

ARMS SALES MONITOR

Highlighting U.S. government policies on arms exports and conventional weapons proliferation.

Ten Ideas That Make Sense

The White House cited “control, restraint and transparency” as critical elements of its 1995 arms transfer policy. The following year, Congress passed a law that greatly increased the level of openness around U.S. arms exports (see ASM No. 33 p. 13). Listed below are ten steps Congress could take this year to build on that progress. These measures would provide greater transparency and streamline weapons export programs, making them easier to monitor and oversee. In addition, these measures would also make “cents”—saving U.S. taxpayers millions of dollars.

1 *Require an annual report by the administration on all military training programs.* The United States trains foreign militaries through several different programs, some funded by the Pentagon and others by the State Department. It is increasingly difficult for Congress or the interested public to know the extent of, or to oversee adequately, this activity. The administration should report to Congress annually on all military training activities (whether for counter-narcotics, peacekeeping or other purposes) conducted in the previous year, as well as those planned for the upcoming year.

2 *Reinstate section 28 of the Arms Export Control Act.* This provision, repealed in 1995, called for regular reports from the Pentagon to Congress on all “price and availability” data provided to foreign governments, in response to queries about specific future weapons purchases. The reports listed the model and quantity of weapons which foreign militaries were seeking, and the estimated price for which the U.S. government was considering selling them. The “P&A” reports provided early notice of deals under consideration, allowing the mobilization of Congressional and public opposition to particularly dangerous or ill-conceived sales.

3 *Hold hearings on arms export licensing and end-use monitoring programs.* Recent legislation mandated annual reports to Congress on end-use monitoring procedures used by the State and Defense Departments to protect against diversion or misuse of U.S.-supplied weaponry. This requirement is important, given growing concern about the illicit traffic in arms and military technology in recent years. Congress should increase its oversight role with hearings on current licensing and monitoring programs to determine if additional procedures are necessary. The Senate last held such hearings in 1994.

4 *Amend section 655 of the Foreign Assistance Act to require information on exports of weapons licensed by the State Department.* The annual report required by this section of law provides important information on Pentagon-negotiated Foreign Military Sales shipments made during the preceding year to individual recipient countries. But for industry-negotiated sales, which the State Department regulates, the report includes only information on export licenses approved, rather than on deliveries. Inclusion of information on actual arms shipments would force the State Department to compile this data in a timely manner, facilitating government and public oversight of the commercial export program.

5 *Fold the State Department's arms licensing function into the Pentagon's Foreign Military Sales program.* This reform would save millions of dollars by reducing duplication of work and bureaucracy at the State and Defense Departments. It would also create uniform policies and stricter scrutiny of all U.S. arms exports.

6 *Require publication of notices to Congress of excess defense article transfers and leases of military equipment.* The Pentagon exported \$500 million of excess defense articles to foreign militaries in 1997, and it has hundreds of millions of dollars of equipment on loan

around the world. No specific information on these deals is readily available to most members of Congress, their staff or the public prior to, or at the time of the transfer. In 1996, Congress required that the executive branch publish notices to Congress of proposed Foreign Military Sales and direct commercial sales license approvals in the *Federal Register*. As a follow-up, Congress should amend section 62 of the Arms Export Control Act (for leased equipment) and section 516 of the Foreign Assistance Act (for excess equipment) to require that these notifications also be printed in the *Federal Register*, which is available on the Internet, or on the Pentagon's web site.

⑦ *Consolidate all government financing of weapons sales in the Foreign Military Financing program.* Foreign Military Financing, grants and loans which Congress appropriates annually (see p. 4), is the main program through which the U.S. government helps foreign governments buy new American weaponry. While FMF levels have decreased in response to the end of the cold war, other programs for financing weapons sales have sprouted up. To reduce this "smoke and mirrors" effect, Congress should eliminate the new Defense Export Loan Guarantee program and prohibit the use of Export-Import Bank funds to finance sales of military equipment. Foreign governments currently owe the Pentagon \$13 billion dollars (see p. 8). Increasing this liability further with new, relaxed loan programs poses a real financial risk to taxpayers.

