amended by striking out "\$25,000,000 for the fiscal year 1981" and inserting in lieu thereof "\$19,000,000 for the fiscal year 1982 and \$19,000,000 for the fiscal year 1983".

(b) Section 551 of such Act is amended by adding at the end thereof the following new sentence: "Unless the Congress hereafter expressly approves such action, the authority of this chapter may not be used either to finance the establishment of a peacekeeping force in the Sinai pursuant to the treaty between Egypt and Israel or to position units of the United States Armed Forces in the Sinai."

(c)(1) Section 552(c) of such Act is amended by striking out "(1)" and all that follows through "may not be transferred" and inserting in lieu thereof "the total amount so transferred in any fiscal year may not exceed \$15,000,000".

(2) The amendment made by this subsection shall take effect on October 1, 1981.

H.R. 3566—rh

25

RESTRICTIONS ON MILITARY ASSISTANCE AND SALES TO

EL SALVADOR

SEC. 113. (a)(1) The Congress finds that peaceful and democratic development in Central America is in the interest of the United States and of the community of American States generally, that the recent civil strife in El Salvador has caused great human suffering and disruption to the economy of that country, and that substantial assistance to El Salvador is necessary to help alleviate that suffering and to promote economic recovery within a peaceful and democratic process.

(2) Taking note of the substantial progress made by the Government of El Salvador in land and banking reforms, the Congress declares it should be the policy of the United States to encourage and support the Government of El Salvador in the implementation of these reforms.

(3) The United States also welcomes the continuing efforts of President Duarte and his supporters in the Government of El Salvador to establish greater control over the activities of members of the armed forces and government security forces. The Congress finds that it is in the interest of the United States to cooperate with the Duarte government in putting an end to violence in El Salvador by extremist elements among both the insurgents and the security forces,

H.R. 3566—ih—4

House

26

1 and in establishing a unified command and control of all gov-
2 ernment forces.

3 (4) The United States supports the holding of free, fair,
4 and open elections in El Salvador at the earliest date. The
5 Congress notes the progress being made by the Duarte gov-
6 ernment in this area, as evidenced by the appointment of an
7 electoral commission.

8 (b) Funds may be obligated for assistance for El Salva-
9 dor under chapter 2 or 5 of part II of the Foreign Assistance
10 Act of 1961, letters of offers may be issued and credits and
11 guarantees may be extended for El Salvador under the Arms
12 Export Control Act, and members of the Armed Forces may
13 be assigned or detailed to El Salvador to carry out functions
14 under the Foreign Assistance Act of 1961 or the Arms
15 Export Control Act, only if prior to each such obligation,
16 issuance, extension, or assignment, the President makes a
17 certification in accordance with subsection (d).

18 (c) Thirty days after the date of enactment of this sec-
19 tion and at the end of each succeeding six-month period
20 thereafter, the President shall make a certification in accord-
21 ance with subsection (d) if he is able to make the determina-
22 tions required by paragraphs (1) through (5) of that subsec-
23 tion. If at any of the times specified in the preceding sentence
24 of this subsection the President does not make such a certifi-
25 cation, then the President shall immediately—

H.R. 1046—16

27

1 (1) suspend all expenditures of funds and other de-
2 liveries of assistance for El Salvador which were obli-
3 gated under chapters 2 and 5 of part II of the Foreign
4 Assistance Act of 1961 after the date of enactment of
5 this Act;

6 (2) withhold all approvals for use of credits and
7 guarantees for El Salvador which were extended under
8 the Arms Export Control Act after the date of enact-
9 ment of this Act;

10 (3) suspend all deliveries of defense articles, de-
11 fense services, and design and construction services to
12 El Salvador which were sold under the Arms Export
13 Control Act after the date of enactment of this Act;
14 and

15 (4) order the prompt withdrawal from El Salvador
16 of all members of the Armed Forces performing de-
17 fense services, conducting international military educa-
18 tion and training activities, or performing management
19 functions under section 515 of the Foreign Assistance
20 Act of 1961.

