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STATEMENT
OF
REAR ADMIRAL GORDON J. SCHULLER, USN
DIRECTOR, INTER-AMERICAN REGION
OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
INTERNATIONAL SECURITY AFFAIRS
BEFORE THE
SUBCOMMITTEE ON INTER-AMERICAN AFFAIRS
COMMITTEE ON FOREIGN AFFAIRS

FEBRUARY 13, 1979

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Mr. Chairman, I am pleased to have the opportunity once again to appear before this committee, and to provide an assessment of the security and defense aspects of our relationship with Latin America, recognizing, of course, that national security in its broadest sense involves political and economic as well as military considerations. I would like to focus primarily on the impact of our activities and programs on defense relationships in Latin America, provide a brief assessment of the military situation in the hemisphere, and discuss the U.S. role in providing assistance to the Latin countries.

The strategic importance of Latin America can be appreciated only within the broader context of U.S. global strategy. A friendly, cooperative, and stable Latin America is very important to the U.S.

During the past year events have revealed vulnerabilities in the security of the hemisphere. Internal problems in Nicaragua precipitated

Internal conflict which threatened to become internationalized. Dangers of insurgency and terrorism are rife elsewhere in Central America. The Beagle Channel dispute between Argentina and Chile brought those two nations to the brink of war in December. The continuing modernization of Cuban military forces poses security dilemmas for us which are not confined to Latin America. With rapid development, Latin nations are acquiring the financial and technological capabilities to obtain more sophisticated weaponry--thus enhancing the urgency of restraint in the transfer of advanced weaponry.

Despite our important interests in Latin America, however, one of the many types of resources available to protect or advance these interests --arms transfer--is limited by increasing constraints--budgetary and legislative. FMS programs have been further reduced and IMET has been decreased markedly from past years. We are prohibited by statute from transacting arms sales or training arrangements with Argentina and Chile. Through self-imposed reactions to our policies a number of other countries are restricted from our FMS and IMET programs. Consequently, our security ties with some of the most influential countries in the region have been seriously attenuated. There has been a gradual deterioration of our military relationships at a time when the region is predominantly governed by military regimes.

In recent years U.S. arms transfers to Latin America have been important more for their impact on political relations than for their actual contribution to U.S. defense. I believe arms transfers will continue to be an important element of U.S.-Latin American relations, not least

because of the central role of the military in many countries of the hemisphere.

For over a decade the U.S. has exhibited unilateral restraint in selling arms to Latin American governments. Yet our restraint has not invited emulation by other suppliers. Military expenditures, although still the lowest of any region in the world, are on the increase in Latin America. More costly and more sophisticated weapons systems have been introduced into the area by a number of eager suppliers--modern tanks, supersonic fighter-bomber aircraft and surface-to-air missile systems from the Soviet Union; a variety of surface vessels from the UK, West Germany and Italy; and supersonic fighters from France. The value of Argentine arms acquisitions in the past two years, for example, represents approximately 75 percent of the total Argentine arms purchases since 1954. Similarly, Brazil, Chile and Peru have made sizeable purchases within the past two years.

Local arms production within Latin America itself, meanwhile, has grown. Brazil, for example, which exported virtually no locally manufactured military equipment prior to 1974, has since that time delivered more than \$100 million in armor, aircraft and tactical vehicles--principally to North Africa and Latin America. Brazil is seeking to become self-sufficient in arms production, thus alleviating dependence on foreign suppliers.

Over the past decade in seeking to promote restraint in arms transfers, we have found that the cooperation of both recipients and suppliers is mandatory if we are to achieve our objectives. Accordingly, the Administration

has wholeheartedly supported the recent initiatives of Venezuela and Mexico in the area of conventional arms limitations and initiated conventional arms transfer talks with the Soviets. Multilateral restraints on conventional arms transfers present enormously difficult conceptual and political difficulties. We must not expect immediate results. We will continue to encourage the Latin Initiative and strive for continued progress with the Soviets and other suppliers, particularly as they may affect Latin America.

Mr. Chairman, we are in a period of rapid change in our relations with Latin America. We are witnessing an accelerated growth and importance of many Latin American nations in the world.

Mr. Chairman, I recall that during the hearings your committee conducted last summer, you asked whether a cost/benefit analysis of our arms sales policies in Latin America had been undertaken. We are examining that issue, and will continue to give it close attention. We learned in the past the consequences of excessive zeal in selling arms in developing areas. We are now realizing, however, that if we solely exhibit unilateral restraint, it will not automatically lead to reciprocal restraint by other suppliers or recipients. On the contrary the result may be a diversion of commercial opportunities to others.

Finally, I would like to comment on the nature of our security assistance programs. Too often, I think, they are characterized as

large scale give-aways. I believe this is an error.

- There have been no MAP programs--grant materiel assistance--
in the hemisphere since the end of fiscal year 1977;

- The Administration request for FMS credits for FY 1980 is just over \$30 million, involving only \$3 million in appropriated funds for all of Latin America;

- As you know, FMS credits are not a give-away; the entire amount is repayable, with interest, and administrative charges. Throughout the entire Latin American FMS credit program, moreover, there has never been a single instance of default in payment.

- The bulk of U.S. sales of munitions list items are either on an FMS cash basis or through strictly commercial channels.

- What is left is the International Military Education and Training Program (IMET)--the only grant program now in force in Latin America. A significant number of important countries are now excluded from this program. I believe we should support this program in order to expose the newer generation of Latin American military to U.S. thought and culture. I believe we must carefully assess the important costs which will accrue if we fail to take the longer view.

This concludes my prepared remarks, Mr. Chairman, I will be happy to attempt to answer any questions the committee may have.

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