⑧ *Repay taxpayers for public funds expended to research and develop weapons which are exported abroad.* U.S. weapons makers benefit from federally funded research and development of their products for the Pentagon's use. Congress should require fees on all export sales of major military equipment to recover some of these costs. Not doing so robs the Treasury of hundreds of millions of dollars per year and constitutes a major form of hidden aid to foreign militaries.

⑨ *Prohibit offsets on exports financed by U.S. military aid.* American arms manufacturers use "offsets" (side deals which return economic benefits—often arms production jobs—to the purchasing country) to beat out foreign competitors for export sales. Congress appropriates nearly \$4 billion in Foreign Military Financing

grants and loans annually, nearly all of which must be used to purchase American-made arms, meaning there is no foreign competition and, therefore, no need for offsets. Permitting offsets on sales financed in whole or in large part with taxpayer funds is grossly unfair to the general public, which is already being called upon to underwrite the development of the weapons being exported and to pay for the foreign government's purchase of the weapons. When offsets are permitted on these deals, some American workers are also being asked to sacrifice their jobs. The General Accounting Office reported in 1994 that no other arms supplier provides a combination of grant aid and offsets.

⑩ *Prohibit the use of government funds at international arms bazaars.* The Air Force supplies planes and pilots, the Army helicopters and tanks, and the Navy ships and sailors for display at overseas weapons trade shows. Prior to 1991, American arms manufacturers rented this equipment and paid insurance and transportation costs to take government-owned weapons to these marketing shows. The Pentagon's generous assistance costs millions of dollars annually (see p. 3).

FAS Fund Arms Sales Monitoring Project

Founded in 1945, the Federation of American Scientists is a public interest organization of natural and social scientists and engineers dedicated to the responsible use of science and technology. Now in its seventh year, the FAS Arms Sales Monitoring Project works for a reduction in global weapons production and trade.

Lora Lumpe directs the project and edits the ASM. Jeff Donarski and Tamar Gabelnick are project associates. You may reproduce and cite this publication freely. A first class or airmail subscription is available from the FAS Fund at 307 Mass. Ave, NE, Washington, DC 20002 phone 202/675-1018 or -1016.

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Pending Legislation

Follow the Intent of the Law

Prompted by the Pentagon's end-run of a prohibition on U.S. military training of Indonesian troops, Rep. Nita Lowey (D-NY) will soon introduce the "International Military Training Accountability Act." If Congress has barred a country from participating in the most visible military training program—IMET, highlighted above—this legislation would stop all Defense Department-funded training of that country's forces.

Shut Down the Marketing Tour

Rep. Pete Stark (D-CA) introduced H.R. 3084 in November 1997 to limit participation of U.S. military personnel and equipment in foreign air shows or trade exhibitions. In the last two years, the Pentagon has spent an estimated \$5.2 million to help U.S. weapons manufacturers mar-

ket their wares at arms bazaars around the world. These cost estimates are deceptively low, because the Pentagon coordinates training missions (which provide top-of-the-line weapons for display) and troop assignments (which provide personnel to explain the equipment's abilities) with air show schedules. At the just completed air show in Chile, for example, Boeing demonstrated a brand-new F/A-18D, courtesy of the U.S. Navy, and Lockheed Martin benefitted from the presence of two F-16 fighter jets from Hill Air Force Base, Utah. Left unexplained is what, if any, relevance overflights of an arms expo have to training for combat.

Social, not Corporate, Welfare

Since introduction last October, twenty-six members of Congress

have joined with Rep. Elizabeth Furse (D-OR) as cosponsors of the "Equity for Immigrants Act" (H.R. 2597). This bill would reinstate public benefits for *legal* immigrants cut off by the 1996 welfare reform law and pay for the increased program costs by reducing arms transfer subsidies. Targeted by the bill are leases and free transfers of defense articles, some Foreign Military Financing, Pentagon participation at international arms bazaars, and "recoupment" fees. The bill highlights effectively the trade-offs and choices being made by the government.

Establish a Code of Conduct

Senator John Kerry (D-MA) introduced the "Code of Conduct on Arms Transfers Act" (S.1067) last summer. The bill—which would establish human rights, democracy and non-aggression criteria for

governments to be eligible to import American weapons—currently has 14 co-sponsors in the Senate.