21 Any suspension of assistance pursuant to paragraphs (1)
22 through (4) of this subsection shall remain in effect until such
23 time as the President makes a certification in accordance
24 with subsection (d).

H.R. 1046—16

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

28

1 (d) The certification required by subsections (b) and (c) is
2 a certification by the President to the Speaker of the House
3 of Representatives and to the Committee on Foreign Rela-
4 tions of the Senate that the Government of El Salvador—

5 (1) is not engaged in a consistent pattern of gross
6 violations of internationally recognized human rights;

7 (2) is achieving substantial control over all ele-
8 ments of its own armed forces, so as to bring to an end
9 the indiscriminate torture and murder of Salvadoran
10 citizens by these forces;

11 (3) is making continued progress in implementing
12 essential economic and political reforms, including the
13 land reform program, and is supporting the private
14 sector;

15 (4) is committed to the holding of free elections at
16 an early date; and

17 (5) has demonstrated its willingness to negotiate
18 with opposition groups an equitable political resolution
19 of the conflict.

20 Each such certification shall discuss fully and completely the
21 justification for making each of the determinations required
22 by paragraphs (1) through (5).

23 (e) The President may not make any certification under
24 subsection (b) of this section until after he has certified to the
25 Speaker of the House of Representatives and the Committee

29

1 on Foreign Relations of the Senate that he has determined
2 that the Government of El Salvador has made good faith
3 efforts both to investigate the murders of the six United
4 States citizens in El Salvador in December 1980 and Janu-
5 ary 1981 and to bring to justice those responsible for those
6 murders.

7 TITLE II—ECONOMIC SUPPORT FUND

8 AUTHORIZATION OF APPROPRIATIONS

9 SEC. 201. Section 531(b)(1) of the Foreign Assistance
10 Act of 1961 is amended by striking out "for the fiscal year
11 1981, \$2,065,300,000" and inserting in lieu thereof
12 "\$2,538,000,000 for the fiscal year 1982 and
13 \$2,538,000,000 for the fiscal year 1983".

14 PROVISIONS RELATING TO USE OF FUNDS

15 SEC. 202. Chapter 4 of part II of the Foreign Assist-
16 ance Act of 1961 is amended by striking out sections 532
17 and 533 and inserting in lieu thereof the following new
18 sections:

19 "SEC. 532. MIDDLE EAST PROGRAMS.—(a)(1) Of the
20 funds authorized to be appropriated to carry out this chapter
21 for the fiscal year 1982 and for the fiscal year 1983, not less
22 than \$785,000,000 for each such year shall be available only
23 for Israel and not less than \$750,000,000 for each such year
24 shall be available only for Egypt. Amounts made available
25 for Israel and Egypt for the fiscal year 1982 pursuant to this

74

1 (2) the Government of Argentina has either re-
2 leased or brought to justice those prisoners held at the
3 disposition of the National Executive Power (PEN).

4 ASSISTANCE FOR EL SALVADOR

5 SEC. 716. (a) The Congress finds that peaceful and
6 democratic development in Central America is in the interest
7 of the United States and of the community of American
8 States generally, that the recent civil strife in El Salvador
9 has caused great human suffering and disruption to the econ-
10 omy of that country, and that substantial external assistance
11 to El Salvador is necessary to help alleviate that suffering
12 and to promote economic recovery within a peaceful and
13 democratic process.

14 (b) It is the sense of the Congress that assistance fur-
15 nished to the Government of El Salvador, both economic and
16 military, should be used to encourage—

17 (1) full observance of internationally recognized
18 human rights in accordance with sections 116 and
19 502B of the Foreign Assistance Act of 1961;

20 (2) full respect for all other fundamental human
21 rights, including the right of freedom of speech and of
22 the press, the right to organize and operate free labor
23 unions, and the right to freedom of religion;

75

1 (3) continued progress in implementing essential
2 economic and political reforms, including land reform
3 and support for the private sector;

4 (4) a complete and timely investigation of the
5 deaths of all United States citizens killed in El Salva-
6 dor since October 1979;

7 (5) an end to extremist violence and the establish-
8 ment of a unified command and control of all govern-
9 ment security forces in this effort;

10 (6) free, fair, and open elections at the earliest
11 date; and

12 (7) increased professional capability of the Salva-
13 dorean Armed Forces in order to establish a peaceful
14 and secure environment in which economic develop-
15 ment and reform and the democratic processes can be
16 fully implemented, thereby permitting a phased with-
17 drawal of United States military training and advisory
18 personnel at the earliest possible date.

19 SAVINGS PROVISION

20 SEC. 717. Except as otherwise provided in this Act, the
21 enactment of this Act shall not affect the authorizations of
22 appropriations, limitations of authority, and other provisions
23 of law specifically applicable to fiscal year 1981 which are
24 repealed or otherwise amended by this Act.

○

58

1 (4) Except as provided in subsection (c), any order, de-
2 termination, rule, regulation, grant, contract, or agreement
3 which is issued, granted, made, undertaken, or entered into
4 in the performance of any function transferred under this sec-
5 tion and which is in effect on the date of enactment of this
6 section shall continue in effect according to its terms until
7 modified, terminated, superseded, set aside, or revoked in ac-
8 cordance with law by any authorized official, a court of com-
9 petent jurisdiction, or by operation of law.

10 (f)(1)(A) The International Security and Development
11 Cooperation Act of 1980 is amended—

12 (i) in section 316(a)—

13 (I) by striking out in the first sentence "Di-
14 rector of the United States International Develop-
15 ment Cooperation Agency" and inserting in lieu
16 thereof "Administrator of the agency primarily re-
17 sponsible for administering part I of the Foreign
18 Assistance Act of 1961"; and

19 (II) by striking out in the second sentence
20 "Director" and inserting in lieu thereof "Adminis-
21 trator"; and

22 (ii) in section 316(b), by striking out "Director"
23 and inserting in lieu thereof "Administrator".

24 (B) Section 624(g) of the Foreign Assistance Act of
25 1961 is amended—

59

1 (i) in paragraph (3), by striking out the
2 sentence;

3 (ii) in paragraph (4), by striking out "and the Di-
4 rector"; and

5 (iii) in paragraph (9)(A), by striking out "or under
6 the United States International Development Coopera-
7 tion Agency" and inserting in lieu thereof "the Agency
8 for International Development or the Overseas Private
9 Investment Corporation".

10 (2) Any reference not amended by paragraph (1) in any
11 other law to the Director of the United States International
12 Development Cooperation Agency or to such Agency shall
13 be deemed to be a reference to the Administrator of the
14 Agency for International Development or to the Agency for
15 International Development, as the case may be.

16 EL SALVADOR

17 SEC. 707. (a) Funds may be obligated for assistance for
18 El Salvador under chapter 2 or 5 of part II of the Foreign
19 Assistance Act of 1961, letters of offers may be issued and
20 credits and guaranties may be extended for El Salvador
21 under the Arms Export Control Act, and members of the
22 Armed Forces may be assigned or detailed to El Salvador to
23 carry out functions under the Foreign Assistance Act of 1961
24 or the Arms Export Control Act, only if prior to each such
25 obligation, issuance, extension, or assignment, the President

60

1 makes a certification in accordance with subsection (c) and
2 that certification takes effect.