The House of Representatives passed the Code of Conduct last year, as part of the State Department authorization act (see ASM No. 36 p. 4). In March a long-stalled House-Senate conference on that bill

1998 Marketing Tour

Event	Equipment on Display	Est. Cost
Singapore Air Show (Asian Aerospace '98) 24 February-1 March	F-16C and F-15C fighter jets, F-15E bombers, KC-135 mid-air refueling aircraft, P-3 "Orion" naval observation plane, AH-64D "Apache" attack helicopter, CH-47D "Chinook" and UH-60I "Black Hawk" military helicopters	\$750,000
Chilean Air Show (FIDAE '98) 23-29 March, in Santiago	A-10 "Thunderbolt" attack jet, C-27 and C-130 "Hercules" troop and cargo transport planes, F-16C/D and F/A-18D fighter jets, KC-135 tankers and OC-135 observation planes	\$700,000
1998 Berlin Air Show (ILA '98) 18-24 May	F-16C/D fighter jets, F-15E bomber, C-130E transport plane, F/A-18 fighter, UH-60 and AH-64A military helicopters	\$600,000

Source: Letters from Dept. of Defense to Congress

suddenly finalized its work, dropping the Code in the process. The House sponsors of the measure—Rep. Dana Rohrabacher (R-CA) and Cynthia McKinney (D-GA)—are now seeking to have the Code included in the FY 1999 foreign aid appropriations act.

Foreign Military Financing	\$3,295,910,000
Israel	\$1,800,000,000
Egypt	\$1,300,000,000
Jordan	\$45,000,000
Partnership for Peace	\$80,000,000
Central Europe Defense	\$20,000,000
(to underwrite \$167 million of loans)	
African Crisis Response Initiative	\$5,000,000
East Africa Regional	\$5,000,000
Caribbean Regional	\$3,000,000
Enhanced International Peacekeeping Initiative	\$8,000,000
Administrative costs	\$29,910,000

Fiscal Year 1999 Military Assistance Request

In mid-March, the State Department released the *Congressional Presentation Document for Foreign Operations, Fiscal Year 1999*. This tome explains and justifies the administration's \$20.2 billion request for international affairs programs for the coming year, which includes \$6.4 billion in assistance to foreign militaries. The relevant Congressional committees have been holding hearings on the request and are now beginning work on the FY 1999 foreign aid bill, which they will complete before Congress adjourns in early October.

This section highlights the military aid programs funded by the foreign aid process. Increasingly in recent years the Defense Department funding bills have also provided military aid. That aid is not covered here.

FY 1999 Request for Military Assistance	\$6,433,410,000
Foreign Military Financing	\$3,295,910,000
Economic Support Fund	\$2,513,600,000
International Narcotics Control	\$275,000,000
Nonproliferation, Anti-terrorism, Demining and Related Programs	\$215,900,000
International Military and Education Training	\$50,000,000
Voluntary Peacekeeping Activities	\$83,000,000

Foreign Military Financing

The administration is seeking just under \$3.3 billion in

Foreign Military Financing (FMF). Over 90 percent of the FMF will underwrite weapons purchases by Israel and Egypt. Aid to Jordan—now the third largest recipient—remains at approximately last year's level.

The most significant change in this year's program is the absence of aid for Greece and Turkey. To ease their transition from receiving hundreds of millions of dollars in FMF loans in previous years, the administration converted \$40 million appropriated for loan subsidies last year into cash grants (\$14.42 million for Greece and \$20.58 million for Turkey). The Pentagon reaffirmed its dedication to each country's military modernization program, however, by promising continued free shipments of excess defense articles (EDA).

With NATO expansion looming, the U.S. is helping its future allies, as well as the farther removed "Partnership for Peace" members, with \$80 million in grant FMF. In addition, the Clinton administration is seeking \$20 million to underwrite \$167 million of loans for weapons purchases by the Czech Republic, Hungary and Poland. Last year the administration requested the same subsidy amount to cover twice the amount of loans, indicating a dramatic revision of the credit risk these countries pose.