3 (b) Thirty days after the date of enactment of this sec-
4 tion and at the end of each succeeding six-month period
5 thereafter, the President shall make a certification in accord-
6 ance with subsection (c) if he is able to make the determina-
7 tions required by paragraphs (1) through (5) of that subsec-
8 tion. If at any of the times specified in the preceding sentence
9 of this subsection the President does not make such a certifi-
10 cation, then the President shall immediately—

11 (1) suspend all expenditures of funds and other de-
12 liveries of assistance for El Salvador which were obli-
13 gated under chapters 2 and 5 of part II of the Foreign
14 Assistance Act of 1961 after the date of enactment of
15 this Act;

16 (2) withhold all approvals for use of credits and
17 guarantees for El Salvador which were extended under
18 the Arms Export Control Act after the date of enact-
19 ment of this Act;

20 (3) suspend all deliveries of defense articles, de-
21 fense services, and design and construction services to
22 El Salvador which were sold under the Arms Export
23 Control Act after the date of enactment of this Act;
24 and

61

1 (4) order the prompt withdrawal from El Salvador
2 of all members of the Armed Forces performing de-
3 fense services, conducting international military educa-
4 tion and training activities, or performing management
5 functions under section 515 of the Foreign Assistance
6 Act of 1961.

7 Any suspension of assistance pursuant to paragraphs (1)
8 through (4) of this subsection shall remain in effect until such
9 time as the President makes a certification in accordance
10 with subsection (c) and that certification takes effect.

11 (c) The certification required by subsections (a) and (b) is
12 a certification by the President to the Speaker of the House
13 of Representatives and to the chairman of the Committee on
14 Foreign Relations of the Senate of a determination that the
15 Government of El Salvador—

16 (1) is making a concerted effort and significant
17 progress in controlling indiscriminate and gross viola-
18 tions of internationally recognized human rights;

19 (2) is moving to achieve control over all elements
20 of its own armed forces, so as to bring to an end the
21 indiscriminate torture and murder of Salvadoran citi-
22 zens by these forces;

23 (3) is making continued progress in implementing
24 essential economic and political reforms, including the
25 land reform program;

62

1 (4) is committed to the holding of free elections at
2 an early date; and

3 (5) has demonstrated its willingness to negotiate
4 an equitable political resolution of the conflict with any
5 group which renounces and refrains from further mili-
6 tary or paramilitary opposition activity.

7 Each such certification shall discuss fully and completely the
8 justification for making each of the determinations required by
9 paragraphs (1) through (5).

10 (d) The President may not make the first certification
11 under subsection (a) of this section until after he has certified
12 to the Speaker of the House of Representatives and the
13 chairman of the Committee on Foreign Relations of the
14 Senate that he has determined that the Government of El
15 Salvador has made good faith efforts both to investigate the
16 murders of the six United States citizens in El Salvador in
17 December 1980 and January 1981 and to bring to justice
18 those responsible for those murders.

19 ARGENTINA

20 SEC. 708. (a) Section 620B of the Foreign Assistance
21 Act of 1961, relating to Argentina, is repealed.

22 (b) Notwithstanding any other provision of law—

23 (1) no assistance may be furnished under chapter
24 2, 4, 5, or 6 of part II of the Foreign Assistance Act
25 of 1961 to Argentina;

S. 1196—15

63

1 (2) no sales of defense articles or services may be
2 made under the Arms Export Control Act, to
3 Argentina;

4 (3) no credits (including participation in credits)
5 may be extended and no loan may be guaranteed under
6 the Arms Export Control Act with respect to Argenti-
7 na; and

8 (4) no export licenses may be issued under section
9 98 of the Arms Export Control Act to or for the Gov-
10 ernment of Argentina,

11 unless and until the President submits to the Speaker of the
12 House of Representatives and the chairman of the Commit-
13 tee on Foreign Relations of the Senate a detailed report
14 certifying—

15 (A) that the Government of Argentina has made
16 significant progress in complying with internationally
17 recognized principles of human rights; and

18 (B) that the provision of such assistance, articles,
19 or services is in the national interest of the United
20 States.