Significant funds are also requested for Caribbean military forces, to maintain regional peace and security, as well as assist in the war on drugs. East Africa regional funds are in support of Ethiopia, Eritrea and Uganda's struggle to block Sudan-sponsored terrorism. The \$5 million FMF request for the Africa Crisis

Response Initiative will be supplemented by \$15 million from the “voluntary peacekeeping” account (see first box). This aid is meant to improve the capabilities of several African militaries to respond to humanitarian crises and to participate in local peacekeeping operations. Finally, the Enhanced International Peacekeeping fund is intended to increase peacekeeping readiness of forces around the world. Several complementary programs, such as International Military Education and Training, other Pentagon training exercises and excess defense articles (EDA), support this fund.

Economic Support Fund

The administration is seeking just over \$2.5 billion for the Economic Support Fund (ESF). The bulk of this grant bilateral economic aid is generally considered “security assistance,” since it is based on military relationships rather than development need. Israel’s annual \$1.2 billion allotment, for example, is explicitly targeted to repayment of past military debt owed to the United States. And Jordan’s aid, which was maintained at \$150 million, is increasingly tied to its military upgrade.

The administration did not request any ESF for Turkey this year, in light of the Turkish government’s refusal to accept \$40 million appropriated last year. The government refused the money because half of the aid was directed to non-governmental organizations in Turkey working in support of human rights and democratization.

In other countries, such as Albania, Cambodia, Guatemala, Haiti and Lebanon, ESF aid for 1999 is to support the development of democratic institutions and programs which benefit civil society. Since direct assistance to the Cambodian government has been prohibited since the July 1997 coup, ESF will support humanitarian and democracy-building programs run by non-governmental organizations there.

Ten million dollars of ESF will fund an on-going Department of Justice police training program.

Economic Support Fund	\$2,513,600,000
<i>comprising in part:</i>	
Israel	\$1,200,000,000
Egypt	\$815,000,000
Jordan	\$150,000,000
Haiti	\$140,000,000
Guatemala	\$25,000,000
Cambodia	\$20,000,000
Lebanon	\$12,000,000
Albania	\$10,000,000
International Criminal Justice	\$10,000,000

International Narcotics and Law Enforcement

To provide weapons, training and materials to countries to counter drug trafficking, terrorism and international crime, the Clinton administration requested \$275 million—a substantial increase (\$45 million) over last year’s request. More than half of the aid is projected for counternarcotics programs in Bolivia, Colombia and Peru. Colombia and Mexico, where violence has intensified in recent months, have been the primary beneficiaries of the funding increase.

Int’l Narcotics and Law Enforcement	\$275,000,000
Narcotics Programs	\$255,000,000
Latin America	\$166,200,000
Asia/Africa/Europe	\$13,000,000
Interregional Aviation Support	\$41,000,000
Systems Support and Upgrades	\$10,000,000
Law Enforcement Training	\$8,000,000
International Organizations	\$8,000,000
Program Development and Support	\$8,800,000
Anticrime Programs	\$20,000,000

The funds for “interregional aviation” support crop eradication efforts in South and Central America and the Caribbean, using mostly U.S.-owned helicopters and aircraft, flown and maintained by a combination of U.S. and host government military personnel. Complementing this, the “systems support and upgrades” account maintains INL-owned aircraft deployed around the world, as well as “Huey” helicopters supplied to major drug source countries. The Drug Enforcement Agency, U.S. Customs Service and Coast Guard carry out international law enforcement training programs managed and funded by the State Department. In addition to the \$255 million for counter-drug programs, \$20 million is requested to combat money laundering, alien smuggling, international car theft and firearms trafficking.

Nonproliferation, Antiterrorism and Demining

The FY 1997 Foreign Operations Appropriations Act consolidated a number of previously separate programs into the new \$215.9 million "NADR" account. Of note, the administration requested \$5 million for an export control assistance program, intended to strengthen the ability of key countries to curb the proliferation of sensitive dual-use goods and advanced conventional weapons. Other funding requests under this heading are for the Preparatory Committee for the Comprehensive Test Ban Treaty, the Korean Peninsula Energy Development Organization, antiterrorism assistance and demining aid.