21 (c) In determining significant progress for purposes of
22 clause (A) of subsection (b), particular attention shall be paid
23 as to whether—

24 (1) the Government of Argentina has made every
25 effort to account for those citizens listed as "disap-

S. 1196—16

UNCLASSIFIED

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

TO: T - Mr. Buckley

**FROM: H - Richard Fairbanks
PM - Richard Burt**

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

ISSUE FOR DECISION

Whether to approve the recommended approach on specific issues in the foreign assistance bill during Senate floor action, expected in mid-June, subsequently in the House and finally during House-Senate conference. We will coordinate your decisions with DSAA and AID to present a unified Executive Branch approach and develop specific action plans on each issue.

ESSENTIAL FACTORS

The SFRC modified several of our requested changes in the FY 1982 foreign assistance bill and added several country specific restrictions. While we can accept some of the changes, we recommend that we develop floor amendments on others either to bring the Senate position into line with that of the House when it is favorable to us, or to gain the maximum advantage so as to have a stronger bargaining hand during the House-Senate conference.

UNCLASSIFIED

-2-

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

The specific issues we believe should be addressed on the Senate floor follow , each with a short status summary and recommended action. Fuller details where needed on individual items are included in the tabbed sections.

1) Economic Support Fund (ESF) - Special Requirements
Fund (SRF) (Tab 1)

We requested \$208 million in unallocated ESF 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 request as part of its \$900 million reduction to meet the Senate Budget Reconciliation order. The House reduced our request to \$100 million. We propose to seek a floor amendment in the Senate restoring the SRF to \$100 million thereby making it non-conferenceable. The Senate-House Budget Committee conference agreement allows restoration of all but \$100 million of the President's foreign aid requests in this bill.

RECOMMENDATION

That we seek restoration of the ESF SRF to the \$100 million level.

Approve _____ Disapprove _____

UNCLASSIFIED

-3-

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

2) Foreign Military Sales (FMS) Direct Credit Financing
(Tab 2)

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. 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. The budget resolution ceiling provides enough room 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. We believe the benefits to be worth a try. In addition to Egyptian and Turkish concerns about interest payments on additional FFB

UNCLASSIFIED

UNCLASSIFIED

-4-

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 and floor support for direct credits, we may need to fall back to accept the SFRC 50/50 formula.

RECOMMENDATION

That we seek SFRC leadership sponsorship to restore FMS direct credit on the floor.

Approve _____ Disapprove _____

UNCLASSIFIED

UNCLASSIFIED

-5-

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

RECOMMENDATION

If unsuccessful we accept the SFRC 50/50 mix as a fall-back position and work to carry this percentage in the Senate-House conference.

Approve _____ Disapprove _____

3) Special Defense Acquisition Fund (SDAF) (Tab 3)

We requested the establishment of a SDAF to procure materiel and services in advance of foreign orders in order to minimize the dilemma of turning down the request, having unacceptably long procurement lead times or diverting equipment from U. S. forces. We proposed that the fund initially be capitalized from receipts from R&D recoupments and asset use charges and that it be capitalized as a "revolving fund" so that once capitalized it would become self-sustaining with proceeds from sales of items in the fund available for replenishment. The Senate approved the capitalization and authorization as a revolving fund as requested, but placed a

UNCLASSIFIED

UNCLASSIFIED

-6-

\$350 million annual cap on the fund. As the Senate cap is actually larger than the expected size of the fund for FY 1982, we propose not to contest the SFRC ceiling. We will strongly support the Senate version in conference.

RECOMMENDATION

That we accept the SFRC \$350 million limitation and work to maintain the level, capitalization arrangements and revolving fund aspects in conference.

Approve _____ Disapprove _____

4) Pakistan Aid - Symington Amendment (Tab 4)

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 Amendment (Section 670) in order to provide greater Presidential flexibility and to facilitate assistance to Pakistan. The HFAC withheld action until we provided details

UNCLASSIFIED

UNCLASSIFIED

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

-7-

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 repeal.

Approve _____ Disapprove _____

5) Clark Amendment on Angola (Tab 5)

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

UNCLASSIFIED

UNCLASSIFIED

-8-

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.

Approve _____ Disapprove _____

6) Termination of Syrian Aid (Tab 6)

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

UNCLASSIFIED

UNCLASSIFIED

-9-

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.

UNCLASSIFIED

UNCLASSIFIED

-10-

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

RECOMMENDATION

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

Approve _____ Disapprove _____

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

Approve _____ Disapprove _____

7. Certification Requirements on Military Assistance to El Salvador (Tab 7)

The SFRC required as a condition for US military assistance 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

UNCLASSIFIED

UNCLASSIFIED

-11-

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.

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

NOV 15 2017

RECOMMENDATION

That we work to amend the certification requirement to be one time only applying to FY '82 in place of permanent and periodic.

Approve _____ Disapprove _____

8. Argentina

The SFRC repealed the Humphrey/Kennedy arms export prohibition with the proviso that the President must make a

UNCLASSIFIED

UNCLASSIFIED

-12-

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.

The "particular attention" features referring to the "disappeared" and those in executive detention are not binding and do not require discussions with 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.

UNCLASSIFIED

UNCLASSIFIED

-13-

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

Approve _____ 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 Letallier case) we do not dare risk selling fully parallel treatment for Chile.

RECOMMENDATION

Instead of 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 equipment only.

UNCLASSIFIED

UNCLASSIFIED

-14-

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

Approve _____ Disapprove _____

El Salvador Addendum

Our Initial Position/Request

In the HFAC and the SFRC we opposed the Solarz/Bingham and Dodd Amendments which in their original form would have required: 1) a 30 day layover period before Congress before each discrete military assistance transaction; 2) an explicit Congressional veto; 3) prohibition against using the President's special authorities under the FAA to either waiver other provisions in the interest of "national security" (Sec. 614) or to authorize direct draw-downs from DOD stocks (Sec. 506); 4) certification that the GOES had met certain specific tests as a precondition for assistance.

Committee Action

We succeeded in getting rid of the most offensive features of the admendments in committee including:

UNCLASSIFIED

UNCLASSIFIED

-15-

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

Elimination of the 30 day layover requirement

Elimination of the explicit Congressional veto overriding
the Presidential certification

Elimination of restrictions on the use of the Presidents
special 614 and 506 authorities.

The certification requirements in the SFRC version are
substantively non-objectionable.

The present status of the amendment in each house is:

SFRC:

Prohibits all MAP, IMET, PKO, FMS sales/financing and
assignment of US military security assistance personnel unless
and until the President 30 days after enactment (and
continuously every six months thereafter) provides a detailed
report to Congress certifying that the Salvadoran Government 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

UNCLASSIFIED

UNCLASSIFIED

-16-

with opposition groups which have renounced and refrained from further military or para military opposition activity.

Requires an initial one-time certification of Salvadoran "good faith" efforts to identify and punish those guilty of the murders of US citizens. Once enacted into permanent law, the six-month certification requirement would have to be met as long as assistance continues to El Salvador.

Report language makes it clear that "it is not the intent of the committee to preclude continuation of assistance to El Salvador in the event that one or more of the (five certification standards) was not met due to actions by other parties or events outside the control of the Government of El Salvador." The HFAC did not incorporate parallel report language.

HFAC:

Basically the same as the SFRC bill with less reasonable certification criteria, particularly on a negotiated solution. Ambiguity in the bill with regard to required certification prior to each discrete transaction, raises the possibility of mandated rolling certifications for individual transactions falling between the specified six-month certifications. HFAC

UNCLASSIFIED

UNCLASSIFIED

-17-

report language, however, makes clear that rolling certifications for individual transactions are not required and that no more than two, six-month certifications shall be made for a one-year period. (No parallel language was incorporated in the SFRC report although Senator Dodd, the amendment's sponsor, reportedly is amenable to the House interpretation.)

Analysis Supporting Our Recommendation

The certification criteria, adopted by the SFRC, are not crippling and can probably be met under present circumstances. We oppose them as offering symbolic comfort to those attempting to undermine our policy and as a precedent for yet more restrictive amendments which may be offered in the future. Nevertheless, the Secretary has explicitly endorsed the general objectives embodied in the criteria even while urging that they not be legislatively imposed.