International Military Education and Training

The administration wants \$50 million to train more than 8,744 members of over 120 foreign militaries. This request marks the resumption of IMET aid to

Panama (ended in 1987) and Pakistan (ended in 1990-), while also increasing the funding level and number of troops trained for past human rights problem countries Haiti and Guatemala. Also of note, the administration requested \$400,000 in "enhanced-IMET," civil-military and human rights-focused training, for Indonesia. In the past, however, the Suharto government has refused this aid because of Congressionally imposed restrictions on it. Congress recently discovered that the Pentagon has been providing military training through other programs, circumventing its intent.

The funding request for each country is listed below, with the number of soldiers and others to be trained in parentheses. The FY 1999 *Congressional Presentation Document for Foreign Operations* profiles the goals and emphases of military training for individual countries.

Projected Recipients of IMET, FY 1999

<i>(dollars in thousands)</i>								
<u>Sub-Saharan Africa</u>			Solomon Islands	\$150	(38)	Dominican Republic	\$500	(56)
Angola	\$175	(5)	Thailand	\$1600	(206)	Eastern Caribbean	\$450	(61)
Benin	\$350	(49)	Tonga	\$100	(10)	Ecuador	\$500	(139)
Botswana	\$450	(35)	Vanuatu	\$100	(59)	El Salvador	\$500	(257)
Cape Verde	\$100	(3)	Western Samoa	\$100	(17)	Guatemala	\$225	(134)
Cent. African Rep.	\$90	(3)	East Asia/Pacific total	\$5,125	(874)	Guyana	\$175	(71)
Chad	\$50	(122)	<u>Europe and the NIS</u>			Haiti	\$300	(136)
Comoros	\$75	(39)	Albania	\$600	(24)	Honduras	\$500	(193)
Congo (Kinshasa)	\$70	(3)	Belarus	\$100	(17)	Jamaica	\$500	(68)
Cote d'Ivoire	\$150	(8)	Bosnia and Herz.	\$600	(95)	Mexico	\$1000	(190)
Djibouti	\$100	(5)	Bulgaria	\$950	(147)	Nicaragua	\$200	(14)
Eritrea	\$425	(21)	Croatia	\$425	(139)	PACAMS	\$550	(?)
Ethiopia	\$575	(64)	Czech Republic	\$1350	(156)	Panama	\$100	(7)
Gabon	\$50	(2)	Estonia	\$650	(83)	Paraguay	\$200	(30)
Ghana	\$400	(109)	Georgia	\$380	(129)	Peru	\$450	(124)
Guinea	\$150	(5)	Greece	\$25	(2)	Suriname	\$100	(67)
Guinea-Bissau	\$125	(6)	Hungary	\$1500	(247)	Trinidad and Tobago	\$125	(16)
Kenya	\$400	(25)	Kazakhstan	\$550	(20)	Uruguay	\$300	(59)
Lesotho	\$75	(10)	Kyrgyzstan	\$325	(80)	Venezuela	\$400	(103)
Liberia	\$100	(4)	Latvia	\$650	(86)	Latin America total	\$10,250	(2,562)
Madagascar	\$100	(25)	Lithuania	\$650	(34)	<u>Near East</u>		
Malawi	\$335	(26)	Malta	\$135	(92)	Algeria	\$125	(10)
Mali	\$280	(26)	Moldova	\$450	(99)	Bahrain	\$225	(32)
Mauritius	\$50	(11)	Poland	\$1600	(251)	Egypt	\$1000	(72)
Mozambique	\$180	(138)	Portugal	\$700	(38)	Jordan	\$1600	(194)
Namibia	\$175	(10)	Romania	\$1025	(324)	Lebanon	\$550	(147)
Rwanda	\$300	(88)	Russia	\$900	(134)	Morocco	\$900	(89)
Sao Tome/Principe	\$75	(2)	Slovakia	\$600	(59)	Oman	\$225	(33)
Senegal	\$735	(69)	Slovenia	\$650	(216)	Tunisia	\$900	(77)
Seychelles	\$75	(5)	FYRO Macedonia	\$450	(138)	Yemen	\$125	(36)
South Africa	\$800	(320)	Turkey	\$1500	(140)	Near East total	\$5,650	(690)
Swaziland	\$75	(5)	Turkmenistan	\$300	(11)	<u>South Asia</u>		
Tanzania	\$150	(6)	Ukraine	\$1250	(50)	Bangladesh	\$350	(156)
Togo	\$50	(234)	Uzbekistan	\$485	(10)	India	\$450	(20)
Uganda	\$400	(28)	Europe total	\$18,800	(2,821)	Maldives	\$100	(9)
Zambia	\$150	(9)	<u>Latin America</u>			Nepal	\$200	(15)
Zimbabwe	\$300	(61)	Argentina	\$600	(178)	Pakistan	\$350	(?)
Africa total	\$8,140	(1,581)	Bahamas	\$100	(11)	Sri Lanka	\$200	(16)
<u>East Asia & Pacific</u>			Belize	\$250	(59)	South Asia total	\$1,650	(216)
Indonesia	\$400	(27)	Bolivia	\$550	(176)	General costs		
Malaysia	\$700	(64)	Brazil	\$225	(42)			
Mongolia	\$425	(197)	Chile	\$450	(190)	Grand total		
Papua N.G.	\$200	(133)	Colombia	\$800	(89)	\$50,000 (8,744)		
Philippines	\$1350	(123)	Costa Rica	\$200	(92)			