Major roll back of the certification criteria cannot be attempted in the House. Even in the more favorable Senate, full repeal by floor action would be likely only with the full engagement of the President's personal prestige. Subsequent conference compromise would still likely result in adoption of some kind of certification requirements, no matter how watered

UNCLASSIFIED

UNCLASSIFIED

-18-

down. Even so, we would face even more restrictive amendments in the FY '82. Moreover, attempting to totally repeal the conditions would require the strong support of Senate conservatives who might seek to extract endorsement for their anti-land reform amendment as a quid pro quo. This would be a totally no-win situation.

The only way to permanently beat these restrictive amendments is to produce progress on the ground in Salvador which convinces the media, public and Congressional moderates that the Duarte government is improving its performance and is worthy of our continued backing.

RECOMMENDATION

Seek to amend the bill on the Senate floor to transform the permanent periodic certification requirement into a one-time certification applying to FY '82 only. Our rationale would pick up on the ambiguity over rolling certifications (not clarified in the SFRC report) and emphasize that any conditions the Congress considers desirable for later years should be tailored to conditions as they exist then; imposition of permanent certification requirements is unnecessary and unreasonable.

UNCLASSIFIED

UNCLASSIFIED

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017

-19-

We have good chances of getting this compromise adopted on the Senate floor and holding it in conference.

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TALKING POINTS

LEGISLATIVE ACTION ON ARGENTINA, CHILE

- We in DOD are glad to see the House and Senate Committees supporting the Administration's efforts to repeal the restrictive Humphrey-Kennedy Amendment.
 - From a strategic viewpoint, we need the friendly cooperation of Argentina in the South Atlantic.
 - As you are also aware, the U.S. has recently requested Argentine support in several areas. Unless we are able to treat Argentina as a mature partner, we cannot expect their support as we pursue our own interests (grain embargo, olympic boycott, peacekeeping forces).
 - As the annual human rights report indicates, the human rights situation in Argentina has improved significantly.
 - These same reports lead me to question the need for a one-time Presidential certification which both Committees have attached as provisos to the repeal.
 - The Pell Amendment in the House version will create serious difficulties in our efforts to improve relations with Argentina.
 - Obtaining a list of "disappeareds" from the Terrorist War is an internal Argentine problem which the Argentines will have to resolve: If not handled delicately, it will have serious consequences on the planned transition to a democratic government.
 - Public U.S. pressure will only exacerbate the problem as it has in the past: a quiet approach may be more successful.
- While the Administration has not formally requested repeal of the Kennedy Amendment restrictions on Chile, we would support Congressional action to do so.
 - Historically, the U.S. has maintained a balanced approach toward Argentina and Chile.
 - This is currently important due to the critical stage of the Beagle Channel issue, being mediated by the Vatican, as well as increased tension in other border areas.
 - As with Argentina, strategically the U.S. will need the active cooperation of Chile in a crisis situation which requires transfer of defense assets from the Pacific to the Atlantic, particularly if the Panama Canal is closed.
 - While the Letelier case may complicate the issue, the Administration believes we should normalize relations with Chile.

- The Chilean Supreme Court did review the matter under their laws and found extradition was not suitable. (Plea bargaining not acceptable in Chile.)
- How long do we wish to ostracize a nation, traditionally supportive of U.S. interests?
- I believe we should also remember that the Kennedy Amendment was imposed because of the Internal human rights situation.
- In Chile today, we have a large majority which supports the current government.
- The "economic miracle" and new found internal stability would not be possible otherwise.
- The human rights situation is as good or better than that in most of the world today.
- Consequently, the Administration would support parallel treatment for Chile.

Page determined to be Unclassified
Reviewed Chief, RDD, WHS
IAW EO 13526, Section 3.5
Date: NOV 15 2017