Deals in the Works

During the first three months of 1998, the Clinton administration notified Congress of the following proposed Pentagon-negotiated Foreign Military Sales (FMS) agreements, export licenses for industry-negotiated Direct Commercial Sales (DCS), leases of equipment, and reduced price or free excess defense article (EDA) transfers to developing countries. The Arms Export Control Act requires only that the administration notify Congress of FMS and DCS valued at \$14 million or more. Sales below that threshold are not recorded here. Congress has 30 days to stop proposed FMS agreements and DCS licenses from going forward (15 days for NATO members and major non-NATO allies). To block a sale, a two-thirds majority in both houses of Congress must pass a resolution of disapproval. None of the following sales were challenged.

Recipient	Notice to Congress	Description of Articles and Services	Transfer Type	Managed By	Estimated Cost
Argentina	12 Jan	700 light anti-tank weapons	EDA	Army	free
	5 March	Aviation spare and repair parts	EDA	Air Force	?
Bahrain	9 Jan	12,000 8" projectiles; 61,000 M2 8" propellant charges	EDA	Army	free
Brazil	12 Jan	14 wings for Lockheed C-130 "Hercules" cargo planes	EDA	Air Force	free
Egypt	26 Jan	AN/TSQ-73 Raytheon Corp. "Hawk" missile control	EDA	Army	free
	5 Feb	2 "Perry"-class frigates; 2 "Knox"-class frigates; 42 "Harpoon" anti-ship missiles and containers; upgrade kits for 20 "Standard" naval missiles; ammunition; support	FMS	Navy	\$355 million
	25 March	1,058 vehicle-mounted "Stinger" RMP Type III anti-aircraft missiles made by Hughes; 50 complete "Avenger" systems, turrets and vehicle-mounted launchers; launch pods integrated on Humvees; M3P machine guns; Forward Looking Infrared Range (FLIR); laser range finder; Interrogator Friend or Foe; support	FMS	Army	\$304 million
Estonia	9 Jan	40,500 M14 rifles; 380,000 5.56mm tracer ammo; 1,328,300 7.62mm ball ammo; 1,000,000 7.62mm blank ammo; 81,219 7.62mm tracer ammo	EDA	Army	free
Greece	10 Feb	AN/APG-65 radar from Germany	DCS	State Dept	> \$14 mil.
	4 March	2 General Dynamics M60A1 tanks; 2 TA-7C aircraft, a Boeing "Harpoon" anti-ship missile command launch system; Lockheed P-3 "Orion" aircraft spare and repair parts; M2 machine guns and various ammunition	EDA	Misc.	free
Korea	24 Feb	Support intermediate level maintenance training for the AN/ALQ-165 Airborne Self Protection Jammer line replacement units and system replacement units	DCS	State Dept	> \$50 mil.
	25 Feb	Sentry-based air defense system	DCS	State Dept	> \$50 mil.
	25 Feb	Technical data and assistance for the development and deployment of a littoral water surveillance system	DCS	State Dept	> \$50 mil.
	4 March	12 fire-control units for "Standard" naval missiles; U.S. Govt and contractor support; spares	FMS	Navy	\$214 million
	25 March	112 Lockheed Martin Multiple Launch Rocket System extended range (MLRS-ER) rocket pods, one verification testing MLRS-ER rocket pod, spare and repair parts, support	FMS	Army	\$40 million

Recipient	Notice to Congress	Description of Articles and Services	Transfer Type	Managed By	Estimated Cost
Kuwait	25 March	2 fully equipped "Paladin" artillery battalions made by United Defense, to include 48 M109A6 self-propelled howitzers; 154 M2 machine guns; 18 M88A2 recovery vehicles; 24 M113A3 battalion/battery reconnaissance vehicles; 64 M992A2 field artillery ammunition support vehicles; 136 AN/VRC and 125 AN/PRC SINCGARS radio systems; two AN/TPQ-36(V)9 "Firefinder" radar sets; trucks and trailers; night vision goggles; meteorological radar station; simulators; training and support	FMS	Army	\$496 million
Lithuania	9 Jan	40,000 M14 rifles; 500,000 7.62mm blank ammunition; 1,500,000 7.62mm ball ammunition	EDA	Army	free
Morocco	9 Jan	16,979 8-inch rocket assist projectiles; 100,000 M188A1 8-inch propellant charges; 47,920 M1 8-inch propellant charges; 2,059 M1 8-inch propellant charges; 55,000 M2 8-inch propellant charges; M106 8-inch projectiles; M106 8-inch projectiles; 30,000 8-inch flash reducers	EDA	Army	free
	4 March	Vehicles and trailers	EDA	Army	free
Philippines	25 Feb	Services and equipment for a structural life extension program upgrade of the Philippine Air Force's fleet of F-5A/B fighter aircraft	DCS	State Dept	> \$50 mil.
Taiwan	28 Jan	3 "Knox"-class frigates; 15 "Phalanx" close-in weapons systems and 30,000 rounds of 20mm ammo; one AN/SWG-1A "Harpoon" launcher	FMS	Navy	\$300 million
	18 Feb	Four S-70A helicopters	DCS	State Dept	> \$14 mil.
	5 March	100 Hughes SM-1 "Standard" medium-range missiles	EDA	Navy	sale
	5 March	Chaparral system equipment and support	EDA	Army	sale
Turkey	4 March	24 M110 8-inch howitzers and M578 armored recovery vehicles	EDA	Army	free

Source: *Federal Register*, House International Relations Committee, Excess Defense Articles Bulletin Board

New Pentagon Loans and Old Debts

The Defense Export Loan Guarantee program (see ASM No. 33 p. 2) signed-up its first customer recently, backing a commercial loan taken by Romania for the purchase of unmanned aerial vehicles. The program's most recent quarterly report, covering the period 1 October-31 December 1997, noted that two other governments are currently seeking to finance \$529 million in weapons purchases from U.S. manufacturers. As authorized by Congress, the DELG may guarantee up to \$15 billion of commercial loans for sales of American arms.

Meanwhile, the Pentagon recently disclosed to Congress that, as of 30 September 1997, it already had \$13.2 billion in weapons loans outstanding through the Foreign Military Financing program. See the sidebar for the leading weapons debtors. Several countries—chiefly Ecuador, Liberia, Somalia, Sudan and Zaire—were \$900 million in arrears on principal and interest as of September.

Indebted for Arms

Israel \$5,615,409,672

Turkey \$3,108,633,276

Greece \$2,670,527,530

Jordan \$184,032,535

Zaire \$165,153,755

Pakistan \$161,815,742

Korea \$142,800,819

Sudan \$114,579,426

Source: Dept. of Defense letter to Congress, 28 January 1998. Figures are the amount of principal owed to the U.S. for weapons loans as of 30 Sept. 1997.